

**ATTESTATION REPORT
OF
PERKINS COUNTY COURT**

JULY 1, 2014, THROUGH DECEMBER 31, 2016

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Issued on May 12, 2017

PERKINS COUNTY COURT

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PERKINS COUNTY COURT

COMMENT AND RECOMMENDATION

During our examination of the Perkins 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 error was noted:

- A defendant was cited for speeding 6-10 miles per hour over the speed limit. The defendant was fined \$50 but should have been fined only \$25 in accordance with Neb. Rev. Stat. § 60-682.01(1)(b) (Reissue 2010). If the Court had an adequate segregation of duties, this error might have been caught.

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 addition personnel to fulfill this requirement. The Supreme Court Administrator's Office has responded to your concern by assigning a Financial Specialist to each court to review bank statements and reconciliations to ensure accuracy and integrity.

APA Response: The APA questions the adequacy of the review performed by the financial specialist due to the error noted in the above bullet point in which a defendant was charged an incorrect fine. As such, our office will continue to recommend the County Court review this situation.

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.

PERKINS COUNTY COURT

COMMENT AND RECOMMENDATION

(Concluded)

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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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 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 based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedules 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedules are based on the accounting system and procedures set forth in Note 1, in all material respects. An examination involves performing procedures to obtain evidence about the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions for the period July 1, 2015, to December 31, 2016, and the fiscal year ending June 30, 2015, are based on the accounting system and procedures prescribed by the Nebraska Supreme Court, as set forth in Note 1, in all material respects.

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.

May 1, 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
Lincoln, Nebraska

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

For the Period Ending December 31, 2016

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2016</u>
ASSETS				
Cash and Deposits	\$ 6,204	\$ 146,300	\$ 148,095	\$ 4,409
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 670	\$ 14,277	\$ 14,339	\$ 608
Law Enforcement Fees	72	1,658	1,658	72
State Judges Retirement Fund	230	6,457	6,397	290
Court Administrative Fees	583	9,225	9,503	305
Legal Services Fees	262	5,828	5,807	283
Due to County Treasurer:				
Regular Fines	2,474	36,869	38,474	869
Overload Fines	-	22,350	22,100	250
Regular Fees	275	1,720	1,855	140
Petty Cash Fund	-	50	-	50
Due to Municipalities:				
Regular Fines	-	525	525	-
Regular Fees	-	-	-	-
Trust Fund Payable	1,638	47,341	47,437	1,542
Total Liabilities	<u>\$ 6,204</u>	<u>\$ 146,300</u>	<u>\$ 148,095</u>	<u>\$ 4,409</u>

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, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
ASSETS				
Cash and Deposits	\$ 7,733	\$ 106,509	\$ 108,038	\$ 6,204
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 1,076	\$ 12,870	\$ 13,276	\$ 670
Law Enforcement Fees	105	1,148	1,181	72
State Judges Retirement Fund	314	4,000	4,084	230
Court Administrative Fees	637	6,494	6,548	583
Legal Services Fees	344	3,988	4,070	262
Due to County Treasurer:				
Regular Fines	1,528	26,760	25,814	2,474
Overload Fines	-	6,725	6,725	-
Regular Fees	46	3,019	2,790	275
Petty Cash Fund	-	-	-	-
Due to Municipalities:				
Regular Fines	-	325	325	-
Regular Fees	-	19	19	-
Trust Fund Payable	3,683	41,161	43,206	1,638
Total Liabilities	\$ 7,733	\$ 106,509	\$ 108,038	\$ 6,204

The accompanying notes are an integral part of the schedule.

PERKINS 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 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 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.