



COMMISSIONERS COURT  
COMMUNICATION

REFERENCE NUMBER CO#129727

PAGE 1 OF 6

DATE: 03/12/2019

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT OF THE REGISTRY OF THE COURT ACCOUNTS HELD BY THE COUNTY CLERK AS OF SEPTEMBER 30, 2018**

**\*\*\* CONSENT AGENDA \*\*\***

**COMMISSIONERS COURT ACTION REQUESTED:**

It is requested that the Commissioners Court receive and file the Auditor's Report of the Registry of the Court Accounts held by the County Clerk as of September 30, 2018.

**BACKGROUND:**

As required by Local Government Code Section 117.123, the Auditor's Office performed an audit of the registry funds held by the County Clerk as of September 30, 2018. The objective of the audit was to determine whether the registry account balances shown on the attached financial statements were materially correct. The Auditor's Office also determined whether collateral held by the County Clerk and the depositories was adequate.

**FISCAL IMPACT:**

There is no direct fiscal impact associated with this item.

SUBMITTED BY: Auditor's Office

PREPARED BY: S. Renee Tidwell  
APPROVED BY:



## **TARRANT COUNTY**

**TARRANT COUNTY ADMINISTRATION BUILDING - ROOM 506  
100 E. WEATHERFORD  
FORT WORTH, TEXAS 76196-0103  
817/884-1205  
Fax 817/884-1104**

**S. RENEE TIDWELL, CPA  
COUNTY AUDITOR  
rtidwell@tarrantcounty.com**

**CRAIG MAXWELL  
FIRST ASSISTANT COUNTY AUDITOR  
cmaxwell@tarrantcounty.com**

February 8, 2019

The Honorable Mary Louise Nicholson, County Clerk  
The Honorable District Judges  
The Honorable Commissioners Court  
Tarrant County, Texas

Re: Auditor's Report – County Clerk, Registry of the Court Accounts

### **SUMMARY**

As required by Local Government Code Section 117.123, we performed an audit of the registry funds held by the County Clerk as of September 30, 2018. The objective of our audit was to determine whether the registry account balances shown on the attached financial statements were materially correct. We also determined whether collateral held jointly by the County Clerk and the depository was adequate. In our opinion, the County Clerk's registry account balances shown on the attached financial statements are presented fairly, in all material respects. We also found that the value of collateral held by the County Clerk and the depository exceeded the amounts required by the contract.

As previously reported, we continue to observe closed accounts with small balances that appear to be abandoned for 3 or more years that have not been escheated in accordance with the Texas Property Code. We recommend staff implement procedures and document actions taken to locate recipients. Annually, escheatment lists should be prepared, court order obtained, and funds sent to the State Comptroller or County Auditor as required.

### **BACKGROUND**

The registry accounts are funds deposited and held for a third-party per court order or statute. The funds held in the registry do not belong to Tarrant County. Rather, the County Clerk holds the funds in a fiduciary capacity or to await the outcome of a legal proceeding. The registry accounts are recorded into Odyssey, the County Clerk's case management application. The clerk is responsible for the deposits, disbursements, and the investment of the registry funds. Currently, registry accounts are held at JP Morgan Chase.


In accordance with Local Government Code Section 117.121, *Disbursement of Funds*, the Auditor's Office reviews and countersigns disbursements made from the County Clerk's Registry Accounts. The code states, "All checks or drafts issued for the disbursement of the registry fund must be submitted to the county auditor for the auditor's countersignature before delivery or payment. The county auditor may countersign the check only on written evidence of the order of the judge of the court in which the funds have been deposited, authorizing the disbursement of the funds."

During fiscal year 2018, the County Clerk's Office presented 1,840 checks totaling \$8,346,615 for the auditor's review, approval, and countersignature. Of the 1,840 checks presented to the Auditor's Office during FY2018, 10 checks totaling \$93,077 were rejected for reasons such as an incorrect check amount or payee. The County Clerk's Office voided and reissued the 10 checks.

### **CLOSING REMARKS**

We appreciate the cooperation of the County Clerk's staff during this audit. If you have any questions, please do not hesitate to call.

Sincerely,

  
S. Renee Tidwell, CPA  
County Auditor

*Attachments:* Statement of Assets and Liabilities  
Statement of Changes in Assets and Liabilities  
Management's response

*Distribution:* Clinton A. Ludwig, Chief Deputy  
James Knowles, Accounting Trust Manager

*Audit Team:* Kimberly M. Buchanan, Audit Manager  
Ky J. Stafford, Internal Auditor

**TARRANT COUNTY, TEXAS  
COUNTY CLERK  
REGISTRY OF THE COURT ACCOUNTS**

Statement of Assets and Liabilities  
September 30, 2018

**Assets**

Cash in bank (deposits)	\$ 15,416,273
Certificate of deposits, including accrued interest	<u>23,600,848</u>
Total Assets	<u>\$ 39,017,121</u>

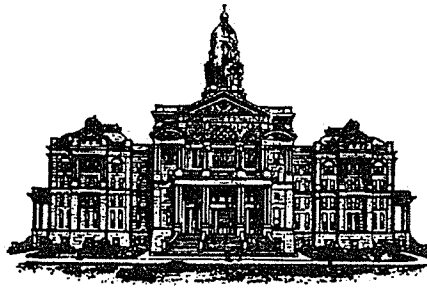
**Liabilities**

Due to beneficiaries	<u>\$ 39,017,121</u>
Total Liabilities	<u>\$ 39,017,121</u>

**TARRANT COUNTY, TEXAS  
COUNTY CLERK  
REGISTRY OF THE COURT ACCOUNTS**

Statement of Changes in Assets and Liabilities  
Fiscal Year Ending September 30, 2018

	<b>Uninvested</b>	<b>Invested</b>	<b>Total</b>
Beginning Balance – September 30, 2017	\$ 15,077,714	\$ 19,240,650	\$ 34,318,364
Deposits	14,441,864	0	14,441,864
Interest Earned	0	237,880	237,880
Transfer from Invested to Uninvested	5,350,928	(5,350,928)	0
Transfer from Uninvested to Invested	(9,473,247)	9,473,247	0
Disbursements – Registry Accounts	(8,253,821)	0	(8,253,821)
Disbursements – Cash Bonds	(1,727,165)	0	(1,727,165)
Ending Balance – September 30, 2018	<u>\$15,416,273</u>	<u>\$23,600,848</u>	<u>\$39,017,121</u>



Tarrant County 1895 Courthouse

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Mary Louise Nicholson, County Clerk  
*Recording life's events since 2011*

100 W. Weatherford, Rm.130  
Fort Worth Texas 76196-0401

Date: March 5, 2019

From: Mary Louise Nicholson, Tarrant County Clerk

To: Renee Tidwell, Tarrant County Auditor

Reference: Response to Auditor's Report - County Clerk, Registry of the Court Accounts.

I would like to thank the Auditor's Office for their detailed approach and professionalism in this audit. We take our responsibility for oversight of these accounts seriously and appreciate the Auditor's Office partnership to ensure we properly account for and safeguard the public's money and records.

**"As previously reported, we continue to observe closed accounts with small balances that appear to be abandoned for 3 or more years that have not been escheated in accordance with the Texas Property Code. We recommend staff implement procedures and document actions taken to locate recipients. Annually, escheatment lists should be prepared, court order obtained, and funds sent to the State Comptroller or County Auditor as required."**

We have begun researching our oldest closed cases to determine which ones still contain funds that should be escheated, and to obtain the court orders to send the funds to the State Comptroller or County Auditor as required.

Respectfully,

Mary Louise Nicholson, Tarrant County Clerk