

**ATTESTATION REPORT  
OF  
HAYES COUNTY COURT**

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

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**Issued on March 14, 2018**

# HAYES COUNTY COURT

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# HAYES COUNTY COURT

## COMMENT AND RECOMMENDATION

During our examination of the Hayes County Court, we noted a certain deficiency and other operational matters that are presented here.

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**

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 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. We consider this to be a material weakness.

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 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: In regards to Segregation of Duties, the Hayes County Court is a one person office. There are no other employees to verify the financial functions of the court. It should be noted that there are financial specialists who now monitor the financial records of Hayes County on a remote basis.*

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.



## 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)

### HAYES COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

Hayes County Court  
Hayes Center, Nebraska 69032

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

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.

March 6, 2018



Philip J. Olsen, CPA, CISA  
Assistant Deputy Auditor  
Lincoln, Nebraska

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

For the Period Ending December 31, 2016

	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>
	<u>July 1, 2015</u>			<u>December 31, 2016</u>
<b>ASSETS</b>				
Cash and Deposits	\$ 2,552	\$ 64,195	\$ 62,553	\$ 4,194
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 567	\$ 9,595	\$ 8,987	\$ 1,175
Law Enforcement Fees	32	662	672	22
State Judges Retirement Fund	120	2,479	2,499	100
Court Administrative Fees	236	4,462	4,601	97
Legal Services Fees	132	2,299	2,332	99
Due to County Treasurer:				
Regular Fines	790	15,246	15,085	951
Overload Fines	100	3,802	3,902	-
Regular Fees	106	1,038	1,141	3
Trust Fund Payable	469	24,612	23,334	1,747
Total Liabilities	<u>\$ 2,552</u>	<u>\$ 64,195</u>	<u>\$ 62,553</u>	<u>\$ 4,194</u>

The accompanying notes are an integral part of the schedule.

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

For the Fiscal Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
<b>ASSETS</b>				
Cash and Deposits	\$ 4,194	\$ 52,817	\$ 53,819	\$ 3,192
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 1,175	\$ 6,517	\$ 7,562	\$ 130
Law Enforcement Fees	22	440	444	18
State Judges Retirement Fund	100	1,831	1,853	78
Court Administrative Fees	97	2,791	2,831	57
Legal Services Fees	99	1,675	1,717	57
Due to County Treasurer:				
Regular Fines	951	10,463	11,140	274
Overload Fines	-	2,648	2,648	-
Regular Fees	3	619	622	-
Trust Fund Payable	1,747	25,833	25,002	2,578
Total Liabilities	\$ 4,194	\$ 52,817	\$ 53,819	\$ 3,192

The accompanying notes are an integral part of the schedule.

**HAYES COUNTY COURT**  
**NOTES TO FINANCIAL SCHEDULES**

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

**1. Criteria**

**A. Reporting Entity**

The Hayes 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 Hayes 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.