

**CLARK COUNTY MUNICIPAL COURT  
CLARK COUNTY, OHIO**

Annual Financial Statements

For the Years Ended December 31, 2007 and 2006

With

Independent Auditors' Report





# Mary Taylor, CPA

Auditor of State

Guy Ferguson, Clerk  
Clark County Municipal Court  
50 East Columbia Street  
Springfield, Ohio 45502

We have reviewed the *Independent Auditors' Report* of the Clark County Municipal Court prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2006 through December 31, 2007. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Clark 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

June 24, 2008

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**CLARK COUNTY MUNICIPAL COURT  
CLARK COUNTY, OHIO**

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**Clark, Schaefer, Hackett & Co.**  
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### **Independent Auditors' Report**

Guy Ferguson, Clerk  
Clark County Municipal Court  
50 East Columbia Street  
Springfield, Ohio 45502

We have audited the accompanying financial statements of the Clark County Municipal Court (the Court) as of and for the years ended December 31, 2007 and 2006. 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, the Court has prepared these financial statements using accounting practices the Auditor of State of Ohio prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonable determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

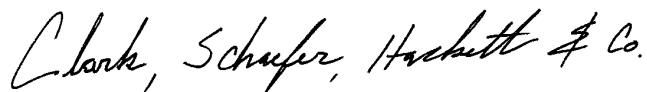
Revision to GAAP would require the Court to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and 2006. Instead of the accompanying financial statements presented for 2007 and 2006, the revisions require presenting entity wide statements. While the Court does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require courts to reformat their statements. The Court has elected not to reformat its statements. Since this Court does not use GAAP to measure financial amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Court as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of the Court as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to accounting principles generally accepted in the United States of America also requires the Court to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. The Court has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2008, on our consideration of the Court's internal control over financial reporting and on 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 on compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or 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.



Springfield, Ohio  
June 5, 2008



**CLARK COUNTY MUNICIPAL COURT  
CLARK COUNTY**

**STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN CASH BALANCES - ALL DIVISIONS**

**FOR YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>RECEIPTS:</b>		
Fines, Costs and Forfeitures	\$ 4,057,752	\$ 3,776,543
Garnishment Fees	1,465,671	1,438,047
Capital Improvement Costs	273,235	256,635
Additional Fees Collected	126,629	112,242
Judgments	19,370	14,177
Trusteeships	18,331	6,221
Interest	3,688	3,613
Rents Deposited with the Court	7,361	12,939
Other Receipts	<u>88,558</u>	<u>73,654</u>
Total Receipts	6,060,595	5,694,071
<b>DISBURSEMENTS:</b>		
City of Springfield	1,602,115	1,480,815
Clark County Treasurer	1,072,288	962,427
Treasurer of State of Ohio	689,707	649,045
Bonds Forfeited	257,286	206,403
Bonds Returned	137,880	137,038
Court Costs and Unpaid Garnishee Fees	533,251	499,372
Garnishee Fees	1,449,582	1,445,783
Judgments	19,310	14,177
Additional Fees	126,629	112,242
Rents Disbursed	52,215	171,877
Creditors	18,118	5,622
Clerk's Poundage Distributed	542	192
All Other Entities	<u>127,813</u>	<u>145,168</u>
Total Disbursements	<u>6,086,736</u>	<u>5,830,161</u>
Receipts (Under) Disbursements	(26,141)	(136,090)
Beginning Balance - January 1	<u>468,078</u>	<u>604,168</u>
Ending Balance - December 31	<u>\$ 441,937</u>	<u>\$ 468,078</u>

See accompanying notes to the financial statement.

**CLARK COUNTY MUNICIPAL COURT  
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

*Reporting Entity*

The Clark County Municipal Court (the Court) was established per Section 1901.01 of the Ohio Revised Code for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio, and has jurisdiction within all of Clark County.

The Court has three full-time judges and an elected Clerk of Courts to oversee the daily operations and the financial transactions. The Court is included as a department within the accounting records of the City of Springfield. Personnel and other operating costs of the Court are reported in the financial statements of the City of Springfield and are not included in the cash disbursements reported within this report. Financial information contained within this report consists of fines, fees, forfeitures, garnishments, bonds and other sources which are collected as a result of Court action and then distributed to other governmental entities and individuals.

Management believes the financial statement included in this report represents all of the cash receipts and disbursements of the Court over which the Court Officials have the ability to exercise direct operating control. The Court has five divisions, including: Criminal/Traffic, Bail Bond, Civil, Trusteeship and Rent Escrow.

*Basis of Accounting*

Financial accountability for the Court is that of an agent, acting in a fiduciary capacity for others. The Court has no equity or ownership over the money it controls. The financial statement presented follow a basis of accounting the Auditor of State of Ohio prescribes or permits. This basis of accounting is similar to the cash receipts and cash disbursements basis. The Court recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

*Budgetary Process*

By virtue of Ohio Law, all expenditures of the Court are budgeted and paid by the City of Springfield and are reflected in the financial statements of the City.

**NOTE 2 – CASH DEPOSITS:**

The Court maintains separate demand accounts for each of its five divisions at local financial institutions. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amounts of cash deposits at December 31, 2007 and 2006 were \$441,937 and \$468,078, respectively. Bank balances were \$477,148 at the end of 2007 and \$511,281 at the end of 2006. Of the Court's bank deposits, \$100,000 was insured each year by the Federal Depository Insurance Corporation (FDIC) while the remaining deposits for those years were uninsured and collateralized with securities held by the pledging institution's trust department but not in the Court's name.



**Clark, Schaefer, Hackett & Co.**  
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**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**

Guy Ferguson, Clerk  
Clark County Municipal Court  
50 East Columbia Street  
Springfield, Ohio 45502

We have audited the accompanying financial statements of the Clark County Municipal Court (the Court) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 5, 2008, wherein we noted the Court follows a basis of accounting other than accounting principles generally accepted in the United States of America. 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 opinions 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 functions, 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 generally accepted accounting principles 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 a certain matter that we reported to management of the Court in a separate letter dated June 5, 2008.

This report is intended solely for the information and use of the management of the Court and is not intended to be and should not be used by anyone other than these specified parties.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
June 5, 2008



Mary Taylor, CPA  
Auditor of State

CLARK COUNTY MUNICIPAL COURT

CLARK 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  
JULY 8, 2008