

**ATTESTATION REPORT
OF
COLFAX COUNTY COURT**

JULY 1, 2014, THROUGH DECEMBER 31, 2016

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Issued on March 22, 2017

COLFAX COUNTY COURT

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COLFAX COUNTY COURT

COMMENT AND RECOMMENDATION

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

This comment and recommendation is intended to improve the internal control over financial reporting or result in operational efficiencies in the following area:

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, as 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.

The following errors were noted:

- The County Court failed to take timely action to pay out overpayments on three cases, totaling \$69.
- The payee shown on one cleared check from the bank did not agree to the payee noted per the County Court's accounting system.

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: The County Court failed to take timely action to pay out overpayments on three cases, totaling \$69.00. These cases have been discussed and paid out to the appropriate party. One of the County Court financial specialists was contacted and gave training on a double check system to eliminate this in the future.

The payee shown on one cleared check from the bank did not agree to the payee noted per the County Court's accounting system. This check was written to the attorney for the collection agency instead of the actual agency name which JUSTICE reflects. This was also reviewed with staff to eliminate this error going forward.

COLFAX COUNTY COURT

COMMENT AND RECOMMENDATION

(Concluded)

It should be noted this report is critical in nature, as it contains only our comment and recommendation on the area 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 an opportunity to review the report and to respond to the comment and recommendation included in this report. The formal response received has been incorporated into this report. Any response received has been objectively evaluated and recognized, as appropriate, in the report. A response that indicates corrective action has been taken was not verified at this time, but it will be verified in the next examination.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.nebraska.gov

COLFAX COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Colfax County Court as of and for the period July 1, 2015, to December 31, 2016, and the fiscal year ending June 30, 2015. 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 Colfax County Court, as of December 31, 2016, and June 30, 2015, 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 Comment 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 22, 2017


Deann Haeffner, CPA
Assistant Deputy Auditor

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

For the Period July 1, 2015, to December 31, 2016

	Balance July 1, 2015	Additions	Deductions	Balance December 31, 2016
ASSETS				
Cash and Deposits	\$ 54,941	\$ 654,848	\$ 674,343	\$ 35,446
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 4,485	\$ 70,057	\$ 71,333	\$ 3,209
Law Enforcement Fees	458	6,826	7,053	231
State Judges Retirement Fund	1,463	27,082	27,508	1,037
Court Administrative Fees	2,823	38,451	39,719	1,555
Legal Services Fees	1,621	24,230	24,868	983
Due to County Treasurer:				
Regular Fines	14,032	177,667	186,069	5,630
Overload Fines	975	12,650	13,425	200
Regular Fees	372	13,267	13,589	50
Petty Cash Fund	150	-	-	150
Due to Municipalities:				
Regular Fines	125	857	982	-
Regular Fees	409	2,505	2,914	-
Trust Fund Payable	28,028	281,256	286,883	22,401
Total Liabilities	\$ 54,941	\$ 654,848	\$ 674,343	\$ 35,446

The accompanying notes are an integral part of the schedule.

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

For the Fiscal Year Ended June 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS				
Cash and Deposits	\$ 72,760	\$ 356,112	\$ 373,931	\$ 54,941
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 6,178	\$ 50,924	\$ 52,617	\$ 4,485
Law Enforcement Fees	576	4,997	5,115	458
State Judges Retirement Fund	1,677	15,935	16,149	1,463
Court Administrative Fees	2,910	29,017	29,104	2,823
Legal Services Fees	1,906	17,271	17,556	1,621
Due to County Treasurer:				
Regular Fines	18,348	131,168	135,484	14,032
Overload Fines	-	8,900	7,925	975
Regular Fees	3,022	16,886	19,536	372
Petty Cash Fund	-	150	-	150
Due to Municipalities:				
Regular Fines	275	955	1,105	125
Regular Fees	-	2,953	2,544	409
Trust Fund Payable	37,868	76,956	86,796	28,028
Total Liabilities	<u>\$ 72,760</u>	<u>\$ 356,112</u>	<u>\$ 373,931</u>	<u>\$ 54,941</u>

The accompanying notes are an integral part of the schedule.

COLFAX COUNTY COURT
NOTES TO FINANCIAL SCHEDULES
For the Fiscal Years Ended December 31, 2016, and June 30, 2015

1. Criteria

A. Reporting Entity

The Colfax 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 Colfax 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 2016). 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.