

**ATTESTATION REPORT
OF
HOLT COUNTY COURT**

JANUARY 1, 2017, THROUGH DECEMBER 31, 2018

**This document is an official public record of the State of Nebraska, issued by
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original
document and may be prohibited by law.**

Issued on June 5, 2019

HOLT 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 Calendar Year Ended December 31, 2018	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

HOLT COUNTY COURT

COMMENT AND RECOMMENDATION

During our examination of the Holt County Court, we noted a certain deficiency and other operational matters that are presented here. The following comment is required to be reported in accordance with *Government Auditing Standards* and is considered to be a material weakness.

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 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.

Clerk Magistrate's Response: I would like to relay the steps taken to mitigate this issue. When cash is received by one clerk, the cash is verified and initialed by the other clerk at the time of the daily balancing. Similarly, one person prepares the daily deposit, and the other person carries the deposit to the bank. In addition, all financial transactions and reports are regularly reviewed by a financial specialist. I believe Holt County Court is complying as much as possible with the limited personnel.

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.



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
www.auditors.nebraska.gov

HOLT COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Holt County Court
O'Neill, Nebraska 68763

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Holt County Court as of and for the calendar years ending December 31, 2017, and December 31, 2018. 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, 2017, and December 31, 2018, 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 Schedules 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 Comment 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.

May 30, 2019

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

HOLT COUNTY COURT
O'NEILL, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS

For the Calendar Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
ASSETS				
Cash and Deposits	\$ 39,983	\$ 424,557	\$ 385,886	\$ 78,654
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 3,697	\$ 59,879	\$ 56,952	\$ 6,624
Law Enforcement Fees	273	3,428	3,459	242
State Judges Retirement Fund	1,446	17,543	17,870	1,119
Court Administrative Fees	1,619	21,820	21,717	1,722
Legal Services Fees	1,112	13,678	13,883	907
Due to County Treasurer:				
Regular Fines	8,227	77,773	81,655	4,345
Overload Fines	775	10,425	11,025	175
Regular Fees	143	10,249	7,506	2,886
Petty Cash Fund	150	-	-	150
Due to Municipalities:				
Regular Fines	-	580	580	-
Regular Fees	110	74	74	110
Trust Fund Payable	22,431	209,108	171,165	60,374
Total Liabilities	\$ 39,983	\$ 424,557	\$ 385,886	\$ 78,654

The accompanying notes are an integral part of the schedule.

HOLT COUNTY COURT
O'NEILL, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS

For the Calendar Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
ASSETS				
Cash and Deposits	\$ 21,437	\$ 319,694	\$ 301,148	\$ 39,983
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 4	\$ 46,188	\$ 42,495	\$ 3,697
Law Enforcement Fees	-	3,975	3,702	273
State Judges Retirement Fund	-	17,747	16,301	1,446
Court Administrative Fees	-	21,421	19,802	1,619
Legal Services Fees	-	15,619	14,507	1,112
Due to County Treasurer:				
Regular Fines	-	88,609	80,382	8,227
Overload Fines	-	13,999	13,224	775
Regular Fees	-	5,320	5,177	143
Petty Cash Fund	150	-	-	150
Due to Municipalities:				
Regular Fines	-	590	590	-
Regular Fees	-	327	217	110
Trust Fund Payable	21,283	105,899	104,751	22,431
Total Liabilities	\$ 21,437	\$ 319,694	\$ 301,148	\$ 39,983

The accompanying notes are an integral part of the schedule.

HOLT COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

For the Calendar Years Ending December 31, 2017, and December 31, 2018

1. Criteria

A. Reporting Entity

The Holt 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 Holt 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.