

**ATTESTATION REPORT
OF
DAWSON COUNTY COURT**

JANUARY 1, 2019, THROUGH DECEMBER 31, 2020

**This document is an official public record of the State of Nebraska, issued by
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original
document and may be prohibited by law.**

Issued on April 28, 2021

DAWSON COUNTY COURT

TABLE OF CONTENTS

	<u>Page</u>
<u>Comments Section</u>	
Summary of Comments	1
Comments and Recommendations	2 - 4
<u>Financial Section</u>	
Independent Accountant's Report	5 - 6
Financial Schedules:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Calendar Year Ended December 31, 2020	7
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Calendar Year Ended December 31, 2019	8
Notes to Financial Schedules	9

DAWSON COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Dawson 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*: 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. ***Monthly Case Balances:*** The County Court did not report and remit trust balances to the State Treasurer that were over three years old, as required by State statute.
3. ***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.

DAWSON 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. We have included this comment in previous examinations.

Additionally, the following errors were noted:

- One receipt was missing from the manual receipt book and the County Court could not provide a reason or explanation for the missing receipt.
- One non-monetary receipt waived incorrectly \$40 of restitution.
- The County Court did not properly enter \$111 of subpoena fees as due and subsequently did not waive them when they were sat out in jail for one case tested.

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 all manual receipts be maintained and all costs and receipts be entered timely and appropriately.

Clerk Magistrate's Response: The Judicial Branch does not have the financial and human resources to meet audit guidelines for segregation of duties in all courts. To reduce the risk of improper transactions, court financial specialists regularly review records and provide assistance to county courts. As the Clerk Magistrate, I have the ability to perform all phases of a transaction from beginning to end but the need to do this is ONLY limited to those times when I have a staff shortage/vacancy.

- a. The emergency receipt book procedure has been reviewed and staff has been made aware of the missing receipt. In the future, if a receipt is to be voided it MUST NOT be removed from the book and documentation will be made as to why the receipt was not issued.*
- b. The financial clerk and I have reviewed procedure to make sure restitution is never waived.*
- c. These fees were discussed with Judge Wightman and to the best of our knowledge they were added to the Journal Entry and Order in two places and then not appropriately addressed and corrected.*

2. Monthly Case Balances

During review of the Monthly Case Balance Report and the Non-Case Receipt Report, we noted the following:

- Four case balances, totaling \$841, were outstanding for over three years and were to be remitted to the State Treasurer by November 1, 2019, but were not remitted until September 2020.

DAWSON COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

2. Monthly Case Balances (Concluded)

- Three cases with restitution balances, totaling \$1,612, as of December 31, 2020, were not remitted to the appropriate party in a timely manner. One case balance of \$384 had payments received from January 2018 through February 2018, the second case balance of \$109 had payments received from November 2017 through December 2017, and the third case balance of \$1,119 had the payment received in December 2017.
- One receipt for \$675 was received on November 15, 2019, but was not applied to the case until June 17, 2020.
- One receipt for \$1,049 was received on September 9, 2019, but was not applied to fees and fines until February 18, 2020.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2018), which is found in the Uniform Disposition of Unclaimed Property Act, presumes intangible personal property held by a court and unclaimed for more than three years to be abandoned. Neb. Rev. Stat. § 69-1310 (Reissue 2018), requires any property presumed abandoned, as of June 30 each year, to be reported and remitted to the State Treasurer by November 1 annually.

Good internal controls require procedures to ensure that the County Court performs a detailed review of both the Monthly Case Balance Report and the Non-Case Receipt Report, taking action to resolve the balances listed in the former and, when possible, apply the receipts timely listed in the latter.

Without such procedures, there is an increased risk that funds received by the County Court will not be paid to the appropriate recipients or Unclaimed Property in a timely manner, or cases will incorrectly display overdue balances.

We recommend the implementation of procedures to ensure that the County Court performs a detailed review of both the Monthly Case Balance Report and the Non-Case Receipt Report, taking action to resolve the balances listed in the former and, when possible, apply the receipts listed in the latter. We also recommend the County Court work to remit promptly to the State Treasurer all property in its possession that is presumed abandoned, as required by State statute.

Clerk Magistrate's Response:

- a. The 2020 Unclaimed Property Report has remitted all balances due in 2019 that were not previously remitted with check number #54532.*
- b. These cases were found to have a hold marked in Justice that did not allow for money to be paid out. In working with the Help Desk this matter was addressed and the hold has been removed and the money dispersed to the correct parties.*
- c. Balance reports will be reviewed more thoroughly to make sure we are applying/adjusting funds timely.*
- d. Balance reports will be reviewed more thoroughly to make sure we are applying/adjusting funds timely.*

3. Overdue Balances

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

DAWSON COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

3. Overdue Balances (Concluded)

During testing of nine overdue balances, seven, totaling \$607, did not have subsequent action taken by the County Court to ensure collection and/or resolution of the balances, such as the issuance of warrants and/or suspensions or declaration of certain overdue balances as uncollectible. Additionally, two of the balances had been previously ordered as waived.

As of February 26, 2021, overdue balances, excluding restitution judgments, totaled \$78,757.

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

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

Clerk Magistrate's Response: The Clerk Magistrate has outlined a plan for the Financial Clerk to be working with the Sheriff's office to obtain new addresses of defendants where the current address has been either insufficient or produced returned mail. This procedure will hopefully assist in reaching those defendants that owe money in the form of fees/costs/restitution but also aid in returning refunds to parties before being turned over to unclaimed property.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

DAWSON COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Dawson County Court
Lexington, Nebraska 68850

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Dawson 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 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.

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

April 26, 2021

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

DAWSON COUNTY COURT
LEXINGTON, 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	\$ 96,873	\$ 1,051,809	\$ 954,282	\$ 194,400
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 8,967	\$ 113,061	\$ 110,743	\$ 11,285
Law Enforcement Fees	686	9,159	9,076	769
State Judges Retirement Fund	3,779	48,789	48,395	4,173
Court Administrative Fees	4,905	61,421	61,753	4,573
Legal Services Fees	3,108	39,216	39,000	3,324
Due to County Treasurer:				
Regular Fines	24,880	238,952	245,068	18,764
Overload Fines	150	1,425	1,350	225
Regular Fees	290	15,054	13,458	1,886
Petty Cash Fund	250	-	-	250
Municipality Fines	550	3,145	3,460	235
Due to Municipalities:				
Regular Fees	240	1,909	1,855	294
Trust Fund Payable	49,068	519,678	420,124	148,622
Total Liabilities	\$ 96,873	\$ 1,051,809	\$ 954,282	\$ 194,400

The accompanying notes are an integral part of the schedule.

DAWSON COUNTY COURT
LEXINGTON, 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	\$ 257,680	\$ 1,128,835	\$ 1,289,642	\$ 96,873
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 12,320	\$ 148,006	\$ 151,359	\$ 8,967
Law Enforcement Fees	864	11,797	11,975	686
State Judges Retirement Fund	4,458	60,790	61,469	3,779
Court Administrative Fees	6,243	72,749	74,087	4,905
Legal Services Fees	3,605	49,176	49,673	3,108
Due to County Treasurer:				
Regular Fines	23,535	277,349	276,004	24,880
Overload Fines	100	16,275	16,225	150
Regular Fees	480	28,069	28,259	290
Petty Cash Fund	200	50	-	250
Municipality Fines	187	5,203	4,840	550
Due to Municipalities:				
Regular Fees	686	2,766	3,212	240
Trust Fund Payable	205,002	456,605	612,539	49,068
Total Liabilities	\$ 257,680	\$ 1,128,835	\$ 1,289,642	\$ 96,873

The accompanying notes are an integral part of the schedule.

DAWSON COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

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

1. Criteria

A. Reporting Entity

The Dawson 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 Dawson 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.