

**ATTESTATION REPORT
OF
CHEYENNE COUNTY COURT
JULY 1, 2013 THROUGH JUNE 30, 2015**

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Issued on June 8, 2016

CHEYENNE COUNTY COURT

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CHEYENNE COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Cheyenne 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 costs that, according to State statute, were non-waiverable.

More detailed information on the above items is provided hereinafter. 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.

CHEYENNE 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.

Errors specifically noted include the following:

- One case balance was not timely applied to fines and costs, resulting in an individual erroneously staying in suspension status for over one year after payment was made.

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.

Clerk Magistrate's Response: Our office has been working on segregation of duties, but with the number staff available it is difficult to always be able to segregate duties. I received some ideas from the auditor that worked the audit in our county, and will be trying to implement these ideas to better segregate duties; however, it appears that we would have difficulty being completely void of this issue without having additional staff.

2. Non-Waiverable Court Costs

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

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 uncollectable 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 fees and costs are waived, the County Court is not in compliance with State statute.

CHEYENNE COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

2. Non-Waiverable Court Costs (Concluded)

We recommend the County Court waive only court fees and costs allowed by State statute.

Clerk Magistrate's Response: In reference to the 2 instances wherein costs were waived and should not have been, I have discussed this with the staff, and believe this was in a time frame wherein staff were new and didn't understand how to adjust on JUSTICE when the Judge stated in the courtroom "costs are waived and any non-waiverable costs shall be deemed uncollectible". We discussed that if there are questions regarding this those questions should be addressed at that time so this isn't an issue in the future.



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CHEYENNE COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Cheyenne County Court as of and for the fiscal years ended June 30, 2015, and June 30, 2014. 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 Cheyenne County Court, as of June 30, 2015, and June 30, 2014, 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 findings 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 6, 2016



Don Dunlap, CPA
Assistant Deputy Auditor

CHEYENNE COUNTY COURT
SIDNEY, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
ASSETS				
Cash and Deposits	\$ 52,550	\$ 540,788	\$ 523,804	\$ 69,534
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 3,736	\$ 73,735	\$ 70,808	\$ 6,663
Law Enforcement Fees	373	6,490	6,254	609
State Judges Retirement Fund	1,232	21,331	20,456	2,107
Court Administrative Fees	2,085	46,067	44,194	3,958
Legal Services Fees	1,374	22,548	21,806	2,116
Due to County Treasurer:				
Regular Fines	9,573	158,837	158,223	10,187
Overload Fines	250	3,427	3,527	150
Regular Fees	1,309	13,920	14,176	1,053
Petty Cash Fund	75	-	-	75
Due to Municipalities:				
Regular Fines	66	5,338	4,290	1,114
Regular Fees	-	1,273	1,273	-
Trust Fund Payable	32,477	187,822	178,797	41,502
Total Liabilities	\$ 52,550	\$ 540,788	\$ 523,804	\$ 69,534

The accompanying notes are an integral part of the schedule.

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

For the Fiscal Year Ended June 30, 2014

	<u>Balance</u>		<u>Deductions</u>	<u>Balance</u>
	<u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2014</u>
ASSETS				
Cash and Deposits	\$ 49,369	\$ 540,747	\$ 537,566	\$ 52,550
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 5,190	\$ 73,982	\$ 75,436	\$ 3,736
Law Enforcement Fees	484	6,176	6,287	373
State Judges Retirement Fund	1,682	20,649	21,099	1,232
Court Administrative Fees	2,853	40,997	41,765	2,085
Legal Services Fees	1,779	21,855	22,260	1,374
Due to County Treasurer:				
Regular Fines	10,153	146,435	147,015	9,573
Overload Fines	150	3,525	3,425	250
Regular Fees	740	37,975	37,406	1,309
Petty Cash Fund	75	-	-	75
Due to Municipalities:				
Regular Fines	60	4,015	4,009	66
Regular Fees	-	1,379	1,379	-
Trust Fund Payable	26,203	183,759	177,485	32,477
Total Liabilities	<u>\$ 49,369</u>	<u>\$ 540,747</u>	<u>\$ 537,566</u>	<u>\$ 52,550</u>

The accompanying notes are an integral part of the schedule.

CHEYENNE COUNTY COURT
NOTES TO FINANCIAL SCHEDULES
For the Fiscal Years Ended June 30, 2015, and June 30, 2014

1. Criteria

A. Reporting Entity

The Cheyenne 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 Cheyenne 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.

3. Adjustment

The County Court's prior fiscal year ended June 30, 2013, attest financial schedule was adjusted for an investment payout that occurred prior to June 30, 2013, but was not recorded in the Court's Judicial User System to Improve Court Efficiency (JUSTICE) until July 2013 in the amount of \$37,699. Since the fiscal year ended June 30, 2013, financial schedule was adjusted for this activity, the County Court's fiscal year ended June 30, 2014, financial schedule does not include the JUSTICE activity for this correction.