

**ATTESTATION REPORT
OF
DAWSON COUNTY COURT**

JANUARY 1, 2021, THROUGH DECEMBER 31, 2022

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DAWSON COUNTY COURT

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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*: Comments #2 (“Monthly Case Balances”) and #3 (“Overdue Balances”), which are considered to be significant deficiencies, and 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 adequately review and take corrective action to resolve issues on the Monthly Case Balance Report.
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, 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. We further noted that Dawson County Court access had also been given to seven other Clerk Magistrates who were not employees of the Dawson County Court.

The following errors were noted:

- The County Court did not adequately review claims showing a balance remaining to be collected from the County or City in the accounting system. Specifically, we noted five claims, totaling \$185, with dates ranging from June 2022, to December 2022, that still showed a balance remaining to be collected as of fieldwork in April 2023. Additionally, one of these claims for \$51 was adequately paid by the County, but the Court decided to apply the money to two other cases instead of the case the claim was for.
- The County Court receipted a \$225 bond in August 2021; however, the receipt had not been applied to the applicable case as of December 31, 2021. The bond appears to have been applied in March 2022.
- A former Court employee who retired in October 2022 was not removed as an authorized signer on the County Court bank account as of audit fieldwork in April 2023.

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 Response: The Dawson County Court does have in practice procedures that do not allow any one person to be capable of handling all aspects of processing transaction from beginning to end. As Clerk Magistrate, I have access/ability to all the steps involved in a financial transaction, but I do NOT participate in all parts of a transaction. My financial involvement is very limited as I have enough staff to meet the Court's needs. For example, on a day where I need to do the adjusting as staff is out then on those days I would not receipt in money. If I would have a day that I need to receipt in money then I would not adjust receipts.

All Clerk Magistrates have access to all courts within the 11th Judicial District to assist in providing coverage when people are out of the office as several of our county courts in the 11th Judicial District have only one staff member.

All outstanding claims were re-submitted to the owing party and to this date all but one has been paid.

DAWSON COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

2. Monthly Case Balances

During testing of 21 balances on the Monthly Case Balance Report, 7, totaling \$2,689, lacked adequate action by the County Court to ensure proper and timely resolution of the balances. The details of those balances held are provided as follows:

- Two case balances, totaling \$1,125, were ordered forfeited in April 2021, and one case balance of \$225 was ordered forfeited in August 2021; however, the bonds were not forfeited until January 2022.
- One case balance was a \$1,000 bond that was requested to be held in August 2020 due to an appeal and resolution from the related District Court case; however, there has been no follow-up on the balance.
- One case balance of \$149, received in June 2019, was due to a partial payment towards the amount owed. An additional charge was added in July 2019, and no activity was performed on the case until a warrant was issued in July 2020. There has been no subsequent follow-up on the case.
- One case balance of \$100 was the result of payment towards the balance due amount of \$449. The County Attorney requested to leave this case open in January 2020, and the Court has not applied this amount to fines or costs and no follow-up has been performed on the case since then.
- One case held a bond balance of \$90 that was owed back to the defendant upon the closure of the case in September 2022; however, the amount was still held by the Court as of audit fieldwork in April 2023.

Additionally, during other testing, we noted the following two case balance issues:

- One case balance of \$450, was ordered applied to fines and costs in June 2020; however, only \$368 of the balance was applied, with the remaining \$82 being held by the Court until it was refunded to the defendant in September 2020.
- One case balance of \$180 consisted of the remainder of a bond held and should have been refunded in January 2023; however, the Court did not refund the balance held until the end of March 2023.

Good internal controls require the Court to have procedures for an ongoing, detailed review of monthly financial reports, including the Monthly Case Balance Report.

Without such procedures, there is an increased risk of errors, omissions, and/or irregularities not being detected and resolved in a timely manner.

A similar finding was included in the last two examinations.

We recommend the County Court implement procedures for an ongoing, detailed review of the Monthly Case Balance Report and resolve the balances therein in a complete, accurate, and timely manner.

County Court Response: During the beginning of this audit timeframe bond forfeitures were not done on a routine basis. Starting in 2022 bond forfeiture hearings have been held more regularly and bond money adjusted accordingly. On cases where there is no plea of guilty but there is a payment the money sits on the case until the plea of guilty is entered and the money is then applied. There are times where defendants make a partial payment without a plea or the County Attorney files a different charge than what the defendant was cited for. In some cases a warrant is issued but the money still can not be applied until the case is closed.

DAWSON COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

2. **Monthly Case Balances**

When Judge Wightman orders \$ for \$ credit to the fine on probation cases we do not apply the bond to the fine until we have received all the \$ for the \$ credit from probation or until probation tells us that the bond can be used for the fine as the defendant is not eligible for \$ for \$ credit. When this happens the bond money is applied to what it can be and then the remainder held until either probation is completed and refunded or until \$ for \$ has all been applied and the remaining bond is then applied/adjusted to the case.

APA Response: In instances where the Court is holding amounts for an extended period of time prior to them being applied, we recommend the Court regularly review and follow-up on these balances so they are resolved in a timely manner.

3. **Overdue Balances**

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

During testing of 11 overdue balances, 9, totaling \$2,084, did not have subsequent action taken by the County Court, such as the issuance of warrants and/or suspensions or declaration of certain overdue balances as uncollectible, to ensure collection and/or resolution of the balances.

As of February 28, 2023, overdue balances, excluding restitution judgments, totaled \$99,063.

During testing, the following was noted:

- One overdue case balance of \$1,110, assessed in February 2021, was incorrect. A March 2021 order noted that the defendant should receive a \$750 credit for jail time served; however, the credit was never applied to the case. Additionally, the case had not been followed up on except for one notice of payment due sent in August 2022.
- One overdue case balance of \$438, which consisted of amounts assessed in June and November 2021; had not been followed up on except for one notice of payment due that was sent in August 2022.
- One overdue case balance of \$203 was assessed in February 2019. The Court has not followed up on the case except for one notice of payment due sent in August 2022.
- One overdue case balance of \$150 was assessed in June 2018. The Court has not followed up on the case except for one notice of payment due sent in August 2021 and one sent in August 2022.
- Two overdue case balances, totaling \$98, were initially assessed in October 2016 and March 2017. The Court sent correspondence in August 2017 and March 2018, respectively, to collect the balances; however, no further action has been taken since then to resolve these balances
- One overdue case balance of \$17 was initially assessed in November 2017; however, the balance should have been waived in June 2022.
- One overdue case balance of \$17, assessed in June 2019, has had no follow-up performed since August 2022.

DAWSON COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

3. Overdue Balances (Concluded)

- One overdue case balance, totaling \$51, was assessed in September 2020. The defendant had previously served jail time in August 2020 towards the amount due; however, this was not reflected by the Court towards the balance owed until February 2022.

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

A similar finding was included in the last two examinations.

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

County Court Response: A plan was implemented after our last audit to address this report more timely. The Dawson County Court overdue balances reports are rather lengthy and takes time to review and research. Progress has been made and the list is being monitored. We have been collecting some fees/restitution that have been overdue. We have been sending correspondence on cases but when mail is returned and no further addresses can be located, we will now provide notes in the Justice system that no new address can be found.

We have not been pursuing those cases that have active warrants on them for failure to pay. Nor have we pursued those cases with outstanding balances that are in suspension status.

In those cases that were included on our report where balances were held, now have the correct documentation and balances have been applied and/or adjusted.



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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, 2021, and December 31, 2022. 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 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, 2021, and December 31, 2022, 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 certain findings that are required to be reported under *Government Auditing Standards*, and those findings, along with the views of management, are 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.

June 2, 2023



Mike Foley
Auditor of Public Accounts
Lincoln, Nebraska

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

For the Calendar Year Ended December 31, 2022

	Balance January 1, 2022	Additions	Deductions	Balance December 31, 2022
ASSETS				
Cash and Deposits	\$ 130,175	\$ 1,204,913	\$ 1,161,336	\$ 173,752
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 7,561	\$ 115,700	\$ 115,635	\$ 7,626
Law Enforcement Fees	640	8,945	8,918	667
State Judges Retirement Fund	4,509	58,612	58,300	4,821
Court Administrative Fees	5,902	55,681	57,918	3,665
Legal Services Fees	3,011	37,565	37,693	2,883
Due to County Treasurer:				
Regular Fines	11,427	232,057	226,270	17,214
Overload Fines	-	1,900	1,900	-
Regular Fees	412	55,617	55,415	614
Petty Cash Fund	250	-	-	250
Municipality Fines	350	5,804	5,330	824
Due to Municipalities:				
Regular Fees	95	1,880	1,950	25
Trust Fund Payable	96,018	631,152	592,007	135,163
Total Liabilities	\$ 130,175	\$ 1,204,913	\$ 1,161,336	\$ 173,752

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
CUSTODIAL FUNDS

For the Calendar Year Ended December 31, 2021

	Balance January 1, 2021	Additions	Deductions	Balance December 31, 2021
ASSETS				
Cash and Deposits	\$ 194,400	\$ 1,213,326	\$ 1,277,551	\$ 130,175
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 11,285	\$ 132,930	\$ 136,654	\$ 7,561
Law Enforcement Fees	769	9,110	9,239	640
State Judges Retirement Fund	4,173	53,377	53,041	4,509
Court Administrative Fees	4,573	69,196	67,867	5,902
Legal Services Fees	3,324	39,627	39,940	3,011
Due to County Treasurer:				
Regular Fines	18,764	226,543	233,880	11,427
Overload Fines	225	3,075	3,300	-
Regular Fees	1,886	11,170	12,644	412
Petty Cash Fund	250	-	-	250
Municipality Fines	235	5,255	5,140	350
Due to Municipalities:				
Regular Fees	294	3,548	3,747	95
Trust Fund Payable	148,622	659,495	712,099	96,018
Total Liabilities	\$ 194,400	\$ 1,213,326	\$ 1,277,551	\$ 130,175

The accompanying notes are an integral part of the schedule.

DAWSON COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

For the Calendar Years Ending December 31, 2021, and December 31, 2022

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 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 Dawson 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.