

**ATTESTATION REPORT
OF
DOUGLAS COUNTY COURT
JULY 1, 2012 THROUGH JUNE 30, 2013**

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Issued on June 4, 2014

DOUGLAS COUNTY COURT

TABLE OF CONTENTS

	<u>Page</u>
<u>Comments Section</u>	
Summary of Comments	1
Comments and Recommendations	2 - 3
<u>Financial Section</u>	
Independent Accountant's Report	4 - 5
Financial Schedule:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Fiscal Year Ended June 30, 2013	6
Notes to Financial Schedule	7

DOUGLAS COUNTY COURT

SUMMARY OF COMMENTS

During our examination of Douglas County Court, we noted certain deficiencies and other operational matters that are presented here.

These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

1. **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.
2. **Trust Balances:** Deficiencies continue to be noted in the County Court's handling and/or resolution of trust balances held at fiscal year end.

More detailed information on the above items is provided hereafter. 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. Where no response has been included, the County Court declined to respond. 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.

DOUGLAS COUNTY COURT

COMMENTS AND RECOMMENDATIONS

1. 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.

During testing of 30 overdue balances, 25, totaling \$3,384, 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. As of April 29, 2014, overdue balances, excluding restitution judgments, totaled \$3,147,814. As of April 6, 2013, overdue balances, excluding restitution, totaled \$3,422,118 – a decrease of \$274,304 or 8%

Without regular review of overdue case balances, there is an increased risk overdue balances may 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.

County Court's Response: Staff has been working on the overdue balances report. There was an 8% decrease this audit period and staff has been diligently working on the report since the Fall of 2013 so we expect to see a continued reduction in the overdue balances.

2. Trust Balances

During testing of the June 30, 2013, trust balances held by the County Court, the following was noted:

- Three civil cases with balances totaling \$7,463 had balances that were not current. Two of the balances totaling \$6,668 were not in compliance with the Unclaimed Property Act.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2009) of the Uniform Disposition of Unclaimed Property Act (Act) provides, in relevant part, that “intangible personal property held for the owner by any court . . . that has remained unclaimed by the owner for more than three years is presumed abandoned.” Neb. Rev. Stat § 69-1310 (Reissue 2009) requires that, as of June 30, any property presumed abandoned under the Act must be reported and remitted to the State Treasurer before November 1 of that same year.

Without adequate controls in place to ensure the complete, accurate, and timely resolution of trust balances, there is an increased risk of loss, theft, misuse, or improper payment of monies held by the County Court. This issue has also been reported in the prior five audits.

DOUGLAS COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

2. Trust Balances (Concluded)

We recommend the County Court implement procedures to ensure trust balances are reviewed timely for completeness, accuracy, and proper disposition.

County Court's Response: The civil balances mentioned in the comments and recommendations have been handled in this manner:

In case #CI 10 6552, a check in the amount of \$795.32 was sent to the defendant at the most recent address on May 1, 2014. This was done because there had never been an attempt to remit it previously.

In case #CI 07 5329, a check in the amount of \$1,574.00 was mailed to the defendant at the most recent address on May 1, 2014. This was done because there had never been an attempt to remit it previously. This check has been cashed and cleared at our bank.

In case #CI 09 12822, a check in the amount of \$668.98 was sent to a condemnee on April 30, 2014 by certified mail. A check in the amount of \$2,350.00 was sent to condemnee on April 30, 2014. It was returned to the court on May 13, 2014 and was put into Unclaimed Property to be remitted to the State Treasurer in November. Having no address for a condemnee, \$2,074.84 was put into Unclaimed Property on April 29, 2014, and will be remitted to the State Treasurer in November.

Management and staff will review all balances associated with trust balance reports generated through JUSTICE.



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DOUGLAS COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedule of Changes in Assets and Liabilities Arising from Cash Transactions of the Douglas County Court as of and for the fiscal year ended June 30, 2013. The County Court's management is responsible for the Schedule. 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 Schedule 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 Schedule referred to above presents, in all material respects, the assets and liabilities arising from cash transactions of the Agency Funds of the Douglas County Court, as of June 30, 2013, and the related activity for the fiscal year 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 are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Schedule and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Schedule 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 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.

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, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

April 30, 2014


Deann Haeffner, CPA
Assistant Deputy Auditor

DOUGLAS COUNTY COURT
OMAHA, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
ASSETS				
Cash and Deposits	\$ 2,273,183	\$ 20,419,723	\$ 20,354,190	\$ 2,338,716
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 58,905	\$ 2,231,204	\$ 2,230,715	\$ 59,394
Law Enforcement Fees	3,869	229,378	230,145	3,102
State Judges Retirement Fund	13,683	792,255	795,599	10,339
Court Administrative Fees	20,942	1,335,257	1,339,516	16,683
Legal Services Fees	13,111	785,987	788,138	10,960
Due to County Treasurer:				
Regular Fines	66,021	3,973,133	3,984,803	54,351
Overload Fines	3,625	51,600	55,050	175
Regular Fees	2,658	147,536	147,408	2,786
Due to Municipalities:				
Regular Fines	21,194	1,765,833	1,759,940	27,087
Regular Fees	9,680	129,005	131,588	7,097
Trust Fund Payable	<u>2,059,495</u>	<u>8,978,535</u>	<u>8,891,288</u>	<u>2,146,742</u>
Total Liabilities	<u>\$ 2,273,183</u>	<u>\$ 20,419,723</u>	<u>\$ 20,354,190</u>	<u>\$ 2,338,716</u>

The accompanying notes are an integral part of the schedule.

DOUGLAS COUNTY COURT
NOTES TO FINANCIAL SCHEDULE
For the Fiscal Year Ended June 30, 2013

1. Criteria

A. Reporting Entity

The Douglas 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 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 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 Douglas County.

B. Basis of Accounting

The accounting records of the County Court Agency Funds are maintained, and the Schedule 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 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 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.