

**ATTESTATION REPORT
OF
PIERCE COUNTY COURT**

JULY 1, 2015, THROUGH DECEMBER 31, 2017

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Issued on March 27, 2018

PIERCE COUNTY COURT

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PIERCE COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Pierce County Court, we noted certain deficiencies and other operational matters that are presented here. The following comment is required to be reported in accordance with Government Auditing Standards: Comment #1, "Segregation of Duties," which is considered to be a material weakness.

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 court costs that, according to State statute, were not 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.

PIERCE 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 to 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 that the office of the County Court lacked a sufficient 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 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: In regard to the segregation of duties, we do have only one full time employee so one individual is capable of handling all phases of a transaction from beginning to end. We try to handle this differently but since we are alone many days we haven't mastered it completely.

2. Non-Waiverable Court Costs

We tested 15 non-monetary receipts and noted one instance, totaling \$17, of non-waiverable court costs that were improperly waived.

Neb. Rev. Stat. § 29-2709 (Reissue 2016) 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 uncollectible for any reason, including the dismissal of the case, such costs shall be deemed waived

When non-waiverable fees and costs are waived, the County Court is not in compliance with State statute.

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

Clerk Magistrate's Response: In regard to the non-waiverable court costs, we had one slip by when we had a defendant who sat out his costs in jail and we should have claimed the costs that are non-waiverable and waived the rest. My employee and I had a talk about this and I am going to try and monitor this better in the future.



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PIERCE COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Pierce County Court
Pierce, Nebraska 68767

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Pierce County Court as of and for the period July 1, 2015, to December 31, 2016, and the calendar year ending December 31, 2017. 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 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 calendar year ending December 31, 2017, is 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, abuse that is 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 that 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.



Craig Kubicek, CPA, CFE
Assistant Deputy Auditor
Lincoln, Nebraska

March 23, 2018

PIERCE COUNTY COURT
PIERCE, 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	\$ 13,813	\$ 258,807	\$ 215,018	\$ 57,602
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 3,284	\$ 40,989	\$ 41,717	\$ 2,556
Law Enforcement Fees	151	3,489	3,457	183
State Judges Retirement Fund	663	14,081	13,948	796
Court Administrative Fees	594	20,457	20,166	885
Legal Services Fees	546	12,265	12,114	697
Due to County Treasurer:				
Regular Fines	2,750	75,419	74,542	3,627
Overload Fines	-	11,375	9,775	1,600
Regular Fees	2	3,594	3,499	97
Petty Cash Fund	-	50	-	50
Due to Municipalities:				
Regular Fines	50	-	50	-
Trust Fund Payable	5,773	77,088	35,750	47,111
Total Liabilities	\$ 13,813	\$ 258,807	\$ 215,018	\$ 57,602

The accompanying notes are an integral part of the schedule.

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

For the Calendar Year Ended December 31, 2017

	<u>Balance</u>			<u>Balance</u>
	<u>January 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2017</u>
ASSETS				
Cash and Deposits	\$ 57,602	\$ 149,024	\$ 193,103	\$ 13,523
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 2,556	\$ 21,799	\$ 22,019	\$ 2,336
Law Enforcement Fees	183	2,401	2,387	197
State Judges Retirement Fund	796	10,036	9,875	957
Court Administrative Fees	885	14,216	13,713	1,388
Legal Services Fees	697	9,041	8,983	755
Due to County Treasurer:				
Regular Fines	3,627	62,709	63,451	2,885
Overload Fines	1,600	4,800	6,400	-
Regular Fees	97	747	739	105
Petty Cash Fund	50	-	-	50
Due to Municipalities:				
Regular Fines	-	150	50	100
Trust Fund Payable	47,111	23,125	65,486	4,750
Total Liabilities	<u>\$ 57,602</u>	<u>\$ 149,024</u>	<u>\$ 193,103</u>	<u>\$ 13,523</u>

The accompanying notes are an integral part of the schedule.

**PIERCE COUNTY COURT
NOTES TO FINANCIAL SCHEDULES**

For the Period Ended December 31, 2016, and Calendar Year Ended December 31, 2017

1. Criteria

A. Reporting Entity

The Pierce 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 Pierce 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.