

**ATTESTATION REPORT
OF
JEFFERSON COUNTY COURT**

JULY 1, 2015, THROUGH DECEMBER 31, 2017

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Issued on April 6, 2018

JEFFERSON COUNTY COURT

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JEFFERSON COUNTY COURT

COMMENT AND RECOMMENDATION

During our examination of the Jefferson 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 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 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.

We also noted that access to signature stamps was not limited to the individual whose name is on the stamp.

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: Jefferson County Court continues to carry out procedures that allow other entities/staff to verify and confirm deposits and financial transactions on a daily basis. In addition, our Financial Specialist continues to monitor and review our daily, weekly and monthly financial transactions. Jefferson County Court staffing remains at 1.5 FTE however, we continue to make every effort to comply with maintaining good internal control over our financial transactions using our limited personnel to the best of our abilities.

Jefferson County Court has submitted Signature Stamp Authorization forms for the Clerk Magistrate and the County Judge to the Administrative Office of the Courts and continues to comply with the limited permission allowing staff to utilize the signature stamps for those procedures listed. Again, due to the limited number of personnel, we continue to make every effort to comply with maintaining good internal control by minimum use of signature stamps.

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.

JEFFERSON 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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JEFFERSON COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Jefferson County Court
Fairbury, Nebraska 68352

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Jefferson County Court as of and for the period July 1, 2015, to December 31, 2016, and the calendar year ending December 31, 2017. 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 period July 1, 2015, to December 31, 2016, and the calendar year ending December 31, 2017, 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 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.



Kris Kucera, CPA, CFE
Audit Manager
Lincoln, Nebraska

March 29, 2018

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

For the Period Ending December 31, 2016

	Balance July 1, 2015	Additions	Deductions	Balance December 31, 2016
ASSETS				
Cash and Deposits	\$ 17,668	\$ 336,637	\$ 323,973	\$ 30,332
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 2,227	\$ 49,648	\$ 48,954	\$ 2,921
Law Enforcement Fees	199	4,394	4,265	328
State Judges Retirement Fund	668	18,166	17,327	1,507
Court Administrative Fees	1,226	25,909	25,306	1,829
Legal Services Fees	689	16,059	15,486	1,262
Due to County Treasurer:				
Regular Fines	5,335	96,293	97,095	4,533
Overload Fines	100	10,275	9,775	600
Regular Fees	327	15,130	15,408	49
Petty Cash Fund	50	50	-	100
Due to Municipalities:				
Regular Fines	50	2,110	2,085	75
Regular Fees	-	77	77	-
Trust Fund Payable	6,797	98,526	88,195	17,128
Total Liabilities	\$ 17,668	\$ 336,637	\$ 323,973	\$ 30,332

The accompanying notes are an integral part of the schedule.

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

For the Calendar Year Ended December 31, 2017

	<u>Balance</u>			<u>Balance</u>
	<u>January 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2017</u>
ASSETS				
Cash and Deposits	\$ 30,332	\$ 239,425	\$ 240,979	\$ 28,778
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 2,921	\$ 37,045	\$ 35,121	\$ 4,845
Law Enforcement Fees	328	2,989	3,113	204
State Judges Retirement Fund	1,507	13,862	14,454	915
Court Administrative Fees	1,829	20,261	20,850	1,240
Legal Services Fees	1,262	12,448	12,942	768
Due to County Treasurer:				
Regular Fines	4,533	66,086	65,335	5,284
Overload Fines	600	5,725	6,325	-
Regular Fees	49	4,517	4,555	11
Petty Cash Fund	100	-	-	100
Due to Municipalities:				
Regular Fines	75	1,310	1,285	100
Regular Fees	-	100	-	100
Trust Fund Payable	17,128	75,082	76,999	15,211
Total Liabilities	<u>\$ 30,332</u>	<u>\$ 239,425</u>	<u>\$ 240,979</u>	<u>\$ 28,778</u>

The accompanying notes are an integral part of the schedule.

**JEFFERSON COUNTY COURT
NOTES TO FINANCIAL SCHEDULES**

For the Period Ended December 31, 2016, and Calendar Year Ended December 31, 2017

1. Criteria

A. Reporting Entity

The Jefferson 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 Jefferson 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.