

**ATTESTATION REPORT
OF
KEARNEY COUNTY COURT**

JANUARY 1, 2018, THROUGH DECEMBER 31, 2019

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Issued on April 2, 2020

KEARNEY COUNTY COURT

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KEARNEY COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Kearney 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. ***Unclaimed Property:*** The County Court did not report and remit to the State Treasurer trust balances that were over three years old, as required by State statute.

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.

KEARNEY 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, one \$17 overpayment was not refunded to the payor.

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 ensure overpayments are refunded properly to the payor.

County Court's Response: The \$17.00 overpayment that was not paid out to the payor timely, has been corrected and was paid out on March 10, 2020. The segregation of duties finding is an on-going issue in the Kearney County Court, as we only have a full time Magistrate, and one part time records clerk. This makes it difficult for more than one person to process all the transactions. The Kearney County Court does have a financial specialist that reviews month end, bank statements, and other daily financial transactions.

2. **Unclaimed Property**

Neb. Rev. Stat. § 69-1307.01 (Reissue 2018), which is found in the Uniform Disposition of Unclaimed Property Act, presumes intangible personal property held by a court and unclaimed for more than three years to be abandoned. Neb. Rev. Stat. § 69-1310 (Reissue 2018) requires any property presumed abandoned, as of June 30 each year, to be reported and remitted to the State Treasurer by November 1 annually.

During the audit, it was noted that two checks, totaling \$13, were outstanding for over three years. One of the checks was remitted to the State Treasurer on November 27, 2019, 26 days later than required by Statute. The other check had not been remitted.

We recommend the County Court work to remit promptly to the State Treasurer all property in its possession that is presumed abandoned, as required by State statute.

County Court's Response: The unclaimed property was an oversight and will be remitted prior to the November deadline in the future.



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KEARNEY COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Kearney County Court
Minden, Nebraska 68959

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

March 31, 2020

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

KEARNEY COUNTY COURT
MINDEN, 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	\$ 34,078	\$ 149,083	\$ 165,007	\$ 18,154
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 1,708	\$ 17,958	\$ 18,170	\$ 1,496
Law Enforcement Fees	151	1,563	1,581	133
State Judges Retirement Fund	811	9,044	9,129	726
Court Administrative Fees	826	10,137	10,066	897
Legal Services Fees	639	7,173	7,237	575
Due to County Treasurer:				
Regular Fines	4,360	30,015	31,917	2,458
Overload Fines	-	7,025	6,925	100
Regular Fees	179	2,577	2,619	137
Petty Cash Fund	80	-	-	80
Municipality Fines	-	700	500	200
Due to Municipalities:				
Regular Fees	-	17	17	-
Trust Fund Payable	25,324	62,874	76,846	11,352
Total Liabilities	\$ 34,078	\$ 149,083	\$ 165,007	\$ 18,154

The accompanying notes are an integral part of the schedule.

KEARNEY COUNTY COURT
MINDEN, 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	\$ 20,082	\$ 210,308	\$ 196,312	\$ 34,078
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 1,359	\$ 23,149	\$ 22,800	\$ 1,708
Law Enforcement Fees	123	1,938	1,910	151
State Judges Retirement Fund	631	10,703	10,523	811
Court Administrative Fees	679	11,594	11,447	826
Legal Services Fees	518	8,423	8,302	639
Due to County Treasurer:				
Regular Fines	3,091	43,140	41,871	4,360
Overload Fines	125	5,475	5,600	-
Regular Fees	279	2,456	2,556	179
Petty Cash Fund	80	-	-	80
Municipality Fines	25	535	560	-
Trust Fund Payable	13,172	102,895	90,743	25,324
Total Liabilities	\$ 20,082	\$ 210,308	\$ 196,312	\$ 34,078

The accompanying notes are an integral part of the schedule.

KEARNEY COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

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

1. Criteria

A. Reporting Entity

The Kearney 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 Kearney 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.