

**ATTESTATION REPORT  
OF  
SARPY COUNTY COURT**

**JANUARY 1, 2024, THROUGH DECEMBER 31, 2024**

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**Issued on April 7, 2025**

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# SARPY COUNTY COURT

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## SARPY COUNTY COURT

### SUMMARY OF COMMENTS

During our examination of the Sarpy 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. ***Monthly Case Balances:*** The County Court did not review case balances on an ongoing and timely basis to ensure collection and/or resolution of such balances.
3. ***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.

## SARPY 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. This included the Clerk Magistrate, two judicial assistants, an assistant clerk, an accounting clerk, and three records Clerks of the Sarpy County Court. We noted further that Sarpy County Court access had been given also to one court reporter and three State employees who were not employees of the Sarpy County Court.

The following errors were noted:

- For two cases tested, two bonds on file were applied to fines of \$340 without the written consent of the offender, as required by Neb. Rev. Stat. § 29-2206(3) (Cum. Supp. 2024).
- During testing of Court-ordered investment activity, we noted \$100 in service charges that had not been resolved and \$219 in errors related to posting interest for the accounts.

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 issue 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. Additionally, we recommend the Court implement procedures to ensure bonds are applied to fines only with the consent of the offender, and all investment bank activity is recorded accurately.

*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 the current audit guidelines. As a result, in order to fulfill all statutory obligations, the AOC has determined that all clerk magistrates will have the authority to operate all financial functions of a court.*

#### 2. Monthly Case Balances

During testing of 15 of the Court's monthly case balances, as listed in the Monthly Case Balance Reports, we noted the following for 4 of those balances:

- One balance held of \$900 was for a bond received in September 2021. A warrant was issued in December 2021, and the Court has not performed any follow-up on the case.

## SARPY COUNTY COURT

### COMMENTS AND RECOMMENDATIONS

(Continued)

#### 2. Monthly Case Balances (Concluded)

- One balance held of \$4,500 was for a bond received in April 2022. A warrant was issued in May 2022, and the Court has not performed any follow-up on the case.
- One balance held of \$100 was for a payment made by the defendant in December 2021 for a non-waiverable offense. A failure to comply notice was sent to the DMV in March 2023, and no further follow-up had been performed. Then, in March 2025, the Court refunded the payment to the defendant; however, there was no documentation to support that the amount should have been refunded.
- One balance held of \$125 was for a payment made by the defendant in November 2023. The defendant did not pay the full amount due of \$174, and the Court sent a notice of underpayment in December 2023. No further follow-up was performed.

Good internal control and sound business practices require the County Court to implement procedures to ensure all balances held by the Court are adequately reviewed, and follow-up action is taken in a timely manner.

Without a regular review of the Monthly Case Balance Reports, there is an increased risk that monthly case balances may not be either correct or current.

We recommend the County Court implement procedures to ensure both a documented review of the Monthly Case Balance Reports and the timely disbursement or resolution of balances listed therein.

*County Court Response: In Sarpy County Court at the time the defendant fails to appear, the bond posted is not always order the bond to be forfeited or released, once the money has been held for three years it is brought to the attention of the Judge and it is either forfeited or release, the two bond in question have not hit the over three-year mark. Also, the traffic tickets when not paid in full the money is held in holding until the defendant pays in full or appears.*

#### 3. Overdue Balances

Good internal control and sound business practices require overdue balances of the County Court, as listed in the Overdue Case Account Reports, 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 15 overdue balances, 2, totaling \$269, 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.

- For one case with an overdue balance of \$118, the Court waived only \$133 of the amount due for one day of jail time served; however, a total of \$150 should have been waived. Therefore, the balance due should be \$17 less.
- For an additional overdue balance of \$151, the defendant had outstanding warrants in two other cases since December 2021; however, no follow-up was performed by the Court until March 2025, which was after the Auditor of Public Account's inquiry.

As of January 31, 2025, overdue balances, excluding restitution judgments, totaled \$175,138.

SARPY COUNTY COURT

**COMMENTS AND RECOMMENDATIONS**

(Concluded)

**3. Overdue Balances** (Concluded)

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.

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: Clerical errors, more training will be done.*



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### SARPY COUNTY COURT

### INDEPENDENT ACCOUNTANT'S REPORT

Sarpy County Court  
Papillion, Nebraska 68046

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

April 7, 2025



Mike Foley  
Auditor of Public Accounts  
Lincoln, Nebraska

**SARPY COUNTY COURT**  
**PAPILLION, 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
<b>ASSETS</b>				
Cash and Deposits	\$ 1,637,218	\$ 4,692,464	\$ 4,663,967	\$ 1,665,715
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 29,104	\$ 432,415	\$ 424,275	\$ 37,244
Law Enforcement Fees	2,891	44,764	43,870	3,785
State Judges Retirement Fund	24,606	359,954	351,441	33,119
Court Administrative Fees	16,832	267,980	260,209	24,603
Legal Services Fees	13,425	194,354	190,731	17,048
Due to County Treasurer:				
Regular Fines	56,144	916,023	894,818	77,349
Overload Fines	125	12,300	11,225	1,200
Regular Fees	8,913	123,902	121,700	11,115
Petty Cash Fund	400	-	-	400
Municipality Fines	515	5,005	5,269	251
Due to Municipalities:				
Regular Fees	-	34	34	-
Trust Fund Payable	1,484,263	2,335,733	2,360,395	1,459,601
Total Liabilities	\$ 1,637,218	\$ 4,692,464	\$ 4,663,967	\$ 1,665,715

The accompanying notes are an integral part of the Schedule.

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

**1. Criteria**

**A. Reporting Entity**

The Sarpy 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 Sarpy 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.