

**ATTESTATION REPORT
OF
ADAMS COUNTY COURT**

JANUARY 1, 2024, THROUGH DECEMBER 31, 2024

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Issued on March 25, 2025

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ADAMS COUNTY COURT

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ADAMS COUNTY COURT

SUMMARY OF COMMENTS

During our examination of 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 #1 (“Segregation of Duties”) and #2 (“Overdue Balances”), which are considered to be material weaknesses.

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. ***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.

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 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. 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. The staff included the Clerk Magistrate, an Assistant Clerk, two Records Clerks/Cashiers, and two Courtroom Clerks. We noted further that Adams County Court access had been given also to two other Clerk Magistrates and three other State of Nebraska employees who were not employees of the Adams County Court.

The following errors were noted:

- During testing, we noted two cases where Court staff erroneously removed State fines from JUSTICE, causing the balances owed to be understated by \$24 and \$300, respectively. In the first case, the removal of the State fines resulted in an \$18 overpayment on the case. Additionally, on this case, the Court inappropriately waived \$17 for fees that should have been reimbursed to the county.

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 noted this issue 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 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, the AOCP has determined that all clerk magistrates will have the authority to operate all financial functions of a court.

2. Overdue Balances

Good internal control and sound business practices require overdue balances of the County Court to be reviewed on an ongoing, timely basis, through an examination of the monthly Overdue Case Account reports, to determine what action should be taken to collect and/or resolve those balances.

During testing of 18 overdue balances, 13, totaling \$3,608, did not have subsequent action taken 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.

ADAMS COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

2. Overdue Balances (Continued)

During testing, the following was noted:

- Seven case balances, totaling \$3,000, were for costs initially assessed between September 2018 through May 2022; however, the Court had not recorded credit for jail time served or waivers of costs per court orders in a timely manner, resulting in an overstatement of the overdue case balances. These balances had actually been satisfied, in some instances almost four years prior to our review, and should have shown \$0 owed.

Case	Balance Owed as of 1/31/2025	Date Satisfied	Time Incorrectly Shown as Still Due
1	\$ 611	February 2021	3 years 11 months
2	\$ 610	March 2021	3 years 10 months
3	\$ 160	November 2021	3 years 2 months
4	\$ 150	May 2022	2 years 8 months
5	\$ 1,166	March 2022 – May 2022	2 years 8 months
6	\$ 300	November 2023	1 year 2 months
7	\$ 3	December 2023	1 year 1 month
Total	\$ 3,000		

- For Case #1 noted above, the Court had improperly recorded a waiver of \$32 in court filing fees in January 2021; however, there was no order from the Judge to waive such fees at that time.
- For Case #3 noted above, the Court did not follow up to obtain the documentation of jail time served in November 2021 until after the Auditor of Public Accounts (APA) inquired, resulting in a document obtained in February 2025 stating that time was served over three-and-a-half years earlier in 2021.
- Four case balances, totaling \$415, 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 September 2020 and July 2024.

Case	Balance Owed as of 1/31/2025	Date Fees Assessed	Date of Last Action by the Court
8	\$ 2	September 2020	December 2020
9	\$ 359	February 2021	March 2023
10	\$ 49	May 2024	June 2024
11	\$ 5	June & July 2024	July 2024
Total	\$ 415		

- One case balance, totaling \$17, was incorrect due to Court staff improperly recording jail time credit to the defendant even though the returned commitment information did not indicate any time was served towards the amount due. This resulted in an understatement of the actual amounts owed on these cases by \$37. These costs were initially assessed in March 2019.
- One case balance due, totaling \$176, was incorrect due to Court staff not properly recording the receipt of \$175 in fees to the case received in June 2024. The correct balance owed should have been \$1. Additionally, after the APA pointed out this error, the Court attempted to take corrective action but improperly waived the \$1 fee that was still owed.

ADAMS COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

2. Overdue Balances (Concluded)

As of January 31, 2025, overdue balances, excluding restitution judgments, totaled \$43,000.

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

We recommend the County Court implement an ongoing, timely review of its overdue case balances, through an examination of the monthly Overdue Case Account reports, to ensure the timely collection and/or resolution of those overdue balances.

County Court Response: I acknowledge that the overdue case account report has not been worked correctly, I have met with my assistant clerk and these reports will be distributed to each clerk responsible and I will follow-up monthly to ensure the cases are being addressed.



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ADAMS COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Adams County Court
Hastings, Nebraska 68902

We have examined the accompanying Schedule of Changes in Assets and Liabilities Arising from Cash Transactions of the Adams County Court as of and for the calendar year ending December 31, 2024. The County Court's management is responsible for the Schedule 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 Schedule 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 perform the examination to obtain reasonable assurance about whether the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions is 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 Schedule 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 Schedule 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 Schedule of Changes in Assets and Liabilities Arising from Cash Transactions for the calendar year ending December 31, 2024, 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 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 Schedule of Changes in Assets and Liabilities Arising from Cash Transactions; fraud that is material, either quantitatively or qualitatively, to 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. 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 Schedule of Changes in Assets and Liabilities Arising from Cash Transactions is presented in accordance with the criteria described above and not for the purpose

of expressing an opinion on the internal control over the Schedule 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 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.



March 24, 2025

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 Fiscal Year Ended December 31, 2024

	Balance January 1, 2024	Additions	Deductions	Balance December 31, 2024
ASSETS				
Cash and Deposits	\$ 149,343	\$ 1,341,769	\$ 1,340,665	\$ 150,447
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 9,150	\$ 106,024	\$ 105,191	\$ 9,983
Law Enforcement Fees	1,210	12,142	11,817	1,535
State Judges Retirement Fund	8,854	95,907	92,824	11,937
Court Administrative Fees	6,170	66,929	64,139	8,960
Legal Services Fees	4,688	50,416	49,304	5,800
Due to County Treasurer:				
Regular Fines	22,752	290,273	284,601	28,424
Overload Fines	-	1,475	975	500
Regular Fees	525	19,878	19,301	1,102
Petty Cash Fund	530	-	-	530
Municipality Fines	1,540	9,356	10,110	786
Due to Municipalities:				
Regular Fees	120	4,271	3,894	497
Trust Fund Payable	93,804	685,098	698,509	80,393
Total Liabilities	\$ 149,343	\$ 1,341,769	\$ 1,340,665	\$ 150,447

The accompanying notes are an integral part of the Schedule.

ADAMS COUNTY COURT
NOTES TO FINANCIAL SCHEDULE
For the Calendar Year Ending December 31, 2024

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 Schedule 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 Schedule does 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 Schedule of Changes in Assets and Liabilities Arising from Cash Transactions has 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.