

**ATTESTATION REPORT  
OF  
GAGE COUNTY COURT**

**JANUARY 1, 2019, THROUGH DECEMBER 31, 2020**

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**Issued on April 8, 2021**

GAGE COUNTY COURT

**TABLE OF CONTENTS**

	<u>Page</u>
<b><u>Comment Section</u></b>	
Comment and Recommendation	1
<b><u>Financial Section</u></b>	
Independent Accountant's Report	2 - 3
Financial Schedules:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Calendar Year Ended December 31, 2020	4
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Calendar Year Ended December 31, 2019	5
Notes to Financial Schedules	6

GAGE COUNTY COURT

**COMMENT AND RECOMMENDATION**

During our examination of the Gage 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.

- It was noted also that access to a signature stamp of the County Court Judge was not limited to either the individual whose name is on the stamp or others formally authorized to use it. We cannot stress enough, however, that allowing the stamp to be used by anyone other than the judge whose name is on it – even if that other user is formally authorized to do so – effectively eliminates all segregation of duties. This is because such proxy use permits unilateral activity by the user without any immediate oversight or other compensating controls.

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. Additionally, we recommend the implementation of procedures to ensure that signature stamps are used only in a way that will preserve a proper segregation of duties.

*County Court's Response: The Judicial Branch does not have the financial and human resources to meet audit guidelines for segregation of duties in all county courts. To reduce the risk of improper transactions, court financial specialists regularly review records and provide assistance to county courts.*

*The judge's signature stamps were destroyed after the judge retired on October 31, 2020. We are no longer using signature stamps and we do not plan on using them in the future.*

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.



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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## GAGE COUNTY COURT

### INDEPENDENT ACCOUNTANT'S REPORT

Gage County Court  
Beatrice, Nebraska 68310

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Gage 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 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.

April 7, 2021

Charlie Janssen  
Auditor of Public Accounts  
Lincoln, Nebraska

GAGE COUNTY COURT  
 BEATRICE, 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
<b>ASSETS</b>				
Cash and Deposits	\$ 93,879	\$ 725,757	\$ 716,319	\$ 103,317
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 7,585	\$ 88,271	\$ 87,307	\$ 8,549
Law Enforcement Fees	500	6,394	6,503	391
State Judges Retirement Fund	2,808	35,543	36,133	2,218
Court Administrative Fees	3,315	47,476	48,272	2,519
Legal Services Fees	2,165	27,952	28,408	1,709
Due to County Treasurer:				
Regular Fines	12,889	129,686	135,144	7,431
Overload Fines	575	4,875	5,425	25
Regular Fees	1,813	18,700	19,020	1,493
Petty Cash Fund	250	-	-	250
Municipality Fines	2,180	14,488	14,965	1,703
Due to Municipalities:				
Regular Fees	-	1,463	1,363	100
Trust Fund Payable	59,799	350,909	333,779	76,929
<b>Total Liabilities</b>	<b>\$ 93,879</b>	<b>\$ 725,757</b>	<b>\$ 716,319</b>	<b>\$ 103,317</b>

The accompanying notes are an integral part of the schedule.

GAGE COUNTY COURT  
 BEATRICE, 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
<b>ASSETS</b>				
Cash and Deposits	\$ 193,326	\$ 908,779	\$ 1,008,226	\$ 93,879
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 6,966	\$ 105,003	\$ 104,384	\$ 7,585
Law Enforcement Fees	549	7,962	8,011	500
State Judges Retirement Fund	3,142	42,726	43,060	2,808
Court Administrative Fees	5,009	52,460	54,154	3,315
Legal Services Fees	2,546	33,810	34,191	2,165
Due to County Treasurer:				
Regular Fines	14,711	164,340	166,162	12,889
Overload Fines	-	6,725	6,150	575
Regular Fees	1,304	22,882	22,373	1,813
Petty Cash Fund	250	-	-	250
Municipality Fines	1,348	43,504	42,672	2,180
Due to Municipalities:				
Regular Fees	351	1,787	2,138	-
Trust Fund Payable	157,150	427,580	524,931	59,799
<b>Total Liabilities</b>	<b>\$ 193,326</b>	<b>\$ 908,779</b>	<b>\$ 1,008,226</b>	<b>\$ 93,879</b>

The accompanying notes are an integral part of the schedule.

GAGE COUNTY COURT  
**NOTES TO FINANCIAL SCHEDULES**

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

**1. Criteria**

**A. Reporting Entity**

The Gage 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 Gage 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.