

**ATTESTATION REPORT
OF
RICHARDSON COUNTY COURT
JANUARY 1, 2024, THROUGH DECEMBER 31, 2024**

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Issued on April 7, 2025

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RICHARDSON COUNTY COURT

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RICHARDSON COUNTY COURT

COMMENT AND RECOMMENDATION

During our examination of the Richardson 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 and 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 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. The staff included the Clerk Magistrate and an Assistant Clerk. We noted further that Richardson County Court access had been given also to three other Clerk Magistrates, one other Assistant Clerk, and three State employees who were not employees of the Richardson County Court.

The following errors were noted:

- For 1 of 10 non-monetary receipts tested, the Auditor of Public Accounts (APA) was unable to trace \$168 to documentation supporting that the defendant sat out the appropriate jail time.
- We noted seven bonds that were applied to \$1,708 of fines and restitution without the written consent of the offender, as required by Neb. Rev. Stat. § 29-2206(3) (Cum. Supp. 2024).

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. Additionally, the other errors noted increase the risk of fraud, waste, abuse, or loss of government funds.

We have noted this issue in previous examinations and consider it to be a material weakness.

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. We also recommend the Court implement procedures to ensure that all non-monetary receipts are properly documented, and bonds are only applied to fines and restitution with consent of the offender.

County Court Response:

Segregation of Duties

The Administrative Office of the Courts and Probation (AOCB) 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 AOCB has determined that all clerk magistrates will have the authority to operate all financial functions of a court.

RICHARDSON COUNTY COURT

COMMENT AND RECOMMENDATION

(Concluded)

DOCKET

The Administrative Office of the Courts and Probation (AOCP) understands that there is a risk related to the ability of someone other than the judge applying the judge's signature to an order within the DOCKET subsystem of JUSTICE, the court's case management system. This level of access is granted only to employees who work directly with the judges in and outside of the courtroom and only with the judge's approval and oversight. This electronic signature process is put into place to digitize and streamline the court process. The AOCP has determined no further action will be taken at this time, based on an evaluation of the level of risk, current IT priorities and resources, and a review of compensating controls and practices.

Three non-judicial branch employees

Additionally, regarding the three state employees who are not Richardson County employees. The response from the AOCP: Access by the three non-Judicial Branch individuals was approved by the State Court Administrator and Deputy Director for Information Technology.

Non-Monetary receipts

The Richardson County Sheriff's office files warrant and or commitment returns with the Court. The Court staff does not have control over the process implemented by the Sheriff's office staff. The sheriff's office has been aware of the statutory daily rate of \$150/day since its inception in 2017 and it is the responsibility of the sheriff's office to continue enforcing the statutory rate. The Court staff investigates the accuracy of these documents to the best of their ability; however, Court staff is not employed with the Sheriff's office, and therefore we are not able to know for certain when defendants are incarcerated and when they are released. Thus, it is the Sheriff's office staff's responsibility to properly document correct incarceration dates. In speaking with the Jail Administrator regarding this matter, she informed me there is no other way she knows how to complete the returns to address accuracy of the incarceration dates due to timelines such as being booked in, sentencing dates, good time, time served and release dates. She said she will see what she can do to resolve this issue. The Court will continue to review returns and inquire with the Sheriff's office for further information if needed, however the Court has no recourse to require the Sheriff's office to respond or update information if they fail to do so upon inquiry.

Bond Consent

The defendants consent to their bond being applied to fines and court costs, etc. on the record in Court. Several years ago, the prior Judge did not require language to be included on JEO's to show that this was being done. We have since implemented that in addition to being done in court on the record, the Court now also adds language to the Orders indicating the defendant consents to the bond being applied during their Court hearing.

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 with 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.



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RICHARDSON COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Richardson County Court
Falls City, Nebraska 68355

We have examined the accompanying Schedule of Changes in Assets and Liabilities Arising from Cash Transactions of the Richardson County Court as of and for the calendar year ending December 31, 2024. 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, 2024, 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 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.

April 4, 2025



Mike Foley
Auditor of Public Accounts
Lincoln, Nebraska

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

For the Fiscal Year Ended December 31, 2024

	Balance January 1, 2024	Additions	Deductions	Balance December 31, 2024
ASSETS				
Cash and Deposits	\$ 475,417	\$ 576,090	\$ 539,416	\$ 512,091
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 4,545	\$ 56,642	\$ 57,829	\$ 3,358
Law Enforcement Fees	495	5,780	5,846	429
State Judges Retirement Fund	2,968	35,614	35,900	2,682
Court Administrative Fees	2,156	29,063	29,365	1,854
Legal Services Fees	1,811	20,897	21,185	1,523
Due to County Treasurer:				
Regular Fines	10,942	146,768	147,162	10,548
Regular Fees	441	21,674	20,569	1,546
Petty Cash Fund	125	50	-	175
Municipality Fines	1,192	9,881	10,612	461
Due to Municipalities:				
Regular Fees	-	38	38	-
Trust Fund Payable	450,742	249,683	210,910	489,515
Total Liabilities	\$ 475,417	\$ 576,090	\$ 539,416	\$ 512,091

The accompanying notes are an integral part of the Schedule.

RICHARDSON COUNTY COURT
NOTES TO FINANCIAL SCHEDULE
For the Calendar Year Ending December 31, 2024

1. Criteria

A. Reporting Entity

The Richardson 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 Richardson 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.