

**ATTESTATION REPORT
OF
LOGAN COUNTY COURT**

JULY 1, 2014, THROUGH DECEMBER 31, 2016

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Issued on May 3, 2017

LOGAN COUNTY COURT

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LOGAN COUNTY COURT

COMMENT AND RECOMMENDATION

During our examination of the Logan 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.

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: Logan County Court recognizes the issues found in the audit report and recognizes that some issues cannot be properly addressed as it would require the Supreme Court to add more personnel and this is not a viable option anytime in the foreseeable future. It should be noted that there are Financial Specialists who now monitor the financial records of the Logan County Court on a remote basis.

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. The response 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.



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LOGAN COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Logan 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 Logan County Court, as of December 31, 2016, and June 30, 2015, and the related activity for the periods 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.

April 26, 2017

A handwritten signature in blue ink that reads "Philip J. Olsen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Philip J. Olsen, CPA, CISA
Audit Manager

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

For the Period Ending December 31, 2016

	Balance July 1, 2015	Additions	Deductions	Balance December 31, 2016
ASSETS				
Cash and Deposits	\$ 6,624	\$ 72,035	\$ 70,804	\$ 7,855
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 353	\$ 10,089	\$ 9,928	\$ 514
Law Enforcement Fees	48	1,577	1,529	96
State Judges Retirement Fund	164	5,500	5,354	310
Court Administrative Fees	201	5,858	5,727	332
Legal Services Fees	144	5,178	5,007	315
Due to County Treasurer:				
Regular Fines	645	36,366	34,540	2,471
Overload Fines	-	1,175	975	200
Regular Fees	-	2,034	1,959	75
Petty Cash Fund	-	55	-	55
Due to Municipalities:				
Regular Fines	-	-	-	-
Regular Fees	-	-	-	-
Trust Fund Payable	5,069	4,203	5,785	3,487
Total Liabilities	\$ 6,624	\$ 72,035	\$ 70,804	\$ 7,855

The accompanying notes are an integral part of the schedule.

LOGAN COUNTY COURT
STAPLETON, 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>Balance</u>
	<u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2015</u>
ASSETS				
Cash and Deposits	\$ 9,015	\$ 40,851	\$ 43,242	\$ 6,624
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 836	\$ 5,821	\$ 6,304	\$ 353
Law Enforcement Fees	81	807	840	48
State Judges Retirement Fund	249	2,395	2,480	164
Court Administrative Fees	304	3,588	3,691	201
Legal Services Fees	276	2,616	2,748	144
Due to County Treasurer:				
Regular Fines	1,285	17,881	18,521	645
Overload Fines	-	1,225	1,225	-
Regular Fees	17	749	766	-
Petty Cash Fund	-	-	-	-
Due to Municipalities:				
Regular Fines	-	-	-	-
Regular Fees	-	-	-	-
Trust Fund Payable	<u>5,967</u>	<u>5,769</u>	<u>6,667</u>	<u>5,069</u>
Total Liabilities	<u>\$ 9,015</u>	<u>\$ 40,851</u>	<u>\$ 43,242</u>	<u>\$ 6,624</u>

The accompanying notes are an integral part of the schedule.

LOGAN COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

For the Period Ended December 31, 2016, and Fiscal Year Ended June 30, 2015

1. Criteria

A. Reporting Entity

The Logan 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 Logan 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.