

**ATTESTATION REPORT
OF
HALL COUNTY COURT**

JANUARY 1, 2025, THROUGH DECEMBER 31, 2025

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Issued on March 31, 2026

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HALL COUNTY COURT

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HALL COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Hall County Court (County Court), we noted certain deficiencies and other operational matters that are presented here. The following comment is required to be reported in accordance with *Government Auditing Standards*: 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. ***Improper or Untimely Action:*** The County Court failed to take proper and timely action on nine cases tested.

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.

HALL 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 Hall 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 nine 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 nine users, we noted that this access had been given to four State employees who were not employees of the Supreme Court.

We noted two 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.

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.

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.

HALL COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

1. Segregation of Duties (Concluded)

County Court's Response: The Administrative Office of the Courts and Probation (AOC) accepts that there is a risk from one person having the authority to initiate and complete financial transactions. To reduce the risk of improper transactions, court financial specialists review court records and provide assistance to county court 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 audit guidelines. As a result, in order to fulfill all statutory obligations, the AOC has determined that all clerk magistrates will have authority to operate all financial functions of a court.

2. Improper or Untimely Action Taken

The County Court failed to take proper and timely action on nine cases, as described below:

- For four cases, a total of \$877 was applied to costs instead of to restitution, which is contrary to Neb. Rev. Stat. § 29-2281(4) (Cum. Supp. 2024).
- One case had a balance due of \$500; however, that balance had been ordered waived in March 2025.
- Two cases tested received payment of the non-waiverable fees from Hall County; however, the reimbursements of these fees, totaling \$17 per case, by the defendants were not entered in the system, causing the amounts due on the cases to be understated.
- Two cases had a total of \$26 in outstanding sheriff fees from July 2018, June 2025, and August 2025, but no follow-up had been performed to address them.

A proper system of internal control and sound accounting practices require procedures to ensure that proper action on cases is completed in a timely manner and in compliance with relevant State statutes.

Without such procedures, there is an increased risk of noncompliance with State statute and the loss or misuse of funds.

We recommend the County Court implement procedures to ensure that proper and timely action is completed on cases and in accordance with State statute.

County Court's Response: Hall County recognizes that a few issues were identified in which cases were not addressed in a timely manner or funds were applied to fines and costs before restitution. Parameters were put into place to help ensure that restitution is paid first. Training has also taken place to ensure that the remaining items are taken care of in a timely manner. All issues have been addressed and corrected during the audit process.



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HALL COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Hall County Court
Grand Island, Nebraska 68801

We have examined the accompanying Schedule of Changes in Assets and Liabilities Arising from Cash Transactions of the Hall 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 a certain finding that is required to be reported under *Government Auditing Standards*, and that finding, along with the views of management, is described in the Comments Section of the report.

Government Auditing Standards also require us to perform limited procedures on the Hall County Court's responses to the findings identified in the Comments and Recommendations section of the report. The Hall 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 30, 2026

HALL COUNTY COURT
GRAND ISLAND, 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	\$ 533,661	\$ 3,587,799	\$ 3,482,425	\$ 639,035
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 26,484	\$ 251,631	\$ 255,597	\$ 22,518
Law Enforcement Fees	2,492	32,347	32,234	2,605
State Judges Retirement Fund	20,136	254,713	252,521	22,328
Court Administrative Fees	13,474	172,837	171,529	14,782
Legal Services Fees	10,341	128,847	128,515	10,673
Due to County Treasurer:				
Regular Fines	69,210	831,421	832,847	67,784
Overload Fines	1,725	39,375	39,650	1,450
Regular Fees	6,994	53,355	58,038	2,311
Petty Cash Fund	825	-	-	825
Municipality Fines	11,125	137,756	136,657	12,224
Due to Municipalities:				
Regular Fees	2,381	22,871	23,002	2,250
Trust Fund Payable	368,474	1,662,646	1,551,835	479,285
Total Liabilities	\$ 533,661	\$ 3,587,799	\$ 3,482,425	\$ 639,035

The accompanying notes are an integral part of the Schedule.

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

1. Criteria

A. Reporting Entity

The Hall 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 Hall 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.