

**ATTESTATION REPORT  
OF  
HALL COUNTY COURT  
JULY 1, 2013 THROUGH JUNE 30, 2015**

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**Issued on March 22, 2016**

# HALL COUNTY COURT

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# HALL COUNTY COURT

## COMMENT AND RECOMMENDATION

During our examination of the Hall County Court, we noted a certain deficiency that is 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**

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.

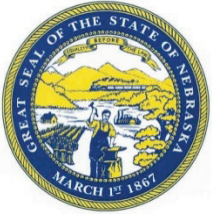
We noted the office of the County Court lacked a segregation of duties, as one person was capable of handling all aspects of processing transactions from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, 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 specifically noted access to signature stamps is not limited to the individual whose name is on the stamp. We consider this to be a material weakness.

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.

*County Court's Response: At this time we are working with the Administrative Office of the Courts (AOC) to establish how to eliminate the need of signature stamps within the courts daily functions. Although, one person is not capable of handling all aspects of processing a transaction from beginning to end when it comes to the use of signature stamps, we will work with the AOC to eliminate the usage of those stamps.*

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

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### HALL COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

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 fiscal years ended June 30, 2015, and June 30, 2014. The County Court's management is responsible for the Schedules. Our responsibility is to express an opinion 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 and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Schedules referred to above present, in all material respects, the assets and liabilities arising from cash transactions of the Agency Funds of the Hall County Court, as of June 30, 2015, and June 30, 2014, and the related activity for the fiscal years then ended, based on the accounting system and procedures prescribed by the Nebraska Supreme Court, as described in Note 1.

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, and abuse that are 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 the 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.



Zachary Wells, CPA, CISA  
Audit Manager

March 7, 2016

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

For the Fiscal Year Ended June 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>ASSETS</b>				
Cash and Deposits	\$ 300,041	\$ 3,116,951	\$ 2,955,290	\$ 461,702
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 31,302	\$ 367,634	\$ 368,281	\$ 30,655
Law Enforcement Fees	2,765	33,194	33,154	2,805
State Judges Retirement Fund	9,430	112,984	112,794	9,620
Court Administrative Fees	13,630	164,339	163,986	13,983
Legal Services Fees	10,041	119,584	119,483	10,142
Due to County Treasurer:				
Regular Fines	59,534	751,520	754,098	56,956
Overload Fines	3,525	31,200	28,200	6,525
Regular Fees	7,369	68,304	71,786	3,887
Petty Cash Fund	1,200	-	375	825
Due to Municipalities:				
Regular Fines	10,495	130,752	130,813	10,434
Regular Fees	2,284	29,907	30,824	1,367
Trust Fund Payable	148,466	1,307,533	1,141,496	314,503
<b>Total Liabilities</b>	<u>\$ 300,041</u>	<u>\$ 3,116,951</u>	<u>\$ 2,955,290</u>	<u>\$ 461,702</u>

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**  
**AGENCY FUNDS**

For the Fiscal Year Ended June 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>ASSETS</b>				
Cash and Deposits	\$ 734,941	\$ 2,832,585	\$ 3,267,485	\$ 300,041
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 32,411	\$ 384,220	\$ 385,329	\$ 31,302
Law Enforcement Fees	2,747	33,066	33,048	2,765
State Judges Retirement Fund	10,218	118,871	119,659	9,430
Court Administrative Fees	15,033	177,324	178,727	13,630
Legal Services Fees	10,745	124,745	125,449	10,041
Due to County Treasurer:				
Regular Fines	57,552	746,736	744,754	59,534
Overload Fines	2,750	30,425	29,650	3,525
Regular Fees	3,998	74,592	71,221	7,369
Petty Cash Fund	1,200	-	-	1,200
Due to Municipalities:				
Regular Fines	10,224	110,955	110,684	10,495
Regular Fees	1,129	28,767	27,612	2,284
Trust Fund Payable	586,934	1,002,884	1,441,352	148,466
<b>Total Liabilities</b>	<u>\$ 734,941</u>	<u>\$ 2,832,585</u>	<u>\$ 3,267,485</u>	<u>\$ 300,041</u>

The accompanying notes are an integral part of the schedule.

HALL COUNTY COURT  
NOTES TO FINANCIAL SCHEDULES  
For the Fiscal Years Ended June 30, 2015, and June 30, 2014

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 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 Hall 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 2008). 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.