

**ATTESTATION REPORT  
OF  
WASHINGTON COUNTY COURT  
JANUARY 1, 2023, THROUGH DECEMBER 31, 2023**

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**Issued on March 15, 2024**

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*We will maintain a professionally prepared staff, utilizing up-to-date technology, and following current Government Auditing Standards.*

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WASHINGTON COUNTY COURT

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WASHINGTON COUNTY COURT

**SUMMARY OF COMMENTS**

During our examination of the Washington 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. ***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.

# WASHINGTON 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 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. 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.

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 noted 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 Administrative Office of the Courts and Probation (AOC) accepts that there is a risk from one person having the authority to initiate and complete financial transactions. To reduce the risk of improper transactions, court financial specialists review court records and provide assistance to county courts if there are discrepancies. However, the Judicial Branch does not have the financial and human resources to mitigate all risks related to segregation of duties sufficient to meet current audit guidelines. As a result, in order to fulfill all statutory obligations, the AOC has determined that all clerk magistrates will have authority to operate all financial functions of a court.*

### 2. Overdue Balances

During testing of six overdue balances, three, totaling \$208, 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. The balances were as follows:

- One criminal case with an overdue balance of \$50 had no documented follow-up action performed since December 2016.
- One traffic case with an overdue balance of \$10 had no documented follow-up action performed since October 2021, after a commitment was returned.
- One traffic case with an overdue balance of \$148 had no documented follow-up action performed since October 2023, when the defendant was assessed a \$100 fine and ordered to pay \$48 in court costs.

As of January 31, 2024, overdue balances, excluding restitution judgments, totaled \$40,245.

WASHINGTON COUNTY COURT

**COMMENTS AND RECOMMENDATIONS**

(Concluded)

**2. Overdue Balances** (Concluded)

Good internal control and sound business practices require procedures to ensure the Overdue Case Account reports of the County Court are reviewed on an ongoing, timely basis to determine what action, if any, should be taken to collect and/or resolve the overdue balances listed therein.

Without such procedures, 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.

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 the overdue balances listed therein.

*County Court Response: The Washington County Court reviews the Overdue Case Account Report weekly and has reduced this report significantly since it began working it 10 years ago. We take this report very seriously and will continue to address these balances.*



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## WASHINGTON COUNTY COURT

### INDEPENDENT ACCOUNTANT'S REPORT

Washington County Court  
Blair, Nebraska 68008

We have examined the accompanying Schedule of Changes in Assets and Liabilities Arising from Cash Transactions of the Washington County Court as of and for the calendar year ending December 31, 2023. The County Court's management is responsible for the Schedule 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 Schedule 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 perform the examination to obtain reasonable assurance about whether the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions is 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 Schedule 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 Schedule 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 Schedule of Changes in Assets and Liabilities Arising from Cash Transactions for the calendar year ending December 31, 2023, is 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 Schedule of Changes in Assets and Liabilities Arising from Cash Transactions; fraud that is material, either quantitatively or qualitatively, to 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. 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 Schedule of Changes in Assets and Liabilities Arising from Cash Transactions is presented in accordance with the criteria described above and not for the purpose

of expressing an opinion on the internal control over the Schedule 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 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.

March 14, 2024



Mike Foley  
Auditor of Public Accounts  
Lincoln, Nebraska



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

For the Calendar Year Ended December 31, 2023

	Balance January 1, 2023	Additions	Deductions	Balance December 31, 2023
<b>ASSETS</b>				
Cash and Deposits	\$ 102,835	\$ 756,723	\$ 727,541	\$ 132,017
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 6,232	\$ 63,693	\$ 64,327	\$ 5,598
Law Enforcement Fees	490	5,983	5,853	620
State Judges Retirement Fund	3,266	39,151	38,048	4,369
Court Administrative Fees	4,259	41,153	42,453	2,959
Legal Services Fees	2,041	23,620	23,162	2,499
Due to County Treasurer:				
Regular Fines	15,801	184,746	183,404	17,143
Overload Fines	3,400	17,251	20,276	375
Regular Fees	2,822	25,483	28,100	205
Petty Cash Fund	200	-	-	200
Municipality Fines	150	1,443	1,393	200
Due to Municipalities:				
Regular Fees	150	750	850	50
Trust Fund Payable	64,024	353,450	319,675	97,799
<b>Total Liabilities</b>	<b>\$ 102,835</b>	<b>\$ 756,723</b>	<b>\$ 727,541</b>	<b>\$ 132,017</b>

The accompanying notes are an integral part of the Schedule.

WASHINGTON COUNTY COURT  
**NOTES TO FINANCIAL SCHEDULES**  
For the Calendar Year Ending December 31, 2023

**1. Criteria**

**A. Reporting Entity**

The Washington 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 Schedule 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 Schedule does 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 Washington County.

**B. Basis of Accounting**

The accounting records of the County Court Custodial Funds are maintained, and the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions has 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.