

**ATTESTATION REPORT
OF
CUSTER COUNTY COURT**

JANUARY 1, 2025, THROUGH DECEMBER 31, 2025

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Issued on March 25, 2026

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CUSTER COUNTY COURT

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CUSTER COUNTY COURT

SUMMARY OF COMMENTS

During our examination of Custer County Court (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 (“Case Balances”), which is considered to be a significant deficiency, and Comment #1 (“Segregation of Duties”), which is considered to be 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:*** County Court staff were capable of handling all phases of a transaction from beginning to end.
- 2. *Case Balances:*** The County Court did not review its overdue and monthly case balances 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, containing only our comments and recommendations on the areas noted for improvement and does not include our observations of any strengths of the County Court.

Draft copies of this report were furnished to the County Court to provide management with an opportunity to review and to respond to the comments and recommendations contained herein. All formal responses received have been incorporated into this report. Responses have been objectively evaluated and recognized as appropriate in this report. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next examination.

CUSTER COUNTY COURT

COMMENTS AND RECOMMENDATIONS

1. Segregation of Duties

The Judicial User System to Improve Court Efficiency (JUSTICE) application is the Supreme Court's case and financial management system for Nebraska trial courts.

The office of the Custer County Court (County Court) and the JUSTICE application lacked a sufficient segregation of duties, as one person could handle all aspects of processing transactions from beginning to end.

The JUSTICE system contains an inherent lack of segregation of duties within the "Administrator," "Supervisor," and "Financial" user classes. These user classes are able to complete, at least, the following tasks in JUSTICE: 1) issue, adjust, and void receipts, including non-monetary receipts; 2) issue, adjust, reprint, and void checks; 3) enter citations and court orders; 4) change the dates that checks clear the bank; 5) adjust funds from one account to another on a receipt; and 6) adjust funds from one account to another on a check. Staff assigned to these user roles also have physical access to the cash and checks in the office.

Furthermore, within JUSTICE is a module, DOCKET, used to issue court orders affixed with the Judge's signature. The "Judge Staff" role in JUSTICE granted users the ability to create and issue Judge-signed court orders through DOCKET and was assigned to 14 users of the County Court who were not Judges. As a result, these users were able to create and issue orders affixed with the Judge's signature without formal documentation to support the Judge's approval of the order. Of those 14 users, we noted that this access had been given to four State employees who were not employees of the Supreme Court.

We noted 10 users with the "Judge Staff" role of the County Court who also have access to court receipts, which would allow them to record non-monetary transactions (e.g., waiving fines) in JUSTICE. Access to both the Judge's signature and court receipts significantly increases the risk of improper transactions, as one individual would be able to collect cash, record a non-monetary receipt in the system, create an authorization signed by the Judge to waive the fee, and not deposit the cash.

Lastly, we noted the following additional errors due to the lack of segregation of duties in the Court:

- The County Court did not submit claims timely to Custer County; instead, they were submitted only once a year in 2024 and 2025, resulting in several court cases having outstanding costs for long periods of time. After the Auditor of Public Accounts' inquiry, the County Court submitted claims totaling \$3,181.
- One criminal case had \$627 of fines and costs waived and \$17 of court costs claimed to the County without support ordering such actions.
- Two criminal cases tested had bonds applied to fines, totaling \$675; however, no support was on file to ensure the consent of the defendant prior to the application of the bonds, as provided in Neb. Rev. Stat. § 29-2206(3) (Cum. Supp. 2024).

A proper system of internal control includes a plan of organization, procedures, and documentation designed to safeguard assets and provide reliable financial records. Such system of internal controls should include a proper segregation of duties, so no one individual is capable of handling all phases of a transaction from beginning to end. Further, a proper system of internal controls includes: 1) procedures to ensure system access is limited, being granted only to appropriate individuals, and documentation is properly approved and maintained for such access; and 2) court orders affixed with a Judge's signature by someone other than the Judge have formal documentation to support the Judge's approval of the order, and such documentation is maintained for subsequent review.

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.

CUSTER COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

1. **Segregation of Duties** (Concluded)

We have noted this issue in previous examinations.

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. Where reasonably possible, the Nebraska State Court Administrator should work with the County Court to ensure adequate segregation of duties, as well as limit system access and ensure that such access is granted only to appropriate individuals. We also recommend the Nebraska State Court Administrator implement procedures to ensure that court orders affixed with a Judge’s signature by someone other than the Judge have formal documentation to support the Judge’s approval of the order, and such documentation is maintained for subsequent review.

County Court’s Response: Your report specifically noted Custer County Court lacked a segregation of duties. The Administrative Office of the Courts and Probation (AOC) accepts that there is a risk from one person having the authority to imitate and complete financial transactions. To reduce the risk of improper transactions, court financial specialists review court records and provide assistance to county courts if there are discrepancies. However, the Judicial Branch does not have the financial and human resources to mitigate all risks related to segregation of duties sufficient to meet current auditor guidelines. As a result, in order to fulfill all statutory obligations, the AOC has determined that all clerk magistrates will have the authority to operate all financial functions of a court.

2. **Case Balances**

During testing of case balances, including both overdue amounts and amounts held, we noted the following:

- Seven overdue balances, totaling \$875, should not have been shown as overdue because the balances had been ordered waived previously, as shown below:

Case	Amount Due	When Ordered Waived
1	\$ 215	January 2013
2	\$ 126	February 2022
3	\$ 126	February 2022
4	\$ 129	July 2023
5	\$ 129	July 2023
6	\$ 129	July 2023
7	\$ 21	June 2025
Total	\$ 875	

- One case had a balance due of \$51 with probation ordered in September 2025. After the Auditor of Public Accounts inquired about the case in February 2026, the Court waived the costs.
- One case had a balance due of \$49, but no follow-up action was performed on the case for 19 months, from March 2024 through October 2025.

CUSTER COUNTY COURT

COMMENTS AND RECOMMENDATIONS
(Concluded)

2. **Case Balances** (Concluded)

- Four cases with balances held had active warrants but no follow-up has been done to determine whether the bond held should continue to be held or forfeited, as shown below:

Case	Amount Held	Date Bond Filed	Date Warrant Issued
1	\$ 900	April 2018	May 2018
2	\$ 450	June 2019	July 2019
3	\$ 450	February 2020	June 2020
4	\$ 450	January 2023	February 2023
Total	\$ 2,250		

A proper system of internal control and sound business practices require all case balances of the County Court to be reviewed on an ongoing, timely basis to determine what action should be taken to collect and/or resolve those balances.

Without a regular review of case balances, there is an increased risk that such balances may either not have proper follow-up action taken or have been previously resolved and should no longer be reflected as overdue or held.

We recommend the County Court implement an ongoing, timely review of its case balances to ensure the timely collection and/or resolution thereof.

County Court's Response: I have put in place a policy, effective immediately, to review the case balance report, non-case receipt index report, bonds held report, holding report and overpayment report by the 15th day of each month.



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CUSTER COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Custer County Court
Broken Bow, Nebraska 68822

We have examined the accompanying Schedule of Changes in Assets and Liabilities Arising from Cash Transactions of the Custer County Court as of and for the calendar year ending December 31, 2025. The County Court's management is responsible for the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions 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 plan and perform the examination to obtain reasonable assurance about whether the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions is 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 Schedule 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 Schedule of Changes in Assets and Liabilities Arising from Cash Transactions, 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.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions for the calendar year ending December 31, 2025, is 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; noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions; fraud that is material, either quantitatively or qualitatively, to 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. We performed our examination to express an opinion on whether the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions 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 of Changes in Assets and Liabilities Arising from Cash Transactions 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.

Government Auditing Standards also require us to perform limited procedures on the Custer County Court's response to the findings identified in the Comments and Recommendations section of the report. The Custer County Court's responses were not subjected to the other procedures applied in the attestation of the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions and, accordingly, we express no opinion on the responses.

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.



Kris Kucera, CPA, CFE
Assistant Deputy Auditor
Lincoln, Nebraska



Mike Foley
Auditor of Public Accounts

March 24, 2026

CUSTER COUNTY COURT
BROKEN BOW, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
CUSTODIAL FUNDS

For the Calendar Year Ended December 31, 2025

	Balance January 1, 2025	Additions	Deductions	Balance December 31, 2025
ASSETS				
Cash and Deposits	\$ 83,807	\$ 493,852	\$ 431,428	\$ 146,231
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 2,887	\$ 45,852	\$ 38,912	\$ 9,827
Law Enforcement Fees	381	5,246	5,330	297
State Judges Retirement Fund	2,763	39,782	39,870	2,675
Court Administrative Fees	1,558	27,270	27,321	1,507
Legal Services Fees	1,513	20,774	20,976	1,311
Due to County Treasurer:				
Regular Fines	10,601	131,029	132,465	9,165
Overload Fines	-	2,400	2,075	325
Regular Fees	201	4,973	5,172	2
Petty Cash Fund	200	-	-	200
Municipality Fines	-	250	250	-
Due to Municipalities:				
Regular Fees	-	75	-	75
Trust Fund Payable	63,703	216,201	159,057	120,847
Total Liabilities	\$ 83,807	\$ 493,852	\$ 431,428	\$ 146,231

The accompanying notes are an integral part of the Schedule.

CUSTER COUNTY COURT
NOTES TO FINANCIAL SCHEDULE
For the Calendar Year Ending December 31, 2025

1. Criteria

A. Reporting Entity

The Custer 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 Custodial 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 Custer County.

B. Basis of Accounting

The accounting records of the County Court Custodial 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 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.