

**ATTESTATION REPORT
OF
ROCK COUNTY COURT**

JULY 1, 2015, THROUGH DECEMBER 31, 2017

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Issued on April 16, 2018

ROCK COUNTY COURT

TABLE OF CONTENTS

	<u>Page</u>
<u>Comment Section</u>	
Comment and Recommendation	1
<u>Financial Section</u>	
Independent Accountant's Report	2 - 3
Financial Schedules:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Period July 1, 2015, to December 31, 2016	4
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Calendar Year Ended December 31, 2017	5
Notes to Financial Schedules	6

ROCK COUNTY COURT

COMMENT AND RECOMMENDATION

During our examination of the Rock County Court, we noted a certain deficiency and other operational matters that are presented here.

This comment and recommendation is intended to improve the internal control over financial reporting or result in operational efficiencies in the following area:

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. 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 included 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.

Clerk Magistrate's Response: I have contacted the financial specialist that is assigned to Rock County and it has been determined that she has been and will continue to verify my daily deposits in Justice and keep records of what days she checked and if there were any issues, so when Rock County is audited I can request that information from them and provide it to the auditors. This should eliminate the segregation of duties deficiency.

APA Response: Although the Court may have implemented compensating controls over the depositing of money, there are many other financial areas where a lack of segregation of duties cannot be completely resolved due to the limited staff size at the Court. Therefore, we do not see the segregation of duties comment being eliminated in the future.

It should be noted this report is critical in nature, as it contains only our comment and recommendation on the area 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 an opportunity to review the report and to respond to the comment and recommendation included in this report. The formal response received has been incorporated into this report. The response has been objectively evaluated and recognized, as appropriate, in the report. A response that indicates corrective action has been taken was not verified at this time, but it will be verified in the next examination.



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ROCK COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Rock County Court
Bassett, Nebraska 68714

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Rock County Court as of and for the period July 1, 2015, to December 31, 2016, and the calendar year ending December 31, 2017. 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 period July 1, 2015, to December 31, 2016, and the calendar year ending December 31, 2017, is 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 findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, abuse that is material to the Schedules, and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. 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 Comment 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 it 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.



Pat Reding, CPA, CFE
Assistant Deputy Auditor
Lincoln, Nebraska

April 12, 2018

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

For the Period Ending December 31, 2016

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2016</u>
ASSETS				
Cash and Deposits	\$ 2,398	\$ 50,605	\$ 47,106	\$ 5,897
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 285	\$ 7,101	\$ 7,151	\$ 235
Law Enforcement Fees	28	493	498	23
State Judges Retirement Fund	82	2,167	2,153	96
Court Administrative Fees	169	2,849	2,909	109
Legal Services Fees	105	1,918	1,907	116
Due to County Treasurer:				
Regular Fines	991	8,959	9,675	275
Overload Fines	-	2,325	1,825	500
Regular Fees	270	427	697	-
Petty Cash Fund	40	-	-	40
Due to Municipalities:				
Regular Fines	-	50	50	-
Trust Fund Payable	428	24,316	20,241	4,503
Total Liabilities	<u>\$ 2,398</u>	<u>\$ 50,605</u>	<u>\$ 47,106</u>	<u>\$ 5,897</u>

The accompanying notes are an integral part of the schedule.

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

For the Calendar Year Ended December 31, 2017

	Balance		Balance		Balance
	January 1, 2017	Additions	Deductions	December 31, 2017	
ASSETS					
Cash and Deposits	\$ 5,897	\$ 37,784	\$ 41,609	\$ 2,072	
LIABILITIES					
Due to State Treasurer:					
Regular Fees	\$ 235	\$ 7,802	\$ 7,896	\$ 141	
Law Enforcement Fees	23	604	610	17	
State Judges Retirement Fund	96	2,741	2,747	90	
Court Administrative Fees	109	2,568	2,534	143	
Legal Services Fees	116	2,343	2,389	70	
Due to County Treasurer:					
Regular Fines	275	12,235	12,160	350	
Overload Fines	500	1,475	1,975	-	
Regular Fees	-	474	474	-	
Petty Cash Fund	40	-	-	40	
Due to Municipalities:					
Regular Fines	-	325	325	-	
Trust Fund Payable	4,503	7,217	10,499	1,221	
Total Liabilities	\$ 5,897	\$ 37,784	\$ 41,609	\$ 2,072	

The accompanying notes are an integral part of the schedule.

ROCK COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

For the Period Ended December 31, 2016, and Calendar Year Ended December 31, 2017

1. Criteria

A. Reporting Entity

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