

**ATTESTATION REPORT
OF
LINCOLN COUNTY COURT
JULY 1, 2012 THROUGH JUNE 30, 2014**

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Issued on May 15, 2015

LINCOLN COUNTY COURT

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LINCOLN COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Lincoln 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. ***Non-Waiverable Court Costs:*** The County Court waived court costs that, according to State statute, were non-waiverable.
2. ***Trust Balances:*** The County Court did not review its trust balances on an ongoing, timely basis to ensure payment 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 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.

LINCOLN COUNTY COURT

COMMENTS AND RECOMMENDATIONS

1. Non-Waiverable Court Costs

Neb. Rev. Stat. § 29-2709 (Reissue 2008) provides, in relevant part:

When any costs in misdemeanor, traffic, felony preliminary, or juvenile cases in county court, except for those costs provided for in subsection (3) of section 24-703 (judges retirement fee), two dollars of the fee provided in section 33-107.01 (legal services fee), the court automation fee provided in section 33-107.03, and the uniform data analysis fee provided in section 47-633, are found by a county judge to be uncollectible for any reason, including the dismissal of the case, such costs shall be deemed waived

We noted three instances of the Court waiving \$17 of non-waiverable fees and costs when the individual completed alternative measures, as allowed per the Court order.

When non-waiverable fees and costs are waived, the County Court is not in compliance with State statute and court orders.

We recommend the County Court waive only court fees and costs allowed by State statute.

County Court's Response: Not claiming the fees as described in the Audit draft was an oversight.

2. Trust Balances

Good internal control and sound business practices require trust balances of the County Court to be reviewed on an ongoing, timely basis to determine what action should be taken to refund and/or resolve those balances. Also, 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."

During testing of trust balances at June 30, 2014, and June 30, 2013, we noted the following:

- The County Court remitted three trust funds, totaling \$2,959, to the State Treasurer, pursuant to the requirements of the Uniform Disposition of Unclaimed Property Act, after three years. No documentation was on file to support the County Court first attempted to distribute the funds to the appropriate individuals.
- The Court made no attempt to pay out or refund eight trust balances, totaling \$4,295, to the appropriate individuals.
- One restitution trust balance, totaling \$2,760, received in February 2013, was not paid out until March 2015.
- One bond ordered as satisfied in March 2013 was not paid out until December 2013.

Without adequate controls in place to document 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.

LINCOLN COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

We recommend the County Court implement procedures to ensure documentation of its timely review of trust balances for completeness, accuracy, and proper disposition.

County Court's Response: It has always been the Court's practice to send letters to defendants; assignees and victims when the court has monies owing requesting they contact the Court to claim their money. The Auditor conducting the audit decided we were not sending notice to those we held money on because we did not keep a copy of the letter we sent. Until now we have not kept the letter and it has not been an issue. The money is sent to Unclaimed Property with sufficient identification for the owner to place a claim with the State Treasurer. From now on a copy of the letter will be kept as proof an attempt to contact the owner was made before disbursing the money to the State Treasurer. The Court has always paid out funds within a reasonable amount of time. If money was kept for any extended period it is because the recipient did not respond to our letter.



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LINCOLN COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Lincoln County Court as of and for the fiscal years ended June 30, 2014, and June 30, 2013. The County Court's management is responsible for the Schedules. Our responsibility is to express an opinion based on our examination.

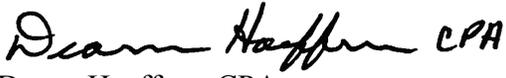
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, 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 the Lincoln County Court, as of June 30, 2014, and June 30, 2013, 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 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 Schedules 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 Schedules are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Schedules 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, 2015


Deann Haeffner, CPA
Assistant Deputy Auditor

LINCOLN COUNTY COURT
NORTH PLATTE, 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
ASSETS				
Cash and Deposits	\$ 332,024	\$ 2,280,018	\$ 2,260,675	\$ 351,367
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 22,108	\$ 291,953	\$ 292,879	\$ 21,182
Law Enforcement Fees	2,201	28,262	28,424	2,039
State Judges Retirement Fund	7,546	95,428	95,874	7,100
Court Administrative Fees	14,643	189,302	189,722	14,223
Legal Services Fees	7,574	98,655	98,943	7,286
Due to County Treasurer:				
Regular Fines	41,546	516,978	519,102	39,422
Overload Fines	8,327	180,991	174,168	15,150
Regular Fees	5,889	33,530	34,735	4,684
Petty Cash Fund	550	-	-	550
Due to Municipalities:				
Regular Fines	857	11,484	11,481	860
Regular Fees	388	5,582	5,610	360
Trust Fund Payable	220,395	827,853	809,737	238,511
Total Liabilities	\$ 332,024	\$ 2,280,018	\$ 2,260,675	\$ 351,367

The accompanying notes are an integral part of the schedule.

LINCOLN COUNTY COURT
NORTH PLATTE, 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>Deductions</u>	<u>Balance</u>
	<u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2013</u>
ASSETS				
Cash and Deposits	\$ 319,505	\$ 2,287,503	\$ 2,274,984	\$ 332,024
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 24,232	\$ 285,045	\$ 287,169	\$ 22,108
Law Enforcement Fees	2,464	27,038	27,301	2,201
State Judges Retirement Fund	8,424	92,472	93,350	7,546
Court Administrative Fees	15,474	190,661	191,492	14,643
Legal Services Fees	8,644	95,483	96,553	7,574
Due to County Treasurer:				
Regular Fines	48,073	500,622	507,149	41,546
Overload Fines	28,693	200,689	221,055	8,327
Regular Fees	3,151	39,106	36,368	5,889
Petty Cash Fund	50	500	-	550
Due to Municipalities:				
Regular Fines	1,223	10,088	10,454	857
Regular Fees	470	6,156	6,238	388
Trust Fund Payable	178,607	839,643	797,855	220,395
Total Liabilities	<u>\$ 319,505</u>	<u>\$ 2,287,503</u>	<u>\$ 2,274,984</u>	<u>\$ 332,024</u>

The accompanying notes are an integral part of the schedule.

LINCOLN COUNTY COURT
NOTES TO FINANCIAL SCHEDULES
For the Fiscal Years Ended June 30, 2014, and June 30, 2013

1. Criteria

A. Reporting Entity

The Lincoln 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, including 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 Lincoln 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 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.