

**ATTESTATION REPORT
OF
GOSPER COUNTY COURT**

JANUARY 1, 2017, THROUGH DECEMBER 31, 2018

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Issued on June 25, 2019

GOSPER COUNTY COURT

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GOSPER COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Gosper 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. ***Case Balance Review:*** The Monthly Case Balance Report and the Overdue Case Balance Report were not reviewed, with corrective action taken when necessary, to resolve any issues noted therein.

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.

GOSPER 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.

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 the Clerk Magistrate I have access to all phases of transactions from beginning to end. My primary location for staffing is in Dawson County and not Gosper County. There is only one 30 hour/week staff in Gosper County so she needs access to all monetary transactions from beginning to end as she is the only person who is permanently staffed in our Gosper County office. When she is not in office for the remainder of the 10 hours a week, is out on sick or on vacation I need to be able to have access to all phases of the transactions in her absence. I also have access to all stages because the Dawson County Jail houses inmates for Gosper County and bond money can be handled for a Gosper County case in Dawson County with me before the inmate can be released.

2. Case Balance Review

Good internal control requires the County Court to have procedures for an ongoing, detailed review of monthly financial reports, including the Monthly Case Balance Report and the Overdue Case Balance Report.

During our review, the following was noted:

- One criminal case, with an overdue balance of \$2,000, was not pursued timely. Liquid damages of \$2,000 were ordered against the defendant on January 11, 2013, but there have been no payments made towards the judgment, and the County Court has not taken any actions to follow up on the balance.
- One traffic case, with an overdue balance of \$49, was not pursued timely. There was no activity on the case from August 8, 2018, until May 28, 2019, which was after the auditor brought it to the attention of the County Court.

GOSPER COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

2. Case Balance Review (Concluded)

- One criminal case, with an overdue balance of \$4, was not pursued timely. The charges occurred on November 30, 2017, but there were no actions taken to collect the amount owed until May 30, 2019, which was after the auditor brought it to the attention of the County Court.
- One civil case, with an overdue balance of \$40, was not pursued timely. The case was transferred from small claims to civil court on September 28, 2017. Per the Clerk Magistrate, the case fees did not transfer correctly, leading to a balance due in error; however, the County Court has failed to ensure the balance was corrected.
- One criminal case, with a balance held of \$225, was not followed up on in a timely manner. There was no activity on the case from September 18, 2017, through October 4, 2018.
- In one criminal case, a balance of \$324 was not applied in a timely manner. The payment was received on September 28, 2018, but was incorrectly coded and was not corrected until May 30, 2019, after the auditor brought it to the attention of the County Court.

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

We recommend the County Court implement procedures for an ongoing, detailed review of all monthly financial reports, including the Monthly Case Balance Report and the Overdue Case Balance Report, and resolve any balances in a complete, accurate, and timely manner.

Clerk Magistrate's Response: The Monthly Case Balance Report and the Overdue Case Balance Report are reviewed but not as timely as they should be. Staff has recently changed in Gosper County and although I am not present in the Gosper County office I will work with staff to better understand the meaning behind the reports, the actions that need to be performed to timely complete these reports and the overall importance of the reports.



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GOSPER COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Gosper County Court
Elwood, Nebraska 68937

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

June 24, 2019

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

GOSPER COUNTY COURT
ELWOOD, 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	\$ 9,467	\$ 108,479	\$ 109,430	\$ 8,516
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 827	\$ 17,180	\$ 17,123	\$ 884
Law Enforcement Fees	154	2,054	2,064	144
State Judges Retirement Fund	620	9,083	9,065	638
Court Administrative Fees	650	8,444	8,575	519
Legal Services Fees	569	7,621	7,648	542
Due to County Treasurer:				
Regular Fines	3,788	41,713	42,926	2,575
Overload Fines	20	599	619	-
Regular Fees	80	305	368	17
Petty Cash Fund	20	-	-	20
Due to Municipalities:				
Regular Fines	-	650	450	200
Trust Fund Payable	2,739	20,830	20,592	2,977
Total Liabilities	\$ 9,467	\$ 108,479	\$ 109,430	\$ 8,516

The accompanying notes are an integral part of the schedule.

GOSPER COUNTY COURT
ELWOOD, 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	\$ 13,245	\$ 133,378	\$ 137,156	\$ 9,467
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 2,247	\$ 19,379	\$ 20,799	\$ 827
Law Enforcement Fees	151	2,092	2,089	154
State Judges Retirement Fund	581	8,388	8,349	620
Court Administrative Fees	797	10,708	10,855	650
Legal Services Fees	574	7,591	7,596	569
Due to County Treasurer:				
Regular Fines	3,558	42,774	42,544	3,788
Overload Fines	1,025	3,474	4,479	20
Regular Fees	139	2,427	2,486	80
Petty Cash Fund	-	20	-	20
Due to Municipalities:				
Regular Fines	-	150	150	-
Trust Fund Payable	4,173	36,375	37,809	2,739
Total Liabilities	\$ 13,245	\$ 133,378	\$ 137,156	\$ 9,467

The accompanying notes are an integral part of the schedule.

GOSPER COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

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

1. Criteria

A. Reporting Entity

The Gosper 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 Gosper 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.