

**ATTESTATION REPORT  
OF  
CUSTER COUNTY COURT**

**JANUARY 1, 2017, THROUGH DECEMBER 31, 2018**

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**Issued on May 15, 2019**

# CUSTER COUNTY COURT

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# CUSTER COUNTY COURT

## COMMENT AND RECOMMENDATION

During our examination of the Custer County Court, we noted a certain deficiency and other operational matters that are presented here. The following comment is required to be reported in accordance with *Government Auditing Standards* and is considered to be a material weakness.

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 and Other Issues**

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, 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 may not be 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.

Additionally, during testing of 15 non-monetary receipts, we noted that 2 receipts lacked adequate supporting documentation:

- For one case, \$3,000 in restitution was recorded as satisfied, and a non-monetary receipt was recorded in January 2018. However, the County Attorney had not provided documentation of satisfaction until April 2019. The non-monetary receipt was recorded over one year prior to the documentation of satisfaction being received.
- The second case had costs of \$94 waived by the County Court; however, the court order stated that the defendant was required to pay the costs. When the APA asked about the waived costs, the County Court agreed and voided the receipt. A new order was entered deeming the costs uncollectible, and the \$94 was written off on May 1, 2019.

When non-monetary receipts lack adequate documentation, there is an increased risk of loss or theft of funds.

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. We also recommend the County Court ensure adequate documentation is on file to support non-monetary receipts.

*Clerk Magistrate's Response: In Custer County Court, one person prepares the daily deposit and the other person takes the deposit to the bank. I recognize the issue of segregation of duties found in the audit report but this would require the Supreme Court to hire more personnel to correct this issue. A financial audit specialist reviews my daily balance variances, bank statements, void receipts, non-monetary receipts, check reconciliations and reports.*

# CUSTER COUNTY COURT

## COMMENT AND RECOMMENDATION

(Concluded)

### *Other Issues:*

*Restitution Case – A non-monetary receipt was issued for restitution on January 5, 2018 which was issued in error. The juvenile completed the required community service only and there is a receipt showing that community service was completed. A receipt was obtained from the Custer County Attorney on 4/30/2019 documenting that the restitution was paid.*

*Costs waived case – Defendant was revoked from probation but the order stated that the defendant pays the court costs. A non-monetary receipt was issued in error. Receipt was voided and the Judge signed an order deeming court costs uncollectible. A new non-monetary receipt was issued deeming costs uncollectible.*

*I have taken care of the items listed above and have discussed the requirement of documentation for issuing non-monetary receipts with staff.*

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.



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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### CUSTER COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

Custer County Court  
Broken Bow, Nebraska 68822

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Custer County Court as of and for the calendar years ending December 31, 2017, and December 31, 2018. 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 calendar years ending December 31, 2017, and December 31, 2018, 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 all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter or an assertion about the subject matter of the examination engagement. We are also required to obtain and report the views of management concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. 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 Comment Section of the report.

The purpose of this report is to express an opinion on the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions, as described in paragraph one above. Accordingly, this report is not suitable for any other purpose. This report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink, appearing to read "C. J. Janssen", with a long horizontal flourish extending to the right.

May 14, 2019

Charlie Janssen  
Auditor of Public Accounts  
Lincoln, Nebraska

**CUSTER COUNTY COURT**  
**BROKEN BOW, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**AGENCY FUNDS**

For the Calendar Year Ended December 31, 2018

	<u>Balance</u>			<u>Balance</u>
	<u>January 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2018</u>
<b>ASSETS</b>				
Cash and Deposits	\$ 32,027	\$ 305,031	\$ 291,603	\$ 45,455
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 3,761	\$ 52,172	\$ 52,632	\$ 3,301
Law Enforcement Fees	243	3,701	3,726	218
State Judges Retirement Fund	1,293	20,018	20,100	1,211
Court Administrative Fees	1,337	24,965	24,900	1,402
Legal Services Fees	1,078	15,750	15,854	974
Due to County Treasurer:				
Regular Fines	4,721	90,747	87,575	7,893
Overload Fines	975	700	1,525	150
Regular Fees	173	5,824	5,607	390
Petty Cash Fund	200	-	-	200
Trust Fund Payable	18,246	91,154	79,684	29,716
Total Liabilities	<u>\$ 32,027</u>	<u>\$ 305,031</u>	<u>\$ 291,603</u>	<u>\$ 45,455</u>

The accompanying notes are an integral part of the schedule.

**CUSTER COUNTY COURT**  
**BROKEN BOW, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**AGENCY FUNDS**

For the Calendar Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
<b>ASSETS</b>				
Cash and Deposits	\$ 49,148	\$ 300,310	\$ 317,431	\$ 32,027
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 8,739	\$ 53,296	\$ 58,274	\$ 3,761
Law Enforcement Fees	470	4,187	4,414	243
State Judges Retirement Fund	2,100	19,754	20,561	1,293
Court Administrative Fees	2,026	25,837	26,526	1,337
Legal Services Fees	1,742	17,328	17,992	1,078
Due to County Treasurer:				
Regular Fines	9,186	99,102	103,567	4,721
Overload Fines	550	6,325	5,900	975
Regular Fees	483	4,279	4,589	173
Petty Cash Fund	200	-	-	200
Due to Municipalities:				
Regular Fines	-	160	160	-
Trust Fund Payable	23,652	70,042	75,448	18,246
<b>Total Liabilities</b>	<b>\$ 49,148</b>	<b>\$ 300,310</b>	<b>\$ 317,431</b>	<b>\$ 32,027</b>

The accompanying notes are an integral part of the schedule.

**CUSTER COUNTY COURT**  
**NOTES TO FINANCIAL SCHEDULES**

For the Calendar Years Ending December 31, 2017, and December 31, 2018

**1. Criteria**

**A. Reporting Entity**

The Custer 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 Custer 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 or collected. 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 2018) to be secured either by a surety bond or as provided in the Public Funds Deposit Security Act.