

**ATTESTATION REPORT  
OF  
DAWSON COUNTY COURT  
JULY 1, 2008 THROUGH JUNE 30, 2010**

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**Issued on June 14, 2011**

# DAWSON COUNTY COURT

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# DAWSON COUNTY COURT

## COMMENT AND RECOMMENDATION

During our examination of Dawson County Court, we noted a certain matter involving the internal control over financial reporting that is presented here. The comment and recommendation is intended to improve the internal control over financial reporting in the following area:

### **Segregation of Duties**

Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A system of internal control should include proper segregation of duties so no one individual is capable of handling all phases of a transaction from beginning to end.

We noted the office of the County Court had a lack of 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 is not 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 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.

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 them an opportunity to review the report and to respond to the comment and recommendation included in this report. The County Court declined to respond.

We appreciate the cooperation and courtesy extended to our auditors during the course of the examination.



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### DAWSON COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of Dawson County Court as of and for the fiscal years ended June 30, 2010, and June 30, 2009. The County Court's management is responsible for the Schedules. Our responsibility is to express an opinion 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 and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Schedules referred to above present, in all material respects, the assets and liabilities arising from cash transactions of the Agency Funds of Dawson County Court as of June 30, 2010, and June 30, 2009, and the related activity for the fiscal years then ended, based on the accounting system and procedures prescribed by the Nebraska Supreme Court as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2011, on our consideration of Dawson County Court's internal control over financial reporting (internal control) and our tests of its compliance with certain provisions of laws, regulations, and other matters. The purpose of that report is to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the internal control or on compliance. That report is an integral part of an attestation engagement performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our examination.

This report is intended solely for the information and use of management, the Supreme Court, others within the County Court, and the appropriate Federal and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

Signed Original on File

June 8, 2011

Deann Haeffner, CPA  
Assistant Deputy Auditor

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

For the Fiscal Year Ended June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>ASSETS</b>				
Cash and Deposits	\$ 152,277	\$ 2,179,304	\$ 2,195,655	\$ 135,926
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 16,903	\$ 179,136	\$ 180,980	\$ 15,059
Law Enforcement Fees	1,097	15,744	15,256	1,585
State Judges Retirement Fund	4,747	60,241	59,374	5,614
Court Administrative Fees	7,138	107,460	104,738	9,860
Legal Services Fees	5,734	65,441	65,251	5,924
Due to County Treasurer:				
Regular Fines	28,788	334,547	336,146	27,189
Overload Fines	2,650	29,477	30,602	1,525
Regular Fees	3,303	52,838	52,572	3,569
Due to Municipalities:				
Regular Fines	525	5,082	5,132	475
Regular Fees	559	7,488	7,075	972
Trust Fund Payable	80,833	1,321,850	1,338,529	64,154
Total Liabilities	<u>\$ 152,277</u>	<u>\$ 2,179,304</u>	<u>\$ 2,195,655</u>	<u>\$ 135,926</u>

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 Fiscal Year Ended June 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
<b>ASSETS</b>				
Cash and Deposits	\$ 145,595	\$ 1,330,059	\$ 1,323,377	\$ 152,277
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 15,435	\$ 199,800	\$ 198,332	\$ 16,903
Law Enforcement Fees	1,104	13,649	13,656	1,097
State Judges Retirement Fund	4,804	58,590	58,647	4,747
Court Administrative Fees	8,913	96,365	98,140	7,138
Legal Services Fees	5,685	69,998	69,949	5,734
Due to County Treasurer:				
Regular Fines	27,390	355,634	354,236	28,788
Overload Fines	325	31,450	29,125	2,650
Regular Fees	3,805	50,605	51,107	3,303
Due to Municipalities:				
Regular Fines	495	5,759	5,729	525
Regular Fees	200	5,922	5,563	559
Trust Fund Payable	<u>77,439</u>	<u>442,287</u>	<u>438,893</u>	<u>80,833</u>
Total Liabilities	<u>\$ 145,595</u>	<u>\$ 1,330,059</u>	<u>\$ 1,323,377</u>	<u>\$ 152,277</u>

The accompanying notes are an integral part of the schedule.

**DAWSON COUNTY COURT**  
**NOTES TO FINANCIAL SCHEDULES**  
For the Fiscal Years Ended June 30, 2010, and June 30, 2009

**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; 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. Likewise, disbursements are shown as deductions to assets and 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 2008). 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 2009) to be secured either by a surety bond or as provided in the Public Funds Deposit Security Act.





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### DAWSON COUNTY COURT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN EXAMINATION OF THE FINANCIAL SCHEDULES PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have examined the accompanying Schedules of Dawson County Court as of and for the years ended June 30, 2010, and June 30, 2009, and have issued our report thereon dated June 8, 2011. We conducted our examination 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.

#### Internal Control Over Financial Reporting

In planning and performing our examination, we considered Dawson County Court's internal control over financial reporting (internal control) as a basis for designing our procedures for the purpose of expressing our opinion on the Schedules, but not for the purpose of expressing an opinion on the effectiveness of the County Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the County Court's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's Schedules will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency described in the Comments Section of the report to be a material weakness: Segregation of Duties.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dawson County Court's financial schedule is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our examination, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Supreme Court, others within the County Court, and the appropriate Federal and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

June 8, 2011

Signed Original on File

Deann Haeffner, CPA  
Assistant Deputy Auditor