

**ATTESTATION REPORT  
OF  
ADAMS COUNTY COURT**

**JANUARY 1, 2019, THROUGH DECEMBER 31, 2020**

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**Issued on April 19, 2021**

ADAMS COUNTY COURT

TABLE OF CONTENTS

	<u>Page</u>
<b><u>Comments Section</u></b>	
Summary of Comments	1
Comments and Recommendations	2 - 3
<b><u>Financial Section</u></b>	
Independent Accountant's Report	4 - 5
Financial Schedules:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Calendar Year Ended December 31, 2020	6
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Calendar Year Ended December 31, 2019	7
Notes to Financial Schedules	8

ADAMS COUNTY COURT

**SUMMARY OF COMMENTS**

During our examination of the Adams 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 #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 Report Review:*** Four case balances listed in the Monthly Case Balance Report were not resolved properly, and three receipts listed in the Non-Case Receipt Report were not applied timely.

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.

## ADAMS 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 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 error was noted:

- Access to the Judge's signature stamps is not limited to only the Judge.

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 implementation of procedures to ensure that the signature stamp is used only in a way that will preserve a proper segregation of duties.

*Clerk Magistrate's Response: I am the only person that is able to handle all of the duties from start to finish for a transaction in the Court. Because of previous adjustments made in past years based on the auditor findings and relating to segregation of duties, I now handle all of the voids of receipts and checks. I am also able to take monies for all areas of the Court. This has been approved by the presiding judge. He is fully aware of the situation and approves all aspects of this requirement.*

*I, Tom Hawes, am holding the signature stamps for the three judges at the direction of the judges. The purpose is for emergency use only in the event that a judge's signature is needed on any number of documents, including but not limited to orders, journal entries, letters and then only to be used at the direction of the judge in question. The rest of the staff does not have access to or authority to use the signature stamps.*

#### 2. Monthly Report Review

During the audit, the following was noted regarding four case balances listed in the Monthly Case Balance Report and three receipts listed in the Non-Case Receipt Report:

Monthly Case Balance Report –

- One traffic case had a \$101 overpayment balance received on February 20, 2019, but not refunded to the defendant until February 27, 2020, or a year later.
- Another traffic case had a \$49 overpayment balance received on August 4, 2020, but not refunded to the defendant until January 28, 2021, or almost six months later.
- For a third traffic case, the defendant paid the correct amount of \$249 on October 8, 2020, but the County Court initially recorded \$125 of this amount as an overpayment. The overpayment was not reviewed and applied correctly until January 26, 2021, or almost four months later.

ADAMS COUNTY COURT

**COMMENTS AND RECOMMENDATIONS**

(Concluded)

**2. Monthly Report Review (Concluded)**

- A fourth traffic case had a balance of \$21 refunded to the defendant when the amount should have gone to Adams County, which originally paid for the \$21 in court costs.

Non-Case Receipt Report –

- One receipt of \$225, received on August 10, 2020, was not applied to the case as of December 31, 2020, even though the case was filed on October 7, 2020.
- Another receipt of \$900, received on August 31, 2020, was not applied to the case as of December 31, 2020, even though the case was filed on October 8, 2020.
- The third receipt of \$225, received on September 18, 2020, was not applied to the case as of December 31, 2020 even though the case was filed on October 27, 2020.

Good internal controls require procedures to ensure that the County Court performs a detailed review of both the Monthly Case Balance Report and the Non-Case Receipt Report, taking action to resolve the balances listed in the former and, when possible, apply the receipts listed in the latter.

Without such procedures, there is an increased risk that funds received by the County Court will not be paid to the appropriate recipients in a timely manner, or cases will incorrectly display overdue balances.

We recommend the implementation of procedures to ensure the County Court performs a detailed review of both the Monthly Case Balance Report and the Non-Case Receipt Report, taking action to resolve the balances listed in the former and, when possible, apply the receipts listed in the latter.

*Clerk Magistrate's Response: My staff and I had not remembered that an overpay report was provided for our use. We therefore did not make use of it and overlooked it. Until it was brought to our attention by our financial specialists, we had not made the adjustments necessary. Since that time, we have reviewed it on monthly basis and believe we have corrected any oversights that may have occurred. The overpayments were overlooked at the time of the closing of the case and not corrected until we were aware of that report. I believe this has been corrected and is being reviewed as directed.*



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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## ADAMS COUNTY COURT

### INDEPENDENT ACCOUNTANT'S REPORT

Adams County Court  
Hastings, Nebraska 68902

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Adams County Court as of and for the calendar years ending December 31, 2019, and December 31, 2020. 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, 2019, and December 31, 2020, 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 Schedule 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 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.

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

April 14, 2021

Charlie Janssen  
Auditor of Public Accounts  
Lincoln, Nebraska

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

For the Calendar Year Ended December 31, 2020

	Balance January 1, 2020	Additions	Deductions	Balance December 31, 2020
<b>ASSETS</b>				
Cash and Deposits	\$ 126,184	\$ 1,231,469	\$ 1,033,247	\$ 324,406
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 9,284	\$ 114,213	\$ 110,811	\$ 12,686
Law Enforcement Fees	770	10,017	9,507	1,280
State Judges Retirement Fund	4,420	57,961	55,361	7,020
Court Administrative Fees	4,669	63,936	60,379	8,226
Legal Services Fees	3,605	44,867	43,504	4,968
Due to County Treasurer:				
Regular Fines	15,457	237,430	230,078	22,809
Overload Fines	850	2,675	3,525	-
Regular Fees	871	11,093	9,362	2,602
Petty Cash Fund	530	-	-	530
Municipality Fines	237	2,304	2,446	95
Due to Municipalities:				
Regular Fees	-	5,194	4,354	840
Trust Fund Payable	85,491	681,779	503,920	263,350
<b>Total Liabilities</b>	<b>\$ 126,184</b>	<b>\$ 1,231,469</b>	<b>\$ 1,033,247</b>	<b>\$ 324,406</b>

The accompanying notes are an integral part of the schedule.

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

For the Calendar Year Ended December 31, 2019

	Balance January 1, 2019	Additions	Deductions	Balance December 31, 2019
<b>ASSETS</b>				
Cash and Deposits	\$ 154,097	\$ 1,137,396	\$ 1,165,309	\$ 126,184
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 9,641	\$ 129,535	\$ 129,892	\$ 9,284
Law Enforcement Fees	863	12,024	12,117	770
State Judges Retirement Fund	4,799	68,643	69,022	4,420
Court Administrative Fees	4,478	72,249	72,058	4,669
Legal Services Fees	3,869	53,209	53,473	3,605
Due to County Treasurer:				
Regular Fines	20,340	247,610	252,493	15,457
Overload Fines	525	22,975	22,650	850
Regular Fees	511	12,287	11,927	871
Petty Cash Fund	530	-	-	530
Municipality Fines	177	2,063	2,003	237
Trust Fund Payable	108,364	516,801	539,674	85,491
<b>Total Liabilities</b>	<b>\$ 154,097</b>	<b>\$ 1,137,396</b>	<b>\$ 1,165,309</b>	<b>\$ 126,184</b>

The accompanying notes are an integral part of the schedule.

ADAMS COUNTY COURT  
**NOTES TO FINANCIAL SCHEDULES**

For the Calendar Years Ending December 31, 2019, and December 31, 2020

**1. Criteria**

**A. Reporting Entity**

The Adams 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 Adams 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.