

**ATTESTATION REPORT  
OF  
GARDEN COUNTY COURT**

**JULY 1, 2015, THROUGH DECEMBER 31, 2017**

**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 March 28, 2018**

# GARDEN COUNTY COURT

## TABLE OF CONTENTS

	<u>Page</u>
<b><u>Comments Section</u></b>	
Summary of Comments	1
Comments and Recommendations	2 - 4
<b><u>Financial Section</u></b>	
Independent Accountant's Report	5 - 6
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	7
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Calendar Year Ended December 31, 2017	8
Notes to Financial Schedules	9

# GARDEN COUNTY COURT

## SUMMARY OF COMMENTS

During our examination of the Garden 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.
3. ***Incorrect Fine Amount:*** For 1 of 15 receipts tested, the incorrect fine amount was assessed on the citation.

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.

# GARDEN 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. 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.

Additionally, the following issues were noted:

- Access to the Clerk Magistrate signature stamp was not limited to only the individual whose name is on the stamp.
- One case receipt for \$49 was received by the court in October 2016 but was not applied to the outstanding case balance until August 2017. Due to this, the court inappropriately sent a suspension notice to the Department of Motor Vehicles to have the defendant's license suspended.

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. Furthermore, we recommend the County Court review the Monthly Case Balance Report to ensure balances are applied timely to fees or other costs due.

*Clerk Magistrate's Response: Garden County continues to work toward better handling of the segregation of duties issue in the Court. Garden County Court is usually a one person court, and therefore, it is a challenge to avoid this issue. The first issue in the comment of segregation of duties states that others have access to the Clerk Magistrate's signature stamp, which is why there is a signature stamp. Staff use the signature stamp for waivers and time payment agreements. There is a Signature Stamp Authorization at Garden County Court, and a copy of the document was sent to the Administrative Office of the Courts September 27, 2016. I plan to scan this document into the financial reports on JUSTICE so it is viewable. The second issue in the comment of segregation of duties states the \$49 was not applied in a timely manner. In looking at this case, the payments were received on-line and when the balance was paid by the defendant, nothing triggered staff to be aware that the defendant paid the balance that was still due on-line. We will keep better track of this type of stuff in the future.*

# GARDEN COUNTY COURT

## COMMENTS AND RECOMMENDATIONS

(Continued)

### 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 four overdue balances, three, totaling \$276, did not have subsequent action taken by the County Court to ensure collection and/or resolution of the balances, such as the declaration of certain overdue balances as uncollectible. For two balances, the cases have been closed since August 2007 and May 2009, respectively, and it appears the defendant no longer lives in Nebraska. For the third overdue balance, there was a note in the system stating that the judge waived fines and costs, but the court did not have the order on file. The APA was unsure, therefore, if the balance still outstanding was proper. As of February 2018, overdue balances, excluding restitution judgments, totaled \$5,360. A similar finding was noted in the prior report.

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 designated 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 overdue balances.

*Clerk Magistrate's Response: Another issue was the Overdue Balances. I and staff are working to keep on top of the balances, and send out balance sheets to the defendants we have addresses for. We will be getting Orders to Judge to sign off on old balances.*

### 3. Incorrect Fine Amount

Good internal control and sound business practices require procedures to ensure fines are assessed properly. If fines are not properly assessed on a citation, then proper approval of the reduced fine should be documented.

For 1 of 15 receipts tested, the incorrect fine amount was assessed on the citation by the issuing officer. Per the citation, the offenses were: 1) possession of drug paraphernalia, which is punishable by a \$100 fine for the first offense under Neb. Rev. Stat. § 28-441(2) (Supp. 2017) and Neb. Rev. Stat. § 29-436 (Reissue 2016); and 2) possession of marijuana weighing one ounce or less, which is punishable by a \$300 fine for the first offense per Neb. Rev. Stat. § 28-416(13) (Supp. 2017). Consequently, the total fine should have been \$400; however, the citation was written for only \$200, or half the amount specified by State statute and the Supreme Court's fine schedule. The judge did not enter a court order documenting that it was proper for the defendant to only pay the \$200 fine noted on the citation.

Without proper approval by the judge for fines that were incorrectly assessed, there is an increased risk of fines being inappropriately reduced.

# GARDEN COUNTY COURT

## COMMENTS AND RECOMMENDATIONS

(Concluded)

### 3. **Incorrect Fine Amount** (Concluded)

We recommend the County Court ensure any incorrectly assessed fines are approved by the judge.

*Clerk Magistrate's Response: On the incorrect fine amount, staff are directed not to adjust fines, unless the Judge authorizes the adjustment. I located the old file and could not find an Order in that file.*



## 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](http://www.auditors.nebraska.gov)

### GARDEN COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

Garden County Court  
Oshkosh, Nebraska 69154

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Garden County Court as of and for the period July 1, 2015, to December 31, 2016, and the calendar year ending December 31, 2017. 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 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 calendar year ending December 31, 2017, 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 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 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.

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 that reads "Mark Avery". The signature is written in a cursive style with a long horizontal stroke extending to the right.

March 22, 2018

Mark Avery, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

**GARDEN COUNTY COURT**  
**OSHKOSH, 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
<b>ASSETS</b>				
Cash and Deposits	\$ 8,672	\$ 129,131	\$ 122,943	\$ 14,860
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 1,002	\$ 19,860	\$ 19,440	\$ 1,422
Law Enforcement Fees	131	1,989	2,009	111
State Judges Retirement Fund	387	7,468	7,374	481
Court Administrative Fees	487	11,106	10,860	733
Legal Services Fees	448	6,922	6,914	456
Due to County Treasurer:				
Regular Fines	3,052	45,615	46,614	2,053
Overload Fines	-	2,175	2,175	-
Regular Fees	152	2,746	2,692	206
Petty Cash Fund	-	25	-	25
Trust Fund Payable	3,013	31,225	24,865	9,373
<b>Total Liabilities</b>	<b>\$ 8,672</b>	<b>\$ 129,131</b>	<b>\$ 122,943</b>	<b>\$ 14,860</b>

The accompanying notes are an integral part of the schedule.

**GARDEN COUNTY COURT**  
**OSHKOSH, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**AGENCY FUNDS**

For the Calendar Year Ended December 31, 2017

	<u>Balance</u>			<u>Balance</u>
	<u>January 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2017</u>
<b>ASSETS</b>				
Cash and Deposits	\$ 14,860	\$ 91,063	\$ 97,878	\$ 8,045
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 1,422	\$ 15,839	\$ 15,186	\$ 2,075
Law Enforcement Fees	111	1,172	1,205	78
State Judges Retirement Fund	481	5,053	5,166	368
Court Administrative Fees	733	6,386	6,680	439
Legal Services Fees	456	4,423	4,578	301
Due to County Treasurer:				
Regular Fines	2,053	27,621	26,870	2,804
Overload Fines	-	350	25	325
Regular Fees	206	2,110	2,210	106
Petty Cash Fund	25	-	-	25
Trust Fund Payable	9,373	28,109	35,958	1,524
<b>Total Liabilities</b>	<u>\$ 14,860</u>	<u>\$ 91,063</u>	<u>\$ 97,878</u>	<u>\$ 8,045</u>

The accompanying notes are an integral part of the schedule.

**GARDEN COUNTY COURT**  
**NOTES TO FINANCIAL SCHEDULES**

For the Period Ended December 31, 2016, and Calendar Year Ended December 31, 2017

**1. Criteria**

**A. Reporting Entity**

The Garden 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 Garden 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.