

**ATTESTATION REPORT
OF
GAGE COUNTY COURT**

JANUARY 1, 2017, THROUGH DECEMBER 31, 2018

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Issued on May 14, 2019

GAGE COUNTY COURT

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GAGE COUNTY COURT

COMMENT AND RECOMMENDATION

During our examination of the Gage 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 or result in 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 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, as 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 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 included this comment in previous examinations.

Additionally, the following errors were noted:

- Access to the signature stamps of the County Court Judge and Clerk Magistrate was not limited to the individual whose name was on the stamp.
- One of 15 non-monetary receipts tested waived \$29 in costs; however, this non-monetary receipt was not supported by documentation to approve waiving these fees.

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.

County Court's Response: In response to the lack of segregation of duties finding in Gage County Court, the following steps are taken to help alleviate this issue. Each employee is responsible for their cash drawer. The daily deposit report for each drawer is verified by another employee. Our deposits are taken to the bank by our security officer who signs for the locked deposit bag. We have two employees that do the end of the month financial duties. One person issues the checks and the other person reconciles the bank statement. We alternate that step each month so one person is not doing the same step each month. Also, the Financial Specialist monitors the financial records of our court.

In response to the comment regarding the non-monetary receipt waiving court costs that was not supported by documentation waiving these fees. After this matter was brought to our attention during the audit, an order was issued deeming the costs uncollectable and that the costs should be waived and claimed to the county. We have added that language to our DOCKET quick picks and it will be added to future DOCKET journal entries.

GAGE COUNTY COURT

COMMENT AND RECOMMENDATION

(Concluded)

In response to the comment on access to the signature stamps, the court has submitted the Signature Stamp Authorization form for the County Judge and Clerk Magistrate to the Administrative Office of the Courts and continues to comply with the limited permission allowing staff to utilize the signature stamps for those procedures listed. With the recent change in processing time pay forms, this has greatly reduced the use of signature stamps.

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 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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GAGE COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Gage County Court
Beatrice, Nebraska 68310

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Gage County Court as of and for the calendar years ending December 31, 2017, and December 31, 2018. 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 calendar years ending December 31, 2017, and December 31, 2018, 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 all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter or an assertion about the subject matter of the examination engagement. 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 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 Comment Section of the report.

The purpose of this report is to express an opinion on the Schedules 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.

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

May 9, 2019

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

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

For the Calendar Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
ASSETS				
Cash and Deposits	\$ 89,712	\$ 908,947	\$ 805,333	\$ 193,326
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 10,061	\$ 101,842	\$ 104,937	\$ 6,966
Law Enforcement Fees	598	8,382	8,431	549
State Judges Retirement Fund	3,027	45,321	45,206	3,142
Court Administrative Fees	4,225	53,624	52,840	5,009
Legal Services Fees	2,438	36,005	35,897	2,546
Due to County Treasurer:				
Regular Fines	13,358	159,650	158,297	14,711
Overload Fines	275	6,525	6,800	-
Regular Fees	955	16,118	15,769	1,304
Petty Cash Fund	250	-	-	250
Due to Municipalities:				
Regular Fines	1,266	20,891	20,809	1,348
Regular Fees	431	649	729	351
Trust Fund Payable	52,828	459,940	355,618	157,150
Total Liabilities	\$ 89,712	\$ 908,947	\$ 805,333	\$ 193,326

The accompanying notes are an integral part of the schedule.

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

For the Calendar Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
ASSETS				
Cash and Deposits	\$ 108,334	\$ 855,362	\$ 873,984	\$ 89,712
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 10,962	\$ 114,187	\$ 115,088	\$ 10,061
Law Enforcement Fees	939	9,028	9,369	598
State Judges Retirement Fund	4,190	42,586	43,749	3,027
Court Administrative Fees	6,880	56,993	59,648	4,225
Legal Services Fees	3,825	37,234	38,621	2,438
Due to County Treasurer:				
Regular Fines	16,218	177,358	180,218	13,358
Overload Fines	-	7,450	7,175	275
Regular Fees	1,888	17,319	18,252	955
Petty Cash Fund	200	50	-	250
Due to Municipalities:				
Regular Fines	3,255	20,455	22,444	1,266
Regular Fees	351	3,272	3,192	431
Trust Fund Payable	59,626	369,430	376,228	52,828
Total Liabilities	\$ 108,334	\$ 855,362	\$ 873,984	\$ 89,712

The accompanying notes are an integral part of the schedule.

GAGE COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

For the Calendar Years Ending December 31, 2017, and December 31, 2018

1. Criteria

A. Reporting Entity

The Gage 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 Gage 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 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.