

**ATTESTATION REPORT
OF
DAKOTA COUNTY COURT**

JANUARY 1, 2025, THROUGH DECEMBER 31, 2025

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Issued on March 31, 2026

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DAKOTA COUNTY COURT

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DAKOTA COUNTY COURT

SUMMARY OF COMMENTS

During our examination of Dakota County Court (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 #3 (“Improper or Untimely Action Taken”), which is considered to be a significant deficiency, 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:*** County Court staff were capable of handling all phases of a transaction from beginning to end.
2. ***Unclaimed Property Procedures:*** The County Court did not report and remit trust balances to the State Treasurer for two amounts that were over three years old, as required by State statute.
3. ***Improper or Untimely Action Taken:*** For 17 transactions tested, the County Court failed to address in a timely manner the balances held or due, maintain adequate supporting documentation, or act in accordance with relevant State statutes.

More detailed information on the above items is provided hereinafter. It should be noted that this report is critical in nature, containing only our comments and recommendations on the areas noted for improvement and does not include our observations of any strengths of the County Court.

Draft copies of this report were furnished to the County Court to provide management with an opportunity to review and to respond to the comments and recommendations contained herein. All formal responses received have been incorporated into this report. Responses have been objectively evaluated and recognized as appropriate in this report. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next examination.

DAKOTA COUNTY COURT

COMMENTS AND RECOMMENDATIONS

1. Segregation of Duties

The Judicial User System to Improve Court Efficiency (JUSTICE) application is the Supreme Court's case and financial management system for Nebraska trial courts.

The office of the Dakota County Court (County Court) and the JUSTICE application lacked a sufficient segregation of duties, as one person could handle all aspects of processing transactions from beginning to end.

The JUSTICE system contains an inherent lack of segregation of duties within the "Administrator," "Supervisor," and "Financial" user classes. These user classes are able to complete, at least, the following tasks in JUSTICE: 1) issue, adjust, and void receipts, including non-monetary receipts; 2) issue, adjust, reprint, and void checks; 3) enter citations and court orders; 4) change the dates that checks clear the bank; 5) adjust funds from one account to another on a receipt; and 6) adjust funds from one account to another on a check. Staff assigned to these user roles also have physical access to the cash and checks in the office.

Furthermore, within JUSTICE is a module, DOCKET, used to issue court orders affixed with the Judge's signature. The "Judge Staff" role in JUSTICE granted users the ability to create and issue Judge-signed court orders through DOCKET and was assigned to 10 users of the County Court who were not Judges. As a result, these users were able to create and issue orders affixed with the Judge's signature without formal documentation to support the Judge's approval of the order. Of those 10 users, we noted that this access had been given to four State employees who were not employees of the Supreme Court.

We noted three users with the "Judge Staff" role of the County Court who also have access to court receipts, which would allow them to record non-monetary transactions (e.g., waiving fines) in JUSTICE. Access to both the Judge's signature and court receipts significantly increases the risk of improper transactions, as one individual would be able to collect cash, record a non-monetary receipt in the system, create an authorization signed by the Judge to waive the fee, and not deposit the cash.

A proper system of internal control includes a plan of organization, procedures, and documentation designed to safeguard assets and provide reliable financial records. Such system of internal controls should include a proper segregation of duties, so no one individual is capable of handling all phases of a transaction from beginning to end. Further, a proper system of internal controls includes: 1) procedures to ensure system access is limited, being granted only to appropriate individuals, and documentation is properly approved and maintained for such access; and 2) court orders affixed with a Judge's signature by someone other than the Judge have formal documentation to support the Judge's approval of the order, and such documentation is maintained for subsequent review.

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 noted this issue in previous attestations.

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. Where reasonably possible, the Nebraska State Court Administrator should work with the County Court to ensure adequate segregation of duties, as well as limit system access and ensure that such access is granted only to appropriate individuals. We also recommend the Nebraska State Court Administrator implement procedures to ensure that court orders affixed with a Judge's signature by someone other than the Judge have formal documentation to support the Judge's approval of the order, and such documentation is maintained for subsequent review.

DAKOTA COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

1. **Segregation of Duties** (Concluded)

County Court's Response:

Segregation of Duties. The Administrative Office of the Courts and Probation (AOC) accepts that there is a risk from one person having the authority to initiate and complete the financial transactions. To reduce the risk of improper transactions, court financial specialists review court records and provide assistance to county courts if there are discrepancies. However, the Judicial Branch does not have the financial and human resources to mitigate all risks related to segregation of duties sufficient to meet current audit guidelines, as a result, in order to fulfill all statutory obligations, the AOC has determined that all clerk magistrates will have the authority to operate all financial functions of a Court.

2. **Unclaimed Property Procedures**

During testing, it was noted that outstanding checks held by the County Court were not followed up on properly, resulting in two of those checks, totaling \$157, being outstanding for over three years. Contrary to State statute, however, those checks were not remitted to the State Treasurer as abandoned property.

Per Neb. Rev. Stat. § 69-1307.01 (Reissue 2018), which is found in the Uniform Disposition of Unclaimed Property Act (Act), intangible personal property held by a court and unclaimed for more than three years is presumed to be abandoned.

Neb. Rev. Stat. § 69-1310 (Cum. Supp. 2024) of the Act requires any property presumed abandoned, as of June 30 each year, to be reported and remitted to the State Treasurer by November 1 annually.

We have noted this issue in the prior attestation.

We recommend the implementation of procedures to ensure all property presumed abandoned, including outstanding checks, is remitted timely to the State Treasurer, as required by State statute.

County Court's Response:

Unclaimed Property. The Court erred in not completing an Affidavit of Lost Check on an outstanding check that had not been cashed. The Court intended to contact the payee and reissue the check once the Affidavit was signed but did not do so.

The second check not paid in to unclaimed property was a traffic citation paid online to the wrong case. The Court tried returning the money to the correct defendant, but the check was returned as unable to deliver. When the receipt was adjusted to unclaimed property the original credit date was not entered. This caused a Justice computer system error, and the money is waiting to be paid out to unclaimed property in October of 2026.

3. **Improper or Untimely Action Taken**

We tested 17 transactions, totaling \$5,394, that were either not addressed in a timely manner, not adequately supported, or not handled in accordance with State statute, as follows:

- Seven criminal cases and one traffic case tested received payment of the non-waiverable fees from Dakota County; however, the reimbursement of these fees, totaling \$17 per case, by the defendants were not entered into the system, causing the amounts due on the cases to be understated. For four of the cases, the other fines and costs due were settled with time served in jail in-lieu of payment; however, the \$17 non-waiverable costs were ordered by the County Judge to be paid by the defendant in each respective case.

DAKOTA COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

3. **Improper or Untimely Action Taken** (Continued)

- Four criminal cases tested applied receipts, totaling \$841, to court costs or other fees before applying them to restitution owed.
- Two criminal cases tested applied bonds held to fines, totaling \$1,000; however, no support was on file to ensure the consent of the defendant prior to application of the bond.
- For one criminal case tested, the County Court failed to refund the bond held, totaling \$2,250, to the correct party. The bond was originally assigned to an individual on January 27, 2023, and then subsequently re-assigned to a new individual on March 10, 2023. The County Court incorrectly paid the bond to the original assignee instead of the updated assignee on the case.
- For one criminal case tested, the County Court failed to follow-up on both a bond held, totaling \$900, and restitution due, totaling \$250. The last action taken on the case was a request for payment made in October 2023.
- For one criminal case tested, the defendant sat out a portion of the fines and costs in jail; however, the County Court waived \$17 more than earned with time served.

Neb. Rev. Stat. § 29-2281(4) (Cum. Supp. 2024) states the following, in relevant part:

If, in addition to restitution, a defendant is ordered to pay fines and costs as part of the judgment and the defendant fails to pay the full amount owed, funds shall first be applied to a restitution obligation with the remainder applied towards fines and costs only when the restitution obligation is satisfied in full.

(Emphasis added.) Neb. Rev. Stat. § 29-2206(3) (Cum. Supp. 2024) states the following, in relevant part:

As an alternative to a lump-sum payment or as an alternative or in conjunction with installment payments, the court or magistrate may, with the consent of the offender, deduct fines from a bond posted by the offender to the extent that such bond is not otherwise encumbered by a valid lien, levy, execution, or assignment to counsel of record or the person who posted the bond.

(Emphasis added.) A proper system of internal control and sound accounting practices require procedures to ensure that the assessment of amounts ordered to be paid are appropriately added to each case, and proper action on balances held or due on cases is completed in a timely manner, appropriately documented, and in compliance with relevant State statutes.

Without such procedures, there is an increased risk of noncompliance with State statute and the loss or misuse of funds.

We have noted similar issues in the prior attestation.

We recommend the County Court implement procedures to ensure that amounts ordered to be paid are appropriately added to each case, and proper action on balances held or due on cases is completed in a timely manner, appropriately documented, and in compliance with relevant State statutes.

County Court's Response:

Improper or Untimely Action. (17)

Seven cases were where the Judge ordered a defendant to sit out or pay all fines and costs, but they had to pay the \$17.00 non-waiver able fees. The Court recognizes the issue and has changed our procedure to comply with the audit findings.

DAKOTA COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

3. **Improper or Untimely Action Taken** (Concluded)

Four cases applied money to Court costs or other fees, prior to Restitution. The Court did apply payments to the probation enrollment, monthly fees, and drug testing fees, prior to restitution as instructed under the Special Instructions for Receipting: Unless directed by Order of the Judge, per 29-2281 when probation is ordered, funds shall first be applied to the monthly probation fee and second to the restitution judgments, until paid in full, before fine, costs and other fees are paid. The Court followed those instructions. The Dakota County Jail collected a payment towards fines & costs that were to be sat out. The defendant was then released from custody. The Court applied the money towards the balance that was ordered to be sat out because he was no longer in custody and would not have enough time to satisfy his amount to be sat out. The Court will apply funds to restitution as directed.

Two cases were where the Bonds were applied without a bond assignment. The Court previously corrected this issue by requiring the defendant and assignee to sign a Bond Assignment prior to applying the bond.

One bond was paid out to original assignee and not to the second assignee. That was a Clerk error. The clerk will make sure all assignments are up to date and correct before issuing refunds.

One case was case a non-monetary receipt for jail credit error. The assistant clerk will make sure all returns are properly done with sufficient time. That was a clerk error.

One case was where the bond money was being held, and the defendant still owed restitution the Court issued an Order to Show Cause and no one appeared for that hearing. The Court issued a Contempt Warrant for that reason.

APA Response: Section 29-2281(4) does not contain a provision to apply receipts to monthly probation fees prior to restitution. We recommend the County Court work with the Administrative Office of the Courts and Probation to ensure the priority of such receipts is in compliance with State statute. Additionally, for the two cases where bonds were applied without an assignment, the previous corrective action noted by the County Court was not completed as the required bond assignments were not on file in the cases noted.



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DAKOTA COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Dakota County Court
Dakota City, Nebraska 68731

We have examined the accompanying Schedule of Changes in Assets and Liabilities Arising from Cash Transactions of the Dakota County Court as of and for the calendar year ending December 31, 2025. The County Court's management is responsible for the Schedule 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 Schedule 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 Schedule of Changes in Assets and Liabilities Arising from Cash Transactions is 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 Schedule 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 Schedule 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 Schedule of Changes in Assets and Liabilities Arising from Cash Transactions for the calendar year ending December 31, 2025, is 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 Schedule of Changes in Assets and Liabilities Arising from Cash Transactions; fraud that is material, either quantitatively or qualitatively, to 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. We performed our examination to express an opinion on whether the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Schedule 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.

Government Auditing Standards also require us to perform limited procedures on the Dakota County Court's response to the findings identified in the Comments and Recommendations section of the report. The Dakota County Court's responses were not subjected to the other procedures applied in the attestation of the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions and, accordingly, we express no opinion on the responses.

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.

Rachel Wittler

Rachel Wittler, CPA, CFE
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Mike Foley
Auditor of Public Accounts

March 30, 2026

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

For the Calendar Year Ended December 31, 2025

	Balance January 1, 2025	Additions	Deductions	Balance December 31, 2025
ASSETS				
Cash and Deposits	\$ 242,959	\$ 965,058	\$ 1,031,215	\$ 176,802
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 5,825	\$ 78,843	\$ 79,811	\$ 4,857
Law Enforcement Fees	619	7,298	7,419	498
State Judges Retirement Fund	4,185	53,454	53,569	4,070
Court Administrative Fees	3,687	61,573	60,621	4,639
Legal Services Fees	2,363	27,785	28,136	2,012
Due to County Treasurer:				
Regular Fines	21,691	314,263	311,337	24,617
Overload Fines	3,725	20,625	21,150	3,200
Regular Fees	3,142	84,580	86,730	992
Petty Cash Fund	150	-	-	150
Municipality Fines	300	2,763	2,763	300
Due to Municipalities:				
Regular Fees	35	432	467	-
Trust Fund Payable	197,237	313,442	379,212	131,467
Total Liabilities	\$ 242,959	\$ 965,058	\$ 1,031,215	\$ 176,802

The accompanying notes are an integral part of the Schedule.

DAKOTA COUNTY COURT
NOTES TO FINANCIAL SCHEDULE
For the Calendar Year Ending December 31, 2025

1. Criteria

A. Reporting Entity

The Dakota 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 Schedule of Changes in Assets and Liabilities Arising from Cash Transactions of the County Court reflects 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 Schedule does 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 Dakota County.

B. Basis of Accounting

The accounting records of the County Court Custodial Funds are maintained, and the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions has 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.