

**ATTESTATION REPORT
OF
NANCE COUNTY COURT**

JANUARY 1, 2019, THROUGH DECEMBER 31, 2020

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Issued on April 26, 2021

NANCE COUNTY COURT

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NANCE COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Nance County Court, we noted certain deficiencies and other operational matters that are presented here. The following comments are required to be reported in accordance with *Government Auditing Standards*: Comment #2, "Overdue Balances," which is a significant deficiency, and Comment #1, "Segregation of Duties," which is 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. 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.

NANCE 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.

County Court's Response: The Supreme Court/Administrative Office of the Courts understands the importance of segregation of duties and based on the staffing needs in one person courts we assume the risk by utilizing other internal administrative means of quality control.

2. Overdue Balances

Good internal control and sound business practices require overdue balances of the County Court be reviewed on an ongoing, timely basis to determine what action should be taken to collect and/or otherwise resolve those balances.

During testing of five overdue balances, all five cases, totaling \$331, 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 follows.

- Three of the balances, totaling \$146, were transferred from another county court. The fees and costs had already been applied and paid in the original county court but were reassessed improperly when the cases were transferred. The Clerk agreed the balance should not exist and removed them from the cases. The balances were from 2016 and 2018.
- A \$48 balance from 2016 was assessed to the wrong party in the case. After inquiry by the Auditor of Public Accounts (APA), the balance was properly assessed to the defendant for payment.
- A \$137 balance should have been removed from the case after defendant served jail time towards the amount due in 2007. The Clerk corrected the balance after the APA inquired.

As of February 26, 2021, overdue balances, excluding restitution judgments, totaled \$6,390.

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

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

County Court's Response: Corrective action has been taken resulting in the balances being removed from the transferred cases, assessing the correct balance to the correct party and applying the jailtime served correctly of the items that were noted during the audit. In the future, staff will review all of the monthly financial reports, including the Monthly Case Balance Report, and resolve any unattached and/or balances in a complete, accurate, and timely manner.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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
auditors.nebraska.gov

NANCE COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Nance County Court
Fullerton, Nebraska 68638

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Nance County Court as of and for the calendar years ending December 31, 2019, and December 31, 2020. 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, 2019, and December 31, 2020, 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 certain findings that are required to be reported under *Government Auditing Standards*, and those findings, along with the views of management, are 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.

April 23, 2021

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

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

For the Calendar Year Ended December 31, 2020

	Balance January 1, 2020	Additions	Deductions	Balance December 31, 2020
ASSETS				
Cash and Deposits	\$ 8,359	\$ 70,747	\$ 65,623	\$ 13,483
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 641	\$ 11,848	\$ 10,262	\$ 2,227
Law Enforcement Fees	42	483	465	60
State Judges Retirement Fund	312	3,183	3,102	393
Court Administrative Fees	262	4,453	4,375	340
Legal Services Fees	237	2,456	2,377	316
Due to County Treasurer:				
Regular Fines	1,420	12,609	12,479	1,550
Regular Fees	-	396	375	21
Petty Cash Fund	70	-	-	70
Municipality Fines	-	65	65	-
Trust Fund Payable	5,375	35,254	32,123	8,506
Total Liabilities	\$ 8,359	\$ 70,747	\$ 65,623	\$ 13,483

The accompanying notes are an integral part of the schedule.

NANCE COUNTY COURT
FULLERTON, 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	\$ 8,511	\$ 95,578	\$ 95,730	\$ 8,359
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 2,611	\$ 13,108	\$ 15,078	\$ 641
Law Enforcement Fees	55	543	556	42
State Judges Retirement Fund	312	3,379	3,379	312
Court Administrative Fees	268	5,338	5,344	262
Legal Services Fees	238	2,733	2,734	237
Due to County Treasurer:				
Regular Fines	675	16,334	15,589	1,420
Regular Fees	113	1,834	1,947	-
Petty Cash Fund	70	-	-	70
Municipality Fines		75	75	-
Trust Fund Payable	4,169	52,234	51,028	5,375
Total Liabilities	\$ 8,511	\$ 95,578	\$ 95,730	\$ 8,359

The accompanying notes are an integral part of the schedule.

NANCE COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

For the Calendar Years Ending December 31, 2019, and December 31, 2020

1. Criteria

A. Reporting Entity

The Nance 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 Nance 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.