

**ATTESTATION REPORT
OF
DOUGLAS COUNTY COURT
JULY 1, 2010 THROUGH JUNE 30, 2011**

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Issued on May 25, 2012

DOUGLAS COUNTY COURT

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DOUGLAS COUNTY COURT

SUMMARY OF COMMENTS

During our examination of Douglas County Court, we noted certain deficiencies in internal control 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 areas as follows:

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

DOUGLAS COUNTY COURT

COMMENTS AND RECOMMENDATIONS

1. Trust Balances

During testing of the June 30, 2011, trust balances held by the County Court, the following was noted:

- Six instances, totaling \$2,948, in which defendant bonds had not been paid out upon decline of prosecution and/or defendant's performance of all required appearances and/or obligations to the County Court. County Court personnel have indicated that responsibility for initiating return of bonds is largely left up to the individual defendants.
- Two instances, totaling \$226, in which traffic citation payments received, were not applied to fines/costs in a timely manner.
- Four non-case receipts, totaling \$742, which were not applied to a citation and/or refunded to the payee.
- One \$123 overpayment on a traffic ticket received December 10, 2009, had not been refunded to the payee.
- One case bound over to Douglas County District Court on October 15, 2008, did not have the corresponding \$1,350 appearance bond paid to the District Court until August 8, 2011.
- Balance of one civil appeal bond received July 7, 2008, totaling \$17,313, was not subsequently followed up on to address its disposition.
- Two instances, totaling \$7,000, in which restitution checks had been voided and placed into trust when the County Court had been notified of return due to an insufficient/undeliverable address. However, the County Court later determined a new address for the victim in October 2011; however, no attempt was made to reissue the previously voided restitution checks to the victim at the updated address.

Neb. Rev. Stat. § 29-901 (Cum. Supp. 2010) regarding bail, requires statutory refund of bond deposits, less any applicable bond costs, to defendants upon performance of their appearance and full compliance with bond conditions. Neb. Rev. Stat. § 29-2281 (Cum. Supp. 2010) regarding restitution states, restitution payments shall be made through the clerk of the court ordering restitution. The clerk shall maintain a record of all receipts and disbursements.

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 was also reported in the prior three audits and/or examinations.

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

DOUGLAS COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

1. Trust Balances (Concluded)

County Court's Response: Management concurs that County Court personnel has not consistently initiated the return of bonds to defendants. We will work on reviewing all possible reports that JUSTICE has available to monitor the bond process on a more regular basis.

Management will take a more active role in making sure the non-case receipt report is worked on consistently.

2. 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, 19, totaling \$5,176, 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, orders to show cause, or declaration of certain overdue balances as uncollectible. As of April 21, 2012, overdue balances, excluding restitution judgments, totaled \$3,330,966.

Without regular review of overdue case balances, there is an increased risk overdue balances may either not have proper follow-up action taken or the balances may have been previously resolved and should no longer be reflected as being overdue. This issue was also noted in the six prior audits and/or examinations.

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: Management and staff have made a conscious effort to make sure that all fines and costs are paid in a timely manner. We will continue that effort.



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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 Douglas County Court as of and for the fiscal year ended June 30, 2011. 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 Douglas County Court as of June 30, 2011, 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 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 no findings 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.

SIGNED ORIGINAL ON FILE

May 2, 2012

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, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
ASSETS				
Cash and Deposits	\$ 2,395,781	\$ 18,133,021	\$ 18,164,989	\$ 2,363,813
 LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 91,940	\$ 2,380,746	\$ 2,382,025	\$ 90,661
Law Enforcement Fees	5,467	247,328	244,186	8,609
State Judges Retirement Fund	18,760	876,353	862,714	32,399
Court Administrative Fees	30,854	1,467,468	1,446,418	51,904
Legal Services Fees	21,234	874,891	867,516	28,609
 Due to County Treasurer:				
Regular Fines	105,002	4,026,330	4,007,346	123,986
Overload Fines	3,950	79,500	83,100	350
Regular Fees	4,239	121,262	123,212	2,289
 Due to Municipalities:				
Regular Fines	38,283	1,765,745	1,753,199	50,829
Regular Fees	12,015	137,755	139,482	10,288
Trust Fund Payable	2,064,037	6,155,643	6,255,791	1,963,889
Total Liabilities	\$ 2,395,781	\$ 18,133,021	\$ 18,164,989	\$ 2,363,813

The accompanying notes are an integral part of the schedule.

DOUGLAS COUNTY COURT
NOTES TO FINANCIAL SCHEDULE
For the Fiscal Year Ended June 30, 2011

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; 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 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.