

**ATTESTATION REPORT
OF
PIERCE COUNTY COURT**

JANUARY 1, 2018, THROUGH DECEMBER 31, 2019

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Issued on March 9, 2020

PIERCE COUNTY COURT

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PIERCE COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Pierce 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. ***Unclaimed Property:*** The County Court did not report and remit trust balances to the State Treasurer that were over three years old, as required by State statute.

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.

PIERCE 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 is not 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: I had a part time employee 2 days a week during this audit period. When she was present in my court, we tried to alternate our financial duties but it wasn't possible when she wasn't present.

2. Unclaimed Property

Neb. Rev. Stat. § 69-1307.01 (Reissue 2018), which is found in the Uniform Disposition of Unclaimed Property Act, presumes intangible personal property held by a court and unclaimed for more than three years to be abandoned. Neb. Rev. Stat. § 69-1310 (Reissue 2018), requires any property presumed abandoned, as of June 30 each year, to be reported and remitted to the State Treasurer by November 1 annually.

During the audit, it was noted that three checks, totaling \$45, were outstanding for over three years.

We recommend the County Court work to remit promptly to the State Treasurer all property in its possession that is presumed abandoned, as required by State statute.

Clerk Magistrate's Response: I completed my unclaimed property report in October but failed to include 3 checks that were over 3 years old. It was an oversight and in order to insure that it doesn't happen in the future, I am going to check the dates of uncashed checks monthly and adjust anything over 3 years old at that time.



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
auditors.nebraska.gov

PIERCE COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Pierce County Court
Pierce, Nebraska 68767

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Pierce 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 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 4, 2020

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

PIERCE COUNTY COURT
 PIERCE, 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	\$ 14,913	\$ 124,932	\$ 129,445	\$ 10,400
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 1,176	\$ 22,025	\$ 21,878	\$ 1,323
Law Enforcement Fees	136	1,849	1,858	127
State Judges Retirement Fund	706	9,554	9,540	720
Court Administrative Fees	791	10,767	10,844	714
Legal Services Fees	566	7,536	7,502	600
Due to County Treasurer:				
Regular Fines	3,290	36,798	37,524	2,564
Overload Fines	425	850	1,275	-
Regular Fees	304	6,382	6,686	-
Petty Cash Fund	50	-	-	50
Municipality Fines	-	100	-	100
Trust Fund Payable	7,469	29,071	32,338	4,202
Total Liabilities	\$ 14,913	\$ 124,932	\$ 129,445	\$ 10,400

The accompanying notes are an integral part of the schedule.

PIERCE COUNTY COURT
 PIERCE, 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	\$ 13,523	\$ 170,981	\$ 169,591	\$ 14,913
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 2,336	\$ 25,665	\$ 26,825	\$ 1,176
Law Enforcement Fees	197	2,525	2,586	136
State Judges Retirement Fund	957	12,222	12,473	706
Court Administrative Fees	1,388	11,883	12,480	791
Legal Services Fees	755	9,845	10,034	566
Due to County Treasurer:				
Regular Fines	2,885	58,406	58,001	3,290
Overload Fines	-	5,425	5,000	425
Regular Fees	105	7,061	6,862	304
Petty Cash Fund	50	-	-	50
Municipality Fines	100	-	100	-
Trust Fund Payable	4,750	37,949	35,230	7,469
Total Liabilities	\$ 13,523	\$ 170,981	\$ 169,591	\$ 14,913

The accompanying notes are an integral part of the schedule.

PIERCE COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

For the Calendar Years Ending December 31, 2018, and December 31, 2019

1. Criteria

A. Reporting Entity

The Pierce 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 Pierce 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.