

***Franklin County
Municipal Court***

*Financial Statements for the
Year Ended December 31, 2002
and Independent Auditors' Report*



**Auditor of State
Betty Montgomery**

Franklin County Municipal Court

We have reviewed the Independent Auditor's Report of the Franklin County Municipal Court, Franklin County, prepared by Deloitte & Touche LLP for the audit period January 1, 2002 through December 31, 2002. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

June 23, 2003

This Page is Intentionally Left Blank.

FRANKLIN COUNTY MUNICIPAL COURT

TABLE OF CONTENTS

	Page
Elected Officials	i
Key Administrative Personnel	ii
INDEPENDENT AUDITORS' REPORT	1-2
REQUIRED SUPPLEMENTARY INFORMATION:	
Management's Discussion and Analysis	3-5
FINANCIAL STATEMENTS:	
Combining Statement of Undisbursed Cash Balances as of December 31, 2002	6
Combining Statement of Receipts, Disbursements and Changes in Undisbursed Cash Balances Year Ended December 31, 2002	7
Notes to Financial Statements	8-9
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	10

This Page is Intentionally Left Blank.

FRANKLIN COUNTY MUNICIPAL COURT

ELECTED OFFICIALS AS OF DECEMBER 31, 2002

<u>ELECTED OFFICIAL</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>
Marvin S. Romanoff	Administrative Judge	01/04/98 to 01/03/04
Charles A. Schneider	Environmental Judge	01/05/98 to 01/04/04
Michael T. Brandt	Judge	01/03/00 to 01/02/06
James J. Fais	Judge	01/02/98 to 01/01/04
Mark S. Froehlick	Judge	01/09/98 to 01/08/04
James E. Green	Judge	01/03/02 to 01/02/08
Janet A. Grubb	Judge	01/03/98 to 01/02/04
Harland H. Hale	Judge	02/15/03 to 01/07/04
Steven B. Hayes	Judge	01/02/02 to 01/01/08
Bruce Jenkins	Judge	01/07/98 to 01/06/04
Teresa L. Liston	Judge	01/01/00 to 12/31/05
W. Dwayne Maynard	Judge	01/02/00 to 01/01/06
H. William Pollitt, Jr.	Judge	01/01/98 to 12/31/03
Anne Taylor	Judge	01/06/98 to 01/05/04
Scott D. VanDerkarr	Judge	01/01/02 to 12/31/07
Paul M. Herbert	Clerk of Court	01/01/00 to 12/31/05

FRANKLIN COUNTY MUNICIPAL COURT

KEY ADMINISTRATIVE PERSONNEL AS OF DECEMBER 31, 2002

<u>NAME</u>	<u>TITLE</u>
Mike Pirik	Chief Deputy Clerk
Charles Lausch	Director - Office of Information Services
Randy Tarrier	Project Manager/System Administrator
Mary Enright	Manager - Accounting/Financing Division
Crystal Ross	Administrative Analyst
Jeanne Blair	Office Manager/Payroll Administrator
Clyde Huffman	Purchasing Administrator



INDEPENDENT AUDITORS' REPORT

Paul Herbert, Clerk of Court
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, 2002, 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 management of the Court. 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(b) 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, such financial statements present fairly, in all material respects, the assets and liabilities arising from cash transactions of the Court, at December 31, 2002, and its revenues collected and expenditures paid during the year then ended, on the basis of accounting described in Note 1(b).

The management's discussion and analysis on pages 3 - 5 are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. This supplementary information is the responsibility of the Court's management. 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.

Our audit was made for the purpose of forming an opinion on the combined total information in the combining 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

May 20, 2003

FRANKLIN COUNTY MUNICIPAL COURT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2002

The following Management's Discussion and Analysis ("MD&A") section of the Franklin County Municipal Court's financial report represents a discussion and analysis of the Court's financial performance during the fiscal years ended December 31, 2002 and 2001. Please read it in conjunction with the Court's financial statements, which follow this section.

Overview of the Financial Statements

The Franklin County Municipal 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 five divisions of the Court: criminal, 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 cash balances as of December 31, 2002 and 2001:

	December 31		%Change	Increase Decrease
	2001	2002		
Undisbursed Cash Balances				
Civil division	\$ 938,205	\$ 941,447		\$ 3,242
Trusteeship division		2,155		2,155
Rent Escrow division	68,799	60,362		(8,437)
Criminal division	222,150	169,405		(52,745)
Bail division	<u>1,151,995</u>	<u>1,134,743</u>		<u>(17,252)</u>
Total undisbursed cash balances	<u>\$2,381,149</u>	<u>\$2,308,112</u>	(3)%	<u>\$(73,037)</u>

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

Financial Information

The following schedule presents a summary of funds for the fiscal years ended December 31, 2002 and 2001:

Statement of Receipts and Disbursements

	December 31			Increase Decrease
	2001	2002	% Change	
Receipts				
Civil division	\$13,431,689	\$14,944,020	11 %	\$1,512,331
Trusteeship division	79,951	82,099	3 %	2,148
Rent Escrow division	234,777	206,487	(12)%	(28,290)
Criminal division	15,545,101	15,874,509	2 %	329,408
Bail division	<u>3,085,833</u>	<u>3,493,593</u>	<u>13 %</u>	<u>407,760</u>
Total receipts	<u>\$32,377,351</u>	<u>\$34,600,708</u>	<u>7 %</u>	<u>\$2,223,357</u>
Disbursements				
Civil division	\$12,833,627	\$14,940,778	16 %	\$2,107,151
Trusteeship division	79,971	79,944	0 %	(27)
Rent Escrow division	231,950	214,924	(7)%	(17,026)
Criminal division	15,434,284	15,927,254	3 %	492,970
Bail division	<u>3,220,228</u>	<u>3,510,845</u>	<u>9 %</u>	<u>290,617</u>
Total disbursements	<u>\$31,800,060</u>	<u>\$34,673,745</u>	<u>9 %</u>	<u>\$2,873,685</u>

Civil Division Receipts

The civil receipts increased by 11% due to the following changes in costs which includes a \$10 security fee per case:

- Civil New Cases cost increased by: \$20 per case
- Civil New Forcible Entry and Detainer Cases: \$23 per case
- Civil New Small Claims cases increased by: \$15 per case

Additionally, there was a 9% increase in new case filings.

Civil Division Disbursements

The civil disbursements increased by 16% (5%) because receipts from 2001 were not disbursed until 2002. There is a difference of \$598,062 between the 2001 receipts and disbursements. For the year of 2002 there was a difference of \$3,242 between the receipts and disbursements. The 5% increase is because of the year-end timing.

Rent Escrow Division Receipts

The rent escrow division receipts decreased by 12% due predominately to a decrease in new rent escrow cases.

Rent Escrow Division Disbursements

The rent escrow division disbursements decreased by 7% due to a decrease in new rent escrow cases combined with the timing of disbursement of funds for resolved cases from the previous year.

Criminal Division Receipts

The Criminal/Traffic receipts increased by 2% due to the changes (increase) in court costs as follows.

- \$10 Security Fee on Criminal and OMVI Cases
- 30% Collection Fee

Criminal Division Disbursements

The Criminal/Traffic disbursements increased by 3% due to the changes (increase) in court costs.

Bail Division Receipts

The bail receipts increased by 13% due to the increase in bail, increase in appearance bonds as well as a 5% increase in criminal cases.

Bail Division Disbursements

The bail disbursements increased by 9% due to the increase in receipts as well as the year-end timing of disbursements.

FRANKLIN COUNTY MUNICIPAL COURT

COMBINING STATEMENT OF UNDISBURSED CASH BALANCES AS OF DECEMBER 31, 2002

Criminal division	\$ 169,405
Bail division	1,134,743
Civil division	941,447
Trusteeship division	2,155
Rent Escrow division	<u>60,362</u>
Total	<u><u>\$2,308,112</u></u>

See note to combining financial statements.

FRANKLIN COUNTY MUNICIPAL COURT

COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN UNDISBURSED CASH BALANCES YEAR ENDED DECEMBER 31, 2002

	Criminal	Bail	Civil	Trusteeship	Rent Escrow	Combined Total
Cash receipts	\$ 15,874,509	\$ 3,493,593	\$ 14,944,020	\$ 82,099	\$ 206,487	\$ 34,600,708
Cash disbursements	<u>15,927,254</u>	<u>3,510,845</u>	<u>14,940,778</u>	<u>79,944</u>	<u>214,924</u>	<u>34,673,745</u>
Total cash receipts over (under) cash disbursements	(52,745)	(17,252)	3,242	2,155	(8,437)	(73,037)
Undisbursed cash balance at January 1, 2002	<u>222,150</u>	<u>1,151,995</u>	<u>938,205</u>	<u> </u>	<u>68,799</u>	<u>2,381,149</u>
Undisbursed cash balance at December 31, 2002	<u>\$ 169,405</u>	<u>\$ 1,134,743</u>	<u>\$ 941,447</u>	<u>\$ 2,155</u>	<u>\$ 60,362</u>	<u>\$ 2,308,112</u>

See note to combining financial statements.

FRANKLIN COUNTY MUNICIPAL COURT

NOTE TO COMBINING FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial 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 five divisions of the Court: criminal, 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.

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.

Cash and Investments—The Court maintains separate cash accounts for four of the five divisions, as the criminal/traffic and bail divisions are combined into one account.

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 savings accounts.

Public depositories must give security for all public funds on deposits. These institutions may either specifically collateralize individual 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 investments to be maintained in the Court’s name.

Deposits—At year-end, the carrying amount of the Court’s deposits was \$2,308,112 and the bank balance was \$2,797,919. 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*, \$100,000 of the bank balance was covered by FDIC insurance; and \$2,697,919 was held in a single financial institution collateral pool with securities being held by the pledging financial institution’s agents in the pool’s name. In addition, the Court had \$118,622 of cash on hand.

Investments—Investments of the monies held by the Court are categorized in accordance with criteria established by GASB Statement No. 3 to give an indication of the level of custodial risk assumed as of December 31, 2002. Category 1 includes investments that are insured or registered or for which the securities are held by the Court or its agent in the Court’s name. Category 2 includes investments that are uninsured and unregistered for which the securities are held by the broker’s or dealer’s trust

department or agent in the Court's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker and dealer of its trust department but not in the Court's name. As of December 31, 2002 and 2001, the Court held no investments.

* * * * *



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Betty Montgomery
Auditor of State of Ohio

and

Paul Herbert
Clerk of Court
Franklin County Municipal Court

We have audited the financial statements of the Franklin County Municipal Court (the "Court"), as of and for the year ended December 31, 2002, and have issued our report thereon dated May 20, 2003. 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 of America.

Compliance

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 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 matter involving the internal control over financial reporting and its operation that we consider to be a material weakness.

This report is intended solely for the information and use of the audit committee, management and state funding agencies, 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 "Deloitte & Touche LLP".

May 20, 2003



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
JULY 15, 2003**