

**ATTESTATION REPORT
OF
YORK COUNTY COURT**

JANUARY 1, 2021, THROUGH DECEMBER 31, 2022

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Issued on June 13, 2023

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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 comments are required to be reported in accordance with *Government Auditing Standards*: Comments #2, “Monthly Case Balances” and #3, “Overdue Balances,” which are considered to be significant deficiencies, and 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. ***Monthly Case Balances:*** The County Court did not adequately review and take corrective action to resolve issues on the Monthly Case Balance Report.
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.

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. Where no response has been included, the County Court declined to respond. 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, as one person was capable of handling all aspects of processing transactions from beginning to end. Additionally, staff could create and issue orders affixed with the Judge's signature in the JUSTICE (Judicial User System to Improve Court Efficiency) application without formal documentation to support that the Judge approved the order. That same staff had access to court receipts and were able to record non-monetary transactions (e.g., waiving fines) in JUSTICE. We further noted that York County Court access had also been given to six other Clerk Magistrates who were not employees of the York County Court.

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 five claims, totaling \$354, with dates ranging from May 13, 2019, to April 22, 2022, that still showed a balance remaining to be collected as of fieldwork in April 2023.
- During testing, we noted that one receipt, totaling \$5, was issued on a Saturday when the County Court was closed. The County Court was unable to provide information regarding when the monies were received.

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 a similar 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. We also recommend the Supreme Court implement procedures to ensure that each Judge's approval of orders is formally documented. Additionally, we recommend the County Court implement procedures to review the Court Claim List and ensure that amounts noted as owed are followed up on and resolved in a timely manner. Lastly, we recommend the County Court implement procedures to ensure receipts are issued promptly when money is received.

2. Monthly Case Balances

During testing of 19 balances on the Monthly Case Balance Report, 12, totaling \$8,200, lacked adequate action by the County Court to ensure proper and timely resolution of the balances. As of December 31, 2022, the County Court held \$130,736 in case balances.

During testing, the following was noted:

- One criminal case tested held a bond, totaling \$6,750, that was owed back to the defendant after the case was dismissed in June 2022; however, no attempt had been made to refund the bond to the defendant at the time of fieldwork in April 2023. Additionally, court costs of \$49 were still showing as due from the

YORK COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

2. Monthly Case Balances (Concluded)

defendant on the case; however, the dismissal filed in June 2022 indicated that the costs were payable by the plaintiff. No attempt to claim these costs had been noted at the time of fieldwork in April 2023.

- Four criminal cases tested held bonds, totaling \$1,125, that were owed back to the defendants; however, the County Court was not monitoring these balances; as a result these balances were not returned in a timely manner. Three balances, totaling \$900, were returned to the defendant between two and nine months after the respective cases were dismissed. One balance, totaling \$225, was for a case dismissed in June 2022; however, the County Court had not refunded this balance at the time of fieldwork in April 2023.
- One criminal case tested held a balance, totaling \$152, that was owed back to the defendant once the case was dismissed in June 2019; however, no attempt was made to return the balance to the defendant, and the amount was remitted to the State Treasurer as Unclaimed Property in October 2022.
- One criminal case tested held a bond, totaling \$90, that was ordered revoked in September 2021 after the defendant failed to appear. No further activity had taken place in this case, and the County Court had made no attempt to resolve this balance as of fieldwork in April 2023.
- Two traffic cases tested held balances, totaling \$49, that were overpayments of owed amounts that were initially received in December 2018 and January 2019; however, no attempt had been made to refund these overpayments to their respective defendants until May 2019.
- Two traffic cases tested held balances, totaling \$34, that were not properly recorded in JUSTICE to reimburse the County for non-waiverable fees previously paid. The County Court had not made any attempt to resolve the balances as of fieldwork in April 2023.
- One criminal case tested contained a warrant that was not recalled in a timely manner. A warrant was issued in May 2022 for failure to pay fines and costs owed in the case. The amount owed was paid by the defendant in October 2022; however, the warrant was not recalled until February 2023. Additionally, despite the County Court requesting the warrant to be recalled, the warrant had not been returned at the time of fieldwork in April 2023.

Additionally, during testing of two balances on the Non-Case Receipts Report, one balance, totaling \$124, was received in May 2022; however, no citation was filed. The balance was not refunded to the payor until November 2022, over five months later.

Good internal controls and sound business practices require procedures for an ongoing, detailed review of monthly financial reports, including the Monthly Case Balance Report and Non-Case Receipts Report, to determine what action should be taken, if any, to resolve the balances held.

Without such procedures, there is an increased risk of errors, omissions, and/or irregularities not being detected and resolved in a timely manner.

A similar comment was included in the previous attestation.

We recommend the County Court implement procedures for an ongoing, detailed review of all monthly financial reports, including the Monthly Case Balance Report and Non-Case Receipts Report and resolve any unusual or improper balances noted therein in a complete, accurate, and timely manner.

YORK COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

County Court Response: Now that myself and my staff have been here for a year, we are more knowledgeable about the processes and procedures that are needed to ensure that all reports are current and completed in a timely and effective manner. There was a complete turnover in the office and all parties, including myself, were and will still continue to learn the most effective way to ensure things are done correctly.

3. Overdue Balances

During testing of seven overdue balances, six, totaling \$278, did not have subsequent action taken by the County Court, such as the issuance of warrants and/or suspensions or declaration of certain overdue balances as uncollectible, to ensure collection and/or resolution of the balances. As of February 28, 2023, overdue balances, excluding restitution judgments, totaled \$33,283. Of the criminal and traffic cases in the report, 75 of 153 cases were flagged as having a suspension or warrant.

During testing, the following was noted:

- Four criminal cases tested with overdue balances, totaling \$201, were the result of the County Court failing to waive amounts owed after the cases were dismissed. The cases were dismissed between September 2021 and June 2022; however, no action had been taken to resolve the overdue balances at the time of fieldwork in April 2023.
- One criminal case tested with an overdue balance, totaling \$60, had no action to collect or resolve the balance since July 2014.
- One civil case tested with an overdue balance, totaling \$17, was the result of non-waivable fees not paid on the case. The costs had been paid previously in a different County Court; however, once the case was transferred to the York County Court, no action had been performed to resolve the balance owed.

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 or otherwise resolve those balances.

Without 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 overdue.

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

County Court Response: Since this audit, my staff and myself have learned the steps needed to ensure that balances are amounts due are what they are supposed to be. The York County Court staff are all new and learning the processes needed and will be more diligent in looking into reports to ensure timeliness and accuracy are provided.



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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, 2021, and December 31, 2022. The County Court's management is responsible for the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions 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 plan and perform the examination to obtain reasonable assurance about whether the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions 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 of Changes in Assets and Liabilities Arising from Cash Transactions, 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.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions for the calendar years ending December 31, 2021, and December 31, 2022, 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; noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions; fraud that is material, either quantitatively or qualitatively, to 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. 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 of Changes in Assets and Liabilities Arising from Cash Transactions 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 of Changes in Assets and Liabilities

Arising from Cash Transactions or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards*, and those findings, along with the views of management, are 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.

May 31, 2023



Mike Foley
Auditor of Public Accounts
Lincoln, Nebraska

YORK COUNTY COURT
YORK, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
CUSTODIAL FUNDS

For the Calendar Year Ended December 31, 2022

	Balance January 1, 2022	Additions	Deductions	Balance December 31, 2022
ASSETS				
Cash and Deposits	\$ 168,720	\$ 1,109,719	\$ 1,123,366	\$ 155,073
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 10,652	\$ 101,172	\$ 106,005	\$ 5,819
Law Enforcement Fees	349	4,763	4,785	327
State Judges Retirement Fund	2,230	30,889	30,814	2,305
Court Administrative Fees	2,455	34,865	34,592	2,728
Legal Services Fees	1,519	19,942	20,058	1,403
Due to County Treasurer:				
Regular Fines	11,209	138,201	138,715	10,695
Overload Fines	-	4,050	4,050	-
Regular Fees	648	40,989	41,351	286
Petty Cash Fund	200	-	-	200
Municipality Fines	60	1,685	1,745	-
Due to Municipalities:				
Regular Fees	-	17	17	-
Trust Fund Payable	139,398	733,146	741,234	131,310
Total Liabilities	\$ 168,720	\$ 1,109,719	\$ 1,123,366	\$ 155,073

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
CUSTODIAL FUNDS

For the Calendar Year Ended December 31, 2021

	Balance January 1, 2021	Additions	Deductions	Balance December 31, 2021
ASSETS				
Cash and Deposits	\$ 112,843	\$ 855,893	\$ 800,016	\$ 168,720
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 6,871	\$ 89,536	\$ 85,755	\$ 10,652
Law Enforcement Fees	543	5,236	5,430	349
State Judges Retirement Fund	2,724	28,529	29,023	2,230
Court Administrative Fees	2,659	35,782	35,986	2,455
Legal Services Fees	2,117	21,325	21,923	1,519
Due to County Treasurer:				
Regular Fines	13,081	154,421	156,293	11,209
Overload Fines	-	775	775	-
Regular Fees	1,512	22,776	23,640	648
Petty Cash Fund	150	50	-	200
Municipality Fines	-	1,030	970	60
Due to Municipalities:				
Regular Fees	-	-	-	-
Trust Fund Payable	83,186	496,433	440,221	139,398
Total Liabilities	\$ 112,843	\$ 855,893	\$ 800,016	\$ 168,720

The accompanying notes are an integral part of the schedule.

YORK COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

For the Calendar Years Ending December 31, 2021, and December 31, 2022

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 Custodial 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 Custodial 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.