

**ATTESTATION REPORT  
OF  
FURNAS COUNTY COURT**

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

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**Issued on June 7, 2019**

# FURNAS COUNTY COURT

## TABLE OF CONTENTS

	<u>Page</u>
<b><u>Comment Section</u></b>	
Comment and Recommendation	1 - 2
<b><u>Financial Section</u></b>	
Independent Accountant's Report	3 - 4
Financial Schedules:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Calendar Year Ended December 31, 2018	5
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Calendar Year Ended December 31, 2017	6
Notes to Financial Schedules	7

# FURNAS COUNTY COURT

## COMMENT AND RECOMMENDATION

During our examination of the Furnas 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**

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 11 case balances held, we noted that 4 balances were not pursued or paid to the appropriate parties in a timely manner.

- Two civil cases were satisfied in November 2016 and February 2017. Both cases had overpayments made, totaling \$298 and \$269, respectively. However, the balances were not refunded until April 2018.
- In one case, restitution of \$150 was ordered to be paid to the victim. The restitution payment was made in February 2018, but it was returned because the payee denied ownership of the property for which the restitution was being made; therefore, the wrong recipient appears to have been designated to receive the restitution. The returned restitution check was voided, and the County Court intended to remit the balance to the State Treasurer – Unclaimed Property Division in the name of the victim to whom the payment was originally sent. The APA questions the reasonableness of remitting the balance in the name of the same person who had already refused the restitution payment. Instead, the judge who decided the case should have been consulted to determine whether an appropriate payee could be determined or the restitution amount should be refunded to the defendant.
- In another case, a \$90 bond was ordered to be forfeited by the judge in October 2015. No further procedures were performed by the County Court to follow up on the balance. The County Court was said to be waiting on the County Attorney to file a motion to forfeit the bond. The County Court was not scheduled to follow up with the County Attorney until November 2020.

# FURNAS COUNTY COURT

## COMMENT AND RECOMMENDATION

(Concluded)

When case balances are not pursued or paid to the appropriate parties in a timely manner – at least semi-annually – there is an increased risk for the loss, theft, or improper payment of monies held by the County Court.

A similar finding was noted in the previous report.

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 follow up on case balances at least semi-annually.

*Clerk Magistrate's Response: For the first bullet, these were paid online by the defendant and placed in holding automatically since JUSTICE did not show any balance due. I started in October of 2016. Since the beginning of 2018, I have a better understanding of the reports. I review and work the reports monthly to minimize the exposure of this situation happening again in the future. For the second bullet, the County Attorney reported who the victim was. The check was issued to them but when it was received, they did not know what to do with it. They said the mailbox was vacant so they would send it to Lincoln (or Omaha) to see what they wanted to do. Lincoln (or Omaha) called me and they did not know what to do with it either. After they did some checking, they decided that they needed to return the check to the Court. I made the County Attorney aware of the situation and he said there was nothing else we could do. I followed the procedures on a return check, which indicated it goes to unclaimed property. Since this was brought up as a question in the audit procedure, I did talk to the Judge about it and she has signed an Order to return it to the defendant. It was a unique situation but I did consult the County Attorney when it was returned, as it was his case. For the last bullet, in docket there is only one button for Bond Revoke/Forfeit. There is no option to separate the two. The judge has made it very clear that her intention is to revoke the bond NOT forfeit it. She will not forfeit until the County Attorney has filed a Motion to Forfeit. There was an active warrant in the case so the Court would follow up with the County Attorney in 5 years when the warrant was set to expire or of course if the defendant was picked up. I have discussed with the Deputy Attorney a policy regarding bonds that should be forfeited. He has set a policy in place.*

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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### FURNAS COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

Furnas County Court  
Beaver City, Nebraska 68926

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

June 6, 2019

Charlie Janssen  
Auditor of Public Accounts  
Lincoln, Nebraska

**FURNAS COUNTY COURT**  
**BEAVER CITY, 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	\$ 53,005	\$ 196,027	\$ 212,699	\$ 36,333
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 4,927	\$ 31,154	\$ 31,917	\$ 4,164
Law Enforcement Fees	146	1,805	1,660	291
State Judges Retirement Fund	849	10,305	9,495	1,659
Court Administrative Fees	694	12,028	11,323	1,399
Legal Services Fees	624	7,691	7,223	1,092
Due to County Treasurer:				
Regular Fines	3,219	32,907	33,076	3,050
Overload Fines	250	1,275	1,525	-
Regular Fees	419	1,417	1,807	29
Petty Cash Fund	100	-	-	100
Due to Municipalities:				
Regular Fines	-	866	801	65
Trust Fund Payable	41,777	96,579	113,872	24,484
<b>Total Liabilities</b>	<b>\$ 53,005</b>	<b>\$ 196,027</b>	<b>\$ 212,699</b>	<b>\$ 36,333</b>

The accompanying notes are an integral part of the schedule.

**FURNAS COUNTY COURT**  
**BEAVER CITY, 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	\$ 25,990	\$ 249,126	\$ 222,111	\$ 53,005
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 1,477	\$ 31,685	\$ 28,235	\$ 4,927
Law Enforcement Fees	146	2,103	2,103	146
State Judges Retirement Fund	651	10,253	10,055	849
Court Administrative Fees	1,094	13,902	14,302	694
Legal Services Fees	607	8,704	8,687	624
Due to County Treasurer:				
Regular Fines	2,285	39,738	38,804	3,219
Overload Fines	225	5,500	5,475	250
Regular Fees	283	2,679	2,543	419
Petty Cash Fund	100	-	-	100
Due to Municipalities:				
Regular Fines	-	1,943	1,943	-
Regular Fees	-	44	44	-
Trust Fund Payable	19,122	132,575	109,920	41,777
<b>Total Liabilities</b>	<b>\$ 25,990</b>	<b>\$ 249,126</b>	<b>\$ 222,111</b>	<b>\$ 53,005</b>

The accompanying notes are an integral part of the schedule.

**FURNAS COUNTY COURT**  
**NOTES TO FINANCIAL SCHEDULES**

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

**1. Criteria**

**A. Reporting Entity**

The Furnas 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 Furnas 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.