

**ATTESTATION REPORT
OF
FRONTIER COUNTY COURT
JULY 1, 2011 THROUGH JUNE 30, 2013**

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Issued on June 16, 2014

FRONTIER 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 Schedules:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Fiscal Year Ended June 30, 2013	6
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Fiscal Year Ended June 30, 2012	7
Notes to Financial Schedules	8

FRONTIER COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Frontier 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. ***Segregation of Duties:*** One individual was capable of handling all phases of a transaction from beginning to end.
2. ***Unclaimed Property:*** The County Court did not report and remit trust balances to the State Treasurer that were over three years old, as required by State statute.
3. ***Non Waiverable Court Costs:*** The County Court waived court costs that, according to State statute, were non-waiverable.

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. The County Court declined to respond.

FRONTIER COUNTY COURT

COMMENTS AND RECOMMENDATIONS

1. Segregation of Duties

Good internal control includes a plan of organization, procedures, and documentation designed to safeguard assets and provide reliable financial records. A system of internal control should include a proper segregation of duties, so no one individual is capable of handling all phases of a transaction from beginning to end.

We noted the office of the County Court lacked a segregation of duties. Specifically, one person was capable of handling all aspects of processing transactions from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties is not possible without additional cost. Further, personnel are under the direction of both the Nebraska State Court Administrator and the Presiding Judge. We have included this comment in previous examinations. We consider this to be a material weakness.

We recommend the County Court and the Nebraska State Court Administrator review this situation. As always, the cost of hiring additional personnel versus the benefit of a proper segregation of duties must be weighed.

2. Unclaimed Property

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 (Reissue 2009), provides any unclaimed abandoned property, as of June 30 each year, must be reported and remitted to the State Treasurer by November 1 of each year.

During review of the County Court's trust balances, the following was noted:

- Four traffic cases received overpayments totaling \$18 that were past due for reporting and remittance to the Nebraska State Treasurer as unclaimed property.
- One criminal case balance, totaling \$90, was not refunded to the payee and was past due for reporting and remittance to the Nebraska State Treasurer as unclaimed property.

We recommend the County Court work to promptly remit all unclaimed property in its possession in accordance with State statute.

FRONTIER COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

3. 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

During testing of non-monetary receipts issued by the County Court, we noted three instances in which \$17 of non-waiverable court costs had been waived. When non-waiverable fees and costs are waived, the County Court is not in compliance with State statute.

We recommend the County Court only waive court fees and costs when provided for in State statute.



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FRONTIER COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Frontier County Court as of and for the fiscal years ended June 30, 2013, and June 30, 2012. 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 Frontier County Court, as of June 30, 2013, and June 30, 2012, 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.

June 4, 2014


Deann Haeffner, CPA
Assistant Deputy Auditor

FRONTIER COUNTY COURT
STOCKVILLE, 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	\$ 10,152	\$ 106,805	\$ 106,396	\$ 10,561
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 1,035	\$ 15,381	\$ 14,968	\$ 1,448
Law Enforcement Fees	117	1,641	1,568	190
State Judges Retirement Fund	354	5,498	5,261	591
Court Administrative Fees	1,291	10,627	10,581	1,337
Legal Services Fees	402	5,770	5,521	651
Due to County Treasurer:				
Regular Fines	2,217	26,237	26,728	1,726
Overload Fines	-	950	950	-
Regular Fees	516	1,779	2,112	183
Due to Municipalities:				
Regular Fines	-	60	60	-
Trust Fund Payable	4,220	38,862	38,647	4,435
Total Liabilities	<u>\$ 10,152</u>	<u>\$ 106,805</u>	<u>\$ 106,396</u>	<u>\$ 10,561</u>

The accompanying notes are an integral part of the schedule.

FRONTIER COUNTY COURT
STOCKVILLE, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
ASSETS				
Cash and Deposits	\$ 9,206	\$ 73,365	\$ 72,419	\$ 10,152
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 1,612	\$ 14,421	\$ 14,998	\$ 1,035
Law Enforcement Fees	113	1,321	1,317	117
State Judges Retirement Fund	401	4,403	4,450	354
Court Administrative Fees	581	9,292	8,582	1,291
Legal Services Fees	381	4,683	4,662	402
Due to County Treasurer:				
Regular Fines	2,329	21,893	22,005	2,217
Overload Fines	400	2,275	2,675	-
Regular Fees	209	1,659	1,352	516
Due to Municipalities:				
Regular Fines	-	80	80	-
Trust Fund Payable	<u>3,180</u>	<u>13,338</u>	<u>12,298</u>	<u>4,220</u>
Total Liabilities	<u>\$ 9,206</u>	<u>\$ 73,365</u>	<u>\$ 72,419</u>	<u>\$ 10,152</u>

The accompanying notes are an integral part of the schedule.

FRONTIER COUNTY COURT
NOTES TO FINANCIAL SCHEDULES
For the Fiscal Years Ended June 30, 2013, and June 30, 2012

1. Criteria

A. Reporting Entity

The Frontier 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 Frontier 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.