

**ATTESTATION REPORT  
OF  
PERKINS COUNTY COURT  
JULY 1, 2012 THROUGH JUNE 30, 2014**

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**Issued on May 5, 2015**

# PERKINS COUNTY COURT

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# PERKINS COUNTY COURT

## SUMMARY OF COMMENTS

During our examination of the Perkins 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. ***Overdue Balances:*** The County Court did not review its overdue balances on an ongoing, timely basis to ensure collection and/or resolution of such balances.

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.

# PERKINS 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: While the Perkins County Court understands the need for identifying this as an area of concern, it is necessary to weigh the reality of hiring additional personnel to fulfill this requirement. I explained to auditors who were in my Court, each month, Diane Sudbeck, our Financial Specialist reviews my bank statements and my reconciliations to ensure accuracy and integrity. I believe in most regards her position fulfills the requirements of the Segregation of Duties concerns. Between my vigilance and hers, I believe we do an excellent job ensuring all financial duties are completed accurately and timely in the Perkins County Court.*

### 2. Overdue Balances

Good internal control and sound business practices require overdue balances of the County Court be reviewed on an ongoing, timely basis to determine what action should be taken to collect and/or otherwise resolve those balances.

During testing of three overdue balances, two, totaling \$541, did not have subsequent action taken by the County Court to ensure collection and/or resolution of the balances, such as the issuance of warrants and/or suspensions or the declaration of certain overdue balances as uncollectible. As of February 27, 2015, overdue balances, excluding restitution judgments, totaled \$8,890.

Without regular review of overdue case balances, there is an increased risk overdue balances may either not have proper follow-up action taken, or the balances may have been previously resolved and should no longer be reflected as being overdue.

# PERKINS COUNTY COURT

## COMMENTS AND RECOMMENDATIONS

(Concluded)

### 2. **Overdue Balances** (Concluded)

We recommend the County Court implement ongoing, timely review of its Overdue Case Account reports to ensure timely collection and/or resolution of overdue balances.

*County Court's Response: Since being alerted to the account balances concern existing in the Perkins County Court, the Clerk Magistrate has provided the State Auditor's Office verification that this issue has been corrected in full. The only overdue account balances that remain are beyond the Court's control.*



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### PERKINS COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Perkins County Court as of and for the fiscal years ended June 30, 2014, and June 30, 2013. 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 Perkins County Court, as of June 30, 2014, and June 30, 2013, 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.

March 23, 2015



Don Dunlap, CPA  
Assistant Deputy Auditor

**PERKINS COUNTY COURT**  
**GRANT, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**AGENCY FUNDS**  
For the Fiscal Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<b>ASSETS</b>				
Cash and Deposits	\$ 11,974	\$ 85,844	\$ 90,085	\$ 7,733
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 1,016	\$ 10,484	\$ 10,424	\$ 1,076
Law Enforcement Fees	145	1,122	1,162	105
State Judges Retirement Fund	430	3,639	3,755	314
Court Administrative Fees	924	8,311	8,598	637
Legal Services Fees	461	3,914	4,031	344
Due to County Treasurer:				
Regular Fines	2,511	23,142	24,125	1,528
Overload Fines	200	6,550	6,750	-
Regular Fees	147	2,147	2,248	46
Due to Municipalities:				
Regular Fines	-	150	150	-
Regular Fees	-	17	17	-
Trust Fund Payable	6,140	26,368	28,825	3,683
<b>Total Liabilities</b>	<b>\$ 11,974</b>	<b>\$ 85,844</b>	<b>\$ 90,085</b>	<b>\$ 7,733</b>

The accompanying notes are an integral part of the schedule.

**PERKINS COUNTY COURT**  
**GRANT, 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
<b>ASSETS</b>				
Cash and Deposits	\$ 19,217	\$ 108,273	\$ 115,516	\$ 11,974
	<u>19,217</u>	<u>108,273</u>	<u>115,516</u>	<u>11,974</u>
 <b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 1,779	\$ 15,304	\$ 16,067	\$ 1,016
Law Enforcement Fees	147	1,738	1,740	145
State Judges Retirement Fund	438	5,390	5,398	430
Court Administrative Fees	1,192	9,937	10,205	924
Legal Services Fees	490	5,908	5,937	461
 Due to County Treasurer:				
Regular Fines	2,895	36,044	36,428	2,511
Overload Fines	200	2,950	2,950	200
Regular Fees	394	4,524	4,771	147
 Due to Municipalities:				
Regular Fines	-	425	425	-
Regular Fees	-	-	-	-
 Trust Fund Payable	 11,682	 26,053	 31,595	 6,140
<b>Total Liabilities</b>	<b>\$ 19,217</b>	<b>\$ 108,273</b>	<b>\$ 115,516</b>	<b>\$ 11,974</b>

The accompanying notes are an integral part of the schedule.

PERKINS COUNTY COURT  
NOTES TO FINANCIAL SCHEDULES  
For the Fiscal Years Ended June 30, 2014, and June 30, 2013

**1. Criteria**

**A. Reporting Entity**

The Perkins 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 Perkins 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.