

**ATTESTATION REPORT  
OF  
HALL COUNTY COURT**

**JANUARY 1, 2020, THROUGH DECEMBER 31, 2021**

**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 July 26, 2022**

*The **Nebraska Auditor of Public Accounts Office** was created by the first territorial Legislature in 1855. The Auditor was the general accountant and revenue officer of the territory. Those duties have expanded and evolved over the decades, as modern accounting theory has been implemented. The office of the Auditor of Public Accounts is one of six offices making up the executive branch of Nebraska State Government. Charlie Janssen was elected in November 2014 and re-elected in November 2018, as the Nebraska Auditor of Public Accounts. He was sworn into office on January 8, 2015, as Nebraska's 25th State Auditor.*

*The mission of the Nebraska Auditor of Public Accounts' office is to provide independent, accurate, and timely audits, reviews, or investigations of the financial operations of Nebraska State and local governments.*

*We will provide this information, as required by statute, to all policymakers and taxpayers through written reports and our Internet-based Budget and Audit databases.*

*We will maintain a professionally prepared staff, utilizing up-to-date technology, and following current Government Auditing Standards.*

### **Audit Staff Working On This Examination**

Kris Kucera, CPA, CFE – Assistant Deputy Auditor  
Rachel Wittler, CPA, CFE – Audit Manager  
Kyle Hanna – Auditor

Our reports can be found electronically at: [auditors.nebraska.gov](http://auditors.nebraska.gov)

Additionally, you may request them by contacting us at:

**Nebraska Auditor of Public Accounts**  
State Capitol, Suite 2303  
P.O. Box 98917  
Lincoln, Nebraska 68509  
Phone: 402-471-2111

HALL COUNTY COURT

TABLE OF CONTENTS

	<u>Page</u>
<b><u>Comment Section</u></b>	
Comment and Recommendation	1 - 2
<b><u>Financial Section</u></b>	
Independent Accountant's Report	3 - 4
Financial Schedules:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Custodial Funds - For the Calendar Year Ended December 31, 2021	5
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Custodial Funds - For the Calendar Year Ended December 31, 2020	6
Notes to Financial Schedules	7

## HALL COUNTY COURT

### COMMENT AND RECOMMENDATION

During our examination of the Hall County Court, we noted a certain deficiency that is presented here. The following comment is required to be reported in accordance with *Government Auditing Standards* and is considered to be a significant deficiency.

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. While the Court has implemented several controls to help monitor these transactions, we noted access for those users was not able to be restricted to remove this risk. Additionally, staff could create and issue orders affixed with the Judge's signature in the JUSTICE (Judicial User System to Improve Court Efficiency) application without formal documentation to support that the Judge approved the order. That same staff had access to court receipts and were able to record non-monetary transactions (e.g., waiving fines) in JUSTICE.

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.

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. We also recommend the Supreme Court implement procedures to ensure that each Judge's approval of orders is formally documented.

*County Court's Response: The Administrative Office of the Courts and Probation (AOCP) accepts that there is a risk from one person having the authority to initiate and complete financial transactions. To reduce the risk of improper transactions, court financial specialists review court records and provide assistance to county courts if there are discrepancies. However, the Judicial Branch does not have the financial and human resources to mitigate all risks related to segregation of duties sufficient to meet current audit guidelines. As a result, in order to fulfill all statutory obligations, as the AOCP has determined that all clerk magistrates will have the authority to operate all financial functions of a court.*

*The Administrative Office of the Courts and Probation (AOCP) understands that there is a risk related to the ability of someone other than the judge applying the judge's signature to an order within the DOCKET subsystem of JUSTICE, the court's case management system. This level of access is granted only to employees who work directly with the judges in and outside of the courtroom and only with the judge's approval and oversight. This electronic signature process is put into place to digitize and streamline the court process. The AOCP has determined no further action will be taken at this time, based on an evaluation of the level of risk, current IT priorities and resources, and a review of compensating controls and practices.*

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.

HALL COUNTY COURT

**COMMENT AND RECOMMENDATION**

(Concluded)

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  
auditors.nebraska.gov

HALL COUNTY COURT

## INDEPENDENT ACCOUNTANT'S REPORT

Hall County Court  
Grand Island, Nebraska 68801

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Hall County Court as of and for the calendar years ending December 31, 2020, and December 31, 2021. The County Court's management is responsible for the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions 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 of Changes in Assets and Liabilities Arising from Cash Transactions 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 of Changes in Assets and Liabilities Arising from Cash Transactions, 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions for the calendar years ending December 31, 2020, and December 31, 2021, 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; noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions; fraud that is material, either quantitatively or qualitatively, to 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. 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 of Changes in Assets and Liabilities Arising from Cash Transactions 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 of Changes in Assets and Liabilities Arising from Cash Transactions 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 findings, 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. J. Janssen", with a long horizontal flourish extending to the right.

July 18, 2022

Charlie Janssen  
Auditor of Public Accounts  
Lincoln, Nebraska

HALL COUNTY COURT  
 GRAND ISLAND, NEBRASKA  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**CUSTODIAL FUNDS**

For the Calendar Year Ended December 31, 2021

	Balance January 1, 2021	Additions	Deductions	Balance December 31, 2021
<b>ASSETS</b>				
Cash and Deposits	\$ 595,673	\$ 2,645,045	\$ 2,833,032	\$ 407,686
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 23,341	\$ 260,473	\$ 261,004	\$ 22,810
Law Enforcement Fees	1,948	24,018	23,833	2,133
State Judges Retirement Fund	10,058	133,497	130,946	12,609
Court Administrative Fees	9,102	120,311	119,590	9,823
Legal Services Fees	7,976	96,676	96,258	8,394
Due to County Treasurer:				
Regular Fines	45,714	583,566	574,643	54,637
Overload Fines	-	11,075	8,800	2,275
Regular Fees	3,517	69,280	68,918	3,879
Petty Cash Fund	825	-	-	825
Municipality Fines	7,752	84,327	83,810	8,269
Due to Municipalities:				
Regular Fees	484	13,532	12,827	1,189
Trust Fund Payable	484,956	1,248,290	1,452,403	280,843
<b>Total Liabilities</b>	<b>\$ 595,673</b>	<b>\$ 2,645,045</b>	<b>\$ 2,833,032</b>	<b>\$ 407,686</b>

The accompanying notes are an integral part of the schedule.



HALL COUNTY COURT  
 GRAND ISLAND, NEBRASKA  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**CUSTODIAL 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	\$ 304,869	\$ 2,703,336	\$ 2,412,532	\$ 595,673
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 22,986	\$ 267,213	\$ 266,858	\$ 23,341
Law Enforcement Fees	2,465	23,665	24,182	1,948
State Judges Retirement Fund	13,068	123,953	126,963	10,058
Court Administrative Fees	12,767	121,341	125,006	9,102
Legal Services Fees	9,937	96,642	98,603	7,976
Due to County Treasurer:				
Regular Fines	51,728	571,655	577,669	45,714
Overload Fines	850	4,225	5,075	-
Regular Fees	4,571	46,785	47,839	3,517
Petty Cash Fund	825	-	-	825
Municipality Fines	4,613	78,863	75,724	7,752
Due to Municipalities:				
Regular Fees	1,275	12,239	13,030	484
Trust Fund Payable	179,784	1,356,755	1,051,583	484,956
<b>Total Liabilities</b>	<b>\$ 304,869</b>	<b>\$ 2,703,336</b>	<b>\$ 2,412,532</b>	<b>\$ 595,673</b>

The accompanying notes are an integral part of the schedule.

HALL COUNTY COURT  
**NOTES TO FINANCIAL SCHEDULES**  
For the Calendar Years Ending December 31, 2020, and December 31, 2021

**1. Criteria**

**A. Reporting Entity**

The Hall 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 Custodial 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 Hall County.

**B. Basis of Accounting**

The accounting records of the County Court Custodial 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.