

**ATTESTATION REPORT  
OF  
NEMAHA COUNTY COURT**

**JANUARY 1, 2018, THROUGH DECEMBER 31, 2019**

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**Issued on March 19, 2020**

NEMAHA COUNTY COURT

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NEMAHA COUNTY COURT

**SUMMARY OF COMMENTS**

During our examination of the Nemaha 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. ***Overdue Balances:*** The County Court did not review its overdue balances on an ongoing, timely basis to ensure collection and/or resolution of such balances.

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.

NEMAHA 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:

- Court fees of \$31 were waived for one case without documentation.
- Court fees of \$28 were waived on February 28, 2019, but should have been waived on February 28, 2013, or six years before.

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. **Overdue Balances**

Good internal control and sound business practices require overdue balances of the County Court to be reviewed, through a periodic examination of the County Court's Overdue Case Account reports, on an ongoing, timely basis to determine what action should be taken to collect and/or resolve those balances.

During testing of five overdue balances, three balances, totaling \$463, did not have subsequent action taken by the County Court to ensure collection and/or resolution of the balances, such as the issuance of warrants and/or suspensions or declaration of certain overdue balances as uncollectible. As of February 22, 2020, overdue balances, excluding restitution judgments, totaled \$56,023.

Without a regular review of overdue case balances, there is an increased risk that such balances may either not have proper follow-up action taken or have been previously resolved and should no longer be designated as overdue.

We recommend the County Court implement an ongoing, timely review of its Overdue Case Account reports to ensure timely collection and/or resolution of overdue balances.



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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### NEMAHA COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

Nemaha County Court  
Auburn, Nebraska 68305

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Nemaha 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 13, 2020

Charlie Janssen  
Auditor of Public Accounts  
Lincoln, Nebraska

NEMAHA COUNTY COURT  
AUBURN, 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
<b>ASSETS</b>				
Cash and Deposits	\$ 28,734	\$ 249,934	\$ 247,597	\$ 31,071
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 4,008	\$ 25,477	\$ 27,458	\$ 2,027
Law Enforcement Fees	232	3,156	3,190	198
State Judges Retirement Fund	1,081	15,243	15,353	971
Court Administrative Fees	1,348	20,800	20,922	1,226
Legal Services Fees	886	12,533	12,613	806
Due to County Treasurer:				
Regular Fines	6,032	79,251	81,267	4,016
Overload Fines	1,875	3,150	4,875	150
Regular Fees	139	5,457	5,550	46
Petty Cash Fund	200	-	-	200
Municipality Fines	-	325	300	25
Due to Municipalities:				
Regular Fees	-	14	14	-
Trust Fund Payable	12,933	84,528	76,055	21,406
<b>Total Liabilities</b>	<b>\$ 28,734</b>	<b>\$ 249,934</b>	<b>\$ 247,597</b>	<b>\$ 31,071</b>

The accompanying notes are an integral part of the schedule.

NEMAHA COUNTY COURT  
AUBURN, 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	\$ 31,498	\$ 273,640	\$ 276,404	\$ 28,734
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 1,961	\$ 31,349	\$ 29,302	\$ 4,008
Law Enforcement Fees	285	3,556	3,609	232
State Judges Retirement Fund	1,225	16,508	16,652	1,081
Court Administrative Fees	1,657	20,572	20,881	1,348
Legal Services Fees	1,048	13,694	13,856	886
Due to County Treasurer:				
Regular Fines	8,647	100,794	103,409	6,032
Overload Fines	25	9,350	7,500	1,875
Regular Fees	531	5,133	5,525	139
Petty Cash Fund	200	-	-	200
Municipality Fines	500	200	700	-
Due to Municipalities:				
Regular Fees	-	-	-	-
Trust Fund Payable	15,419	72,484	74,970	12,933
<b>Total Liabilities</b>	<b>\$ 31,498</b>	<b>\$ 273,640</b>	<b>\$ 276,404</b>	<b>\$ 28,734</b>

The accompanying notes are an integral part of the schedule.

NEMAHA COUNTY COURT  
**NOTES TO FINANCIAL SCHEDULES**

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

**1. Criteria**

**A. Reporting Entity**

The Nemaha 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 Nemaha 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.