

**ATTESTATION REPORT
OF
SEWARD COUNTY COURT**

JULY 1, 2015, THROUGH DECEMBER 31, 2017

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Issued on March 1, 2018

SEWARD COUNTY COURT

TABLE OF CONTENTS

	<u>Page</u>
<u>Comment Section</u>	
Comment and Recommendation	1
<u>Financial Section</u>	
Independent Accountant's Report	2 - 3
Financial Schedules:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Period July 1, 2015, to December 31, 2016	4
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Fiscal Year Ended December 31, 2017	5
Notes to Financial Schedules	6

SEWARD COUNTY COURT

COMMENT AND RECOMMENDATION

During our examination of the Seward 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

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;

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.

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 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: Regarding segregation of duties, you are correct that I am able to handle all aspects of processing transactions from beginning to end. However, that rarely happens. In a small office, in order to receipt for the money when it is received, everyone needs to be able to issue receipts. The vast majority of those receipts are written by the clerks whose desks are in the main office. Two of us (Cathy and myself) are able to sign the checks. The majority of those checks are issued on JUSTICE and manually written by other clerks and then signed by one of us. The daily deposits are prepared and taken to the bank by Lisa or Terri depending on their schedules. I only prepare the deposit if both Terri and Lisa are gone. Lisa does the monthly balancing. I do the daily review of reports, and disbursements of the fees. In addition, all accounting reports are imaged and reviewed remotely by an independent accounting specialist.

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.

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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SEWARD COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Seward County Court
Seward, Nebraska 68434

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

March 1, 2018



Philip J. Olsen, CPA, CISA
Assistant Deputy Auditor
Lincoln, Nebraska

SEWARD COUNTY COURT
SEWARD, 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	\$ 74,728	\$ 1,313,181	\$ 1,277,147	\$ 110,762
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 4,754	\$ 135,841	\$ 132,345	\$ 8,250
Law Enforcement Fees	453	8,812	8,763	502
State Judges Retirement Fund	1,439	35,076	34,393	2,122
Court Administrative Fees	3,366	67,596	68,259	2,703
Legal Services Fees	1,639	31,934	31,634	1,939
Due to County Treasurer:				
Regular Fines	15,384	266,204	266,835	14,753
Overload Fines	-	11,900	10,675	1,225
Regular Fees	1,182	19,552	20,264	470
Petty Cash Fund	235	265	-	500
Due to Municipalities:				
Regular Fines	130	3,075	3,015	190
Regular Fees	315	4,880	4,834	361
Trust Fund Payable	45,831	728,046	696,130	77,747
Total Liabilities	\$ 74,728	\$ 1,313,181	\$ 1,277,147	\$ 110,762

The accompanying notes are an integral part of the schedule.

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

For the Fiscal Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
ASSETS				
Cash and Deposits	\$ 110,762	\$ 811,729	\$ 816,790	\$ 105,701
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 8,250	\$ 78,409	\$ 79,484	\$ 7,175
Law Enforcement Fees	502	5,661	5,696	467
State Judges Retirement Fund	2,122	24,340	24,230	2,232
Court Administrative Fees	2,703	40,169	40,485	2,387
Legal Services Fees	1,939	22,081	22,276	1,744
Due to County Treasurer:				
Regular Fines	14,753	173,178	176,365	11,566
Overload Fines	1,225	4,325	5,125	425
Regular Fees	470	32,618	32,980	108
Petty Cash Fund	500	-	-	500
Due to Municipalities:				
Regular Fines	190	3,915	3,830	275
Regular Fees	361	3,109	3,470	-
Trust Fund Payable	77,747	423,924	422,849	78,822
Total Liabilities	\$ 110,762	\$ 811,729	\$ 816,790	\$ 105,701

The accompanying notes are an integral part of the schedule.

SEWARD COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

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

1. Criteria

A. Reporting Entity

The Seward 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 Seward 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.