

**ATTESTATION REPORT
OF
DAWES COUNTY COURT**

JANUARY 1, 2019, THROUGH DECEMBER 31, 2020

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Issued on April 8, 2021

DAWES COUNTY COURT

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DAWES COUNTY COURT

COMMENT AND RECOMMENDATION

During our examination of the Dawes 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 a 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.

Furthermore, during testing of five overdue case balances, we noted that the County Court failed to take action, such as timely follow up with the defendant or proper adjustment of the overdue balance as uncollectible, to ensure collection and/or resolution of the balances for two cases. As of February 26, 2021, overdue balances, excluding restitution judgments, totaled \$37,660.

- For one case balance tested, totaling \$100, an order was issued to waive the balance as the defendant sat out time in jail. The jail time was served in June 2020, but the Court did not waive the balance until brought to the attention of the County Court by the Auditor of Public Accounts (APA) in March 2021.
- The second case balance tested, totaling \$48, was outstanding since 2016. No further attempts were made to contact the individual to collect payment on the remaining balance of the case until brought to the Court's attention by the APA in March 2021.

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

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 County Court implement ongoing, timely review of its Overdue Case Account reports to ensure timely collection and/or resolution of overdue balances.

County Court's Response: The Judicial Branch does not have the financial and human resources to meet audit guidelines for segregation of duties in all county courts. To reduce the risk of improper transactions, court financial specialists regularly review records and provide assistance to county courts. While the Dawes County Court realizes that authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated activities; the reality is this is a 3-person office, which does not make that a possibility. The Court further realizes that the lack of personnel prohibiting the Court from having a proper internal control structure is based upon the size and caseload of Dawes County. The Court recognizes that it would not be a financially sound decision for the Supreme Court to add more personnel and this area of concern has not changed, nor is it likely to change in the foreseeable future.

DAWES COUNTY COURT

COMMENT AND RECOMMENDATION

(Concluded)

The Court has implemented timely review of the Overdue Case Account reports to ensure timely collection and/or resolution of overdue balances. The Clerk Magistrate will review these reports at the beginning of each month and take corrective action to collect or resolve the overdue balances in a timely manner.

The current personnel strive to ensure all duties are completed accurately and in a timely manner.

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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DAWES COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Dawes County Court
Chadron, Nebraska 69337

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Dawes County Court as of and for the calendar years ending December 31, 2019, and December 31, 2020. 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, 2019, and December 31, 2020, 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 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. Janssen", with a long horizontal flourish extending to the right.

April 7, 2021

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

DAWES COUNTY COURT
CHADRON, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS

For the Calendar Year Ended December 31, 2020

	Balance January 1, 2020	Additions	Deductions	Balance December 31, 2020
ASSETS				
Cash and Deposits	\$ 32,544	\$ 265,841	\$ 246,135	\$ 52,250
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 2,280	\$ 31,560	\$ 30,409	\$ 3,431
Law Enforcement Fees	291	3,030	3,063	258
State Judges Retirement Fund	1,379	14,709	14,765	1,323
Court Administrative Fees	1,402	14,653	14,872	1,183
Legal Services Fees	1,150	11,512	11,618	1,044
Due to County Treasurer:				
Regular Fines	7,351	71,096	71,400	7,047
Overload Fines	-	175	175	-
Regular Fees	467	4,995	4,896	566
Petty Cash Fund	225	-	-	225
Municipality Fines	800	11,505	11,770	535
Due to Municipalities:				
Regular Fees	-	1,434	1,367	67
Trust Fund Payable	17,199	101,172	81,800	36,571
Total Liabilities	\$ 32,544	\$ 265,841	\$ 246,135	\$ 52,250

The accompanying notes are an integral part of the schedule.

DAWES COUNTY COURT
CHADRON, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS

For the Calendar Year Ended December 31, 2019

	Balance January 1, 2019	Additions	Deductions	Balance December 31, 2019
ASSETS				
Cash and Deposits	\$ 48,912	\$ 238,059	\$ 254,427	\$ 32,544
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 2,420	\$ 30,095	\$ 30,235	\$ 2,280
Law Enforcement Fees	336	3,316	3,361	291
State Judges Retirement Fund	1,750	15,261	15,632	1,379
Court Administrative Fees	1,765	18,001	18,364	1,402
Legal Services Fees	1,211	12,018	12,079	1,150
Due to County Treasurer:				
Regular Fines	7,207	86,672	86,528	7,351
Overload Fines	-	225	225	-
Regular Fees	19	5,160	4,712	467
Petty Cash Fund	225	-	-	225
Municipality Fines	538	8,455	8,193	800
Due to Municipalities:				
Regular Fees	50	1,467	1,517	-
Trust Fund Payable	33,391	57,389	73,581	17,199
Total Liabilities	\$ 48,912	\$ 238,059	\$ 254,427	\$ 32,544

The accompanying notes are an integral part of the schedule.

DAWES COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

For the Calendar Years Ending December 31, 2019, and December 31, 2020

1. Criteria

A. Reporting Entity

The Dawes 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 Dawes 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.