

**WALTER M. EDMONDS  
CLERK OF THE CIRCUIT COURT  
of the  
CITY OF PORTSMOUTH, VIRGINIA**

**REPORT ON AUDIT  
FOR THE PERIOD  
OCTOBER 1, 2000 THROUGH JUNE 30, 2001**



June 30, 2001

Myra Harrell  
Clerk of the Circuit Court  
City of Portsmouth

Ronald Massie  
City Manager  
City of Portsmouth

We have audited the accompanying Statement of Assets and Liabilities of Walter M. Edmonds, Clerk of the Circuit Court of the City of Portsmouth, for the period October 1, 2000 through June 30, 2001. All records supporting the amounts presented in this financial statement are the responsibility of the Clerk. Our responsibility is to express an opinion on the financial statement based on our audit.

Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial management system; evaluate the Court's internal controls; and test its compliance with significant state laws, regulations, and policies. However, our audit was more limited than would be necessary to provide assurance on the internal controls or on overall compliance with applicable laws, regulations, and policies.

We conducted our audit in accordance with generally accepted auditing standards. 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 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.

The purpose of the audit for the period October 1, 2000 through June 30, 2001, was to determine the accountability of the Clerk at June 30, 2001, and to turn over the assets, accounts, and records of the office to Myra Harrell, the newly appointed Clerk of the Circuit Court.

As described in Note 1, this financial statement has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis of accounting is prescribed by the State Comptroller and approved by the Auditor of Public Accounts as it is deemed the appropriate method of reporting by Clerks of the Circuit Court.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the assets and liabilities of the Clerk of the Circuit Court of the City of Portsmouth as of June 30, 2001, on the basis of accounting described in Note 1.

We acknowledge the cooperation extended to us during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:kva

cc: The Honorable James A. Cales Jr., Chief Judge  
Ronald Massie, City Manager  
Don Lucido, Director of Technical Assistance  
Supreme Court of Virginia  
Martin Watts, Court Analyst  
Supreme Court of Virginia

CITY OF PORTSMOUTH  
CLERK OF THE CIRCUIT COURT  
STATEMENT OF ASSETS AND LIABILITIES  
AS OF JUNE 30, 2001

ASSETS

Cash and cash equivalents	\$2,749,111
Other receivable (Note 3)	<u>13,044</u>
 Total assets	 <u><u>\$2,762,155</u></u>

LIABILITIES

Due to the Commonwealth of Virginia	\$ 24,228
Due to the City of Portsmouth	67,973
Collections for others	139,750
Depository bonds	21,555
Moneys under control of the court	2,127,177
Condemnation funds	358,043
Unspecified receipts	530
Unreceipted monies on hand	9,855
Other liability (Note 3)	<u>13,044</u>
 Total liabilities	 <u><u>\$2,762,155</u></u>

CITY OF PORTSMOUTH  
CLERK OF THE CIRCUIT COURT  
NOTES TO FINANCIAL STATEMENT  
AS OF JUNE 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Clerk of the Circuit Court is an elected constitutional officer who administers the City of Portsmouth's court of record. The Circuit Court is where individuals file documents requiring formal recording by law to include deeds, wills, marriage licenses, and various other documents. The Circuit Court has exclusive original jurisdiction in all felony criminal cases, in civil chancery, and civil cases where the amount exceeds \$10,000. It also hears appeals from district courts.

Basis of Accounting

The financial statement is prepared using the cash basis of accounting, which records cash receipts when received and disbursements when made.

2. SURETY BOND

In accordance with Sections 2.1-526.9 and 2.1-526.9:1, of the Code of Virginia, the Clerk was bonded under a Public Officials Position Schedule Bond in the amount of \$500,000 with the Fidelity and Deposit Company of Maryland and through a self-insurance plan administered by the Department of General Services, Division of Risk Management, as sureties.

3. CASH SHORTAGE

The \$13,044 shown as the other receivable and liability on the Statement of Assets and Liabilities represents a cash shortage from receipts recorded by the Clerk's office during the period November 1983 through March 1985, which were not deposited into the Clerk's official bank account. An investigation into the matter failed to identify the individual(s) responsible for the shortage. As a result, the former Clerk had responsibility for disposition of these funds.

4. SUBSEQUENT EVENTS

Subsequent to the audit, the former Clerk resolved the matter discussed in Note 3 by paying the Court \$13,044.