

**ATTESTATION REPORT
OF
ROCK COUNTY COURT**

JANUARY 1, 2018, THROUGH DECEMBER 31, 2019

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Issued on March 12, 2020

ROCK COUNTY COURT

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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. 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.

Additionally, the following errors were noted during a review of the Monthly Case Balance Reports:

- Two case balances of \$17 each were applied incorrectly to the overpayment account instead of being remitted to Rock County as a reimbursement.
- Since January 2018, no attempt has been made to return one case balance of \$6.

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.

The report also indicated two errors. One noted that two case balances were applied incorrectly and should have been remitted to the Rock County Treasurer. In both of those cases the amount was actually applied to the overpayment account and placed in holding. The money was still in holding and has now been placed into the reimbursement account and paid to the County Treasurer as required. There was also a \$6.00 case balance that has been disbursed to the defendant as required. In all three of these cases the money was actually still in the account and had not been disbursed to anyone improperly, just not disbursed as of the time of the audit.

APA Response: The Clerk Magistrate would still be able to have full access in JUSTICE to all accounting functions as well as reconcile the bank statements, which would not eliminate a segregation of duties finding.

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 calendar years ending December 31, 2018, and December 31, 2019. 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, 2018, and December 31, 2019, 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 Schedule 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 Schedule 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.

March 10, 2020

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

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, 2019

	Balance January 1, 2019	Additions	Deductions	Balance December 31, 2019
ASSETS				
Cash and Deposits	\$ 1,363	\$ 20,668	\$ 19,732	\$ 2,299
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 154	\$ 2,726	\$ 2,595	\$ 285
Law Enforcement Fees	18	334	320	32
State Judges Retirement Fund	104	1,787	1,707	184
Court Administrative Fees	88	1,540	1,472	156
Legal Services Fees	87	1,506	1,437	156
Due to County Treasurer:				
Regular Fines	700	5,556	5,831	425
Overload Fines	-	700	250	450
Regular Fees	18	17	35	-
Petty Cash Fund	40	-	-	40
Municipality Fines	-	-	-	-
Trust Fund Payable	154	6,502	6,085	571
Total Liabilities	\$ 1,363	\$ 20,668	\$ 19,732	\$ 2,299

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, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
ASSETS				
Cash and Deposits	\$ 2,072	\$ 19,430	\$ 20,139	\$ 1,363
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 141	\$ 4,389	\$ 4,376	\$ 154
Law Enforcement Fees	17	389	388	18
State Judges Retirement Fund	90	2,073	2,059	104
Court Administrative Fees	143	1,600	1,655	88
Legal Services Fees	70	1,592	1,575	87
Due to County Treasurer:				
Regular Fines	350	7,225	6,875	700
Overload Fines	-	875	875	-
Regular Fees	-	869	851	18
Petty Cash Fund	40	-	-	40
Municipality Fines	-	25	25	-
Trust Fund Payable	1,221	393	1,460	154
Total Liabilities	\$ 2,072	\$ 19,430	\$ 20,139	\$ 1,363

The accompanying notes are an integral part of the schedule.

ROCK COUNTY COURT
NOTES TO FINANCIAL SCHEDULES
For the Calendar Years Ending December 31, 2018, and December 31, 2019

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 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.