

**ATTESTATION REPORT
OF
NANCE COUNTY COURT**

JANUARY 1, 2017, THROUGH DECEMBER 31, 2018

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Issued on March 27, 2019

NANCE COUNTY COURT

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NANCE COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Nance 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. ***Monthly Case Balance Report Review:*** The Monthly Case Balance Report was not reviewed, with corrective action taken when necessary, to resolve issues.

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.

NANCE COUNTY COURT

COMMENTS AND RECOMMENDATIONS

1. Segregation of Duties

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.

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 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: The Supreme Court/Administrative Office of the Courts understands the importance of segregation of duties and based on the staffing needs in one person courts we assume the risk by utilizing other internal administrative means of quality control.

2. Monthly Case Balance Report Review

During the audit, the following was noted:

- For one criminal case tested, the defendant had passed away in January 2017; however, no action had been taken to refund or otherwise resolve a bond held, totaling \$450, until audit fieldwork in March 2019.
- One criminal case tested was dismissed in October 2016; however, no action had been taken to refund or otherwise resolve a bond held, totaling \$450, until audit fieldwork in March 2019.

Good internal control requires the County Court to have procedures for an ongoing, detailed review of monthly financial reports, including the Monthly Case Balance Report.

Without such procedures, there is an increased risk of errors, omissions, and/or irregularities not being detected and resolved in a timely manner.

We recommend the County Court implement procedures for an ongoing, detailed review of all monthly financial reports, including the Monthly Case Balance Report, and resolve any unattached and/or unusual balances in a complete, accurate, and timely manner.

County Court's Response: Corrective action has been taken resulting in a refund of the bonds noted during the audit. In the future, staff will review all of the monthly financial reports, including the Monthly Case Balance Report, and resolve any unattached and/or unusual balances in a complete, accurate, and timely manner.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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

NANCE COUNTY COURT

INDEPENDENT ACCOUNTANTS' REPORT

Nance County Court
Fullerton, Nebraska 68638

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

March 26, 2019

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

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

For the Fiscal Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
ASSETS				
Cash and Deposits	\$ 23,419	\$ 92,060	\$ 106,968	\$ 8,511
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 1,197	\$ 11,885	\$ 10,471	\$ 2,611
Law Enforcement Fees	83	764	792	55
State Judges Retirement Fund	428	4,282	4,398	312
Court Administrative Fees	486	5,913	6,131	268
Legal Services Fees	363	3,459	3,584	238
Due to County Treasurer:				
Regular Fines	1,872	22,059	23,256	675
Overload Fines	-	350	350	-
Regular Fees	82	2,116	2,085	113
Petty Cash Fund	70	-	-	70
Due to Municipalities:				
Regular Fines	10	135	145	-
Trust Fund Payable	18,828	41,097	55,756	4,169
Total Liabilities	\$ 23,419	\$ 92,060	\$ 106,968	\$ 8,511

The accompanying notes are an integral part of the schedule.

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

For the Fiscal Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
ASSETS				
Cash and Deposits	\$ 16,191	\$ 96,080	\$ 88,852	\$ 23,419
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 485	\$ 12,689	\$ 11,977	\$ 1,197
Law Enforcement Fees	38	744	699	83
State Judges Retirement Fund	183	3,725	3,480	428
Court Administrative Fees	239	4,735	4,488	486
Legal Services Fees	172	3,240	3,049	363
Due to County Treasurer:				
Regular Fines	1,098	22,083	21,309	1,872
Regular Fees	19	2,678	2,615	82
Petty Cash Fund	70	-	-	70
Due to Municipalities:				
Regular Fines	-	80	70	10
Trust Fund Payable	13,887	46,106	41,165	18,828
Total Liabilities	\$ 16,191	\$ 96,080	\$ 88,852	\$ 23,419

The accompanying notes are an integral part of the schedule.

NANCE COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

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

1. Criteria

A. Reporting Entity

The Nance 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 Nance 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 2009) to be secured either by a surety bond or as provided in the Public Funds Deposit Security Act.