

**ATTESTATION REPORT  
OF  
FILLMORE COUNTY COURT**

**JANUARY 1, 2017, THROUGH DECEMBER 31, 2018**

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**Issued on May 15, 2019**

# FILLMORE COUNTY COURT

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# FILLMORE COUNTY COURT

## SUMMARY OF COMMENTS

During our examination of the Fillmore 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. *Case Balance Review:*** The Monthly Case Balance Report and the Overdue Case Balance Report were not reviewed, with corrective action taken when necessary to resolve any issues noted therein.

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 in 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.

# FILLMORE 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 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.

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: This is an ongoing issue in the smaller counties. There are times that interruptions have caused some of the noted items below in the "Case Balance Review" to get put on the back burner and unintentionally not get completed in a timely manner.*

### 2. Case Balance Review

Good internal control requires the County Court to have procedures for an ongoing, detailed review of monthly financial reports, including the Monthly Case Balance Report and the Overdue Case Balance Report.

During the audit, the following was noted:

- One criminal case with an overdue balance of \$149 was not pursued timely. The case had an outstanding warrant expire on November 20, 2017, and no action has been taken since then.
- One criminal case with an overdue balance of \$194 was also not pursued timely. The defendant failed to pay the balance by the order date of March 22, 2017. There was no activity on the case until April 19, 2019, when a partial payment was made.
- One case with a balance of \$20 was dismissed on October 18, 2017, but the refund was not issued until November 1, 2018.
- One case with a \$10 balance was an overpayment received on June 16, 2017, and there has been no attempt to pay back the defendant.

# FILLMORE COUNTY COURT

## COMMENTS AND RECOMMENDATIONS

(Concluded)

### 2. Case Balance Review (Concluded)

Without such procedures, there is an increased risk of errors, omissions, and/or irregularities not being detected and resolved in a timely manner.

We recommend the County Court implement procedures for an ongoing, detailed review of all monthly financial reports, including the Monthly Case Balance Report and the Overdue Case Balance Report, and resolve any balances in a complete, accurate, and timely manner.

*Clerk Magistrate's Response:*

*a. This was an oversight. Since brought to my attention, Judge reviewed the file and will be signing an order showing the outstanding fines/costs are deemed uncollectible. Unwaiverable costs have already been claimed.*

*b. Unfortunately another oversight. Defendant's license went into non-compliance and was suspended. Not sure why this case was not addressed at the time it was slated on Docket. The defendant's girlfriend paid \$100.00 on 4/19/19 and was given a new time payment agreement for the defendant to fill out and return. New due date was set for May 29, 2019. On May 10, 2019 defendant's girlfriend brought in total amount due and the case is now satisfied.*

*c. Oversight – no reason why the refund was not returned at the time of the dismissal.*

*d. Court sent back guardianship packet to the guardian but kept the money in trust. Court has attempted to get guardian to submit reports back to the Court. This matter is set before the Judge to review and how to proceed (ward has now aged out).*



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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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  
[www.auditors.nebraska.gov](http://www.auditors.nebraska.gov)

### FILLMORE COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

Fillmore County Court  
Geneva, Nebraska 68361

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 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 Comments 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.

May 14, 2019

Charlie Janssen  
Auditor of Public Accounts  
Lincoln, Nebraska

**FILLMORE COUNTY COURT**  
**GENEVA, 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
<b>ASSETS</b>				
Cash and Deposits	\$ 24,354	\$ 281,108	\$ 293,137	\$ 12,325
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 3,439	\$ 39,530	\$ 41,997	\$ 972
Law Enforcement Fees	231	1,827	1,948	110
State Judges Retirement Fund	1,226	10,478	11,122	582
Court Administrative Fees	1,668	11,002	11,415	1,255
Legal Services Fees	931	7,685	8,121	495
Due to County Treasurer:				
Regular Fines	7,112	55,973	60,749	2,336
Overload Fines	525	2,525	2,575	475
Regular Fees	238	3,031	3,262	7
Petty Cash Fund	120	-	-	120
Due to Municipalities:				
Regular Fines	-	-	-	-
Trust Fund Payable	8,864	149,057	151,948	5,973
<b>Total Liabilities</b>	<b>\$ 24,354</b>	<b>\$ 281,108</b>	<b>\$ 293,137</b>	<b>\$ 12,325</b>

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 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>
<b>ASSETS</b>				
Cash and Deposits	\$ 71,499	\$ 304,917	\$ 352,062	\$ 24,354
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 2,274	\$ 38,853	\$ 37,688	\$ 3,439
Law Enforcement Fees	225	3,133	3,127	231
State Judges Retirement Fund	851	13,784	13,409	1,226
Court Administrative Fees	834	15,628	14,794	1,668
Legal Services Fees	858	12,168	12,095	931
Due to County Treasurer:				
Regular Fines	6,063	88,012	86,963	7,112
Overload Fines	175	6,550	6,200	525
Regular Fees	19	4,387	4,168	238
Petty Cash Fund	120	-	-	120
Due to Municipalities:				
Regular Fines	-	425	425	-
Trust Fund Payable	<u>60,080</u>	<u>121,977</u>	<u>173,193</u>	<u>8,864</u>
<b>Total Liabilities</b>	<u>\$ 71,499</u>	<u>\$ 304,917</u>	<u>\$ 352,062</u>	<u>\$ 24,354</u>

The accompanying notes are an integral part of the schedule.

**FILLMORE COUNTY COURT  
NOTES TO FINANCIAL SCHEDULES**

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

**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 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.