

**ATTESTATION REPORT
OF
GOSPER COUNTY COURT**

JANUARY 1, 2021, THROUGH DECEMBER 31, 2022

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Issued on June 13, 2023

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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 comments are required to be reported in accordance with *Government Auditing Standards*: Comment #2 (“Overdue Balances”), which is considered to be a significant deficiency, 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. ***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. 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, 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 Gosper County Court access had also been given to seven other Clerk Magistrates who were not employees of the Gosper County Court.

The following errors were noted:

- During testing, it was noted that two cases held balances, totaling \$705, for which orders were issued to resolve the balances in November 2021; however, the Court did not take action regarding these balances until January 2022.

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. We also recommend the Supreme Court implement procedures to ensure that each Judge's approval of orders is formally documented.

County Court Response: The Gosper County Court has one ¾ time employee in addition to the Clerk Magistrate who serves two courts. It is necessary that both persons have access to all financial transactions from beginning to end as the Clerk Magistrate is mainly housed in the Dawson County Court and as previously stated the Clerk is not a full-time employee so there are times when financial transactions occur and she is not working. All Clerk Magistrates have access to all courts within the 11th Judicial District to assist in providing coverage when people are out of the office as several of our county courts in the 11th Judicial District have only one staff member.

2. Overdue Balances

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 and/or resolve those balances.

During testing of 10 overdue balances, 9, totaling \$3,649, 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 \$8,274.

During testing of the overdue case balances, we noted the following:

GOSPER COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

2. **Overdue Balances** (Continued)

- Two balances, totaling \$2,350, assessed in July 2012 were for overdue liquidated damages due to the Nebraska Game and Parks Commission, in which no subsequent action has been taken by the County Court to attempt to collect or otherwise resolve the balances since November 2012 or January 2013.
- One balance of \$78 had an order in August 2017 stating that the defendant had been given credit for jail time for these fees, but the Court had not resolved the balance.
- One balance of \$46 was for sheriff fees in February, June and July 2017. However, the Court never notified the individual who owed those fees that they were due and, therefore, no attempt has been made to collect them.
- One balance of \$451, assessed in May 2017, had documentation on file that the defendant had sat out the costs in jail in December 2017. However, the form was not completed correctly when the Court received it in December 2017, and no follow-up was done on the case.
- One balance of \$442 included \$390 of probation fees that were waived per an order in May 2019; however, the Court had not resolved the balance. The remaining \$52 in fees were to be sat out in jail, but there has been no activity on the case since June 2019.
- One balance of \$196, assessed in July 2019, stated that the defendant could sit out the costs in jail; however, no follow-up had been done on the case.
- One balance of \$40 appears to be from incorrect fees being assessed when a case was transferred from a small claims case to a civil case in September 2017. There was no follow-up on the amount due.
- One balance of \$46 was for filing fees for a case that had already been paid in a previous county in April 2018, but the Court has not resolved the balance.

Neb Rev Stat. § 37-613(3) (Cum. Supp. 2020) states, in relevant part, the following:

Such damages may be collected by the commission by civil action. In every case of conviction for any of such offenses, the court or magistrate before whom such conviction is obtained shall further enter judgment in favor of the State of Nebraska and against the defendant for liquidated damages in the amount set forth in this section and collect such damages by execution or otherwise. Failure to obtain conviction on a criminal charge shall not bar a separate civil action for such liquidated damages. Damages collected pursuant to this section shall be remitted to the secretary of the commission who shall remit them to the State Treasurer for credit to the State Game Fund.

Without a regular review of overdue case balances, there is an increased risk that such balances may either not have proper follow-up action taken or have been previously resolved and should no longer be reflected as overdue.

A similar finding was included in the last two examinations.

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.

GOSPER COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

2. Overdue Balances (Concluded)

County Court Response: A plan was implemented after our last audit to address this report more timely. Progress has been made and the list is being monitored. We have been collecting some fees/restitution that have been overdue. We have been sending correspondence on cases but when mail is returned and no further addresses can be located, we will now provide notes in the Justice system that no new address can be found.

We have not been pursuing those cases that have active warrants on them for failure to pay. Nor have we pursued those cases with outstanding balances that are in suspension status.

In those cases that were included on our report where balances were held, now have the correct documentation and balances have been applied and/or adjusted.



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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, 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 30, 2023



Mike Foley
Auditor of Public Accounts
Lincoln, Nebraska

GOSPER COUNTY COURT
ELWOOD, 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	\$ 9,100	\$ 82,014	\$ 81,440	\$ 9,674
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 524	\$ 8,901	\$ 8,354	\$ 1,071
Law Enforcement Fees	55	906	905	56
State Judges Retirement Fund	328	5,269	5,217	380
Court Administrative Fees	475	6,521	6,171	825
Legal Services Fees	222	3,491	3,503	210
Due to County Treasurer:				
Regular Fines	1,830	19,001	19,911	920
Regular Fees	(24)	976	262	690
Petty Cash Fund	20	-	-	20
Municipality Fines	-	300	300	-
Due to Municipalities:				
Regular Fees	-	-	-	-
Trust Fund Payable	5,670	36,649	36,817	5,502
Total Liabilities	\$ 9,100	\$ 82,014	\$ 81,440	\$ 9,674

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
CUSTODIAL FUNDS

For the Calendar Year Ended December 31, 2021

	Balance January 1, 2021	Additions	Deductions	Balance December 31, 2021
ASSETS				
Cash and Deposits	\$ 7,640	\$ 118,243	\$ 116,783	\$ 9,100
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 1,051	\$ 10,715	\$ 11,242	\$ 524
Law Enforcement Fees	69	1,225	1,239	55
State Judges Retirement Fund	380	6,226	6,278	328
Court Administrative Fees	532	6,232	6,289	475
Legal Services Fees	314	4,698	4,790	222
Due to County Treasurer:				
Regular Fines	1,525	25,680	25,375	1,830
Regular Fees	2	964	990	(24)
Petty Cash Fund	20	-	-	20
Municipality Fines	50	225	275	-
Due to Municipalities:				
Regular Fees	98	(98)	-	-
Trust Fund Payable	3,599	62,376	60,305	5,670
Total Liabilities	\$ 7,640	\$ 118,243	\$ 116,783	\$ 9,100

The accompanying notes are an integral part of the schedule.

GOSPER COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

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

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 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 Gosper 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.