

**ATTESTATION REPORT
OF
BUFFALO COUNTY COURT**

JANUARY 1, 2018, THROUGH DECEMBER 31, 2019

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Issued on March 24, 2020

BUFFALO COUNTY COURT

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BUFFALO COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Buffalo 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. ***Monthly Case Balance Report Review:*** The Monthly Case Balance Report was not reviewed adequately, 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. The County Court declined to respond.

BUFFALO 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.

Additionally, the following errors were noted:

- Access to the judge's signature stamp is not limited to the individual whose name is on the stamp.
- A defendant was cited for speeding 6-10 miles per hour over the speed limit. The defendant was fined \$50 but should have been fined only \$25, in accordance with Neb. Rev. Stat. § 60-682.01(1)(b) (Reissue 2010).

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.

2. **Monthly Case Balance Report Review**

The following issues were noted related to the County Court's failure to review properly the Monthly Case Balance Report:

- One traffic case balance of \$50 was received on March 22, 2018, and was never applied to the case. The corresponding citation was filed on the case on March 5, 2018. Due to the failure to apply the balance, the defendant's license was suspended in error for four days until an additional \$50 was paid by the defendant in May 2018. The excess balance held was refunded to the defendant on February 25, 2020, after notification during testing.
- One traffic case balance of \$99 was received on July 25, 2018, and was never applied to the case. The corresponding citation was filed on the case on August 13, 2018. The County Court applied the balance to outstanding costs on February 25, 2020, after notification during testing.
- One traffic case balance of \$249 was received on September 11, 2019, with no subsequent action taken. The corresponding case had previously been dismissed on February 5, 2019. The balance held was refunded to the defendant on February 25, 2020, after notification during testing.

Good internal control requires the County Court to have procedures for an ongoing, detailed review of monthly financial reports. 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 resolve any problems noted in a complete, accurate, and timely manner.



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BUFFALO COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Buffalo County Court
Kearney, Nebraska 68848

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Buffalo County Court as of and for the calendar years ending December 31, 2018, and December 31, 2019. 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, 2018, and December 31, 2019, 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 Schedule 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 Schedule 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.

March 20, 2020

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

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

For the Calendar Year Ended December 31, 2019

	Balance January 1, 2019	Additions	Deductions	Balance December 31, 2019
ASSETS				
Cash and Deposits	\$ 233,731	\$ 1,895,146	\$ 1,842,730	\$ 286,147
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 16,263	\$ 179,839	\$ 181,130	\$ 14,972
Law Enforcement Fees	1,481	18,601	18,701	1,381
State Judges Retirement Fund	7,552	96,258	96,224	7,586
Court Administrative Fees	7,222	96,751	96,747	7,222
Legal Services Fees	5,916	76,136	75,991	6,061
Due to County Treasurer:				
Regular Fines	35,926	464,134	467,554	32,506
Overload Fines	75	7,575	7,150	500
Regular Fees	2,920	59,671	58,660	3,931
Petty Cash Fund	450	-	-	450
Municipality Fines	2,758	16,542	17,941	1,359
Due to Municipalities:				
Regular Fees	-	-	-	-
Trust Fund Payable	153,168	879,639	822,632	210,175
Total Liabilities	\$ 233,731	\$ 1,895,146	\$ 1,842,730	\$ 286,147

The accompanying notes are an integral part of the schedule.

BUFFALO COUNTY COURT
KEARNEY, 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	\$ 224,667	\$ 1,906,314	\$ 1,897,250	\$ 233,731
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 14,355	\$ 181,282	\$ 179,374	\$ 16,263
Law Enforcement Fees	1,554	20,948	21,021	1,481
State Judges Retirement Fund	7,910	102,283	102,641	7,552
Court Administrative Fees	7,895	109,765	110,438	7,222
Legal Services Fees	6,402	82,854	83,340	5,916
Due to County Treasurer:				
Regular Fines	37,732	509,487	511,293	35,926
Overload Fines	1,150	16,175	17,250	75
Regular Fees	2,683	73,508	73,271	2,920
Petty Cash Fund	450	-	-	450
Municipality Fines	2,699	29,438	29,379	2,758
Due to Municipalities:				
Regular Fees	17	-	17	-
Trust Fund Payable	141,820	780,574	769,226	153,168
Total Liabilities	\$ 224,667	\$ 1,906,314	\$ 1,897,250	\$ 233,731

The accompanying notes are an integral part of the schedule.

BUFFALO COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

For the Calendar Years Ending December 31, 2018, and December 31, 2019

1. Criteria

A. Reporting Entity

The Buffalo 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 Buffalo 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.