

**ATTESTATION REPORT
OF
CASS COUNTY COURT
JULY 1, 2011 THROUGH JUNE 30, 2013**

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Issued on June 13, 2014

CASS COUNTY COURT

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CASS COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Cass County Court, we noted certain deficiencies and other operational matters that are presented here.

These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

1. ***Segregation of Duties:*** One individual was capable of handling all phases of a transaction from beginning to end.
2. ***Non-Waiverable Court Costs:*** The County Court waived court costs that, according to State statute, were non-waiverable.

More detailed information on the above items is provided hereafter. It should be noted that this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any accounting strengths of the County Court.

Draft copies of this report were furnished to the County Court to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Responses have been objectively evaluated and recognized, as appropriate, in the report. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next examination.

CASS COUNTY COURT

COMMENTS AND RECOMMENDATIONS

1. Segregation of Duties

Good internal control includes a plan of organization, procedures, and documentation designed to safeguard assets and provide reliable financial records. A system of internal control should include a proper segregation of duties, so no one individual is capable of handling all phases of a transaction from beginning to end.

We noted the office of the County Court lacked a segregation of duties. Specifically, one person was capable of handling all aspects of processing transactions from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties is not possible without additional cost. Further, personnel are under the direction of both the Nebraska State Court Administrator and the Presiding Judge. We have included this comment in previous examinations. We consider this to be a material weakness.

We recommend the County Court and the Nebraska State Court Administrator review this situation. As always, the cost of hiring additional personnel versus the benefit of a proper segregation of duties must be weighed.

County Court's Response: We are currently working to develop ideas to correct this problem. We hope that it will be corrected by the next audit review.

2. Non-Waiverable Court Costs

Neb. Rev. Stat. § 29-2709 (Reissue 2008) provides, in relevant part:

When any costs in misdemeanor, traffic, felony preliminary, or juvenile cases in county court, except for those costs provided for in subsection (3) of section 24-703 (judges retirement fee), two dollars of the fee provided in section 33-107.01 (legal services fee), the court automation fee provided in section 33-107.03, and the uniform data analysis fee provided in section 47-633, are found by a county judge to be uncollectible for any reason, including the dismissal of the case, such costs shall be deemed waived

We noted two instances where non-waiverable costs of \$17 were waived. When non-waiverable costs are waived, the County Court is not in compliance with State statute.

We recommend the County Court only waive court costs when provided for in State statute and/or court orders.

County Court's Response: Staff have again been retrained on how to handle non-waiverable court costs and this problem has been corrected.



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CASS COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Cass County Court as of and for the fiscal years ended June 30, 2013, and June 30, 2012. The County Court's management is responsible for the Schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Schedules referred to above present, in all material respects, the assets and liabilities arising from cash transactions of the Agency Funds of the Cass County Court, as of June 30, 2013, and June 30, 2012, and the related activity for the fiscal years then ended, based on the accounting system and procedures prescribed by the Nebraska Supreme Court, as described in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Schedules and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Schedules are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Schedules or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed a certain finding that is required to be reported under *Government Auditing Standards*, and the finding, along with the views of management, is described in the Comments Section of the report.

This report is intended solely for the information and use of management, the Supreme Court, others within the County Court, and the appropriate Federal and regulatory agencies, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

May 21, 2014


Deann Haeffner, CPA
Assistant Deputy Auditor

CASS COUNTY COURT
PLATTSMOUTH, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS

For the Fiscal Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
ASSETS				
Cash and Deposits	\$ 104,205	\$ 818,164	\$ 809,807	\$ 112,562
 LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 8,736	\$ 115,502	\$ 114,361	\$ 9,877
Law Enforcement Fees	1,201	12,984	12,886	1,299
State Judges Retirement Fund	3,911	41,077	40,864	4,124
Court Administrative Fees	6,880	72,041	71,818	7,103
Legal Services Fees	4,045	44,739	44,397	4,387
 Due to County Treasurer:				
Regular Fines	28,374	313,873	310,697	31,550
Overload Fines	4,077	86,659	83,866	6,870
Regular Fees	1,819	16,100	16,929	990
Petty Cash Fund	760	-	-	760
 Due to Municipalities:				
Regular Fines	-	890	865	25
Trust Fund Payable	44,402	114,299	113,124	45,577
Total Liabilities	\$ 104,205	\$ 818,164	\$ 809,807	\$ 112,562

The accompanying notes are an integral part of the schedule.

CASS COUNTY COURT
PLATTSMOUTH, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS

For the Fiscal Year Ended June 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
ASSETS				
Cash and Deposits	\$ 127,845	\$ 889,429	\$ 913,069	\$ 104,205
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 11,640	\$ 119,660	\$ 122,564	\$ 8,736
Law Enforcement Fees	1,362	13,549	13,710	1,201
State Judges Retirement Fund	4,430	43,105	43,624	3,911
Court Administrative Fees	7,171	76,562	76,853	6,880
Legal Services Fees	4,654	46,411	47,020	4,045
Due to County Treasurer:				
Regular Fines	26,498	302,249	300,373	28,374
Overload Fines	11,425	94,850	102,198	4,077
Regular Fees	876	23,907	22,964	1,819
Petty Cash Fund	-	760	-	760
Due to Municipalities:				
Regular Fines	152	360	512	-
Trust Fund Payable	59,637	168,016	183,251	44,402
Total Liabilities	<u>\$ 127,845</u>	<u>\$ 889,429</u>	<u>\$ 913,069</u>	<u>\$ 104,205</u>

The accompanying notes are an integral part of the schedule.

CASS COUNTY COURT
NOTES TO FINANCIAL SCHEDULES
For the Fiscal Years Ended June 30, 2013, and June 30, 2012

1. Criteria

A. Reporting Entity

The Cass County Court is established by State statute and is administratively operated through the Court Administrator's Office of the Nebraska Supreme Court, which is part of the State of Nebraska reporting entity. The Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the County Court reflect only the Agency Funds activity of the County Court, including the receipts and their subsequent disbursement to the appropriate entities for which they were collected. The Schedules do not reflect the personal services expenses of the County Court, which are paid by the Nebraska Supreme Court, or the operating expenses, which are paid by Cass County.

B. Basis of Accounting

The accounting records of the County Court Agency Funds are maintained, and the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions have been prepared, based on the accounting system and procedures prescribed by the Nebraska Supreme Court. Under this system of accounting, fines, fees, and receipts relating to trust funds are shown as additions to assets and as an increase in the related liability when received. Likewise, disbursements are shown as deductions to assets and as a decrease in the related liability when a check is written.

2. Deposits and Investments

Funds held by the County Court are deposited and invested in accordance with rules issued by the Supreme Court, as directed by Neb. Rev. Stat. § 25-2713 (Reissue 2008). Funds are generally consolidated in an interest-bearing checking account; however, the County Court may order certain trust funds to be invested separately. Any deposits in excess of the amount insured by the Federal Deposit Insurance Corporation are required by Neb. Rev. Stat. § 77-2326.04 (Reissue 2009) to be secured either by a surety bond or as provided in the Public Funds Deposit Security Act.