

**ATTESTATION REPORT
OF
CASS COUNTY COURT**

JANUARY 1, 2018, THROUGH DECEMBER 31, 2019

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Issued on April 1, 2020

CASS COUNTY COURT

TABLE OF CONTENTS

	<u>Page</u>
<u>Comments Section</u>	
Summary of Comments	1
Comments and Recommendations	2 - 4
<u>Financial Section</u>	
Independent Accountant's Report	5 - 6
Financial Schedules:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Calendar Year Ended December 31, 2019	7
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Calendar Year Ended December 31, 2018	8
Notes to Financial Schedules	9

CASS COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Cass County Court, we noted certain deficiencies and other operational matters that are presented here. The following comments are required to be reported in accordance with *Government Auditing Standards*: #2, "Petty Cash," which is considered to be a significant deficiency, and 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. ***Petty Cash:*** Petty cash was not included in the County Budget message. Additionally, not all of the cash supposed to be on hand per JUSTICE was present.
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. 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.

CASS 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.

Additionally, the following errors were noted:

- Three case balances held were not applied to fees/costs or remitted back to the defendant timely.
 - One receipt for \$200 received in April 2016 was not applied to fees/fines until February 2020.
 - One receipt for \$225 was forfeited in October 2017 but not applied to court costs or remitted to the County until February 2019.
 - One receipt for \$450 was ordered to be applied to fines and costs in July 2019; however, it has not been applied.

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: Cass County Court has made changes to the ability of staff to receipt. No one staff member now has the ability to receipts to issue monetary receipts and non-monetary receipts. During this time this Clerk Magistrate was only reviewing reports, either quarterly or bi annually and was allowing staff to review and work reports. Recently this clerk has begun delegating more duties to staff so that she has more availability to review reports monthly and assure that adjustments are made in a timely fashion.

2. **Petty Cash**

During review of the County Court's petty cash, we noted the following:

- Not all of the cash supposed to be on hand per JUSTICE of \$684 was presented during our two physical inspections of cash on January 17, 2019, and January 16, 2020. The cash amount presented at each count was only \$456. The Clerk Magistrate failed to provide the APA with one drawer containing \$114, as well as to mention that the other \$114 had been deposited in the bank. Nevertheless, for both counts, the Clerk Magistrate signed a form that stated, "The monies represent my complete office cash accounts." In fact, however, she did not present the APA with all of the cash.
- The County Court had \$684 in petty cash to make change, but that money was not included in the County Board budget message.
- Additionally, the \$114 in excess cash noted above was deposited in the County Court's bank account, not remitted back to the County Treasurer.

CASS COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

2. **Petty Cash** (Concluded)

Neb. Rev. Stat. § 23-106(2) (Reissue 2012) states the following:

The county board shall have the authority to establish a petty cash fund for such county for the purpose of making payments for subsidiary operational expenditures and purchases. Such county board shall set, by resolution of the board, the amount of money to be carried in such petty cash fund and the dollar limit of an expenditure from such fund and such amount shall be stated in the fiscal policy of the county board budget message.

Neb. Rev. Stat. § 23-1601(1) (Reissue 2012) provides the following:

It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by section 77-1702, and all other money which is by law directed to be paid to him or her. All money received by the county treasurer for the use of the county shall be paid out by him or her only on warrants issued by the county board according to law, except when special provision for payment of county money is otherwise made by law.

Good internal controls and sound business practices require procedures to ensure that all petty cash amounts are properly accounted for, including being presented when requested, and reported in the County Board budget message. Those same procedures should ensure also that excess funds are returned to the County Treasurer.

Without such procedures, there is an increased risk of not only loss of public funds but also noncompliance with State statute.

We recommend the County Court implement procedures to ensure all petty cash amounts are properly accounted for, including being presented when requested, and reported in the County Board budget message. Those same procedures should ensure also that excess funds are returned to the County Treasurer.

Clerk Magistrate's Response: Regarding the cash drawers, one of the cash drawers had not been used since Sept 2018 and since that time the cash drawer was in the bottom of the safe and this Clerk simply forgot it was there. It was in no way an attempt to hide this cash. This clerk also deposited her cash drawer into the bank and no longer has that drawer. After the deposit of the funds I completely forgot to issue the check to the county. Completely my error. The money has since been submitted to the Cass County Treasurer for both drawers.

This clerk has worked with the County for years on trying to get the funds included in the County's budget message without success. On March 3, 2020 the cash in possession of the County Court Office has been placed in the County's Budget message.

3. **Overdue Balances**

During testing of seven overdue balances, four, totaling \$795, did not have subsequent action taken by the County Court, such as the issuance of warrants and/or suspensions or declaration of certain overdue balances as uncollectible, to ensure collection and/or resolution of the balances. As of February 29, 2020, overdue balances, excluding restitution judgments, totaled \$92,674.

Good internal control and sound business practices require procedures to ensure that overdue balances of the County Court are reviewed on an ongoing, timely basis, through a periodic examination of the Overdue Case Account reports, to determine what action should be taken to collect and/or resolve those balances.

CASS COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

3. Overdue Balances (Concluded)

Without such procedures, there is an increased risk of overdue balances either not having proper follow-up action taken or having been previously resolved and no longer needing to be designated as overdue.

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

Clerk Magistrate's Response: These cases have remained owed and due. The court has sent letters upon the initial payment of court costs. This Clerk will sit with the County Attorney and Judge Partsch to develop a plan going forward on handling these cases.



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CASS COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Cass County Court
Plattsmouth, Nebraska 68048

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Cass County Court as of and for the calendar years ending December 31, 2018, and December 31, 2019. 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, 2018, and December 31, 2019, 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 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 certain findings that are required to be reported under *Government Auditing Standards*, and those findings, along with the views of management, are 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.

March 30, 2020

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

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

For the Calendar Year Ended December 31, 2019

	Balance January 1, 2019	Additions	Deductions	Balance December 31, 2019
ASSETS				
Cash and Deposits	\$ 172,764	\$ 814,310	\$ 812,341	\$ 174,733
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 7,869	\$ 85,414	\$ 86,061	\$ 7,222
Law Enforcement Fees	999	9,497	9,720	776
State Judges Retirement Fund	5,224	46,620	48,109	3,735
Court Administrative Fees	6,564	50,254	53,336	3,482
Legal Services Fees	3,792	38,254	39,002	3,044
Due to County Treasurer:				
Regular Fines	18,113	153,196	160,088	11,221
Overload Fines	12,410	161,596	153,281	20,725
Regular Fees	1,575	17,066	17,418	1,223
Petty Cash Fund	684	-	-	684
Municipality Fines	80	880	935	25
Due to Municipalities:				
Regular Fees	-	17	17	-
Trust Fund Payable	115,454	251,516	244,374	122,596
Total Liabilities	\$ 172,764	\$ 814,310	\$ 812,341	\$ 174,733

The accompanying notes are an integral part of the schedule.

CASS COUNTY COURT
 PLATTSMOUTH, 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
ASSETS				
Cash and Deposits	\$ 168,947	\$ 791,729	\$ 787,912	\$ 172,764
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 7,227	\$ 87,530	\$ 86,888	\$ 7,869
Law Enforcement Fees	947	10,434	10,382	999
State Judges Retirement Fund	4,340	50,563	49,679	5,224
Court Administrative Fees	4,603	60,412	58,451	6,564
Legal Services Fees	3,682	41,230	41,120	3,792
Due to County Treasurer:				
Regular Fines	17,031	224,102	223,020	18,113
Overload Fines	10,923	121,845	120,358	12,410
Regular Fees	785	19,901	19,111	1,575
Petty Cash Fund	760	-	76	684
Municipality Fines	25	2,085	2,030	80
Due to Municipalities:				
Regular Fees	-	-	-	-
Trust Fund Payable	118,624	173,627	176,797	115,454
Total Liabilities	\$ 168,947	\$ 791,729	\$ 787,912	\$ 172,764

The accompanying notes are an integral part of the schedule.

CASS COUNTY COURT
NOTES TO FINANCIAL SCHEDULES
For the Calendar Years Ending December 31, 2018, and December 31, 2019

1. Criteria

A. Reporting Entity

The Cass 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 Cass 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.