

**ATTESTATION REPORT
OF
CUMING COUNTY COURT**

JANUARY 1, 2017, THROUGH DECEMBER 31, 2018

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Issued on June 25, 2019

CUMING COUNTY COURT

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CUMING COUNTY COURT

COMMENT AND RECOMMENDATION

During our examination of the Cuming 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.

Additionally, the following errors were noted:

- Two cases were closed before County Court costs were paid. As of June 11, 2019, the balances due on the two cases were \$49 and \$17.
- For one case, restitution of \$2,016 was ordered to be paid to the victim. The restitution amount was settled and paid by an insurance company for \$1,884. The County Court issued a non-monetary receipt for the \$2,016 of restitution ordered without a judge's order.

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. We also recommend the County Court implement procedures to ensure all costs due to the County Court are paid before cases are closed, and documentation is on file to support non-monetary receipts issued.

County Court's Response: Segregation of duties is utilized in the Cuming County Court whenever possible, with limited staffing creating some challenges. The Administrative Office of The Courts' appointment of financial specialists to assist county courts has helped to address this issue.

The two cases that were closed were both dismissed by the prosecutor. In one case, it was an oversight that a claim to the county wasn't done on the non-waiverable fees when the dismissal was issued. The claim to the county has now been completed. The second case was to be dismissed upon defendant paying the court costs, and was incorrectly closed prior to the filing of the dismissal. After the audit was begun, the prosecutor contacted the court to see if the costs were paid by the defendant and they had not been paid. The prosecutor then filed a dismissal with costs taxed to the state and a claim to the county was completed to collect the non-waiverable fees.

CUMING COUNTY COURT

COMMENT AND RECOMMENDATION

(Concluded)

In regards to the non-monetary restitution receipt not matching the amount ordered by the judge, the court has documentation in the case file from the victim showing the amount of restitution that was settled upon and a copy of the check issued to him.

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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CUMING COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Cuming County Court
West Point, Nebraska 68788

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Cuming County Court as of and for the calendar years ending December 31, 2017, and December 31, 2018. 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, 2017, and December 31, 2018, 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 Schedules 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 Schedules 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.

June 25, 2019

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

CUMING COUNTY COURT
WEST POINT, 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	\$ 31,518	\$ 270,253	\$ 275,199	\$ 26,572
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 2,275	\$ 32,215	\$ 32,129	\$ 2,361
Law Enforcement Fees	361	3,963	4,021	303
State Judges Retirement Fund	1,627	18,168	18,379	1,416
Court Administrative Fees	1,820	17,139	17,672	1,287
Legal Services Fees	1,311	14,990	15,142	1,159
Due to County Treasurer:				
Regular Fines	9,366	86,978	88,559	7,785
Overload Fines	1,100	2,250	3,350	-
Regular Fees	317	5,259	5,482	94
Petty Cash Fund	40	-	-	40
Due to Municipalities:				
Regular Fines	-	300	300	-
Trust Fund Payable	13,301	88,991	90,165	12,127
Total Liabilities	\$ 31,518	\$ 270,253	\$ 275,199	\$ 26,572

The accompanying notes are an integral part of the schedule.

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

For the Calendar Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
ASSETS				
Cash and Deposits	\$ 36,635	\$ 295,045	\$ 300,162	\$ 31,518
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 3,502	\$ 37,303	\$ 38,530	\$ 2,275
Law Enforcement Fees	486	4,863	4,988	361
State Judges Retirement Fund	1,727	19,450	19,550	1,627
Court Administrative Fees	2,075	20,851	21,106	1,820
Legal Services Fees	1,696	17,859	18,244	1,311
Due to County Treasurer:				
Regular Fines	10,454	111,196	112,284	9,366
Overload Fines	225	4,275	3,400	1,100
Regular Fees	45	6,386	6,114	317
Petty Cash Fund	40	-	-	40
Due to Municipalities:				
Regular Fines	50	425	475	-
Trust Fund Payable	16,335	72,437	75,471	13,301
Total Liabilities	\$ 36,635	\$ 295,045	\$ 300,162	\$ 31,518

The accompanying notes are an integral part of the schedule.

CUMING COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

For the Calendar Years Ending December 31, 2017, and December 31, 2018

1. Criteria

A. Reporting Entity

The Cuming 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 Cuming 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.