

**ATTESTATION REPORT
OF
OTOE COUNTY COURT**

JANUARY 1, 2018, THROUGH DECEMBER 31, 2019

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Issued on April 1, 2020

OTOE COUNTY COURT

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OTOE COUNTY COURT

COMMENT AND RECOMMENDATION

During our examination of the Otoe 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.

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: Otoe County Court believes that the Court has met the Segregation of Duties requirements with the number of staff employed with this court. The court has four employees that receipt money and one employee that does not receipt any cash and does not have a cash drawer. This employee (the Magistrate) only handles adjustments, non-money receipts and voids.

Otoe County has two employees that alternate issuing and writing checks and a third employee that voids check if necessary.

The cash drawers are balanced nightly and checked by a 2nd co-worker; Four employees are each assigned a day of the week and they count the deposit; initial the deposit and then have a 2nd employee count and initial the deposit and the bank teller also initials the deposit once it is deposited.

Recon is done monthly by the Court Magistrate.

The assistant clerk will process the Monthly Case Balance Report.

It is my understanding that the issue of The Segregation of Duties findings is a result of the Justice System and the fact that the System authorizations are not specific; but are subject to job titles. Therefore, that is not something I can change. I am unable to designate one person to process voids due to justice authorization program.

APA Response: An adequate segregation of duties has not been met as the Clerk Magistrate has access to perform all functions of receipting and disbursements without a secondary review.

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.

OTOE COUNTY COURT

COMMENT AND RECOMMENDATION

(Concluded)

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.



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OTOE COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Otoe County Court
Nebraska City, Nebraska 68410

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Otoe 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 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 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, 2020

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

OTOE COUNTY COURT
 NEBRASKA CITY, 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	\$ 173,002	\$ 670,693	\$ 672,007	\$ 171,688
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 4,799	\$ 74,840	\$ 74,595	\$ 5,044
Law Enforcement Fees	562	9,111	9,017	656
State Judges Retirement Fund	2,756	43,587	43,164	3,179
Court Administrative Fees	2,474	42,397	41,417	3,454
Legal Services Fees	2,253	35,782	35,401	2,634
Due to County Treasurer:				
Regular Fines	11,143	198,686	194,863	14,966
Overload Fines	2,325	86,550	71,975	16,900
Regular Fees	2,477	9,513	12,200	(210)
Petty Cash Fund	120	-	-	120
Municipality Fines	-	600	600	-
Trust Fund Payable	144,093	169,627	188,775	124,945
Total Liabilities	\$ 173,002	\$ 670,693	\$ 672,007	\$ 171,688

The accompanying notes are an integral part of the schedule.

OTOE COUNTY COURT
NEBRASKA 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
ASSETS				
Cash and Deposits	\$ 162,485	\$ 626,973	\$ 616,456	\$ 173,002
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 7,137	\$ 78,447	\$ 80,785	\$ 4,799
Law Enforcement Fees	720	9,057	9,215	562
State Judges Retirement Fund	3,606	43,821	44,671	2,756
Court Administrative Fees	3,975	43,499	45,000	2,474
Legal Services Fees	2,734	35,672	36,153	2,253
Due to County Treasurer:				
Regular Fines	17,296	221,725	227,878	11,143
Overload Fines	2,675	59,900	60,250	2,325
Regular Fees	1,182	13,975	12,680	2,477
Petty Cash Fund	120	-	-	120
Municipality Fines	225	739	964	-
Trust Fund Payable	122,815	120,138	98,860	144,093
Total Liabilities	\$ 162,485	\$ 626,973	\$ 616,456	\$ 173,002

The accompanying notes are an integral part of the schedule.

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

1. Criteria

A. Reporting Entity

The Otoe 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 Otoe 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.