

**AUDIT REPORT
OF
LANCASTER COUNTY COURT
JULY 1, 1998 THROUGH JUNE 30, 1999**

LANCASTER COUNTY COURT

TABLE OF CONTENTS

	<u>Page</u>
<u>Financial Section</u>	
Independent Auditors' Report	1 - 2
Financial Statement:	
Statement of Changes in Assets and Liabilities - Agency Funds - For the Fiscal Year Ended June 30, 1999 - Exhibit A	3
Notes to Financial Statement	4
<u>Required Supplementary Information Section</u>	5
<u>Government Auditing Standards Section</u>	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	6 - 7

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Auditor of Public Accounts



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LANCASTER COUNTY COURT
INDEPENDENT AUDITORS' REPORT

We have audited the financial statement of Lancaster County Court as of and for the fiscal year ended June 30, 1999, as listed in the Table of Contents. The financial statement is the responsibility of the Court's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statement presents only the Court's Agency Funds activity and is not intended to present fairly the financial position and results of operations of Lancaster County Court in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of the Agency Funds of Lancaster County Court as of June 30, 1999, and the related activity for the fiscal year then ended in conformity with generally accepted accounting principles.

The Year 2000 Issues supplementary information is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance Lancaster County Court is or will become year 2000 compliant, Lancaster County Court's year 2000 remediation efforts will be successful in whole or in part, or that parties with which Lancaster County Court does business are or will become year 2000 compliant.

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 1999, on our consideration of Lancaster County Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

A handwritten signature in dark ink, reading "Deann Haffner CPA". The signature is written in a cursive, flowing style.

November 19, 1999

Deputy State Auditor

LANCASTER COUNTY COURT
LINCOLN, NEBRASKA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Fiscal Year Ended June 30, 1999

	Balance July 1, 1998	Additions	Deductions	Balance June 30, 1999
ASSETS				
Cash and Deposits	\$ 810,598	\$ 6,983,878	\$ 6,843,845	\$ 950,631
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 42,160	\$ 1,133,249	\$ 1,120,464	\$ 54,945
Law Enforcement Fees	3,520	78,274	78,025	3,769
Interest	-	13,300	13,300	-
State Judges Retirement Fund	2,130	54,828	54,429	2,529
Automation Fees	210	3,104	3,248	66
Legal Services Fees	3,291	75,869	75,382	3,778
Due to County Treasurer:				
Regular Fines	37,561	871,971	863,776	45,756
Overload Fines	4,650	122,718	113,476	13,892
Regular Fees	10,164	364,934	363,343	11,755
Due to Municipalities,				
Regular Fines	79,387	1,911,093	1,900,566	89,914
Trust Fund Benefits, Payable	627,525	2,354,538	2,257,836	724,227
Total Liabilities	\$ 810,598	\$ 6,983,878	\$ 6,843,845	\$ 950,631

See Notes to Financial Statement.

LANCASTER COUNTY COURT
NOTES TO FINANCIAL STATEMENT

June 30, 1999

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Lancaster 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 Statement of Changes in Assets and Liabilities of the County Court reflect only the Agency Funds activity of the Court; the receipts, and their subsequent disbursement to the appropriate entities for which they were collected. The financial statement does not reflect the personal services expenses of the Court, which are paid by the Nebraska Supreme Court, or the operating expenses, which are paid by Lancaster County.

B. Basis of Accounting

The accounting records of the County Court Agency Funds are maintained, and the Statement of Changes in Assets and Liabilities has been prepared, on the modified accrual basis of accounting. Under this basis 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 because they are generally not measurable until actually received. Likewise, disbursements are shown as deductions to assets and 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 State Statute Section 25-2713, R.R.S. 1995. Funds are generally consolidated in an interest-bearing checking account. However, the 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 State Statute Section 77-2326.04, R.R.S. 1996, to be secured either by a surety bond or pledged collateral securities.

The carrying amounts and bank balances of total deposits consisting of checking accounts and certificates of deposit, were as follows:

	Total Cash and Deposit Carrying Amount	Cash Amount	Deposit Carrying Amount	Bank Balance
June 30, 1999	\$ 950,631	\$ 900	\$ 949,731	\$ 1,195,548

However, Funds were entirely covered by federal depository insurance or by collateral securities pledged to the Court and held by a Federal Reserve Bank or by a Bank or trust company in this State other than the depository bank during the entire year.

LANCASTER COUNTY COURT
REQUIRED SUPPLEMENTARY INFORMATION

June 30, 1999

Year 2000 Issues. Many computer-based financial, information, and operational systems may not be able to properly interpret and apply dates before and following December 31, 1999 (commonly referred to as the Year 2000 problem or the Y2K problem). If not corrected, malfunction of these systems could adversely impact information processing and system operations.

Lancaster County Court has one computer system, the JUSTICE system, which is critical to its operations. As of June 30, 1999, the Court has not committed any funds to assuring the systems will function correctly on January 1, 2000. The Court is in the Validation/Testing Stage of dealing with the Y2K problem for the JUSTICE system; they believe the systems and equipment have been updated, and are in the process of testing the system.

It is important to note the completion of these stages is NOT a guarantee that system and equipment will be Year 2000 compliant.

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**LANCASTER COUNTY COURT
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statement of Lancaster County Court as of and for the year ended June 30, 1999, and have issued our report thereon dated November 19, 1999. The report was modified to emphasize the financial statement presents only the Agency Funds of Lancaster County Court and to add an explanatory paragraph disclaiming an opinion on Required Supplementary Information-Year 2000 Issues. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Lancaster County Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lancaster County Court's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of

one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Court, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink, reading "Deann Hauffman CPA". The signature is written in a cursive style with a large initial "D".

Deputy State Auditor

November 19, 1999