

**ATTESTATION REPORT
OF
ADAMS COUNTY COURT**

JANUARY 1, 2017, THROUGH DECEMBER 31, 2018

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Issued on April 11, 2019

ADAMS COUNTY COURT

TABLE OF CONTENTS

	<u>Page</u>
<u>Comment Section</u>	
Comment and Recommendation	1 - 2
<u>Financial Section</u>	
Independent Accountant's Report	3 - 4
Financial Schedules:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Calendar Year Ended December 31, 2018	5
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Calendar Year Ended December 31, 2017	6
Notes to Financial Schedules	7

ADAMS COUNTY COURT

COMMENT AND RECOMMENDATION

During our examination of the Adams County Court, we noted a certain deficiency and other operational matters that are presented here. The following comment is required to be reported in accordance with *Government Auditing Standards* and is considered to be a material weakness.

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 sufficient 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 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 errors were noted:

- Access to signature stamps is not limited to the individual whose name is on the stamp.
- One traffic case balance held, totaling \$49, was not applied to the case in a timely manner. The case was dismissed in September 2017; however, the balance was not applied until March 2019, during audit fieldwork.

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.

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 relating to the segregation of duties, I now handle all voids of receipts and checks. I am also able to take monies for all areas of the Court. This was discussed and approved for implementation by the presiding judge. He is fully aware of the situation and approves of 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 or 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.

ADAMS COUNTY COURT

COMMENT AND RECOMMENDATION

(Concluded)

As I stated to the auditors, TCJDISP did not show any balance owing. It was obviously overlooked in the NCRCPT section but I am not aware as to why. We are making a concerted effort to review these reports on a regular basis. This should alleviate any further discrepancies.

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.



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ADAMS COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Adams County Court
Hastings, Nebraska 68901

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, 2017, and December 31, 2018. 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, 2017, and December 31, 2018, 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; 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 Comment 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 5, 2019

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 Fiscal Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
ASSETS				
Cash and Deposits	\$ 140,799	\$ 1,104,888	\$ 1,091,590	\$ 154,097
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 8,698	\$ 127,586	\$ 126,643	\$ 9,641
Law Enforcement Fees	795	12,398	12,330	863
State Judges Retirement Fund	4,386	70,584	70,171	4,799
Court Administrative Fees	4,681	77,879	78,082	4,478
Legal Services Fees	3,643	55,893	55,667	3,869
Due to County Treasurer:				
Regular Fines	18,374	275,012	273,046	20,340
Overload Fines	400	13,850	13,725	525
Regular Fees	526	16,529	16,544	511
Petty Cash Fund	530	-	-	530
Due to Municipalities:				
Regular Fines	252	2,487	2,562	177
Regular Fees	46	229	275	-
Trust Fund Payable	98,468	452,441	442,545	108,364
Total Liabilities	\$ 140,799	\$ 1,104,888	\$ 1,091,590	\$ 154,097

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 Fiscal Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
ASSETS				
Cash and Deposits	\$ 153,072	\$ 1,139,057	\$ 1,151,330	\$ 140,799
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 12,833	\$ 134,796	\$ 138,931	\$ 8,698
Law Enforcement Fees	1,173	12,518	12,896	795
State Judges Retirement Fund	5,411	62,759	63,783	4,387
Court Administrative Fees	6,463	77,547	79,329	4,681
Legal Services Fees	4,577	54,822	55,756	3,643
Due to County Treasurer:				
Regular Fines	19,391	268,838	269,855	18,374
Overload Fines	300	20,000	19,900	400
Regular Fees	2,257	18,704	20,436	525
Petty Cash Fund	530	-	-	530
Due to Municipalities:				
Regular Fines	100	2,180	2,028	252
Regular Fees	240	1,887	2,081	46
Trust Fund Payable	99,797	485,006	486,335	98,468
Total Liabilities	\$ 153,072	\$ 1,139,057	\$ 1,151,330	\$ 140,799

The accompanying notes are an integral part of the schedule.

ADAMS COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

For the Calendar Years Ending December 31, 2017, and December 31, 2018

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.