

**ATTESTATION REPORT  
OF  
FRONTIER COUNTY COURT**

**JANUARY 1, 2018, THROUGH DECEMBER 31, 2019**

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**Issued on April 2, 2020**

FRONTIER COUNTY COURT

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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. The following comments are required to be reported in accordance with *Government Auditing Standards*: Comment #2, "Outstanding Balances," which is considered a significant deficiency, and Comment #1, "Segregation of Duties," which is considered a material weakness.

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. ***Outstanding Balances:*** The County Court did not review its overdue balances and the monthly case balance reports on an ongoing, timely basis to ensure collection and/or resolution of such balances.

More detailed information on the above items is provided hereinafter. 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.

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 to 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 that the office of the County Court lacked a sufficient 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 may not be 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.

Additionally, the following errors were noted:

- During the examination, there were three cases with balances totaling \$138 that were outstanding for over three years. Neb. Rev. Stat. § 69-1307.01 (Reissue 2018), 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 2018) requires any property presumed abandoned, as of June 30 each year, to be reported and remitted to the State Treasurer by November 1 annually. A similar finding was noted during the previous examination.
- During testing of 10 non-monetary receipts, we noted two receipts, totaling \$1,172, did not have adequate support for the waived balances. One case had \$32 in court costs waived; the second had \$1,140 in fines and costs waived without documentation. When non-monetary receipts lack appropriate documentation to support the waived fines/costs, there is an increased risk of error or misuse of funds.

We recommend the County Court and the Nebraska State Court Administrator review the segregation of duties situation. As always, the cost of hiring additional personnel versus the benefit of a proper segregation of duties must be weighed. We also recommend the County Court work to remit promptly to the State Treasurer all property in its possession that is presumed abandoned, as required by State statute, and ensure adequate supporting documentation is on file for all transactions of the County Court.

2. **Outstanding Balances**

Good internal control requires balances of the County Court to be reviewed on an ongoing, timely basis to determine what action should be taken to collect and/or otherwise resolve those balances. We tested case balances from the Overdue Case Account report, which details amounts due to the County Court, and the Monthly Case Balance reports, which detail amounts payable or being held by the County Court. We noted the following issues:

- During testing of 10 overdue balances, 8 of those balances, totaling \$3,620, did not have subsequent action taken by the County Court, such as the issuance of warrants and/or suspensions or declaration of certain overdue balances as uncollectible, to ensure collection and/or resolution of the balances. As of March 21, 2020, overdue balances, excluding restitution judgments, totaled \$14,278.
- During testing of 10 monthly case balances, 1 balance, totaling \$225, was not paid to the defendant in a timely manner in accordance with the court order.

A similar finding was noted during the previous examination.

FRONTIER COUNTY COURT

**COMMENTS AND RECOMMENDATIONS**

(Concluded)

**2. Outstanding Balances** (Concluded)

Without a regular review of those reports, there is an increased risk that balances may either not have proper follow-up action taken or have been previously resolved and should no longer be designated as outstanding.

We recommend the County Court implement an ongoing, timely review of its Overdue Case Account reports and Monthly Case Balance reports to ensure timely collection and/or resolution of outstanding balances.

*Clerk Magistrate's Overall Response: The County Court Financial Specialist for our area and I have gone over all the Frontier County Financial Records.*



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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### FRONTIER COUNTY COURT

### INDEPENDENT ACCOUNTANT'S REPORT

Frontier County Court  
Stockville, Nebraska 69042

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 calendar years ending December 31, 2018, and December 31, 2019. The County Court's management is responsible for the Schedules based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedules 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. Those standards require that we perform the examination to obtain reasonable assurance about whether the Schedules are based on the accounting system and procedures set forth in Note 1, in all material respects. An examination involves performing procedures to obtain evidence about the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions for the calendar years ending December 31, 2018, and December 31, 2019, are based on the accounting system and procedures prescribed by the Nebraska Supreme Court, as set forth in Note 1, in all material respects.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter or an assertion about the subject matter of the examination engagement. We are also required to obtain and report the views of management concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. 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.

The purpose of this report is to express an opinion on the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions, as described in paragraph one above. Accordingly, this report is not suitable for any other purpose. This report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink, appearing to read "C. J. Janssen", with a long horizontal flourish extending to the right.

April 1, 2020

Charlie Janssen  
Auditor of Public Accounts  
Lincoln, Nebraska

FRONTIER COUNTY COURT  
STOCKVILLE, NEBRASKA  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**AGENCY FUNDS**

For the Calendar Year Ended December 31, 2019

	Balance January 1, 2019	Additions	Deductions	Balance December 31, 2019
<b>ASSETS</b>				
Cash and Deposits	\$ 7,104	\$ 77,031	\$ 72,574	\$ 11,561
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 503	\$ 15,286	\$ 13,051	\$ 2,738
Law Enforcement Fees	63	746	762	47
State Judges Retirement Fund	310	4,285	4,299	296
Court Administrative Fees	467	4,801	4,834	434
Legal Services Fees	260	3,345	3,364	241
Due to County Treasurer:				
Regular Fines	1,550	14,762	15,043	1,269
Regular Fees	284	672	914	42
Petty Cash Fund	20	-	-	20
Trust Fund Payable	3,647	33,134	30,307	6,474
<b>Total Liabilities</b>	<b>\$ 7,104</b>	<b>\$ 77,031</b>	<b>\$ 72,574</b>	<b>\$ 11,561</b>

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 Calendar Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
<b>ASSETS</b>				
Cash and Deposits	\$ 15,184	\$ 131,055	\$ 139,135	\$ 7,104
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 3,141	\$ 27,494	\$ 30,132	\$ 503
Law Enforcement Fees	31	1,164	1,132	63
State Judges Retirement Fund	332	5,704	5,726	310
Court Administrative Fees	146	6,243	5,922	467
Legal Services Fees	147	4,726	4,613	260
Due to County Treasurer:				
Regular Fines	1,231	27,484	27,165	1,550
Overload Fines	-	975	975	-
Regular Fees	2	1,271	989	284
Petty Cash Fund	20	-	-	20
Municipality Fines	50	-	50	-
Trust Fund Payable	10,084	55,994	62,431	3,647
<b>Total Liabilities</b>	<b>\$ 15,184</b>	<b>\$ 131,055</b>	<b>\$ 139,135</b>	<b>\$ 7,104</b>

The accompanying notes are an integral part of the schedule.

FRONTIER COUNTY COURT  
**NOTES TO FINANCIAL SCHEDULES**

For the Calendar Years Ending December 31, 2018, and December 31, 2019

**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 or collected. 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 2016). 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 2018) to be secured either by a surety bond or as provided in the Public Funds Deposit Security Act.