

**ATTESTATION REPORT
OF
ADAMS COUNTY COURT**

JANUARY 1, 2021, THROUGH DECEMBER 31, 2022

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ADAMS COUNTY COURT

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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*: Comments #2 (“Monthly Case Balances”) and #3 (“Overdue Balances”), which are considered to be significant deficiencies, 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. ***Monthly Case Balances:*** The County Court did not adequately review the Monthly Case Balance Report and take corrective action to resolve issues found therein.
3. ***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.
4. ***Unclaimed Property:*** The County Court did not report and remit to the State Treasurer trust balances over three years old, as required by State statute.

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, as one person was capable of handling all aspects of processing transactions from beginning to end. 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. We further noted that Adams County Court access had also been given to one other Clerk Magistrate who was not an employee of the Adams County Court.

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: As stated in previous responses to the yearly audits, I am the only person that is allowed to handle all duties from start to finish for a transaction in the Court. I handle all 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. If I am not in the office, then my assistant clerk has been given permission to fulfill those duties as needed.

It is also my understanding that the State Court Administrator's office is fully aware of this requirement for the Courts.

2. Monthly Case Balances

During testing of 20 balances on the Monthly Case Balance Report, 10, totaling \$1,500, lacked adequate action by the County Court to ensure proper and timely resolution of the balances. As of December 31, 2022, the County Court held \$65,731 in case balances.

During testing, the following was noted:

- Five cases held balances, totaling \$85, that consisted of amounts due to the County. However, the Court did not reimburse the County on a timely basis. Four of these cases held a balance, totaling \$68, initially received from May 2, 2022, through November 18, 2022, that were still held as of December 31, 2022. One case held a balance of \$17, initially received on November 13, 2018, that was not remitted until October 4, 2022.
- One case held a balance, totaling \$100, that was to be disbursed to a plaintiff per a court order issued on July 5, 2022. However, as of testing, the Court had not disbursed the funds. Following APA inquiry, the Court disbursed the funds on February 27, 2023.

ADAMS COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

2. Monthly Case Balances (Concluded)

- Four cases held balances, totaling \$1,315, consisting of bonds ordered to be forfeited; however, the Court failed to remit the funds to the County Treasurer. The bonds were ordered forfeited between August 2018 and April 2021.

During our testing, we also noted the following issues related to case balances:

- Two balances tested, totaling \$125, were not actually owed. In both cases, the Court did not properly record amounts due per citations, resulting in the incorrect balances.
- The Court failed to apply timely a \$150 receipt to a case in JUSTICE. As a result, a warrant was issued in the case, and the defendant served one day in jail towards amounts due that she had already paid.

Good internal controls require the County Court to have procedures for an ongoing, detailed review of monthly financial reports, include the Monthly Case Balance Report.

Without such procedures, there is an increased risk of errors, omissions, and/or irregularities not being detected and resolved in a timely manner.

We recommend the County Court implement procedures for an ongoing, detailed review of all monthly financial reports, including the Monthly Case Balance Report, and resolve any unusual or improper balances in a complete, accurate, and timely manner.

County Court's Response: My staff reviews these reports and makes adjustments as needed. Of the thousands of transactions that my staff handle throughout the years, some are bound to be overlooked. While this is not good practice, it shows that we are all human and can make mistakes or oversights. I have instructed the staff to try to be more diligent and catch these discrepancies as they happen.

Regarding bonds forfeited, as I explained to the auditors in response to their inquiries during the audit, we do not submit bond "forfeitures" to the treasurer until and unless the county attorney has filed a motion for bond forfeiture with the court. The practice of this court is the judge will declare the bond to be revoked and forfeited and a warrant will be issued with a new bond set. The bond is not released until the county attorney files that motion and a hearing has been held. That is why my staff has not adjusted those to the treasurer.

APA Response: In cases where bonds have been ordered to be forfeited, the APA recommends the Court work with the county attorney to ensure any necessary motions are filed timely.

3. 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 or otherwise resolve those balances.

During testing of 10 overdue balances, 8, totaling \$1,891, lacked subsequent action by the County Court, such as the issuance of warrants and/or suspensions or declaration of certain overdue balances as uncollectible, to ensure collection and/or resolution of the balances. As of January 31, 2023, overdue balances, excluding restitution judgments, totaled \$33,884.

ADAMS COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

3. **Overdue Balances** (Concluded)

During testing, the following was noted:

- Four case balances, totaling \$1,165, were the result of a lack of timely action taken by the Court to attempt to collect or otherwise resolve these balances. The balances were initially assessed between June 2020 and March 2022.
- Two case balances, totaling \$689, were initially assessed in October 2017 and March 2020. The Court claimed the defendants in the cases had served time in jail towards the amounts due. However, adequate documentation was not on file to support this, and the Court had not applied jail time to the balances prior to the APA's inquiry.
- One \$26 case balance was the result of fees being duplicated in JUSTICE. The balance was initially assessed in April 2021; however, the Court did not perform any subsequent action to resolve this balance.
- One \$11 case balance was assessed to the wrong entity per the files observed in the case. The balance was initially assessed in July 2022; however, the Court did not perform any subsequent action to resolve this balance.

Without a regular review of overdue case balances, there is an increased risk of overdue balances either not having proper follow-up action taken or having been previously resolved and no longer needing to be reflected as overdue.

A similar finding was noted in our prior examination.

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.

County Court's Response: Most of the balances are from bonds that have been forfeited or from traffic tickets that will go into suspension due to lack of payment. Civil cases are up to the plaintiff to try to collect the amounts due and owing. Some of the examples given in the report are oversights on the part of my staff and they will be more diligent in trying to catch these anomalies.

4. **Unclaimed Property**

Neb. Rev. Stat. § 69-1307.01 (Reissue 2018), which is found in the Uniform Disposition of Unclaimed Property Act, presumes intangible personal property held by a court and unclaimed for more than three years to be abandoned. Neb. Rev. Stat. § 69-1310 (Cum. Supp. 2022), requires any property presumed abandoned, as of June 30 each year, to be reported and remitted to the State Treasurer by November 1 annually.

During the audit, it was noted that 11 checks, totaling \$403, were outstanding for over three years. Check dates ranged from April 4, 2018, to May 31, 2019.

ADAMS COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

4. Unclaimed Property (Concluded)

We recommend the County Court work to remit promptly to the State Treasurer all property in its possession that is presumed abandoned, as required by State statute.

County Court's Response: I have tried to be very diligent in getting the unclaimed property amounts correct for my annual report to the State Treasurer. I fully believe that I went through the outstanding checks prior to submitting it last year. My only thought was if those checks came back and were voided and I didn 't catch that they needed to go with this year's batch. I really don't have an answer. The checks that they listed have all been adjusted at this time to unclaimed property. I will try to verify these checks more carefully in the future.



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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, 2021, and December 31, 2022. 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 ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

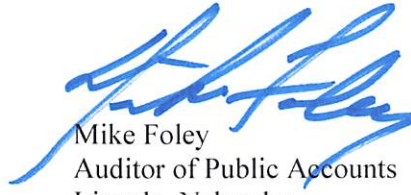
In our opinion, the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions for the calendar years ending December 31, 2021, and December 31, 2022, are based on the accounting system and procedures prescribed by the Nebraska Supreme Court, as set forth in Note 1, in all material 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 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.

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.

May 9, 2023



Mike Foley
Auditor of Public Accounts
Lincoln, Nebraska

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

For the Calendar Year Ended December 31, 2022

	Balance January 1, 2022	Additions	Deductions	Balance December 31, 2022
ASSETS				
Cash and Deposits	\$ 323,789	\$ 1,237,849	\$ 1,442,622	\$ 119,016
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 12,274	\$ 96,138	\$ 102,773	\$ 5,639
Law Enforcement Fees	1,663	9,273	10,254	682
State Judges Retirement Fund	9,673	62,660	67,623	4,710
Court Administrative Fees	9,853	62,432	67,953	4,332
Legal Services Fees	5,816	38,273	41,223	2,866
Due to County Treasurer:				
Regular Fines	18,250	251,810	248,623	21,437
Overload Fines	-	3,325	1,850	1,475
Regular Fees	5,530	22,651	27,409	772
Petty Cash Fund	530	-	-	530
Municipality Fines	165	7,950	7,252	863
Due to Municipalities:				
Regular Fees	360	11,933	10,958	1,335
Trust Fund Payable	259,675	671,404	856,704	74,375
Total Liabilities	\$ 323,789	\$ 1,237,849	\$ 1,442,622	\$ 119,016

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
CUSTODIAL FUNDS

For the Calendar Year Ended December 31, 2021

	Balance January 1, 2021	Additions	Deductions	Balance December 31, 2021
ASSETS				
Cash and Deposits	\$ 324,406	\$ 1,194,161	\$ 1,194,778	\$ 323,789
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 12,686	\$ 114,364	\$ 114,776	\$ 12,274
Law Enforcement Fees	1,280	9,669	9,286	1,663
State Judges Retirement Fund	7,020	56,303	53,650	9,673
Court Administrative Fees	8,226	60,434	58,807	9,853
Legal Services Fees	4,968	40,430	39,582	5,816
Due to County Treasurer:				
Regular Fines	22,809	262,944	267,503	18,250
Overload Fines	-	2,950	2,950	-
Regular Fees	2,602	13,053	10,125	5,530
Petty Cash Fund	530	-	-	530
Municipality Fines	95	4,134	4,064	165
Due to Municipalities:				
Regular Fees	840	8,037	8,517	360
Trust Fund Payable	263,350	621,843	625,518	259,675
Total Liabilities	\$ 324,406	\$ 1,194,161	\$ 1,194,778	\$ 323,789

The accompanying notes are an integral part of the schedule.

ADAMS COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

For the Calendar Years Ending December 31, 2021, and December 31, 2022

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 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 Adams 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.