

**ATTESTATION REPORT
OF
WAYNE COUNTY COURT**

JANUARY 1, 2019, THROUGH DECEMBER 31, 2020

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Issued on May 7, 2021

WAYNE COUNTY COURT

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WAYNE COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Wayne 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. 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.

WAYNE 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 costs of \$32 were waived twice for one case.
- One case did not have the balance of \$1,311 waived even though satisfaction had been filed on the case on June 10, 2019.
- Two case balances with overpayments of \$6 and \$24, received in February 2019, were not remitted back to the defendant until February 2020, or a year later.

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. Additionally, we recommend the County Court ensure costs are waived timely and correctly, and overpayments are returned promptly.

Clerk Magistrate's Response: The Judicial Branch does not have the financial and human resources to meet audit guidelines for segregation of duties in all county courts. To reduce the risk of improper transactions, court financial specialists regularly review records and provide assistance to county courts.

2. Overdue Balances

Good internal control and sound business practices require the County Court to review the Overdue Case Account reports on an ongoing, timely basis to determine what action, if any, should be taken to collect or otherwise resolve the overdue balances listed therein.

During testing of eight overdue balances listed in the Overdue Case Account reports, we noted that the County Court failed to take action – such as the issuance of warrants and/or suspensions or declaration of certain overdue balances as uncollectible – with regard to two, totaling \$287, to ensure collection and/or resolution of those balances.

Additionally, we noted that three of these cases still had a balance due, totaling \$35, even though orders had been filed waving all the costs. We also noted 22 other cases, with balances totaling \$55, that appear to have the same issue.

As of February 26, 2021, overdue balances, excluding restitution judgments, totaled \$20,967.

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

WAYNE COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

2. **Overdue Balances** (Concluded)

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

Clerk Magistrate's Response: Since being appointed in September of 2020 I have now remedied the over due case accounts. I now review the reports weekly so that this will not be an issue for Wayne County in the future.



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WAYNE COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Wayne County Court
Wayne, Nebraska 68787

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Wayne 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 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.

May 6, 2021

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

WAYNE COUNTY COURT
WAYNE, 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	\$ 35,806	\$ 179,064	\$ 190,100	\$ 24,770
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 2,190	\$ 21,312	\$ 21,402	\$ 2,100
Law Enforcement Fees	218	2,598	2,658	158
State Judges Retirement Fund	1,053	11,900	12,101	852
Court Administrative Fees	962	16,835	16,972	825
Legal Services Fees	880	9,582	9,837	625
Due to County Treasurer:				
Regular Fines	7,295	78,808	81,029	5,074
Overload Fines	-	25	25	-
Regular Fees	32	4,159	4,183	8
Petty Cash Fund	150	-	-	150
Municipality Fines	-	625	625	-
Due to Municipalities:				
Regular Fees	-	509	459	50
Trust Fund Payable	23,026	32,711	40,809	14,928
Total Liabilities	\$ 35,806	\$ 179,064	\$ 190,100	\$ 24,770

The accompanying notes are an integral part of the schedule.

WAYNE COUNTY COURT
WAYNE, 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	\$ 26,586	\$ 248,031	\$ 238,811	\$ 35,806
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 1,652	\$ 31,300	\$ 30,762	\$ 2,190
Law Enforcement Fees	241	3,907	3,930	218
State Judges Retirement Fund	1,064	17,309	17,320	1,053
Court Administrative Fees	1,109	20,915	21,062	962
Legal Services Fees	906	14,434	14,460	880
Due to County Treasurer:				
Regular Fines	7,155	110,109	109,969	7,295
Overload Fines	950	550	1,500	-
Regular Fees	35	1,668	1,671	32
Petty Cash Fund	150	-	-	150
Municipality Fines	-	1,290	1,290	-
Due to Municipalities:				
Regular Fees	-	610	610	-
Trust Fund Payable	13,324	45,939	36,237	23,026
Total Liabilities	\$ 26,586	\$ 248,031	\$ 238,811	\$ 35,806

The accompanying notes are an integral part of the schedule.

WAYNE COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

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

1. Criteria

A. Reporting Entity

The Wayne 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 Wayne 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.