

**ATTESTATION REPORT
OF
YORK COUNTY COURT**

JANUARY 1, 2017, THROUGH DECEMBER 31, 2018

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Issued on May 10, 2019

YORK COUNTY COURT

TABLE OF CONTENTS

	<u>Page</u>
<u>Comments Section</u>	
Summary of Comments	1
Comments and Recommendations	2 - 4
<u>Financial Section</u>	
Independent Accountant's Report	5 - 6
Financial Schedules:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Calendar Year Ended December 31, 2018	7
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Calendar Year Ended December 31, 2017	8
Notes to Financial Schedules	9

YORK COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the York County Court, we noted certain deficiencies and other operational matters that are presented here. The following comments are 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. ***Bank Reconciliation Variance:*** The County Court did not take timely action to correct a \$50 variance on its bank reconciliation. This variance was originally identified in December 2017, but it had not been resolved as of the March 2019 bank reconciliation.
3. ***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.
4. ***Trust Balances:*** The County Court did not review its trust balances on an ongoing, timely basis to ensure payment 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.

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 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:

- The County Court did not adequately review claims showing a balance remaining to be collected from the County or City in the accounting system. Specifically, we noted seven claims, totaling \$3,187, with dates ranging from January 3, 2011, to July 9, 2018, that still showed a balance remaining to be collected as of audit fieldwork in April 2019.

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: As stated in the Auditor's Report, there is one person in this office that has the ability to handle all financial functions from beginning to end. However, we try to mix up the responsibilities so that that person is not doing all duties from beginning to end on a daily basis. We also check each other's deposits and the same person that prepares the deposit is not the same person that takes the deposit to the bank.

2. Bank Reconciliation Variance

We noted that the County Court has identified a \$50 variance on its bank reconciliation since December 2017; however, as of the March 2019 bank reconciliation, this variance was not corrected. This variance appears to be related to an error that originally occurred in November 2014, in which a \$50 change drawer was recorded as deposited in the accounting system; however, the actual cash drawer was not deposited. This issue was noted in the prior report.

Sound accounting practice and good internal controls require procedures to ensure balances recorded in the accounting system reconcile, on at least a monthly basis, to bank balances, and any variances noted are identified and corrected in a timely manner.

Without such procedures, the County Court is susceptible to errors or omissions, which increases the risk of loss, theft, or misuse of public funds.

YORK COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

2. **Bank Reconciliation Variance** (Concluded)

We recommend the County Court implement procedures to ensure bank balances are reconciled, on at least a monthly basis, to the accounting system, and any variances noted are identified and corrected in a timely manner.

Clerk Magistrate's Response: We thought had this issue figured out, however when trying to solve the problem, we erred. We have been attempting since this happened to come to a resolution.

3. **Overdue Balances**

Good internal control and sound business practices require overdue balances of the County Court to be reviewed on an ongoing, timely basis to determine what action should be taken to collect and/or otherwise resolve those balances.

During testing of 10 overdue balances, 7, totaling \$921, did not have subsequent action taken by the County Court to ensure collection and/or resolution of the balances. The table below provides details of the issues noted.

Case #	Amount	Issue Noted
CR 02 484	\$ 162	Suspensions were issued; however, no further follow-up was performed. Both balances were over 10 years old.
CR 07 555	\$ 394	
CR 15 100	\$ 118	Defendants had previously served jail time to satisfy overdue amounts; however, the County Court did not properly enter non-monetary receipts in the accounting system to satisfy the overdue amount.
CR 17 261	\$ 111	
CR 17 548	\$ 116	
CR 15 514	\$ 10	Overdue balances are due to Sheriff's fees. The County Sheriff is responsible for collecting these fees. Therefore, the County Court should enter non-monetary receipts in the accounting system to remove the balance owed.
TR 16 24	\$ 10	
Total	\$ 921	

As of April 18, 2019, overdue balances, excluding restitution judgments, totaled \$24,638.

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

A similar finding was noted in the prior report.

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

Clerk Magistrate's Response: With the exception of the cases in suspension, the cases listed have been corrected. We have asked to have the overdue case account printed on a weekly basis in order to help us work on these items.

YORK COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

4. Trust Balances

During the APA's review of a sample of 13 of the County Court's trust balances, totaling \$3,930, we noted errors on two of those balances. Details of these errors are summarized below.

- On September 25, 2018, \$74 was received and recorded to the "No Citation Filed" account code. This case was filed with the County Court on April 18, 2017, but this receipt was not applied to fines and costs until January 10, 2019.
- A \$450 bond was originally received on April 27, 2016. Per the County Court's financial reports, this case was satisfied on November 2, 2016, at which time the County Court should have paid this trust balance to the proper party. A refund attempt was not made until February 8, 2019.

Good internal control and sound business practice require procedures to ensure that trust balances of the County Court are reviewed on an ongoing, timely basis to determine what action, if any, should be taken to resolve those balances. Those procedures should include reviewing the trust balances reflected on the County Court's monthly financial reports, including the Monthly Case Balance Report and the Bonds Held Report.

Without such procedures, there is an increased risk of loss, theft, misuse, or improper payment of monies held by the County Court.

A similar finding was noted in the prior report.

We recommend the County Court implement procedures to ensure the ongoing, timely monitoring of its trust balances, including those reflected on the County Court's monthly financial reports, such as the Monthly Case Balance Report and the Bonds Held Report, in order to to determine what action, if any, should be taken to resolve those balances.

Clerk Magistrate's Response: Unfortunately the transaction from September 25 was simply missed.

With respect to the bond that was not paid out, I have had a conversation with my judge and now understand what action I should have taken.



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YORK COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

York County Court
York, Nebraska 68467

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the York 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 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. Janssen", with a long horizontal flourish extending to the right.

May 6, 2019

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

YORK COUNTY COURT
YORK, 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	\$ 80,931	\$ 741,184	\$ 755,287	\$ 66,828
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 5,632	\$ 95,972	\$ 96,733	\$ 4,871
Law Enforcement Fees	550	6,495	6,715	330
State Judges Retirement Fund	2,584	33,410	34,148	1,846
Court Administrative Fees	2,892	34,029	35,053	1,868
Legal Services Fees	2,195	26,472	27,201	1,466
Due to County Treasurer:				
Regular Fines	11,584	174,510	178,657	7,437
Overload Fines	150	8,050	7,950	250
Regular Fees	3,054	22,715	20,753	5,016
Petty Cash Fund	150	-	-	150
Due to Municipalities:				
Regular Fines	75	1,335	1,310	100
Regular Fees	17	-	17	-
Trust Fund Payable	52,048	338,196	346,750	43,494
Total Liabilities	\$ 80,931	\$ 741,184	\$ 755,287	\$ 66,828

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 Calendar Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
ASSETS				
Cash and Deposits	\$ 82,179	\$ 609,992	\$ 611,240	\$ 80,931
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 5,600	\$ 78,849	\$ 78,817	\$ 5,632
Law Enforcement Fees	556	7,017	7,023	550
State Judges Retirement Fund	2,338	31,707	31,461	2,584
Court Administrative Fees	2,708	36,057	35,873	2,892
Legal Services Fees	2,281	28,085	28,171	2,195
Due to County Treasurer:				
Regular Fines	17,377	175,080	180,873	11,584
Overload Fines	725	8,650	9,225	150
Regular Fees	1,844	26,325	25,115	3,054
Petty Cash Fund	150	-	-	150
Due to Municipalities:				
Regular Fines	60	1,170	1,155	75
Regular Fees	-	17	-	17
Trust Fund Payable	48,540	217,035	213,527	52,048
Total Liabilities	\$ 82,179	\$ 609,992	\$ 611,240	\$ 80,931

The accompanying notes are an integral part of the schedule.

YORK COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

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

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 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.