

**ATTESTATION REPORT
OF
YORK COUNTY COURT**

JANUARY 1, 2019, THROUGH DECEMBER 31, 2020

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Issued on April 28, 2021

YORK COUNTY COURT

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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 comment is 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 identified originally in December 2017, but it has not been resolved as of the February 2021 bank reconciliation.
3. ***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 six claims, totaling \$831, with date ranges from January 3, 2011, to January 21, 2020, that still showed a balance remaining to be collected as of audit fieldwork in March 2021.
- During testing of voided checks, two checks were noted that had been voided but the check was not properly spoiled. Additionally, one check for \$24 issued on June 30, 2017, and due to Unclaimed Property by November 2020 was still outstanding and had not been remitted to Unclaimed Property as of fieldwork in March 2021.

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. We also recommend the County Court establish procedures to review the Court Claim List and ensure that amounts noted as owed are followed up on and resolved in a timely manner. Additionally, we recommend the County Court establish procedures to ensure checks are properly marked when voided and to follow up on outstanding checks to ensure they are remitted to Unclaimed Property when due.

Clerk Magistrate's Response: Unfortunately with the size of our office, and in order to provide customer service, it is not always possible to separate duties. We try to do so as much as possible and try to not always have the same person perform the same duty. We also sign off on each other's daily cash drawer balance sheet, as well as not having the same person take the deposit to the bank that prepares the daily deposit.

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 February 2021 bank reconciliation, this variance was not corrected. This variance appears to be related to an error that occurred originally 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.

YORK COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

2. Bank Reconciliation Variance (Concluded)

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

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: The bank reconciliation balance has been off \$50 for quite some time. I have been in contact with the Justice Business Analysts and also my financial specialist and as of yet there has been no resolution.

3. Trust Balances

During the Auditor of Public Accounts' review of a sample of 10 County Court trust balances at December 31, 2019, totaling \$2,525, we noted errors on four of those balances. Details of those errors are summarized below:

- On May 2, 2019, \$73 was received for fees and fines owed including \$17 of fees paid previously by the County. This created a \$17 balance on the case, which was not remitted to the County until March 2, 2020.
- On May 2, 2019, \$117 was received for fees and fines owed, including \$14 of fees paid previously by the County. This created a \$14 balance on the case, which was not remitted to the County until March 2, 2020.
- On May 21, 2019, \$119 was received for fees and fines owed including \$14 of fees paid previously by the County. This created a \$14 balance on the case, which was not remitted to the County until March 2, 2020.
- On September 24, 2018, \$249 was received on a case with \$125 of fines and \$49 of court costs. This created a \$75 balance; however, a check was not issued to return this balance until June 8, 2020.

Good internal control and sound business practices 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.

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, in order to determine what action, if any, should be taken to resolve the balance.

Clerk Magistrate's Response: I have corrected those balances that required payment and/or resolution and will continue to do so.



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
auditors.nebraska.gov

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, 2019, and December 31, 2020. 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, 2019, and December 31, 2020, 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 Comments 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.

April 23, 2021

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, 2020

	Balance January 1, 2020	Additions	Deductions	Balance December 31, 2020
ASSETS				
Cash and Deposits	\$ 100,535	\$ 715,928	\$ 703,620	\$ 112,843
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 5,686	\$ 78,399	\$ 77,214	\$ 6,871
Law Enforcement Fees	452	5,032	4,941	543
State Judges Retirement Fund	2,364	26,755	26,395	2,724
Court Administrative Fees	2,607	28,836	28,784	2,659
Legal Services Fees	1,933	20,910	20,726	2,117
Due to County Treasurer:				
Regular Fines	14,542	144,401	145,862	13,081
Overload Fines	-	2,425	2,425	-
Regular Fees	1,571	21,588	21,647	1,512
Petty Cash Fund	150	-	-	150
Municipality Fines	160	1,483	1,643	-
Trust Fund Payable	71,070	386,099	373,983	83,186
Total Liabilities	\$ 100,535	\$ 715,928	\$ 703,620	\$ 112,843

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, 2019

	Balance January 1, 2019	Additions	Deductions	Balance December 31, 2019
ASSETS				
Cash and Deposits	\$ 66,828	\$ 634,741	\$ 601,034	\$ 100,535
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 4,871	\$ 78,330	\$ 77,515	\$ 5,686
Law Enforcement Fees	330	6,512	6,390	452
State Judges Retirement Fund	1,846	33,516	32,998	2,364
Court Administrative Fees	1,868	36,624	35,885	2,607
Legal Services Fees	1,466	26,782	26,315	1,933
Due to County Treasurer:				
Regular Fines	7,437	156,757	149,652	14,542
Overload Fines	250	4,550	4,800	-
Regular Fees	5,016	19,569	23,014	1,571
Petty Cash Fund	150	-	-	150
Municipality Fines	100	1,790	1,730	160
Trust Fund Payable	43,494	270,311	242,735	71,070
Total Liabilities	\$ 66,828	\$ 634,741	\$ 601,034	\$ 100,535

The accompanying notes are an integral part of the schedule.

YORK COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

For the Calendar Years Ending December 31, 2019, and December 31, 2020

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.