

**ATTESTATION REPORT  
OF  
VALLEY COUNTY COURT**

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

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**Issued on May 28, 2019**

# VALLEY COUNTY COURT

## TABLE OF CONTENTS

	<u>Page</u>
<b><u>Comments Section</u></b>	
Summary of Comments	1
Comments and Recommendations	2 - 3
<b><u>Financial Section</u></b>	
Independent Accountant's Report	4 - 5
Financial Schedules:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions – Agency Funds - For the Calendar Year Ended December 31, 2018	6
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions – Agency Funds - For the Calendar Year Ended December 31, 2017	7
Notes to Financial Schedules	8

# VALLEY COUNTY COURT

## SUMMARY OF COMMENTS

During our examination of the Valley 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 issues.

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 into 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.

# VALLEY 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: As a Clerk Magistrate, I make every effort to maintain the highest level of financial responsibility possible. Valley County went through several transitions in the past year and a half. But through all the changes, a high level of integrity was maintained throughout every aspect of this Court.*

### 2. Case Balance Review

During the audit, the following was noted:

- Two criminal case balances held, each with a balance of \$270, were not refunded in a timely manner. One case was closed on July 18, 2018, but the refund was not issue until February 6, 2019. For the other case, the bond was released on May 23, 2018, but the refund was not issued until February 6, 2019.
- One criminal case overdue balance of \$310 had not been actively followed up on. The last action on the case had been initiated on July 11, 2018, but had no other activity until it was brought to the County Court's attention. Subsequently, a motion for a hearing was issued on April 24, 2019.
- One receipt entered on May 22, 2018, totaling \$349, was not applied to a case in a timely manner. It was not applied until February 13, 2019.

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.

# VALLEY COUNTY COURT

## COMMENTS AND RECOMMENDATIONS

(Concluded)

### 2. Case Balance Review (Concluded)

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 unattached and/or unusual balances in a complete, accurate, and timely manner.

*Clerk Magistrate's Response: One notation that was made, was 2 bonds were not returned in a timely manner. In both instances, the bonds were to be applied and not returned. The bonds were returned when the error was caught.*

*In the case where there was an overdue case balance, the court was aware of the overdue balance. In one instance, a Violation of Probation was filed, which would suspend the sentence. The court could not pursue collection until the Motion was withdrawn by the county attorney. In the second, the defendant sent in a written guilty plea and fine amount for a lesser charge. The court cannot accept a plea for the wrong offense, nor apply the fines for a lesser offense. When the charges were amended, the court entered the plea and the fines could be applied. In all instances, there was communication with the County Attorney on several occasions. It may appear the court did not address issues in a timely manner, but the court cannot act out of our area of authority.*

**APA Response: The Court could not provide documentation of communications with the County Attorney.**



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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### VALLEY COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

Valley County Court  
Ord, Nebraska 68862

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Valley 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. Janssen", with a long horizontal flourish extending to the right.

May 17, 2019

Charlie Janssen  
Auditor of Public Accounts  
Lincoln, Nebraska

**VALLEY COUNTY COURT**  
**ORD, 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	\$ 17,138	\$ 124,682	\$ 107,828	\$ 33,992
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 905	\$ 14,413	\$ 14,455	\$ 863
Law Enforcement Fees	64	1,199	1,187	76
State Judges Retirement Fund	369	6,433	6,396	406
Court Administrative Fees	293	6,892	6,860	325
Legal Services Fees	299	5,089	5,061	327
Due to County Treasurer:				
Regular Fines	1,520	21,486	21,252	1,754
Overload Fines	850	4,025	3,800	1,075
Regular Fees	19	687	638	68
Petty Cash Fund	50	50	-	100
Due to Municipalities:				
Regular Fines	-	151	151	-
Trust Fund Payable	12,769	64,257	48,028	28,998
<b>Total Liabilities</b>	<b>\$ 17,138</b>	<b>\$ 124,682</b>	<b>\$ 107,828</b>	<b>\$ 33,992</b>

The accompanying notes are an integral part of the schedule.

**VALLEY COUNTY COURT**  
**ORD, 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	\$ 15,753	\$ 167,098	\$ 165,713	\$ 17,138
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 1,215	\$ 20,111	\$ 20,421	\$ 905
Law Enforcement Fees	110	1,422	1,468	64
State Judges Retirement Fund	478	6,542	6,651	369
Court Administrative Fees	528	7,581	7,816	293
Legal Services Fees	455	5,768	5,924	299
Due to County Treasurer:				
Regular Fines	1,766	32,047	32,293	1,520
Overload Fines	1,125	6,300	6,575	850
Regular Fees	50	1,364	1,395	19
Petty Cash Fund	50	-	-	50
Due to Municipalities:				
Regular Fines	-	1,100	1,100	-
Trust Fund Payable	9,976	84,863	82,070	12,769
<b>Total Liabilities</b>	<u>\$ 15,753</u>	<u>\$ 167,098</u>	<u>\$ 165,713</u>	<u>\$ 17,138</u>

The accompanying notes are an integral part of the schedule.

**VALLEY COUNTY COURT**  
**NOTES TO FINANCIAL SCHEDULES**

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

**1. Criteria**

**A. Reporting Entity**

The Valley 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 Valley 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.