

**ATTESTATION REPORT  
OF  
DOUGLAS COUNTY COURT  
JULY 1, 2013 THROUGH JUNE 30, 2014**

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**Issued on April 6, 2015**

# DOUGLAS COUNTY COURT

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# DOUGLAS COUNTY COURT

## SUMMARY OF COMMENTS

During our examination of the 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.
3. ***Restrictive Endorsement of Checks:*** The County Court did not restrictively endorse checks "For Deposit Only" at the time they were received.

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. 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, 27, totaling \$6,014, 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 March 3, 2015, overdue balances, excluding restitution judgments, totaled \$2,409,263. As of April 29, 2014, overdue balances, excluding restitution judgments, totaled \$3,147,814, a decrease of \$738,551, or 23%

Without regular review of overdue case balances, there is an increased risk overdue balances may either not have proper follow-up action taken or 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 diligently since the Fall of 2013. The test cases that were presented to us have been looked at and action has been taken. We are working with the Presiding Judge to determine the criteria to declare certain overdue balances as uncollectible. We will continue to review the Overdue Case Account reports. Management is pleased with the significant decrease (23%) of overdue balances in this audit period.*

### 2. Trust Balances

During testing of the June 30, 2014, trust balances held by the County Court, the following was noted:

- Bond balances totaling \$13,500, from five criminal cases that were fully satisfied, were remitted to Unclaimed Property after three years without first attempting to refund to the individuals owed.
- Bond balances totaling \$17,411, from 22 cases that were fully satisfied, were not attempted to be paid out in a timely manner.
- One criminal case and six traffic cases had duplicate or overpayments totaling \$811 with no attempt made to refund to the individual.

# DOUGLAS COUNTY COURT

## COMMENTS AND RECOMMENDATIONS

(Continued)

### 2. **Trust Balances** (Concluded)

- Three receipts received on cases never filed, totaling \$996, were not handled in compliance with the Unclaimed Property Act

The County Court Procedures Manual, issued by the State Court Administrator, says that “bond proceeds shall be returned to the defendant upon the performance of all appearances.”

Neb. Rev. Stat. § 69-1307.01 (Reissue 2009), which is found in the Uniform Disposition of Unclaimed Property Act, presumes intangible personal property held by a court and unclaimed for more than three years to be abandoned. Neb. Rev. Stat. § 69-1310 (Cum. Supp. 2014), requires any property presumed abandoned, as of June 30 each year, to be reported and remitted to the State Treasurer by November 1 of each 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.

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

*County Court’s Response: Management and staff will attempt to refund bond balances to the individuals prior to remitting to Unclaimed Property.*

*The bond report will be reviewed so that the cases with bonds that are fully satisfied will be paid out in a timely manner. Management is pleased that after review of all 22 test cases mentioned in the audit it was discovered that each had been either returned to the defendant or put into Unclaimed Property during September, October and November of 2014.*

*Cases with duplicate or overpayments will be refunded to the individual. Most generally this is due to duplicate internet payments or no citation filed. Management and staff will monitor the JUSTICE reports to assure these monies are refunded.*

*Management and staff will review receipt balances so that monies received on cases never filed will be refunded or sent to unclaimed property after the specified time.*

### 3. **Restrictive Endorsement of Checks**

Good internal control requires the restrictive endorsement of checks immediately upon receipt.

It was noted during testing that 29 checks totaling \$11,144 were not restrictively endorsed at the time of Cash Count.

# DOUGLAS COUNTY COURT

## COMMENTS AND RECOMMENDATIONS

(Concluded)

### 3. **Restrictive Endorsement of Checks** (Concluded)

Without consistent and immediate endorsement procedures, there is an increased risk of theft or loss of County Court funds.

We recommend the County Court strengthen control procedures by immediately endorsing all checks upon receipt.

*County Court's Response: Management has issued a written memorandum to staff regarding the endorsement of checks. They have been instructed of the need to endorse checks immediately on receipt to avoid the risk of theft or loss.*



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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, 2014. The County Court's management is responsible for the Schedule. Our responsibility is to express an opinion based on our examination.

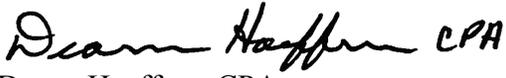
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and, 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, 2014, 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 or 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.

March 3, 2015

  
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, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<b>ASSETS</b>				
Cash and Deposits	\$ 2,338,716	\$ 16,993,679	\$ 17,288,189	\$ 2,044,206
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 59,394	\$ 2,130,200	\$ 2,117,465	\$ 72,129
Law Enforcement Fees	3,102	207,705	207,089	3,718
State Judges Retirement Fund	10,339	736,874	734,012	13,201
Court Administrative Fees	16,683	1,213,852	1,209,746	20,789
Legal Services Fees	10,960	721,425	719,490	12,895
Due to County Treasurer:				
Regular Fines	54,351	3,628,094	3,610,288	72,157
Overload Fines	175	71,875	69,600	2,450
Regular Fees	2,786	100,076	100,376	2,486
Due to Municipalities:				
Regular Fines	27,087	1,332,413	1,336,884	22,616
Regular Fees	7,097	116,364	116,571	6,890
Trust Fund Payable	2,146,742	6,734,801	7,066,668	1,814,875
<b>Total Liabilities</b>	<b>\$ 2,338,716</b>	<b>\$ 16,993,679</b>	<b>\$ 17,288,189</b>	<b>\$ 2,044,206</b>

The accompanying notes are an integral part of the schedule.

DOUGLAS COUNTY COURT  
NOTES TO FINANCIAL SCHEDULE  
For the Fiscal Year Ended June 30, 2014

**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 reflects 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 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. 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.