

**AUDIT REPORT
OF THE
NEBRASKA SUPREME COURT**

JULY 1, 1999 THROUGH JUNE 30, 2000

NEBRASKA SUPREME COURT

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NEBRASKA SUPREME COURT

BACKGROUND

The Supreme Court consists of a Chief Justice selected at large and six Judges selected from six districts. In 1970, the State Constitution was amended, resulting in several significant changes in the state court system. The Supreme Court was given general administrative authority over all state courts in Nebraska, and the position of state Court Administrator was authorized. Also, since 1986, the Probation Administrator has been under direct authority of the Supreme Court.

The Supreme Court provides administrative and policy leadership for the state judicial system. The Supreme Court judges, and all Nebraska judges who are under administrative authority of the Supreme Court, are appointed by the Governor. A state court judge must run for retention in office at the first general election held more than three years after his or her appointment and every six years thereafter.

The Court of Appeals consists of six judges. The Court of Appeals hears all criminal and civil case appeals, except cases involving the death penalty, life imprisonment, or constitutional questions, which are heard by the Supreme Court.

There are 12 judicial districts in Nebraska and 54 district court judges who serve all 93 counties (The 54th district judgeship was added July 1, 2000). District Courts have jurisdiction in felony and domestic relations cases, and in civil cases involving more than \$15,000. District Courts also serve as an appellate court for County Court and Administrative Agency appeals. Each county has an elected Clerk of the District Court who processes judgment records, maintains court dockets, and secures transcripts from lower courts, among other administrative duties.

There are 12 judicial districts in the Nebraska County Court system, each comprised of one to seventeen counties. There are 59 county court judges. Each county has a county court. County courts have jurisdiction in misdemeanor, domestic relations, probate, guardianship, conservatorship, adoption, eminent domain matters, civil cases involving less than \$15,000, and juvenile matters (except in Douglas, Lancaster, and Sarpy counties).

Separate juvenile courts handle cases involving neglected, dependent, or delinquent children. There are presently nine separate Juvenile Court Judges in Douglas, Lancaster, and Sarpy counties.

The workers' compensation court consists of seven judges. The Court travels statewide in order to hold hearings on occupational injuries and illness cases in county seats.

NEBRASKA SUPREME COURT

SUMMARY OF COMMENTS

During our audit of the Nebraska Supreme Court, we noted certain matters involving the internal control over financial reporting and other operational matters which are presented here. Comments and recommendations are intended to improve the internal control over financial reporting, ensure compliance, or result in operational efficiencies.

1. ***Lack of Segregation of Duties Over Receipts:*** One person had the ability to receive the money and keep all records related to the sale of publications, as well as the responsibility for storage and shipping of items purchased.
2. ***Internal Control Over Fixed Assets:*** One person made the additions and deletions to fixed asset records and was also responsible for coordinating the annual physical inventory, without review by an independent person.
3. ***Internal Control Over Disbursements:*** Expense reimbursement documents did not always contain enough information to determine whether the expense was a valid expense of the State. Also, there was no documentation items received were authorized to be purchased.
4. ***Probation Fees and Cash Fund Balance:*** The balance of the Probation Supervision Fund had increased from \$239,926 to \$613,190 between June 30, 1996 and June 30, 2000. The Probation Division had not developed cost information to compare the cost of providing services to the fees collected in order to determine appropriate amounts for various fees.
5. ***Error in Grant Reimbursement:*** One quarterly reimbursement request for grant expenditures was miscalculated and \$100,000 over expenditures was claimed.

More detailed information on the above items is provided hereafter. It should be noted this report is critical in nature since it contains only our comments and recommendations on the areas noted for improvement.

Draft copies of this report were furnished to the Supreme Court to provide them 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. Where no response has been included, the Supreme Court declined to respond. 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 will be verified in the next audit.

We appreciate the cooperation and courtesy extended to our auditors during the course of the audit.

NEBRASKA SUPREME COURT

COMMENTS AND RECOMMENDATIONS

1. **Lack of Segregation of Duties Over Receipts**

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

During our audit, we noted in the Publications Division of the Supreme Court, which sells copies of State Statutes and other related material, one individual was responsible for opening mail and establishing initial control of cash receipts. The same person also performed all tasks involving receivables, maintained all the Publication's account ledgers, and was responsible for the storage of inventory and shipping of all orders. The Court was in the process of switching the storage and shipping function to the Secretary of State's Records Management Division.

Lack of segregation of duties increases the possibility of the loss or misuse of State funds.

We recommend the Supreme Court implement procedures to have one staff member establish initial control over cash receipts and to have another staff member review the ledgers and document the review.

2. **Internal Control Over Fixed Assets**

Good internal control requires procedures to ensure fixed asset records are adequately maintained. Good internal control also requires a segregation of duties over the inventory function so no one individual is authorized to complete all aspects of a transaction from beginning to end. Controls should ensure all inventoriable items are inventoried.

During testing, we noted the following:

- The fixed asset records maintained by the Court were not completely documented. The inventory listing did not record the acquisition date for the item or the number of the disbursement document for the purchase. Items totaling \$162,279 still held by the agency were removed from the inventory listing during the fiscal year ended June 30, 2000.
- As was noted in our prior report, one individual was authorized to complete all aspects of an inventory transaction. This individual added and deleted items from the inventory records and was also responsible for coordinating the annual physical inventory. There was no compensating control in place.
- The Court did not review a printout of Capital Outlay accounts to ensure all items coded to these accounts were properly inventoried. For the fiscal year ended June 30, 2000, items totaling \$41,287 were not added to the inventory.

NEBRASKA SUPREME COURT

COMMENTS AND RECOMMENDATIONS

2. **Internal Control Over Fixed Assets** (Concluded)

Without proper controls over fixed assets, there is an increased risk of lost, stolen, or misappropriated assets.

We recommend the Court implement procedures to ensure the fixed asset records are adequate to provide documentation of all fixed assets held by the agency; to ensure all capital items are inventoried; and to provide either a proper segregation of duties over fixed assets or a compensating control.

3. **Internal Control Over Disbursements**

Neb. Rev. Stat. Section 81-1174, R.R.S. 1999 states, “Whenever any state officer, employee, or member of any commission, council, committee, or board of the state is entitled to be reimbursed for actual expenses incurred by him or her in the line of duty, he or she shall be required to present a request for payment or reimbursement each month to the Director of Administrative Services. Each request shall be fully itemized, including when, where, and why the expense was incurred and the actual amount involved. When reimbursement is requested for mileage by automobile . . . the points between which such travel occurred, the times of arrival and departure, and the necessity and purpose of such travel shall be shown on such request.” Good internal control requires expense reimbursements be reviewed to ensure they are reasonable and in accordance with State Statute and Supreme Court Policy.

In addition, good internal control requires procedures to ensure items received were authorized for purchase to avoid illegitimate charges.

During our testing of 20 expense reimbursements, we noted the following:

- One expense reimbursement document did not have ending travel times noted. This document showed the total claimed for meals for three days as one entry. Meals were not recorded per day.
- One expense reimbursement document contained mileage that was not reasonable for the destination noted.
- Expenses on one expense reimbursement document were not submitted monthly. The document contained expenses for two months, October and December.
- One expense reimbursement document contained an expenditure that was not reasonable and proper. This document contained two charges for lodging for one night, which could not be explained.

NEBRASKA SUPREME COURT

COMMENTS AND RECOMMENDATIONS

3. Internal Control Over Disbursements (Concluded)

- Except for the Probation Division, the Court had not established documented procedures to ensure all items received were authorized for purchase.

There was a similar comment in our prior audit. While some of the prior points were corrected, we noted improvement could still be made in the above areas.

Without adequate controls over disbursements, the risk for loss or misuse of the State's assets increases.

We recommend the following:

- The Court implement procedures to ensure expense reimbursements conform to State Statute and the Court's policy and the expenditures are reasonable.
- The Court establish procedures to ensure all items received are authorized for purchase.

4. Probation Fees and Cash Fund Balance

Good fiscal policy requires the development of cost information to determine the efficiency of providing various services from year to year, and to allow a comparison of the cost of providing a service to the amount of fees collected for the service. Good fiscal policy also requires monitoring the cash funds to ensure the balances are at an appropriate level.

During our audit, we noted the cash fund for the Probation Division of the Supreme Court, which relates to fees collected for drug testing, electronic monitoring, and offender assessment, has had a steadily increasing balance. The balance increased from \$239,926 at June 30, 1996 to \$613,190 at June 30, 2000. Totals collected for the fund were compared to the total costs of services; however, the Probation division did not have documentation showing how it accumulated, on an annual basis, the costs of their major activities, including an allocation of administrative costs. Fees have not been adjusted since the inception of the program in the early 1990's.

Due to a lack of documentation, the Division did not have the information needed to make decisions regarding appropriate amounts for the various fees to cover costs and to maintain the cash fund balance at an appropriate level.

NEBRASKA SUPREME COURT

COMMENTS AND RECOMMENDATIONS

4. Probation Fees and Cash Fund Balance (Concluded)

We recommend the Division implement procedures to analyze the fees being charged to ensure they are not too high or too low. We recommend monitoring the cash fund balance to ensure it does not go above or below acceptable levels.

5. Error in Grant Reimbursement

Good internal control requires reimbursement claims be reviewed prior to submission for payment to ensure the amount is correct.

Our testing of reimbursements for the JUSTICE grant noted one quarterly reimbursement request for the grant was miscalculated. The reimbursement was for the quarter ending June 30, 1999 and was paid to the Court in July. The amount requested exceeded the expenditures made by \$100,000. After we brought the error to the Court's attention, an Intrastate Transaction Document was prepared to correct the error and return \$100,000 to Nebraska Health and Human Services.

We recommend the Supreme Court implement procedures to have reimbursement requests recalculated and reviewed by a second individual before submitting them for payment.

STATE OF NEBRASKA
Auditor of Public Accounts



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NEBRASKA SUPREME COURT

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of the Nebraska Supreme Court as of and for the fiscal year ended June 30, 2000, as listed in the Table of Contents. These financial statements are the responsibility of the Supreme Court's management. Our responsibility is to express an opinion on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Also as discussed in Note 1, the financial statements present only the Nebraska Supreme Court, and are not intended to present fairly the fund balances and the receipts and disbursements of the State of Nebraska in conformity with the cash receipts and disbursements basis of accounting.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund balances of the Nebraska Supreme Court as of June 30, 2000, and the receipts and disbursements for the fiscal year then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated November 9, 2000 on our consideration of the Nebraska Supreme Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The Report On Compliance And On Internal Control Over Financial Reporting is an integral part of a Government Auditing Standards audit and should be considered in conjunction with the report on the financial statements.

The accompanying combining statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, except for that portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads "Julia Peralez CPA". The signature is written in black ink and is positioned to the right of the date.

November 9, 2000

Manager

NEBRASKA SUPREME COURT
**COMBINED STATEMENT OF ASSETS, FUND BALANCES,
AND OTHER CREDITS ARISING FROM CASH TRANSACTIONS**
ALL FUND TYPES AND GENERAL FIXED ASSETS ACCOUNT GROUP
June 30, 2000

	<u>Governmental Fund Types</u>		<u>Account Group</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>General Fixed Assets</u>	
<u>Assets</u>				
Cash in State Treasury	\$ -	\$ 1,078,936	\$ -	\$ 1,078,936
Deposit with Vendors	9,000	-	-	9,000
Petty Cash	125	-	-	125
Property, Plant, and Equipment	-	-	1,699,538	1,699,538
 Total Assets	 <u>\$ 9,125</u>	 <u>\$ 1,078,936</u>	 <u>\$ 1,699,538</u>	 <u>\$ 2,787,599</u>
 <u>Fund Balances and Other Credits</u>				
Other Credits:				
Investment in Fixed Assets	\$ -	\$ -	\$ 1,699,538	\$ 1,699,538
Fund Balances:				
Reserved For Postage	9,000	-	-	9,000
Unreserved, Undesignated	125	1,078,936	-	1,079,061
 Total Fund Balances and Other Credits	 <u>\$ 9,125</u>	 <u>\$ 1,078,936</u>	 <u>\$ 1,699,538</u>	 <u>\$ 2,787,599</u>

See Notes to Financial Statements.

NEBRASKA SUPREME COURT
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES**
For the Fiscal Year Ended June 30, 2000

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
RECEIPTS:			
Appropriations	\$ 45,979,539	\$ -	\$ 45,979,539
Intergovernmental	-	1,236,322	1,236,322
Sales and Charges	9,023,957	286,692	9,310,649
Miscellaneous	<u>226,793</u>	<u>635,756</u>	<u>862,549</u>
TOTAL RECEIPTS	<u>55,230,289</u>	<u>2,158,770</u>	<u>57,389,059</u>
DISBURSEMENTS:			
Personal Services	41,725,870	597,479	42,323,349
Operating	2,832,434	1,171,292	4,003,726
Travel	741,637	85,866	827,503
Capital Outlay	409,598	48,987	458,585
Government Aid	<u>270,000</u>	<u>-</u>	<u>270,000</u>
TOTAL DISBURSEMENTS	<u>45,979,539</u>	<u>1,903,624</u>	<u>47,883,163</u>
Excess of Receipts Over (Under) Disbursements	<u>9,250,750</u>	<u>255,146</u>	<u>9,505,896</u>
OTHER FINANCING SOURCES (USES):			
Sales of Assets	767	-	767
Deposits to State General Fund	(9,251,522)	-	(9,251,522)
Distributive Activity:			
Debits	(9,315)	-	(9,315)
Credits	<u>9,320</u>	<u>-</u>	<u>9,320</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(9,250,750)</u>	<u>-</u>	<u>(9,250,750)</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	-	255,146	255,146
FUND BALANCE, JULY 1, 1999	<u>9,125</u>	<u>823,790</u>	<u>832,915</u>
FUND BALANCE, JUNE 30, 2000	<u>\$ 9,125</u>	<u>\$ 1,078,936</u>	<u>\$ 1,088,061</u>

See Notes to Financial Statements.

NEBRASKA SUPREME COURT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 General, Cash, and Federal Funds
 For the Year Ended June 30, 2000

	GENERAL FUND			CASH FUND		
	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
RECEIPTS:						
Appropriations		\$ 45,979,539		\$ -		
Intergovernmental		-		339,403		
Sales and Charges		9,023,957		286,692		
Miscellaneous		<u>226,793</u>		<u>634,741</u>		
TOTAL RECEIPTS		<u>55,230,289</u>		<u>1,260,836</u>		
DISBURSEMENTS:						
Personal Services		41,725,870		294,678		
Operating		2,832,434		758,350		
Travel		741,637		7,473		
Capital Outlay		409,598		44,262		
Government Aid		<u>270,000</u>		<u>-</u>		
Total Budgeted	46,967,000	45,979,539	987,461	1,428,750	1,104,763	323,987
Under (Over) Budgeted (Note 8)	<u>(393,866)</u>	<u>-</u>	<u>(393,866)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL DISBURSEMENTS	<u>46,573,134</u>	<u>45,979,539</u>	<u>593,595</u>	<u>1,428,750</u>	<u>1,104,763</u>	<u>323,987</u>
Excess of Receipts Over (Under) Disbursements		<u>9,250,750</u>		<u>156,073</u>		
OTHER FINANCING SOURCES (USES):						
Sale of Assets		767		-		
Deposit to State General Fund		(9,251,522)		-		
Distributive Activity:						
Debits		(9,315)		-		
Credits		<u>9,320</u>		<u>-</u>		
TOTAL OTHER FINANCING SOURCES (USES)		<u>(9,250,750)</u>		<u>-</u>		
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses		-		156,073		
FUND BALANCES, JULY 1, 1999		<u>9,125</u>		<u>764,159</u>		
FUND BALANCES, JUNE 30, 2000		<u>\$ 9,125</u>		<u>\$ 920,232</u>		

See Notes to Financial Statements.

(Continued)

NEBRASKA SUPREME COURT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 General, Cash, and Federal Funds
 For the Year Ended June 30, 2000

	FEDERAL FUND			TOTAL (MEMORANDUM ONLY)		
		ACTUAL	VARIANCE		ACTUAL	VARIANCE
	BUDGET	(BUDGETARY BASIS)	FAVORABLE (UNFAVORABLE)	BUDGET	(BUDGETARY BASIS)	FAVORABLE (UNFAVORABLE)
RECEIPTS:						
Appropriations	\$	-		\$	45,979,539	
Intergovernmental		896,919			1,236,322	
Sales and Charges		-			9,310,649	
Miscellaneous		<u>1,015</u>			<u>862,549</u>	
TOTAL RECEIPTS		<u>897,934</u>			<u>57,389,059</u>	
DISBURSEMENTS:						
Personal Services		302,801		\$ 42,968,141	42,323,349	\$ 644,792
Operating		412,942		4,799,273	4,003,726	795,547
Travel		78,393		866,417	827,503	38,914
Capital Outlay		4,725		564,153	458,585	105,568
Government Aid		-		<u>270,000</u>	<u>270,000</u>	-
Total Budgeted	1,072,234	798,861	273,373	49,467,984	47,883,163	1,584,821
Under (Over) Budgeted (Note 8)	<u>180,000</u>	-	180,000	<u>(213,866)</u>	-	<u>(213,866)</u>
TOTAL DISBURSEMENTS	<u>1,252,234</u>	<u>798,861</u>	<u>453,373</u>	<u>49,254,118</u>	<u>47,883,163</u>	<u>1,370,955</u>
Excess of Receipts Over (Under) Disbursements		<u>99,073</u>			<u>9,505,896</u>	
OTHER FINANCING SOURCES (USES):						
Sale of Assets		-			767	
Deposit to State General Fund		-			(9,251,522)	
Distributive Activity:						
Debits		-			(9,315)	
Credits		<u>-</u>			<u>9,320</u>	
TOTAL OTHER FINANCING SOURCES (USES)		<u>-</u>			<u>(9,250,750)</u>	
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses		99,073			255,146	
FUND BALANCES, JULY 1, 1999		<u>59,631</u>			<u>832,915</u>	
FUND BALANCES, JUNE 30, 2000	\$	<u>158,704</u>		\$	<u>1,088,061</u>	

See Notes to Financial Statements.

(Concluded)

NEBRASKA SUPREME COURT

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2000

1. **Summary of Significant Accounting Policies**

The accounting policies of the Nebraska Supreme Court are on the basis of accounting as described in the Nebraska Accounting System Manual.

- A. **Reporting Entity.** The Nebraska Supreme Court (the Supreme Court) is a State agency established under and governed by the laws of the State of Nebraska. As such, the Supreme Court is exempt from State and Federal income taxes. The financial statements include all funds of the Supreme Court. The Supreme Court has also considered all potential component units for which it is financially accountable, and other organizations which are fiscally dependent on the Supreme Court, or the significance of their relationship with the Supreme Court are such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Supreme Court to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Supreme Court.

These financial statements present the Nebraska Supreme Court. No component units were identified. The Nebraska Supreme Court is part of the primary government for the State of Nebraska's reporting entity.

- B. **Basis of Accounting.** The accounting records of the Supreme Court are maintained and the Supreme Court's financial statements were prepared on the basis of cash receipts and disbursements. Under this method, revenues are recognized when received and expenditures are recognized when paid. This presentation differs from governmental generally accepted accounting principles (GAAP), which requires the use of the modified accrual basis for governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when they are considered susceptible to accrual and expenditures are recognized when the liability is incurred.
- C. **Fund Accounting.** The accounts and records of the Supreme Court are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts which records receipts, disbursements, and the fund balance. The fixed asset account group is a financial reporting device designed to provide accountability over fixed assets. The fund types and account group presented on the financial statements are those required by GAAP, and include:

NEBRASKA SUPREME COURT

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

General Fund. Reflects transactions related to resources received and used for those general operating services traditionally provided by state government and which are not accounted for in any other fund.

Special Revenue Funds. Reflect transactions related to resources received and used for restricted or specific purposes.

General Fixed Assets Account Group. Used to account for general fixed assets of the Supreme Court.

This fund type classification differs from the budgetary fund types used by the Nebraska Accounting System.

The fund types established by the Nebraska Accounting System that are used by the Supreme Court are:

1000 - General Fund - accounts for all financial resources not required to be accounted for in another fund.

2000 - Cash Funds - account for receipts generated by specific activities from sources outside of State government and the disbursements directly related to the generation of the receipts.

4000 - Federal Funds - account for all federal grants and contracts received by the State.

D. Budgetary Process. The State's biennial budget cycle ends on June 30 of the odd-numbered years. By September 15, prior to a biennium, the Supreme Court and all other State agencies must submit their budget request for the biennium beginning the following July 1. The requests are submitted on forms that show estimated funding requirements by programs, sub-programs, and activities. The Executive Branch reviews the requests, establishes priorities, and balances the budget within the estimated resources available during the upcoming biennium.

The Governor's budget bill is submitted to the Legislature in January. The Legislature considers revisions to the bill and submits the revised appropriations bill to the Governor for signature. The Governor may: a) approve the appropriations bill in its entirety, b) veto the bill, or c) line item veto certain sections of the bill. Any vetoed bill or line item can be overridden by a three-fifths vote of the Legislature.

NEBRASKA SUPREME COURT

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

The appropriations that are approved will generally set spending limits for a particular program within the agency. Within the agency or program, the Legislature may provide funding from one to five budgetary fund types. Thus, the control is by fund type, within a program, within an agency. The central accounting system maintains this control. A separate publication entitled “Annual Budgetary Report” shows the detail of this level of control. This publication is available from the Department of Administrative Services, Accounting Division.

Appropriations are usually made for each year of the biennium with unexpended balances being reappropriated at the end of the first year of the biennium. For most appropriations, balances lapse at the end of the biennium. During fiscal year 2000, the Legislature passed a deficit appropriation bill which increased the allowable disbursement level in program 67, Probation Services.

All State budgetary disbursements for the general, cash, and federal fund types are made pursuant to the appropriations which may be amended by the Legislature, upon approval by the Governor. State agencies may reallocate the appropriations between major object of expenditure accounts, except that the Legislature’s approval is required to exceed the personal service limitations contained in the appropriations bill. Increases in total general and cash fund appropriations must also be approved by the Legislature as a deficit appropriations bill. Appropriations for programs funded in whole or in part from federal funds may be increased to the extent that receipts of federal funds exceed the original budget estimate.

The Supreme Court utilizes encumbrance accounting to account for purchase orders, contracts, and other disbursement commitments. However, State law does not require that all encumbrances be recorded in the State’s centralized accounting system, and, as a result, the encumbrances that were recorded in the accounting system have not been included in the accompanying financial statements, except for the impact as described below.

Under State budgetary procedures, appropriation balances related to outstanding encumbrances at the end of the biennium are lapsed and reappropriated in the first year of the next biennium. The effect of the Supreme Court’s current procedure is to include in the budget columns, Total Disbursements line, of the Statement of Receipts , Disbursements, and Changes in Fund Balances - Budget and Actual the current year’s appropriations plus the amounts reappropriated for encumbrances outstanding at the end of the prior biennium. This procedure indicates the Supreme Court’s intention to honor the encumbrances at the end of a biennium.

NEBRASKA SUPREME COURT

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

The disbursements columns of the Statement include cash payments related to the appropriated and reappropriated amounts. For the year ended June 30, 2000, there were no budgetary funds in which disbursements exceeded appropriations.

Budgets for object of expenditure accounts are included in the Nebraska Department of Administrative Services Budget Status Report. They are budgeted at the program level and not within separate budgetary fund types for the program. As a result, for financial reporting purposes, budget amounts for object of expenditure accounts are shown only for total budgeted funds.

Receipts are not budgeted. Therefore, there are no budgeted amounts shown on the Budget and Actual Statement.

There is no difference between the fund balance of the Budgetary Statement and the Financial Statement. The cash fund and federal fund on the Budgetary Statement are appropriately classified as special revenue funds for Financial Statement purposes.

- E. Fixed Assets.** General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost, where historical records are available, and at an estimated historical cost, where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Assets on hand as of June 30, 2000 have been recorded at cost, or estimated cost, by the Supreme Court. Generally, equipment which has a cost in excess of \$300 at the date of acquisition and has an expected useful life of two or more years is capitalized.

Assets in the general fixed assets account group are not depreciated. Fixed assets do not include infrastructure, such as roads and bridges, as these assets are immovable and of value only to the government. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.

- F. Cash in State Treasury.** Cash in the State Treasury represents the cash balance of a fund as reflected on the Nebraska Accounting System. Investment of all available cash is made by the State Investment Officer, on a daily basis, based on total bank balances. Investment income is distributed based on the average daily book cash balance of funds designated for investment. Determination of whether

NEBRASKA SUPREME COURT

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

a fund is considered designated for investment is done on an individual fund basis. All of the funds of the Supreme Court, except for the Supreme Court Grants fund, 4050, were designated for investment during fiscal year 2000.

G. Distributive Activity. Distributive Activity transactions are those recorded directly to a fund's liability accounts rather than through a receipt or disbursement account. These transactions represent funds received by the Supreme Court which are owed to some individual, organization, or other government agency, or are deposits which will be returned on completion of some specified requirement.

H. Inventories. Disbursements for items of an inventory nature are considered expended at the time of purchase rather than at the time of consumption.

I. Compensated Absences. All permanent employees working for the Supreme Court earn sick and annual leave and are allowed to accumulate compensatory leave rather than being paid overtime. Temporary and intermittent employees and Board and Commission members are not eligible for paid leave. Under GAAP, the vested portion of the employee's compensated absences is recorded in the Long Term Debt Account Group for governmental funds. Under the receipts and disbursements basis of accounting, the balances which would otherwise be reported in the Long Term Debt Account Group are not reported since they do not represent balances arising from Cash Transactions.

J. Receipts. The major account titles and descriptions as established by the Nebraska Accounting System that are used by the Supreme Court are:

Appropriations. Appropriations are granted by the Legislature to make disbursements and to incur obligations. The amount of appropriations reported as receipts is the amount spent.

Intergovernmental. Receipts from other governments in the form of grants. For the Supreme Court, these intergovernmental receipts include receipts from the Justice Grant, Child Support Grant, Court Improvement Project, Probation Supervision, and Probation Contractual Services.

Sales and Charges. Income derived from sales of merchandise, compensation for services rendered, and charges for various licenses, permits, and fees. For the Supreme Court, this category consists primarily of fees received from the county courts. The Court also receives income from reproductions and publications, and from professional and technical services relating to various grants.

NEBRASKA SUPREME COURT

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies (Concluded)**

Miscellaneous. Receipts from sources not covered by other major categories. These include interest, drug testing, and electronic monitoring fees.

K. Disbursements. The major account titles and descriptions as established by the Nebraska Accounting System that are used by the Supreme Court are:

Personal Services. Salaries, wages, and related employee benefits provided for all persons employed by a government.

Operating. Disbursements directly related to a program's primary service activities.

Travel. All travel disbursements for any state officer, employee, or member of any commission, council, committee, or board of the State.

Capital Outlay. Disbursements which result in the acquisition of or an addition to fixed assets. Fixed assets are resources of a long-term character, owned or held by the government.

Government Aid. Payment of Federal and/or State money to governmental subdivisions, State agencies, local health and welfare offices, individuals, etc., in furtherance of local activities and accomplishment of State programs.

L. Fund Balance Reservations. Reservations of fund balances are established to identify the existence of assets that have been legally segregated for specific purposes. Reservations of fund balances are also established for assets which are not current in nature, such as deposits for postage.

2. **Totals**

The Totals "Memorandum Only" column represents an aggregation of individual account balances. The column is presented for overview informational purposes and does not present consolidated financial information since interfund balances and transactions have not been eliminated.

NEBRASKA SUPREME COURT

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Contingencies and Commitments**

Risk Management. The Supreme Court is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors or omissions, injuries to employees, natural disasters, and health care insurance. The Supreme Court, as part of the primary government for the State, participates in the State's risk management program. The Nebraska Department of Administrative Services (DAS) Division of Risk Management is responsible for maintaining the insurance and self-insurance programs for the State. The State generally self-insures for general liability and workers compensation. The State has chosen to purchase insurance for:

1. Motor vehicle liability, which is insured for the first \$5 million of exposure per accident. Insurance is also purchased for medical payments, physical damage, and uninsured and underinsured motorists with various limits and deductibles.
2. Health care insurance for employees selecting certain coverage options. All health care insurance was purchased.
3. Crime coverage, with a limit of \$1 million for each loss, and a \$10,000 retention per incident.
4. Real and personal property on a blanket basis for losses up to \$250,000,000, with a self-insured retention of \$100,000 per loss occurrence. The perils of flood and earthquake are covered up to \$9,000,000. Newly-acquired properties are covered up to \$1,000,000 for 60 days or until the value of the property is reported to the insurance company.

No settlements exceeded commercial insurance coverage in any of the past three fiscal years. Health care insurance is funded in the Risk Management Internal Service Fund through a combination of employee and State contributions. Worker's compensation is also funded in the Risk Management Internal Service Fund through assessments on each agency based on total agency payroll and past experience. Tort claims, theft of, damage to, or destruction of assets, errors or omissions, and natural disasters would be funded through the State General Fund or by individual agency assessments as directed by the Legislature, unless covered by purchased insurance. No amounts for estimated claims have been reported in the Nebraska Supreme Court's financial statements.

Litigation. The potential amount of liability involved in litigation pending against the Supreme Court, if any, could not be determined at this time. However, it is the Supreme Court's opinion that final settlement of those matters should not have an adverse effect on the Supreme Court's ability to administer current programs. Any judgement against the Supreme Court would have to be processed through the State Claims Board and be approved by the Legislature.

NEBRASKA SUPREME COURT

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement Systems**

A. **State Employees Retirement Plan (Plan)**

The Plan is a single-employer defined contribution plan administered by the Public Employees Retirement Board in accordance with the provisions of the State Employees Retirement Act and may be amended by legislative action. In the defined contribution plan, retirement benefits depend on total contributions, investment earnings, and the investment options selected. Membership in the Plan is required of all permanent full-time employees on reaching the age of thirty and completion of twenty-four months of continuous service, and voluntary participation is permitted for all permanent full-time or part-time employees upon reaching age twenty and completion of twelve months of service within a five-year period, except any individual appointed by the Governor may elect to not become a member of the Plan.

Employees contribute 4.33% of their monthly compensation until such time as they have paid during any calendar year a total of eight hundred sixty four dollars, after which time they shall pay a sum equal to 4.8% of their monthly compensation for the remainder of such calendar year. The Supreme Court matches the employee's contribution at a rate of 156% of the employee's contribution.

The employee's account is fully vested. The employer's account is vested 100% after five years participation in the plan or at retirement.

For the Fiscal Year Ended June 30, 2000, employees contributed \$798,215 and the Supreme Court contributed \$1,245,215.

B. **Judges Retirement System**

Plan Description. The Judges Retirement System (Plan) is a single employer defined benefit pension plan created in 1955 by the Legislature. Membership includes judges and associate judges employed by the State for the Supreme Court, District Courts, Workers' Compensation Court, County Courts, Court of Appeals, and Juvenile Courts. The Plan was established by Neb. Rev. Stat. Sections 24-701 to 24-714, R.R.S. 1995, and is administered by the Public Employees Retirement Board (Retirement Board) of the State of Nebraska. The Plan provides retirement benefits based on a percentage of the final average monthly salary multiplied by total years of service, and the formula factor of 3.5%. Retirement is age 65; calculation will vary with early retirement. Benefits vest when the judge takes office. The Retirement Board issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained from the Retirement Board.

NEBRASKA SUPREME COURT

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement Systems (Continued)**

B. **Judges Retirement System** (Continued)

Funding Policy. The contribution requirements of the plan members and the State are established and may be amended by the State Legislature. A one dollar fee for each case is collected from District and County Courts, plus a ten percent charge on certain fees is collected in the County Courts. The State's contribution is based on an annual actuarial valuation. Judges contribute six percent of their salary.

Annual Pension Cost. For fiscal year ended June 30, 2000, the annual pension cost was equal to the required and actual contributions. Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2000
Actuarial Cost Method	Frozen Entry Age
Amortization Method	Level Dollar Closed
Remaining Amortization Method	25 years (1)
Asset Valuation Method	5 Year Smoothing
Actuarial Assumptions:	
Investment Rate of Return (2)	8.0%
Projected Salary Increases (2)	5.0%

Six Year Trend Information
Annual Required Contribution

Year Ended	Annual Required Contribution		Percentage Contributed
	State (3)	Court Fees (4)	
2000	\$ 72,244	\$ 473,838	100%
1999	\$ 72,244	\$ 442,802	100%
1998	\$ 72,244	\$ 445,115	100%
1997	\$ 72,244	\$ 449,776	100%
1996	\$ 121,929	\$ 464,480	100%
1995	\$ 658,833	\$ 450,097	100%

- (1) Or the expected future service of active members, if less.
- (2) Includes assumed inflation of 3.8%
- (3) Includes contribution toward unfounded actuarial accrued liability, if applicable: and contribution toward purchasing power stabilization fund.
- (4) A one dollar fee for each case is collected from District and County Courts, plus a ten percent charge on certain fees is collected in the County Courts.

NEBRASKA SUPREME COURT

NOTES TO FINANCIAL STATEMENTS
(Continued)

4. **Retirement Systems (Concluded)**

B. **Judges Retirement System (Continued)**

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liabilities (UAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAL as a % of Covered Payroll [(b-a)/c]
June 30, 2000	\$84,483,073	\$ 84,483,073	\$ -	100%	\$ 13,913,264	0%
June 30, 1999	75,521,517	75,521,517	\$ -	100%	13,462,643	0%
June 30, 1998	67,541,962	67,541,962	\$ -	100%	12,729,379	0%
June 30, 1997	60,668,012	60,668,012	\$ -	100%	12,175,863	0%
June 30, 1996	56,060,318	56,060,318	\$ -	100%	11,615,752	0%
June 30, 1995	51,676,228	51,676,228	\$ -	100%	11,131,148	0%

5. **Distributive Activity**

The Supreme Court's distributive activity for the audit period primarily consists of sales tax.

6. **Fixed Assets**

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balance July 1, 1999	Additions	Retirements	Balance June 30, 2000
Equipment	\$ 1,632,578	\$ 100,279	\$ 33,319	\$ 1,699,538

The additions to the fixed assets for fiscal year ended June 30, 2000 totaled \$100,279. The capital outlay per the Statement of Receipts, Disbursements, and Changes in Fund Balances totaled \$458,585. The difference of \$358,306 (\$458,585 less \$100,279) between the capital expenditures and the additions is due primarily to purchases for the library holdings and to software purchases, which are not capitalized.

7. **Full Accountability of the General and Federal Funds**

Only the cash transactions are reported on the financial statements for these funds. They do not show appropriations and authorizations to spend. To show the full accountability over these funds the following schedules reflect appropriations and authorization to spend. Appropriations and authorization to spend do not represent cash transactions.

NEBRASKA SUPREME COURT

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. **Full Accountability of the General and Federal Funds (Concluded)**

General Fund	
Beginning (Reappropriated) Balance July 1, 1999	\$ 193,504
New Appropriations	46,379,630
Total Appropriations	<u>46,573,134</u>
Disbursements	<u>(45,979,539)</u>
Ending (Appropriations) Balance June 30, 2000	<u>\$ 593,595</u>
Federal General Fund	
Beginning Federal Grant Authorization July 1, 1999	\$ 72,381
New Federal Grant Authorization	122,646
Total Federal Grant Authorization	<u>195,027</u>
Disbursements	<u>(156,393)</u>
Ending Federal Grant Authorization Balance June 30, 2000	<u>\$ 38,634</u>

8. **Under (Over) Budgeted**

The amount budgeted for the Court in the Budget Status for the General and Federal Funds differed from their appropriations. The budgeted amounts were set up at the beginning of the fiscal year based on knowledge available at that time, and an adjusted budget was not submitted.

The original appropriations were adjusted as follows:

The General Fund appropriations amount was less than the amount budgeted by a total of \$393,866. This was primarily due to legislation at the end of the fiscal year reducing appropriations by \$400,000.

The Federal Fund appropriations amount was more than the amount budgeted by \$180,000. The appropriations amount was increased at the end of the fiscal year by a request made to the Budget office because more federal funds were received than were previously estimated.

NEBRASKA SUPREME COURT
COMBINING STATEMENT OF ASSETS AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
 ALL SPECIAL REVENUE FUNDS
 June 30, 2000

	Supreme Court Reports Fund 2051	Probation Supervision Fund 2052	Supreme Court Automation Fund 2054	Dispute Resolution Cash Fund 2055	Probation Contractual Services Fund 2056	Federal General Fund 4000
<u>Assets</u>						
Cash in State Treasury	\$ 163,297	\$ 613,299	\$ 55,939	\$ 7,988	\$ 79,709	\$ -
Total Assets	<u>\$ 163,297</u>	<u>\$ 613,299</u>	<u>\$ 55,939</u>	<u>\$ 7,988</u>	<u>\$ 79,709</u>	<u>\$ -</u>
<u>Fund Balances and Other Credits</u>						
Fund Balances:						
Reserved For Postage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Undesignated	<u>163,297</u>	<u>613,299</u>	<u>55,939</u>	<u>7,988</u>	<u>79,709</u>	<u>-</u>
Total Fund Balances	<u>\$ 163,297</u>	<u>\$ 613,299</u>	<u>\$ 55,939</u>	<u>\$ 7,988</u>	<u>\$ 79,709</u>	<u>\$ -</u>

(Continued)

NEBRASKA SUPREME COURT
COMBINING STATEMENT OF ASSETS AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
 ALL SPECIAL REVENUE FUNDS
 June 30, 2000

	Supreme Court Grants Fund 4050	Juvenile Account Grant Fund 4051	Probation Grants Fund 4052	Total Cash Funds	Total Federal Funds	Totals Special Revenue Funds
<hr/> Assets <hr/>						
Cash in State Treasury	\$ 128,141	\$ 30,554	\$ 9	\$ 920,232	\$ 158,704	\$ 1,078,936
Total Assets	<u>\$ 128,141</u>	<u>\$ 30,554</u>	<u>\$ 9</u>	<u>\$ 920,232</u>	<u>\$ 158,704</u>	<u>\$ 1,078,936</u>
<hr/> Fund Balances and Other Credits <hr/>						
Fund Balances:						
Reserved For Postage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Undesignated	<u>128,141</u>	<u>30,554</u>	<u>9</u>	<u>920,232</u>	<u>158,704</u>	<u>1,078,936</u>
Total Fund Balances	<u>\$ 128,141</u>	<u>\$ 30,554</u>	<u>\$ 9</u>	<u>\$ 920,232</u>	<u>\$ 158,704</u>	<u>\$ 1,078,936</u>

(Concluded)

NEBRASKA SUPREME COURT
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES**
SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2000

	Supreme Court Reports Fund 2051	Probation Supervision Fund 2052	Supreme Court Automation Fund 2054	Dispute Resolution Cash Fund 2055	Probation Contractual Services Fund 2056	Federal General Fund 4000
RECEIPTS:						
Intergovernmental	\$ -	\$ 241,067	\$ -	\$ -	\$ 98,336	\$ 156,393
Sales and Charges	217,419	-	-	69,273	-	-
Miscellaneous	49,203	564,337	20,151	612	438	-
TOTAL RECEIPTS	266,622	805,404	20,151	69,885	98,774	156,393
DISBURSEMENTS:						
Personal Services	29,197	247,206	-	-	18,275	31,952
Operating	263,513	421,811	-	72,257	769	124,219
Travel	267	4,120	-	3,065	21	222
Capital Outlay	-	44,262	-	-	-	-
TOTAL DISBURSEMENTS	292,977	717,399	-	75,322	19,065	156,393
Excess of Receipts Over (Under) Disbursements	(26,355)	88,005	20,151	(5,437)	79,709	-
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(26,355)	88,005	20,151	(5,437)	79,709	-
FUND BALANCE, JULY 1, 1999	189,652	525,294	35,788	13,425	-	-
FUND BALANCE, JUNE 30, 2000	\$ 163,297	\$ 613,299	\$ 55,939	\$ 7,988	\$ 79,709	\$ -

(Continued)

NEBRASKA SUPREME COURT
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES**
SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2000

	Supreme Court Grants Fund 4050	Juvenile Account Grant Fund 4051	Probation Grants Fund 4052	Total Cash Funds	Total Federal Funds	Total Special Revenue Funds
RECEIPTS:						
Intergovernmental	\$ 669,759	\$ 66,945	\$ 3,822	\$ 339,403	\$ 896,919	\$ 1,236,322
Sales and Charges	-	-	-	286,692	-	286,692
Miscellaneous	-	1,006	9	634,741	1,015	635,756
TOTAL RECEIPTS	669,759	67,951	3,831	1,260,836	897,934	2,158,770
DISBURSEMENTS:						
Personal Services	256,683	14,166	-	294,678	302,801	597,479
Operating	276,666	11,457	600	758,350	412,942	1,171,292
Travel	67,850	7,099	3,222	7,473	78,393	85,866
Capital Outlay	50	4,675	-	44,262	4,725	48,987
TOTAL DISBURSEMENTS	601,249	37,397	3,822	1,104,763	798,861	1,903,624
Excess of Receipts Over (Under) Disbursements	68,510	30,554	9	156,073	99,073	255,146
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	68,510	30,554	9	156,073	99,073	255,146
FUND BALANCE, JULY 1, 1999	59,631	-	-	764,159	59,631	823,790
FUND BALANCE, JUNE 30, 2000	\$ 128,141	\$ 30,554	\$ 9	920,232	158,704	\$ 1,078,936

(Concluded)

**NEBRASKA SUPREME COURT
ANNUAL CASES AND RELATED COSTS**

	<u>1996 (1)</u>	<u>1997 (1)</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Supreme Court Judges and Staff					
Salaries (2)	\$ 1,521,640	\$ 1,557,539	\$ 1,573,007	\$ 1,613,109	\$ 1,664,017
Cases Disposed (3)	305	305	309	327	419 (4)
Average Salary per Case	\$ 4,989	\$ 5,107	\$ 5,091	\$ 4,933	\$ 3,971
 Court of Appeals Judges and Staff					
Disbursements (2)	\$ 1,213,747	\$ 1,349,891	\$ 1,436,908	\$ 1,473,684	\$ 1,487,704
Cases Disposed (3)	1,172	1,111	1,146	1,205	1,259 (4)
Average Cost per Case	\$ 1,036	\$ 1,215	\$ 1,254	\$ 1,223	\$ 1,182
 District Court Judges and Court Reporters					
Disbursements (2)	\$ 7,490,082	\$ 7,898,608	\$ 8,311,590	\$ 8,901,567	\$ 9,544,088
Cases Filed (3)	36,772	38,117	38,330	37,915	38,581 (4)
Average Cost per Case	\$ 204	\$ 207	\$ 217	\$ 235	\$ 247
 County Court Judges and Staff					
Disbursements by District (2)					
1	\$ 811,719	\$ 853,160	\$ 855,866	\$ 884,750	\$ 949,082
2	804,687	836,502	865,215	992,339	1,131,263
3	1,669,034	1,729,513	1,731,290	1,793,653	1,878,820
4	2,760,037	2,924,897	2,909,179	3,111,280	3,127,433
5	1,454,919	1,494,651	1,496,122	1,525,639	1,614,888
6	910,939	937,307	963,483	969,251	1,032,600
7	756,433	789,398	818,624	846,766	904,247
8	794,123	829,631	851,617	870,474	949,774
9	847,328	857,819	878,030	905,553	996,815
10	789,797	823,255	849,719	856,737	917,457
11	1,363,373	1,411,971	1,451,981	1,491,823	1,592,824
12	1,253,912	1,308,113	1,339,790	1,367,251	1,493,306
Total Disbursements	<u>\$ 14,216,301</u>	<u>\$ 14,796,217</u>	<u>15,010,916</u>	<u>\$ 15,615,516</u>	<u>\$ 16,588,509</u>

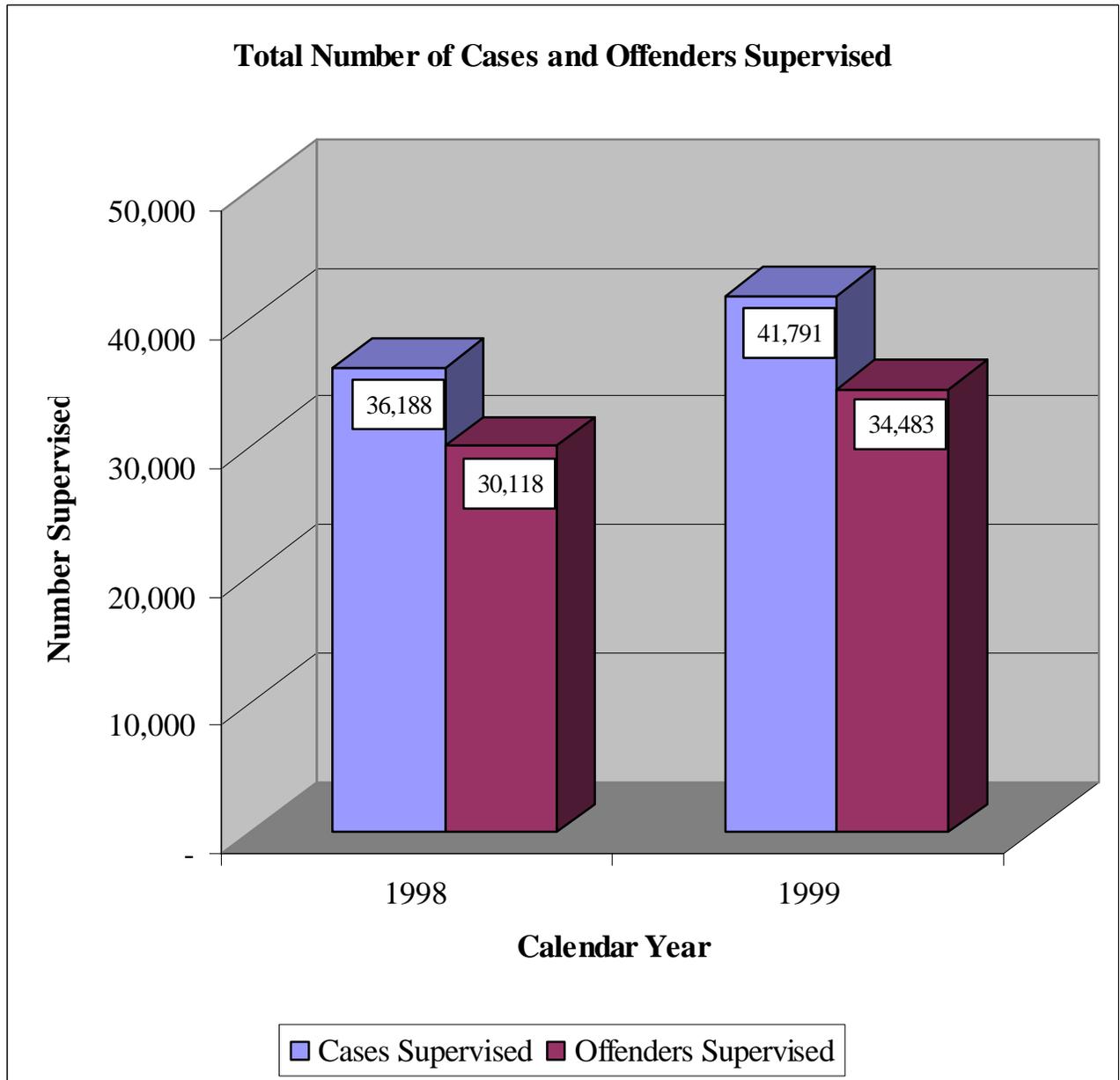
**NEBRASKA SUPREME COURT
ANNUAL CASES AND RELATED COSTS**

	<u>1996 (1)</u>	<u>1997 (1)</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Cases Filed by District (3)					
1	14,463	13,632	14,565	14,440	16,714 (4)
2	28,995	30,494	29,820	35,243	35,525 (4)
3	49,597	49,736	53,192	52,111	50,788 (4)
4	110,946	95,488	90,440	93,841	96,188 (4)
5	28,410	28,377	26,979	28,474	28,665 (4)
6	26,576	22,579	24,329	21,859	23,905 (4)
7	19,231	18,876	18,320	17,403	17,202 (4)
8	11,852	12,845	13,502	13,346	13,861 (4)
9	24,807	23,806	25,006	26,591	27,548 (4)
10	16,985	16,882	18,175	18,698	20,230 (4)
11	37,262	35,227	35,756	36,571	37,012 (4)
12	27,584	26,137	26,201	25,353	25,546 (4)
Total Cases Filed	<u>396,708</u>	<u>374,079</u>	<u>376,285</u>	<u>383,930</u>	<u>393,184 (4)</u>
Average Cost per Case by District					
1	56	63	59	61	57
2	28	27	29	28	32
3	34	35	33	34	37
4	25	31	32	33	33
5	51	53	55	54	56
6	34	42	40	44	43
7	39	42	45	49	53
8	67	65	63	65	69
9	34	36	35	34	36
10	46	49	47	46	45
11	37	40	41	41	43
12	45	50	51	54	58
Average Cost per Case (all Districts)	<u>36</u>	<u>40</u>	<u>40</u>	<u>41</u>	<u>42</u>

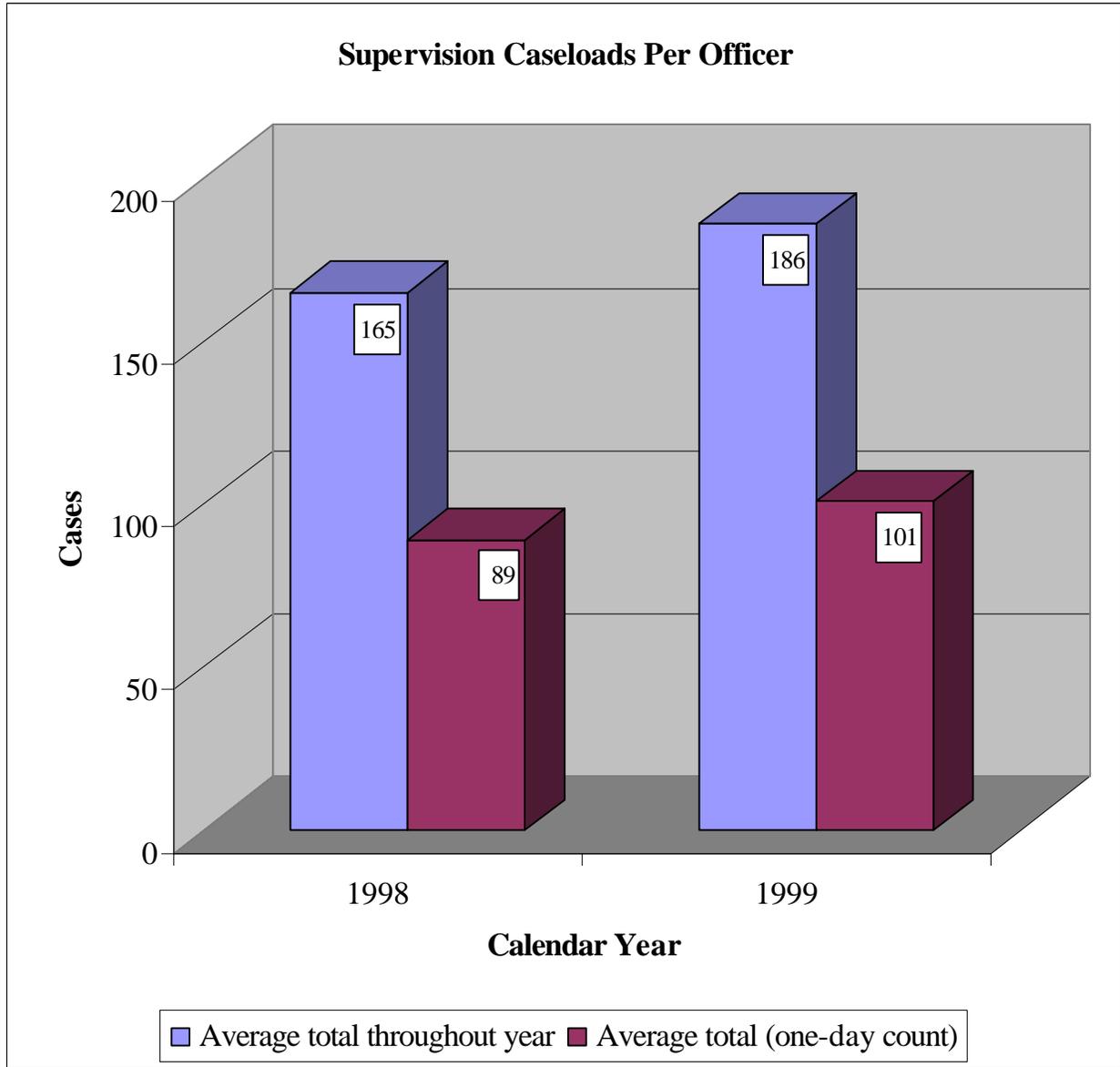
NOTE: District Court Judges includes Juvenile Judges

- (1) Audited in prior audit.
- (2) Information obtained from Nebraska Accounting System (NAS). Data is collected on a fiscal year basis.
- (3) Information obtained from Annual Caseload Report. This data is collected on a calendar year basis.
- (4) Data for calendar year 2000 has not been compiled as the year is not yet over.
The figures for 2000 are an extrapolation of the data available.

NEBRASKA SUPREME COURT
PROBATION
(Unaudited)



NEBRASKA SUPREME COURT
PROBATION
(Unaudited)



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Auditor of Public Accounts



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NEBRASKA SUPREME 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 statements of the Nebraska Supreme Court as of and for the year ended June 30, 2000, and have issued our report thereon dated November 9, 2000. The report notes the financial statements were prepared on the basis of cash receipts and disbursements and was modified to emphasize that the financial statements present only the funds of the Nebraska Supreme Court. 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 the Nebraska Supreme Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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. We noted certain immaterial instances of noncompliance that we have reported to management of the Nebraska Supreme Court in the Comments Section of this report as Comment Number 3 (Internal Control Over Disbursements).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Nebraska Supreme Court's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements 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 statements 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Nebraska Supreme Court in the Comments Section of this report as Comment Number 1 (Lack of Segregation of Duties Over Receipts), Comment Number 2 (Internal Control Over Fixed Assets), Comment Number 3 (Internal Control Over Disbursements), and Comment Number 5 (Error in Grant Reimbursement).

This report is intended solely for the information and use of the agency, 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 cursive script that reads "Julia Peralez CPA". The signature is written in black ink and is positioned to the right of the date.

November 9, 2000

Manager