

**ATTESTATION REPORT  
OF  
DIXON COUNTY COURT**

**JANUARY 1, 2017, THROUGH DECEMBER 31, 2018**

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**Issued on June 21, 2019**

# DIXON COUNTY COURT

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# DIXON COUNTY COURT

## SUMMARY OF COMMENTS

During our examination of the Dixon County Court, we noted certain deficiencies and other operational matters that are presented here. The following comment is required to be reported in accordance with *Government Auditing Standards*: 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. ***Review of Trust Balances:*** The County Court did not document that its trust balances were reviewed on an ongoing, timely basis to ensure such balances were complete and accurate.

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.

# DIXON 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. Specifically, 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.

Auditing standards require major risk areas identified by the audit to be disclosed. The risk that errors or misstatement could occur and go undetected remains high and will continue to require disclosure until such time as sufficient personnel are available to implement appropriate procedures.

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.

*County Court Judge's Response: Specifically concerning the "segregation of duties" recommendation; that recommendation has repeatedly been ignored by the Chief Justice of the Nebraska Supreme Court and the Nebraska Legislature. For your information, we have made repeated requests for additional help; the additional help we do have is due to the graciousness of the Dixon County tax payers. It is very unfair to repeatedly pick on Clerk Magistrate Susan Smith.*

### 2. Review of Trust Balances

Good internal control requires the County Court to have procedures for performing a documented, ongoing, and detailed review and resolution of trust balances reflected on the County Court's monthly financial reports, including the Monthly Case Balance Report.

During a review of the Court's trust balances, we noted that four out of nine criminal cases tested had bond appearance monies, totaling \$2,025, held in trust for an extensive period of time following a court order. Details on these four balances are included below.

- For three of the cases, the Judge had issued an order to revoke the bond funds held in trust, totaling \$1,350, pending receipt of a motion to revoke the bond from the County Attorney. These orders had been issued in 2015 and 2016, yet the County Court could not provide any documentation to support that an attempt had been made to follow up with the County Attorney on the pending motion.

# DIXON COUNTY COURT

## COMMENTS AND RECOMMENDATIONS

(Concluded)

### 2. **Review of Trust Balances** (Concluded)

- For one criminal case tested, a bond was received in August 2015 with a balance held in trust, totaling \$675. The defendant failed to appear, and a warrant was issued in January 2017. The County Court was unable to provide any documentation to support a follow-up review or discussion with the County Judge on the pending bond held.

Without adequate controls to ensure a complete, accurate, and timely documented review and resolution of trust balances, there is an increased risk of loss, theft, misuse, or improper payment of monies held by the County Court. The timely follow up and resolution of long-outstanding case balances is particularly important given the lack of segregation of duties previously noted.

We have included this comment in previous examinations.

We recommend the County Court implement procedures for reviewing financial reports, such as the Monthly Case Balance Report, in order to ensure trust balances are reviewed timely for completeness, accuracy, and proper disposition. Such review should be documented adequately and maintained at the County Court.

*County Court Judge's Response: A summary of the County Court Judge's response was that he feels there is no need for documentation on these cases.*



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### DIXON COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

Dixon County Court  
Ponca, Nebraska 68770

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Dixon 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, 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; fraud and noncompliance with provisions of laws or regulations that have a material effect on 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; 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 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.

A handwritten signature in black ink, appearing to read "C. J. Janssen", with a long horizontal flourish extending to the right.

June 19, 2019

Charlie Janssen  
Auditor of Public Accounts  
Lincoln, Nebraska

**DIXON COUNTY COURT**  
**PONCA, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**AGENCY FUNDS**

For the Calendar Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
<b>ASSETS</b>				
Cash and Deposits	\$ 37,005	\$ 186,498	\$ 176,609	\$ 46,894
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 1,436	\$ 27,245	\$ 22,896	\$ 5,785
Law Enforcement Fees	134	1,857	1,850	141
State Judges Retirement Fund	634	8,680	8,578	736
Court Administrative Fees	1,257	18,361	18,374	1,244
Legal Services Fees	510	7,022	6,973	559
Due to County Treasurer:				
Regular Fines	4,003	46,230	46,342	3,891
Overload Fines	225	25	250	-
Regular Fees	172	2,551	2,568	155
Petty Cash Fund	160	-	-	160
Due to Municipalities:				
Regular Fines	-	150	150	-
Trust Fund Payable	28,474	74,377	68,628	34,223
Total Liabilities	\$ 37,005	\$ 186,498	\$ 176,609	\$ 46,894

The accompanying notes are an integral part of the schedule.



**DIXON COUNTY COURT**  
**PONCA, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**AGENCY FUNDS**

For the Calendar Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
<b>ASSETS</b>				
Cash and Deposits	\$ 29,062	\$ 150,308	\$ 142,365	\$ 37,005
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 2,068	\$ 24,198	\$ 24,830	\$ 1,436
Law Enforcement Fees	159	1,881	1,906	134
State Judges Retirement Fund	665	8,040	8,071	634
Court Administrative Fees	1,826	13,890	14,459	1,257
Legal Services Fees	584	7,083	7,157	510
Due to County Treasurer:				
Regular Fines	3,971	42,416	42,384	4,003
Overload Fines	-	1,100	875	225
Regular Fees	107	1,913	1,848	172
Petty Cash Fund	100	60	-	160
Due to Municipalities:				
Regular Fines	12	650	662	-
Trust Fund Payable	19,570	49,077	40,173	28,474
Total Liabilities	\$ 29,062	\$ 150,308	\$ 142,365	\$ 37,005

The accompanying notes are an integral part of the schedule.

**DIXON COUNTY COURT**  
**NOTES TO FINANCIAL SCHEDULES**

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

**1. Criteria**

**A. Reporting Entity**

The Dixon 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 Dixon 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.