

**ATTESTATION REPORT
OF
DODGE COUNTY COURT**

JANUARY 1, 2020, THROUGH DECEMBER 31, 2021

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Issued on July 13, 2022

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DODGE COUNTY COURT

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DODGE COUNTY COURT

COMMENT AND RECOMMENDATION

During our examination of the Dodge 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. Additionally, staff could create and issue orders affixed with the Judge's signature in the JUSTICE (Judicial User System to Improve Court Efficiency) application without formal documentation to support that the Judge approved the order. That same staff had access to court receipts and were able to record non-monetary transactions (e.g., waiving fines) in JUSTICE.

The following errors were also noted:

- During testing of manual receipts, we noted that one such receipt, totaling \$750, was entered incorrectly into JUSTICE for \$795, instead of the listed \$750 amount. Additionally, the manual receipt stated \$50 of the balance received was for court costs; however, per review of the receipt in JUSTICE, the funds were applied to probation-related fees.
- During testing of case balances held, we noted that \$100 of 10% bond fees were received in September 2021; however, these fees were incorrectly entered into the system as a cash bond. Therefore, the balance was not remitted to the County Treasurer until four months later when the bond was ordered forfeit.
- During testing of investment activity, we noted that a deposit and a wire transfer out of \$368,242, related to a condemnation award in March 2020, were not documented adequately to ensure that the amount was sent to the correct bank account.

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.

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 Supreme Court implement procedures to ensure that each Judge's approval of orders is formally documented.

County Court's Response: Segregation of Duties is addressed by having the Financial Specialist assigned to our county by the State, check our financials monthly. We have deleted the bookkeeper from signing checks. He can only write them which was suppose to help the segregation of duties.

DODGE COUNTY COURT

COMMENT AND RECOMMENDATION

(Concluded)

Error 1- A clerical error was made in the issuing of the receipt but it was applied correctly for the amounts that needed to be paid.

Error 2- A clerical error was made in receipting the 10% bond but adjusted once the bookkeeper did an audit of the bonds.

Error 3 - The Court contacted the State Justice BA's for help in knowing the procedure of doing a wire transfer of funds. We were instructed by the State on how to do this transaction and we were never told that we needed anything in writing from the condemnee. We got the information from the condemnee's attorney and have that information written down with the name of the attorney requesting the transaction along with a phone number and the bank statements show all the transactions made for their request.

I feel our court does a great job overall and am proud of the staff I have.

APA Response: The Court could not provide documentation that the account number used for the transaction was provided by the condemnee such as a document with the condemnee's signature.

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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DODGE COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Dodge County Court
Fremont, Nebraska 68025

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Dodge County Court as of and for the calendar years ending December 31, 2020, and December 31, 2021. The County Court's management is responsible for the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions 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 plan and perform the examination to obtain reasonable assurance about whether the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions 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 of Changes in Assets and Liabilities Arising from Cash Transactions, 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions for the calendar years ending December 31, 2020, and December 31, 2021, 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; noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions; fraud that is material, either quantitatively or qualitatively, to 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. 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 of Changes in Assets and Liabilities Arising from Cash Transactions 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 of Changes in Assets and Liabilities Arising from Cash Transactions 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 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.

July 8, 2022

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

DODGE COUNTY COURT
 FREMONT, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
CUSTODIAL FUNDS

For the Calendar Year Ended December 31, 2021

	Balance January 1, 2021	Additions	Deductions	Balance December 31, 2021
ASSETS				
Cash and Deposits	\$ 355,022	\$ 2,069,389	\$ 2,018,416	\$ 405,995
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 13,504	\$ 181,536	\$ 173,615	\$ 21,425
Law Enforcement Fees	1,070	14,454	14,572	952
State Judges Retirement Fund	5,335	73,417	73,175	5,577
Court Administrative Fees	9,996	138,663	139,022	9,637
Legal Services Fees	4,394	55,608	56,223	3,779
Due to County Treasurer:				
Regular Fines	31,537	420,514	422,160	29,891
Overload Fines	75	22,650	20,625	2,100
Regular Fees	10,076	97,654	102,915	4,815
Petty Cash Fund	300	-	-	300
Municipality Fines	490	7,140	7,405	225
Due to Municipalities:				
Regular Fees	-	155	155	-
Trust Fund Payable	278,245	1,057,598	1,008,549	327,294
Total Liabilities	\$ 355,022	\$ 2,069,389	\$ 2,018,416	\$ 405,995

The accompanying notes are an integral part of the schedule.

DODGE COUNTY COURT
 FREMONT, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
CUSTODIAL FUNDS

For the Calendar Year Ended December 31, 2020

	Balance January 1, 2020	Additions	Deductions	Balance December 31, 2020
ASSETS				
Cash and Deposits	\$ 275,217	\$ 2,429,099	\$ 2,349,294	\$ 355,022
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 12,318	\$ 143,722	\$ 142,536	\$ 13,504
Law Enforcement Fees	969	11,794	11,693	1,070
State Judges Retirement Fund	4,976	58,131	57,772	5,335
Court Administrative Fees	7,403	125,741	123,148	9,996
Legal Services Fees	3,958	47,517	47,081	4,394
Due to County Treasurer:				
Regular Fines	25,195	346,244	339,902	31,537
Overload Fines	2,325	28,760	31,010	75
Regular Fees	6,245	105,772	101,941	10,076
Petty Cash Fund	300	-	-	300
Municipality Fines	-	6,326	5,836	490
Due to Municipalities:				
Regular Fees	25	75	100	-
Trust Fund Payable	211,503	1,555,017	1,488,275	278,245
Total Liabilities	\$ 275,217	\$ 2,429,099	\$ 2,349,294	\$ 355,022

The accompanying notes are an integral part of the schedule.

DODGE COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

For the Calendar Years Ending December 31, 2020, and December 31, 2021

1. Criteria

A. Reporting Entity

The Dodge 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 Custodial 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 Dodge County.

B. Basis of Accounting

The accounting records of the County Court Custodial 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.