

# **Franklin County Municipal Court**

Financial Statements

Year Ended December 31, 2008

(with Independent Auditors' Report)





# Mary Taylor, CPA

Auditor of State

Franklin County Municipal Court  
375 South High Street, 4th Floor  
Columbus, Ohio 43215

We have reviewed the *Independent Auditors' Report* of the Franklin County Municipal Court, Franklin County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Franklin County Municipal Court is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

July 28, 2009

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<u>ELECTED OFFICIAL</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>
Carrie E. Glaeden	Administrative and Presiding Judge	04/01/04 to 01/04/10
Harland Hale	Environmental Judge	01/08/04 to 01/07/10
Ted Barrows	Judge	01/02/04 to 01/01/10
Michael T. Brandt	Judge	01/03/06 to 01/02/12
Julia L. Dorrian	Judge	01/07/04 to 01/06/10
James E. Green	Judge	01/03/02 to 01/02/10
Janet A. Grub	Judge	01/03/04 to 01/02/10
Paul M. Herbert	Judge	01/04/04 to 01/03/10
W. Dwayne Maynard	Judge	01/01/06 to 01/02/12
Andrea C. Peebles	Judge	01/01/06 to 12/31/11
H. William Pollitt, Jr.	Judge	01/01/04 to 12/31/09
Amy Salerno	Judge	02/01/05 to 01/01/14
Anne Taylor	Judge	01/06/04 to 01/05/10
Scott D. Van Der Karr	Judge	01/03/08 to 12/31/13
David Tyack	Judge	01/01/08 to 12/31/11
Lori M. Tyack	Clerk of Court	01/01/06 to 12/31/11

<u>NAME</u>	<u>TITLE</u>
Obie Lucas	Chief Deputy Clerk
Roy Ball	Director of Operations & Customer Service
Crystal Ross	Fiscal Administrator
Carly Albert	Accounting Manager

## **INDEPENDENT AUDITORS' REPORT**

To Lori M. Tyack, Clerk of Courts of  
Franklin County Municipal Court  
Columbus, Ohio:

We have audited the accompanying combining statement of undisbursed cash balances of the Franklin County Municipal Court (the "Court"), as of December 31, 2008 and the related combining statement of receipts, disbursements, and changes in undisbursed cash balances for the year then ended. These financial statements are the responsibility of the 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 auditing standards generally accepted in the United States of America 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 to the financial statements, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the undisbursed cash balances arising from cash transactions of the Court as of December 31, 2008, and its total receipts, disbursements, and changes in undisbursed cash balances for the year then ended on the basis of accounting described in Note 1.

The management's discussion and analysis on pages 3 through 4 is not a required part of the financial statements but is supplementary information required by the Government 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 required supplementary information. However, we did not audit the information and express no opinion on it.

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In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2009, on our consideration of the Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined total information in the financial statements taken as a whole. The combining information is presented for purposes of additional analysis of the combined total information in the combining financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined total information in the combining financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined total information in the combining financial statements taken as a whole.

*Clark, Schaefer, Hachett & Co.*

Cincinnati, Ohio  
June 25, 2009

The following Management's Discussion and Analysis ("MD&A") section of the Franklin County Municipal Court's (the "Court") financial statements represents a discussion and analysis of the Court's financial performance during the fiscal year ended December 31, 2008. Please read it in conjunction with the Court's financial statements, which follow this section.

**Overview of the Financial Statements**

The Court's financial statements are presented on a cash receipts and disbursements basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

For financial reporting purposes, the Court is an agency fund group which consists of the agency funds of the four divisions of the Court: criminal/traffic/bail, civil, trusteeship, and rent escrow. The operating expenses of the Court are funded by the City of Columbus and Franklin County and are not, therefore, part of the reporting entity included in this report.

**Combining Statement of Undisbursed Cash Balances**

The following summarizes the Court's undisbursed cash balances as of December 31:

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Civil Division	\$ 1,152,602	1,184,292	(31,690)	-3%
Trusteeship Division	8,685	4,999	3,686	74%
Rent Escrow Division	101,617	96,689	4,928	5%
Criminal/Traffic/Bail Division	<u>1,240,631</u>	<u>1,089,817</u>	<u>150,814</u>	14%
Total undisbursed cash balances	<u>\$ 2,503,535</u>	<u>2,375,797</u>	<u>127,738</u>	5%

Over time, increases and decreases in undisbursed cash balance indicate the funds held for case disposition as a result of yearly cash receipts and disbursements timing.

**Statement of Receipts and Disbursements**

The following schedule presents a summary of funds for the years ended December 31:

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
<u>Receipts</u>				
Civil Division	\$ 25,795,731	24,064,870	1,730,861	7%
Trusteeship Division	244,018	175,142	68,876	39%
Rent Escrow Division	275,774	269,189	6,585	2%
Criminal/Traffic/Bail Division	<u>22,020,187</u>	<u>22,380,454</u>	<u>(360,267)</u>	-2%
Total receipts	<u>\$ 48,335,710</u>	<u>46,889,655</u>	<u>1,446,055</u>	3%
<u>Disbursements</u>				
Civil Division	\$ 25,827,421	24,059,801	1,767,620	7%
Trusteeship Division	240,332	174,642	65,690	38%
Rent Escrow Division	270,846	254,096	16,750	7%
Criminal/Traffic/Bail Division	<u>21,869,373</u>	<u>22,349,549</u>	<u>(480,176)</u>	-2%
Total disbursements	<u>\$ 48,207,972</u>	<u>46,838,088</u>	<u>1,369,884</u>	3%

**Civil Division**

The civil division receipts and disbursement increased by 7%, respectively, due to a combination of a 1% increase in cases filed and a 4% increase in garnishments, which can vary in dollar amount depending on the nature of the individual cases. Garnishments are receipted and disbursed on cases for many years if necessary. Therefore, they can significantly increase the number of receipts and disbursements without cases significantly increasing.

**Trusteeship Division**

The trusteeship division receipts and disbursements increased by 39% and 38%, respectively. Cases can vary in dollar amount depending on the nature of the individual cases and can continue on for many years. Therefore, even though trusteeship cases decreased by two cases from last year the receipts and disbursements still increased due to the new filings and continued receipting and disbursing old cases.

**Rent Escrow Division**

The rent escrow division receipts and disbursements increased by 2% and 7%, respectively, with an increase in cases of 10%. This increase is a result of the nature/dollar amount of the individual cases.

**Criminal/Traffic/Bail Division**

The criminal/traffic/bail division receipts and disbursements decreased by 2%, respectively, due to a 5% decrease in cases.

Franklin County Municipal Court  
Combining Statement of Undisbursed Cash Balances  
December 31, 2008

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Undisbursed Cash Balance:

Civil division	\$ 1,152,602
Trusteeship division	8,685
Rent escrow division	101,617
Criminal/traffic/bail division	<u>1,240,631</u>
Total	\$ <u>2,503,535</u>

See notes to combining financial statements.

Franklin County Municipal Court  
 Combining Statement of Receipts, Disbursements, and Changes in Undisbursed Cash Balances  
 For the Year Ended December 31, 2008

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	<u>Civil</u>	<u>Trusteeship</u>	<u>Rent Escrow</u>	<u>Criminal/ Traffic/Bail</u>	<u>Combined Total</u>
Cash receipts	\$ 25,795,731	244,018	275,774	22,020,187	\$ 48,335,710
Cash disbursements	<u>25,827,421</u>	<u>240,332</u>	<u>270,846</u>	<u>21,869,373</u>	<u>48,207,972</u>
Total cash receipts over (under) cash disbursements	(31,690)	3,686	4,928	150,814	127,738
Undisbursed cash balance - December 31, 2007	<u>1,184,292</u>	<u>4,999</u>	<u>96,689</u>	<u>1,089,817</u>	<u>2,375,797</u>
Undisbursed cash balance - December 31, 2008	\$ <u>1,152,602</u>	<u>8,685</u>	<u>101,617</u>	<u>1,240,631</u>	\$ <u>2,503,535</u>

See notes to combining financial statements.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The more significant of the Franklin County Municipal Court's accounting policies are described below:

**A. Reporting entity**

The Municipal Court (the "Court") was created and operates under the authority of Section 1901.01 of the Ohio Revised Code. Under the present law, the Court operates with 15 elected Judges and an elected Clerk of Court, each of whom serves a six-year term. The Court has been granted jurisdiction for the entire area of Franklin County.

For financial reporting purposes, the Court is an agency fund group which consists of the agency funds of the four divisions of the Court: criminal/traffic/bail, civil, trusteeship, and rent escrow. The operating expenses of the Court are funded by the City of Columbus and Franklin County and are not, therefore, part of the reporting entity included in this report.

**B. Basis of accounting**

The Court prepares its combining financial statements on the basis of cash receipts and disbursements. Under this accounting method, revenues are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when incurred.

**C. Cash and cash equivalents**

The Court maintains separate cash accounts for the four divisions.

The provisions of the Ohio Revised Code govern the investment and deposit of monies held by the Court. In accordance with these statutes, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The statutes also permit the Court to invest monies in certificates of deposit and saving accounts.

Public depositories must give security for all public funds on deposits. These institutions may either specifically collateralize individuals accounts in addition to amounts insured by the Federal Deposit Insurance Corporation ("FDIC"), or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investment to be maintained in the Court's name.

*Deposits* – At year-end, the carrying amount of the Court's deposits was \$2,496,033 and the bank balance was \$3,014,712, with the difference attributed mainly to outstanding checks. As required by criteria described in Governmental Accounting Standards Board ("GASB") Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, \$250,000 of the bank balance was covered by FDIC insurance; and \$2,764,712 was collateralized by collateral pool with securities being held by the pledging financial institution's agents in the pool's name. In addition, the Court also had \$7,502 of cash on hand.

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

To Lori M. Tyack Clerk of Courts of  
Franklin County Municipal Court  
Columbus, Ohio:

We have audited the combining statement of undisbursed cash balances of the Franklin County Municipal Court (the "Court") as of December 31, 2008, and the related combining statement of receipts, disbursements, and changes in undisbursed cash balances for the year then ended, which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, and have issued our report thereon dated June 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Court's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Court's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the cash basis of accounting such that there is more than a remote likelihood that a misstatement of the Court's financial statements that is more than inconsequential will not be prevented or detected by the Court's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Court's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that have been reported to the management of the Court in a separate letter dated June 25, 2009.

This report is intended solely for the information and use of the Clerk of Court, management, and others within the entity, and is not intended to be and should not be used by anyone other than those specified parties.

*Clark, Schaefer, Hachett & Co.*

Cincinnati, Ohio  
June 25, 2009





Mary Taylor, CPA  
Auditor of State

FRANKLIN COUNTY MUNICIPAL COURT

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
AUGUST 11, 2009