

**ATTESTATION REPORT  
OF  
DEUEL COUNTY COURT**

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

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**Issued on June 11, 2019**

# DEUEL COUNTY COURT

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# DEUEL COUNTY COURT

## SUMMARY OF COMMENTS

During our examination of the Deuel 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-Monetary Receipts:*** The County Court did not have documentation on file to support the waiver of fees for three non-monetary receipts.
3. ***Overdue Balances:*** The County Court did not review its overdue balances on an ongoing, timely basis to ensure collection and/or resolution of such balances.

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. Where no response has been included, the County Court declined to respond. 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.

# DEUEL 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 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.

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.

### 2. Non-Monetary Receipts

Good internal control requires procedures to ensure that adequate supporting documentation is on file for non-monetary receipts, and fees are waived in the correct amounts.

The County Court did not have documentation on file to support 2 of 10 non-monetary receipts tested:

- One non-monetary receipt for small claims case SC 16-8 waived all judgment fees assessed, totaling \$1,210. According to the County Court, the payment was made directly to the Plaintiff; however, no documentation was on file to support this explanation.
- One non-monetary receipt for traffic case TR 16-391 waived court costs and fines, totaling \$232. The case indicated that costs were sat out in jail; however, a return from the County Sheriff was not on file to support the time spent in jail by the defendant.

In addition, we noted one non-monetary receipt for which the amount of fees waived did not match those specified in the request:

- A non-monetary receipt for criminal case CR 17-57 noted a request filed on June 1, 2017, to waive probation fees of \$150; however, fees of only \$110 were waived. This resulted in the defendant overpaying by \$40.

When adequate supporting documentation is not maintained for non-monetary receipts, and fees are not waived in the correct amounts, there is an increased risk for the loss or misuse of funds.

We recommend the County Court implement procedures to ensure all fees waived are adequately supported and waived in the appropriate amounts.

# DEUEL COUNTY COURT

## COMMENTS AND RECOMMENDATIONS

(Concluded)

### 3. Overdue Balances

Good internal control and sound business practices require an ongoing, timely review of the Overdue Case Account reports in order to determine what action should be taken to collect or otherwise resolve the overdue case balances.

During testing of 10 overdue balances, 6, totaling \$795, did not have subsequent action taken by the County Court, such as the issuance of warrants and/or suspensions or the declaration of certain overdue balances as uncollectible, to ensure collection or resolution of the balances, as follows:

- For three cases tested with overdue balances, totaling \$682, the County Court had not been able to locate the defendant; however, no action had been taken to waive the balances or issue a warrant on these cases. The cases have been overdue for a period ranging from 2015 to 2017, since the defendant had last been located.
- For two cases tested with overdue balances, totaling \$96, the County Court has been sending past due letters to the defendants since 2016; however, no action has been taken to waive the balances or issue a warrant on these cases for continued non-payment.
- One case tested, with an overdue balance of \$17, was dismissed on January 9, 2019, and costs were ordered waived; however, the County Court had not waived these fees in the system as of May 24, 2019.

In addition, we noted one traffic case in which a citation was filed on January 3, 2018; however, the citation did not contain enough identifying information to allow for further prosecutorial action. The County Court could not provide any documentation to show that follow-up action, such as a discussion with the County Attorney and/or judge regarding this outstanding case, had been taken.

As of May 13, 2017, overdue balances, excluding restitution judgments, totaled \$21,828. As of May 18, 2019, overdue balances, excluding restitution judgments, totaled \$20,668, a reduction of \$1,160 or 5%.

Without a regular review of the Overdue Case Account reports, there is an increased risk that overdue case balances may either not have proper follow-up action taken or may have been previously resolved and should no longer be reflected as being overdue.

We recommend the County Court implement an ongoing, timely review of its Overdue Case Account reports to ensure the timely collection and/or resolution of overdue case balances.

*Clerk Magistrate's Response: The Deuel County Court staff works these reports regularly and makes regular notes on the cases. We attempt to collect for a period of time, and then we refer to the county attorney for further action. That has been the standing policy. I just wanted to clarify that the Overdue Balances are looked at on a regular basis.*



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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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](http://www.auditors.nebraska.gov)

### DEUEL COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

Deuel County Court  
Chappell, Nebraska 69129

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Deuel 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 Comments 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.

June 6, 2019

Charlie Janssen  
Auditor of Public Accounts  
Lincoln, Nebraska

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

For the Calendar Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
<b>ASSETS</b>				
Cash and Deposits	\$ 42,837	\$ 212,984	\$ 228,026	\$ 27,795
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 4,185	\$ 22,614	\$ 25,037	\$ 1,762
Law Enforcement Fees	108	1,997	2,008	97
State Judges Retirement Fund	488	8,603	8,657	434
Court Administrative Fees	446	8,193	8,201	438
Legal Services Fees	414	7,149	7,212	351
Due to County Treasurer:				
Regular Fines	2,809	61,843	60,647	4,005
Overload Fines	-	625	475	150
Regular Fees	79	1,938	1,798	219
Petty Cash Fund	25	-	-	25
Due to Municipalities:				
Regular Fines	-	100	100	-
Trust Fund Payable	34,283	99,922	113,891	20,314
<b>Total Liabilities</b>	<b>\$ 42,837</b>	<b>\$ 212,984</b>	<b>\$ 228,026</b>	<b>\$ 27,795</b>

The accompanying notes are an integral part of the schedule.

**DEUEL COUNTY COURT**  
**CHAPPELL, 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	\$ 22,911	\$ 289,656	\$ 269,730	\$ 42,837
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 294	\$ 25,886	\$ 21,995	\$ 4,185
Law Enforcement Fees	134	1,894	1,920	108
State Judges Retirement Fund	436	7,438	7,386	488
Court Administrative Fees	417	8,312	8,283	446
Legal Services Fees	484	6,868	6,938	414
Due to County Treasurer:				
Regular Fines	2,850	55,439	55,480	2,809
Regular Fees	211	5,878	6,010	79
Petty Cash Fund	25	-	-	25
Due to Municipalities:				
Regular Fines	252	248	500	-
Trust Fund Payable	17,808	177,693	161,218	34,283
<b>Total Liabilities</b>	<b>\$ 22,911</b>	<b>\$ 289,656</b>	<b>\$ 269,730</b>	<b>\$ 42,837</b>

The accompanying notes are an integral part of the schedule.

**DEUEL COUNTY COURT**  
**NOTES TO FINANCIAL SCHEDULES**

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

**1. Criteria**

**A. Reporting Entity**

The Deuel 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 Deuel 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.