

**ATTESTATION REPORT  
OF  
YORK COUNTY COURT**

**JULY 1, 2010 THROUGH JUNE 30, 2012**

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**Issued on March 15, 2013**

# YORK COUNTY COURT

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# YORK COUNTY COURT

## SUMMARY OF COMMENTS

During our examination of York County Court, we noted a certain deficiency in internal control that we consider to be a material weakness and other operational matters that are presented here.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial schedule will not be prevented, or detected and corrected on a timely basis.

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:*** Considered to be a material weakness, one individual was capable of handling all phases of a transaction from beginning to end.
- 2. *Non-monetary Receipts:*** Non-monetary receipts issued by the County Court lacked complete, accurate, and/or appropriate supporting documentation on waived court costs which, according to State statute, were non-waiverable.

More detailed information on the above items is provided hereafter. 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 them 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 will be verified in the next examination.

# YORK 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 provide reliable financial records. A system of internal control should include proper segregation of duties, so no one individual is capable of handling all phases of a transaction from beginning to end.

We noted the office of the County Court had a lack of segregation of duties, as 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 is not possible without additional cost. Further, personnel are under the direction of both the Nebraska State Court Administrator and the Presiding Judge. We have noted this comment in previous examinations. We consider this to be a material weakness.

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: Since the ending date of the fiscal period included in this audit, some steps have been made to eliminate this weakness. Our office would certainly welcome any assistance in helping with this problem.*

### 2. Non-monetary Receipts

During testing of non-monetary receipts issued by the County Court, the following was noted:

- One instance in which a non-monetary receipt included \$17 of non-waiverable court costs, which should have been claimed to York County when the defendant sat out fines/costs in jail. Additionally, this receipt credited \$4.04 of costs in excess of the allowable daily maximum jail time credit of \$60 per day.
- One instance in which \$493.31 was written off as uncollectible based on a Motion to Dismiss submitted by the York County Attorney's office deeming unpaid fines as uncollectible. No documentation was on file in which the County Court Judge approved the Motion.
- One instance in which \$4 in State fines were waived due to a law enforcement officer ticketing an incorrect amount. No documentation was on file supporting approval by the County Court Judge and/or a County Court underpayment policy in place guiding such underpayments.

# YORK COUNTY COURT

## COMMENTS AND RECOMMENDATIONS

(Continued)

### 2. Non-monetary Receipts (Concluded)

Neb. Rev. Stat. § 29-2709 (Reissue 2008) relates,

*“When any costs in misdemeanor, traffic, felony preliminary, or juvenile cases in county court, except for those costs provided for in subsection (3) of section 24-703 [judges retirement fee], two dollars of the fee provided in section 33-107.01 [legal services fee], the court automation fee provided in section 33-107.03, and the uniform data analysis fee provided in section 47-633, are found by a county judge to be uncollectible for any reason, including the dismissal of the case, such costs shall be deemed waived.”*

In addition, a good internal control plan requires consistent and adequate documentation of all issued receipts, including non-monetary receipts. Furthermore, sound accounting practices require all such receipts to be complete, accurate, and appropriately documented for the circumstances.

When non-monetary receipts are not complete, accurate, and appropriately documented, there is an increased risk of clerical error, loss, theft and/or misuse of funds otherwise due the County Court.

We recommend the County Court implement procedures to ensure all receipts, including non-monetary receipts, are complete, accurate, and appropriately documented. We further recommend the County Court consider implementation of a reasonable underpayment policy to provide the County Court guidance in handling defendant underpayments received by the County Court.

*County Court’s Response: We have taken steps to correct these problems.*



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Mike Foley  
State Auditor

Mike.Foley@nebraska.gov  
P.O. Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
[www.auditors.state.ne.us](http://www.auditors.state.ne.us)

## YORK COUNTY COURT

### INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of York County Court as of and for the fiscal years ended June 30, 2012, and June 30, 2011. The County Court's management is responsible for the Schedules. Our responsibility is to express an opinion 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 and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Schedules referred to above present, in all material respects, the assets and liabilities arising from cash transactions of the Agency Funds of York County Court as of June 30, 2012, and June 30, 2011, and the related activity for the fiscal years then ended, based on the accounting system and procedures prescribed by the Nebraska Supreme Court as described in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Schedules and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. 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 the finding, along with the views of management, is described in the Comments Section of the report.

This report is intended solely for the information and use of management, the Supreme Court, others within the County Court, and the appropriate Federal and regulatory agencies, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

SIGNED ORIGINAL ON FILE

January 31, 2013

Deann Haeffner, CPA  
Assistant Deputy Auditor

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

For the Fiscal Year Ended June 30, 2012

	<u>Balance</u>		<u>Deductions</u>	<u>Balance</u>
	<u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2012</u>
<b>ASSETS</b>				
Cash and Deposits	\$ 67,311	\$ 665,206	\$ 669,789	\$ 62,728
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 6,371	\$ 86,342	\$ 88,547	\$ 4,166
Law Enforcement Fees	548	5,614	5,647	515
State Judges Retirement Fund	2,071	21,040	21,151	1,960
Court Administrative Fees	4,885	42,308	43,484	3,709
Legal Services Fees	1,998	20,760	20,810	1,948
Due to County Treasurer:				
Regular Fines	12,458	151,484	150,999	12,943
Overload Fines	1,000	10,525	10,375	1,150
Regular Fees	941	11,273	11,305	909
Due to Municipalities:				
Regular Fines	140	1,300	1,215	225
Trust Fund Payable	<u>36,899</u>	<u>314,560</u>	<u>316,256</u>	<u>35,203</u>
Total Liabilities	<u>\$ 67,311</u>	<u>\$ 665,206</u>	<u>\$ 669,789</u>	<u>\$ 62,728</u>

The accompanying notes are an integral part of the schedule.

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

For the Fiscal Year Ended June 30, 2011

	<u>Balance</u>		<u>Deductions</u>	<u>Balance</u>
	<u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2011</u>
<b>ASSETS</b>				
Cash and Deposits	\$ 73,475	\$ 576,217	\$ 582,381	\$ 67,311
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 5,791	\$ 77,942	\$ 77,362	\$ 6,371
Law Enforcement Fees	551	6,155	6,158	548
State Judges Retirement Fund	2,109	22,067	22,105	2,071
Court Administrative Fees	3,619	42,878	41,612	4,885
Legal Services Fees	2,183	22,826	23,011	1,998
Due to County Treasurer:				
Regular Fines	12,959	166,445	166,946	12,458
Overload Fines	1,225	8,700	8,925	1,000
Regular Fees	754	11,029	10,842	941
Due to Municipalities:				
Regular Fines	185	1,770	1,815	140
Trust Fund Payable	<u>44,099</u>	<u>216,405</u>	<u>223,605</u>	<u>36,899</u>
Total Liabilities	<u>\$ 73,475</u>	<u>\$ 576,217</u>	<u>\$ 582,381</u>	<u>\$ 67,311</u>

The accompanying notes are an integral part of the schedule.

**YORK COUNTY COURT**  
**NOTES TO FINANCIAL SCHEDULES**  
For the Fiscal Years Ended June 30, 2012, and June 30, 2011

**1. Criteria**

**A. Reporting Entity**

The York 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 York 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. 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 2008). 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 2009) to be secured either by a surety bond or as provided in the Public Funds Deposit Security Act.