

**ATTESTATION REPORT
OF
GOSPER COUNTY COURT**

JULY 1, 2014, THROUGH DECEMBER 31, 2016

**This document is an official public record of the State of Nebraska, issued by
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original
document and may be prohibited by law.**

Issued on June 22, 2017

GOSPER COUNTY COURT

TABLE OF CONTENTS

	<u>Page</u>
<u>Comments Section</u>	
Summary of Comments	1
Comments and Recommendations	2 - 3
<u>Financial Section</u>	
Independent Accountant's Report	4 - 5
Financial Schedules:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Period July 1, 2015, to December 31, 2016	6
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Fiscal Year Ended June 30, 2015	7
Notes to Financial Schedules	8

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 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. ***Non-Waiverable Court Costs:*** The County Court waived court costs that, according to State statute, are non-waiverable.

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 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 the office of the County Court lacked a segregation of duties. Specifically, 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 is not 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.

The following errors were noted:

- Access to signature stamps was not limited to the individual whose name was on the stamp.
- During testing, the County Court failed to take timely action on three of six traffic case balances, totaling \$322, resulting in one individual being erroneously put on suspension.

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.

Clerk Magistrate's Response: I have received the Attestation Report of Gosper County Court and have reviewed the findings and discussed them with the Judge and records clerk. We understand the issue of Segregation of Duties and since the records clerk is the only one in the office 95% of the time, it is an issue that will not go away. However, please note the Judge has knowledge and has signed the form indicating that the records clerk does have permission to use the signature stamp for traffic cases and time pays.

I have also inquired of better ways to use reports to assist the records clerk and myself in controlling case balances and recognizing where to look for cases that have payments not attached to cases resulting in suspensions. We are updated in these areas and are taking measures to see that errors of this magnitude do not occur.

2. Non-Waiverable Court Costs

Neb. Rev. Stat. § 29-2709 (Reissue 2016) provides, in relevant part, the following:

When any costs in misdemeanor, traffic, felony preliminary, or juvenile cases in county court, except for those costs provided for in subsection (3) of section 24-703 [judges retirement fee], two dollars of the fee provided in section 33-107.01 [legal services fee], the court automation fee provided in section 33-107.03, and the uniform data analysis fee provided in section 47-633, are found by a county judge to be uncollectible for any reason, including the dismissal of the case, such costs shall be deemed waived . . .

GOSPER COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

2. Non-Waiverable Court Costs (Concluded)

We noted the County Court waived \$17 of non-waiverable fees and costs in 2 of 10 cases tested.

When non-waiverable fees and costs are waived, the County Court is not in compliance with State statute.

We recommend the County Court waive only court fees and costs allowed by State statute.

Clerk Magistrate's Response: The Non-Waiverable costs are noted in the office and have been addressed as such. The records clerk and myself are taking precautions not to overlook the steps involving in claiming the Non-Waiverable costs in the future.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.nebraska.gov

GOSPER COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

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 period July 1, 2015, to December 31, 2016, and the fiscal year ending June 30, 2015. 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 plan and 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 period July 1, 2015, to December 31, 2016, and the fiscal year ending June 30, 2015, 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 findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, abuse that is material to the Schedules, and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. 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 Comments Section of the report.

This report is intended solely for the information and use of management, the Supreme Court, others within the County Court, and the appropriate Federal and regulatory agencies, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Mark Avery", with a long horizontal flourish extending to the right.

June 20, 2017

Mark Avery, CPA
Audit Manager
Lincoln, Nebraska

GOSPER COUNTY COURT
ELWOOD, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS

For the Period Ending December 31, 2016

	Balance July 1, 2015	Additions	Deductions	Balance December 31, 2016
ASSETS				
Cash and Deposits	\$ 12,264	\$ 194,260	\$ 193,279	\$ 13,245
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 1,747	\$ 28,585	\$ 28,085	\$ 2,247
Law Enforcement Fees	204	3,451	3,504	151
State Judges Retirement Fund	608	12,301	12,328	581
Court Administrative Fees	741	14,807	14,751	797
Legal Services Fees	690	11,525	11,641	574
Due to County Treasurer:				
Regular Fines	4,383	68,459	69,284	3,558
Overload Fines	125	5,602	4,702	1,025
Regular Fees	2	1,815	1,678	139
Due to Municipalities:				
Regular Fines	-	975	975	-
Trust Fund Payable	3,764	46,740	46,331	4,173
Total Liabilities	\$ 12,264	\$ 194,260	\$ 193,279	\$ 13,245

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
AGENCY FUNDS

For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
ASSETS				
Cash and Deposits	\$ 10,814	\$ 82,004	\$ 80,554	\$ 12,264
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 1,403	\$ 14,588	\$ 14,244	\$ 1,747
Law Enforcement Fees	168	1,565	1,529	204
State Judges Retirement Fund	497	4,874	4,763	608
Court Administrative Fees	699	7,444	7,402	741
Legal Services Fees	569	5,354	5,233	690
Due to County Treasurer:				
Regular Fines	2,773	32,279	30,669	4,383
Overload Fines	-	425	300	125
Regular Fees	114	996	1,108	2
Petty Cash Fund	50	-	50	-
Due to Municipalities:				
Regular Fines	-	100	100	-
Trust Fund Payable	4,541	14,379	15,156	3,764
Total Liabilities	<u>\$ 10,814</u>	<u>\$ 82,004</u>	<u>\$ 80,554</u>	<u>\$ 12,264</u>

The accompanying notes are an integral part of the schedule.

**GOSPER COUNTY COURT
NOTES TO FINANCIAL SCHEDULES**

For the Period Ended December 31, 2016, and Fiscal Year Ended June 30, 2015

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 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 Gosper 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. 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 2009) to be secured either by a surety bond or as provided in the Public Funds Deposit Security Act.