

**ATTESTATION REPORT
OF
FILLMORE COUNTY COURT**

JULY 1, 2014, THROUGH DECEMBER 31, 2016

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Issued on June 26, 2017

FILLMORE COUNTY COURT

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FILLMORE COUNTY COURT

COMMENT AND RECOMMENDATION

During our examination of the Fillmore County Court, we noted a certain deficiency and other operational matters that are presented here.

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 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 the office of the County Court lacked a 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 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 consider this to be a material weakness.

The following error was noted:

- One overdue case balance of \$283 was not followed up on timely.

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: After reviewing the draft report, I did not find any discrepancies. In response to the Auditing committee's comments regarding "Segregation of Duties", this deficiency will always be an on-going issue in Fillmore County Court as well as all other smaller courts due to insufficient staffing. Regarding the overdue case balance of \$283.00 that was not followed up timely; the arrest warrant had expired on August 19, 2016 and unfortunately, I overlooked the issue. Since our audit, this issue has been reviewed by our Judge who signed an order regarding waiver of uncollectable fines. (The defendant had already paid his court costs and a portion of his fines, thus the remaining \$283.00 was fines only).

Again, due to insufficient staffing, there are times where it is difficult to keep on top of some of our reports.

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.

FILLMORE 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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FILLMORE COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Fillmore County Court as of and for the period July 1, 2015, to December 31, 2016, and the fiscal year ending June 30, 2015. 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 plan and 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 period July 1, 2015, to December 31, 2016, and the fiscal year ending June 30, 2015, 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 findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, abuse that is material to the Schedules, and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. 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.

This report is intended solely for the information and use of management, the Supreme Court, others within the County Court, and the appropriate Federal and regulatory agencies, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.



June 22, 2017

Kris Kucera, CPA, CFE
Audit Manager
Lincoln, Nebraska

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

For the Period July 1, 2015, to December 31, 2016

	Balance July 1, 2015	Additions	Deductions	Balance December 31, 2016
ASSETS				
Cash and Deposits	\$ 30,649	\$ 420,722	\$ 379,872	\$ 71,499
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 2,763	\$ 56,834	\$ 57,323	\$ 2,274
Law Enforcement Fees	273	5,455	5,503	225
State Judges Retirement Fund	869	21,162	21,180	851
Court Administrative Fees	1,308	27,012	27,486	834
Legal Services Fees	930	18,952	19,024	858
Due to County Treasurer:				
Regular Fines	6,830	159,414	160,181	6,063
Overload Fines	850	10,950	11,625	175
Regular Fees	133	7,060	7,174	19
Petty Cash Fund	-	120	-	120
Trust Fund Payable	16,693	113,763	70,376	60,080
Total Liabilities	\$ 30,649	\$ 420,722	\$ 379,872	\$ 71,499

The accompanying notes are an integral part of the schedule.

FILLMORE COUNTY COURT
GENEVA, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
ASSETS				
Cash and Deposits	\$ 24,463	\$ 266,571	\$ 260,385	\$ 30,649
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 2,978	\$ 39,341	\$ 39,556	\$ 2,763
Law Enforcement Fees	353	3,021	3,101	273
State Judges Retirement Fund	1,035	10,392	10,558	869
Court Administrative Fees	1,423	18,198	18,313	1,308
Legal Services Fees	1,165	10,504	10,739	930
Due to County Treasurer:				
Regular Fines	9,345	79,328	81,843	6,830
Overload Fines	1,375	12,375	12,900	850
Regular Fees	273	3,823	3,963	133
Due to Municipalities:				
Regular Fines	-	10	10	-
Trust Fund Payable	6,516	89,579	79,402	16,693
Total Liabilities	\$ 24,463	\$ 266,571	\$ 260,385	\$ 30,649

The accompanying notes are an integral part of the schedule.

FILLMORE COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

For the Period Ended December 31, 2016, and Fiscal Year Ended June 30, 2015

1. Criteria

A. Reporting Entity

The Fillmore 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 Fillmore 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. 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.