

**ATTESTATION REPORT
OF
CASS COUNTY COURT**

JANUARY 1, 2020, THROUGH DECEMBER 31, 2021

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Issued on July 6, 2022

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CASS COUNTY COURT

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CASS COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Cass 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 trust balances to the State Treasurer that were over three years old, as required by State statute.
3. ***Petty Cash:*** Petty cash was not included in the County Budget message.

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.

CASS 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, as one person was capable of handling all aspects of processing transactions from beginning to end. Additionally, staff could create and issue orders affixed with the Judge's signature in the JUSTICE (Judicial User System to Improve Court Efficiency) application without formal documentation to support that the Judge approved the order. That same staff had access to court receipts and were able to record non-monetary transactions (e.g., waiving fines) in JUSTICE. We further noted County Court access had also been given to one other Clerk Magistrate within the district who was not an employee of the County Court.

The following errors were noted:

- Five case balances held were not remitted back to the defendant timely, as follows:
 - One receipt for \$50, received in April 2021, was not refunded back to the defendant until July 2021.
 - One receipt for \$124, received in May 2019, was not refunded back to the defendant until February 2020.
 - One receipt for \$44, received in October 2018, was not refunded back to the payee until May 2022, after inquiry during the attestation.
 - One receipt for \$125, received in August 2020, was not refunded back to the payee until March 2021.
 - One receipt for \$149, received in April 2021, was not refunded back to the payee until January 2022.
- Two case balances due were not waived timely, as follows:
 - One civil case had \$15 of judgment costs owed as of April 21, 2022; however, a satisfaction of judgment had been on file since October 2, 2020.
 - One civil case had \$15 of judgment costs owed as of April 21, 2022; however, a satisfaction of judgment had been on file since July 19, 2019.

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. We also recommend the Supreme Court implement procedures to ensure that each Judge's approval of orders is formally documented. Finally, we recommend the implementation of procedures to ensure the timely remittance or waiver of case balances.

CASS COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

1. **Segregation of Duties** (Concluded)

County Court's Response: The Administrative Office of the Courts and Probation (AOCP) accepts that there is a risk from one person having the authority to initiate and complete financial transactions. To reduce the risk of improper transactions, court financial specialists review court records and provide assistance to county courts if there are discrepancies. However, the Judicial Branch does not have the financial and human resources to mitigate all risks related to segregation of duties sufficient to meet current audit guidelines. As a result, in order to fulfill all statutory obligations, the AOCP has determined that all clerk magistrates will have the authority to operate all financial functions of a court.

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 (Supp. 2021) requires any property presumed abandoned as of June 30 each year to be reported and remitted to the State Treasurer annually by November 1.

During the audit, it was noted that three balances held, totaling \$199, were outstanding for over three years.

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 Report: Staff will ensure that all receipts being held by the court and all uncashed checks issued by the court are viewed not just ones dated prior to three years from June 30th of the current year to ensure funds to be turned over are not missed.

3. **Petty Cash**

The County Court maintained \$500 in petty cash as of December 31, 2021; however, this balance was not included on the County's budget message.

Neb. Rev. Stat. § 23-106(2) (Reissue 2012) states the following:

The county board shall have the authority to establish a petty cash fund for such county for the purpose of making payments for subsidiary operational expenditures and purchases. Such county board shall set, by resolution of the board, the amount of money to be carried in such petty cash fund and the dollar limit of an expenditure from such fund and such amount shall be stated in the fiscal policy of the county board budget message.

(Emphasis added.) When the petty cash funds are not properly disclosed on the budget message, the county is not only noncompliant with State statute but also at an increased risk for the loss, theft, or misuse of funds.

A similar comment was included in previous examinations.

We recommend the County Court implement procedures to ensure that any petty cash funds held are recorded properly in the County's budget message in compliance with State statute.

County Court's Response: The court will again address the matter with the Cass County Board of Commissioners to ensure it is listed on their Budget Message.



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CASS COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Cass County Court
Plattsmouth, Nebraska 68048

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Cass County Court as of and for the calendar years ending December 31, 2020, and December 31, 2021. The County Court's management is responsible for the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions 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 plan and perform the examination to obtain reasonable assurance about whether the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions 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 of Changes in Assets and Liabilities Arising from Cash Transactions, 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions for the calendar years ending December 31, 2020, and December 31, 2021, 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; noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions; fraud that is material, either quantitatively or qualitatively, to the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions; and any other instances that warrant the attention of those charged with governance. 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 of Changes in Assets and Liabilities Arising from Cash Transactions 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 of Changes in Assets and Liabilities Arising from Cash Transactions 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 Schedules 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.

July 5, 2022

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

CASS COUNTY COURT
 PLATTSMOUTH, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
CUSTODIAL FUNDS

For the Calendar Year Ended December 31, 2021

	Balance January 1, 2021	Additions	Deductions	Balance December 31, 2021
ASSETS				
Cash and Deposits	\$ 175,671	\$ 978,497	\$ 954,832	\$ 199,336
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 8,084	\$ 93,508	\$ 93,309	\$ 8,283
Law Enforcement Fees	628	10,215	9,585	1,258
State Judges Retirement Fund	3,201	52,270	48,766	6,705
Court Administrative Fees	2,801	66,722	61,256	8,267
Legal Services Fees	2,605	39,468	37,335	4,738
Due to County Treasurer:				
Regular Fines	13,492	242,872	225,929	30,435
Overload Fines	6,850	96,771	92,106	11,515
Regular Fees	1,691	32,559	32,966	1,284
Petty Cash Fund	500	-	-	500
Municipality Fines	-	1,969	1,889	80
Trust Fund Payable	135,819	342,143	351,691	126,271
Total Liabilities	\$ 175,671	\$ 978,497	\$ 954,832	\$ 199,336

The accompanying notes are an integral part of the schedule.

CASS COUNTY COURT
 PLATTSMOUTH, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
CUSTODIAL FUNDS

For the Calendar Year Ended December 31, 2020

	Balance January 1, 2020	Additions	Deductions	Balance December 31, 2020
ASSETS				
Cash and Deposits	\$ 174,733	\$ 818,664	\$ 817,726	\$ 175,671
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 7,222	\$ 82,225	\$ 81,363	\$ 8,084
Law Enforcement Fees	776	7,787	7,935	628
State Judges Retirement Fund	3,735	38,334	38,868	3,201
Court Administrative Fees	3,482	47,481	48,162	2,801
Legal Services Fees	3,044	31,089	31,528	2,605
Due to County Treasurer:				
Regular Fines	11,221	158,794	156,523	13,492
Overload Fines	20,725	103,402	117,277	6,850
Regular Fees	1,223	20,377	19,909	1,691
Petty Cash Fund	684	-	184	500
Municipality Fines	25	1,556	1,581	-
Trust Fund Payable	122,596	327,619	314,396	135,819
Total Liabilities	\$ 174,733	\$ 818,664	\$ 817,726	\$ 175,671

The accompanying notes are an integral part of the schedule.

CASS COUNTY COURT
NOTES TO FINANCIAL SCHEDULES
For the Calendar Years Ending December 31, 2020, and December 31, 2021

1. Criteria

A. Reporting Entity

The Cass 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 Custodial 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 Cass County.

B. Basis of Accounting

The accounting records of the County Court Custodial 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.