

***Franklin County
Municipal Court***

*Financial Statements as of and for the
Year Ended December 31, 2005, and
Independent Auditors' Report*



**Auditor of State
Betty Montgomery**

Franklin County Municipal Court
375 South High St.
Columbus, OH 43215

We have reviewed the *Independent Auditors' Report* of the Franklin County Municipal Court prepared by Deloitte & Touche LLP, for the audit period January 1, 2005 through December 31, 2005. 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 "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

September 25, 2006

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FRANKLIN COUNTY MUNICIPAL COURT

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FRANKLIN COUNTY MUNICIPAL COURT

ELECTED OFFICIALS DECEMBER 31, 2005

<u>ELECTED OFFICIAL</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>
Michael T. Brandt	Administrative Judge	01/03/00 to 01/02/06
Harland Hale	Environmental Judge	01/08/04 to 01/07/10
Carrie E. Gladen	Judge	04/01/04 to 01/04/10
James E. Green	Judge	01/03/02 to 01/02/08
Janet A. Grub	Judge	01/03/04 to 01/02/10
Steven B. Hayes	Judge	01/02/02 to 01/31/05
Amy Salerno	Judge	Appointed 02/01/05
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	01/01/04 to 12/31/09
Anne Taylor	Judge	01/06/04 to 01/05/10
Mark S. Frochlich	Judge	01/09/04 to 01/08/10
Paul M. Herbert	Judge	01/04/04 to 01/03/10
Julia L. Dorrian	Judge	01/07/04 to 01/06/10
Ted Barrows	Judge	01/02/04 to 01/01/10
Michael A. Pirik	Clerk of Court	01/05/04 to 11/15/05
Kathleen E. Graham	Clerk – <i>Pro tem.</i>	11/15/05 to 12/31/05
Lori M. Tyack	Clerk of Court	Beginning 01/01/06

FRANKLIN COUNTY MUNICIPAL COURT

KEY ADMINISTRATIVE PERSONNEL DECEMBER 31, 2005

<u>NAME</u>	<u>TITLE</u>
Mike Rankin	Chief Deputy Clerk
Greg Schultz	Director of Operations & Customer Service
Crystal Ross	Fiscal Administrator

INDEPENDENT AUDITORS' REPORT

To Lori M. Tyack, Clerk of Court 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, 2005, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Court's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, 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, such financial statements present fairly, in all material respects, the undisbursed cash balances arising from cash transactions of the Court, at December 31, 2005, 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 to 5 is not a required part of the basic financial statements but is 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 supplementary information. However, we did not audit the information and express no opinion on it.

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.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2006, on our consideration of internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants 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 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 results of our audit.

Deloitte + Touche LLP

June 28, 2006

FRANKLIN COUNTY MUNICIPAL COURT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2005

The following Management's Discussion and Analysis ("MD&A") section of the Franklin County Municipal Court's (the "Court") financial report represents a discussion and analysis of the Court's financial performance during the fiscal years ended December 31, 2005 and 2004. 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 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:

	2005	2004	% Change	Increase (Decrease)
Civil division	\$ 1,165,941	\$ 1,089,622	7 %	\$ 76,319
Trusteeship division	3,380	164	1961 %	3,216
Rent escrow division	60,552	53,453	13 %	7,099
Criminal/Traffic/Bail division	<u>934,187</u>	<u>1,084,729</u>	(14)%	<u>(150,542)</u>
Total undisbursed cash balances	<u>\$2,164,060</u>	<u>\$2,227,968</u>	(3)%	<u>\$ (63,908)</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,:

Statement of Receipts and Disbursements

	2005	2004	% Change	Increase (Decrease)
Receipts				
Civil division	\$19,949,976	\$17,624,910	13 %	\$ 2,325,066
Trusteeship division	64,428	85,668	(25)%	(21,240)
Rent escrow division	250,357	191,857	30 %	58,500
Criminal/Traffic/Bail division	<u>22,612,370</u>	<u>20,818,339</u>	9 %	<u>1,794,031</u>
Total receipts	<u>\$42,877,131</u>	<u>\$38,720,774</u>	11 %	<u>\$ 4,156,357</u>
Disbursements				
Civil division	\$19,873,657	\$17,377,103	14 %	\$ 2,496,554
Trusteeship division	61,212	87,735	(30)%	(26,523)
Rent escrow division	243,258	181,643	34 %	61,615
Criminal/Traffic/Bail division	<u>22,762,912</u>	<u>20,897,958</u>	9 %	<u>1,864,954</u>
Total disbursements	<u>\$42,941,039</u>	<u>\$38,544,439</u>	11 %	<u>\$ 4,396,600</u>

Civil Division Receipts

The civil receipts increased by 13% due to a 3% increase in Civil Ancillary Court Proceedings and a 50 % imposed court cost increase..

Civil Division Disbursements

The civil division disbursements increased by 14%. The difference between receipts is attributed to the timing of payments at year-end.

Trusteeship Receipts

The trusteeship receipts decreased by 25%, despite an increase in cases of 3%. This decrease is a result of the nature / dollar amount of the individual cases.

Trusteeship Disbursements

The trusteeship disbursements decreased by 30%. The difference between receipts is attributed to the timing of payments.

Rent Escrow Division Receipts

The rent escrow division receipts increased by 30% due predominately to the timing of the landlord/tenant resolutions for new cases.

Rent Escrow Division Disbursements

The rent escrow division disbursements increased by 34%. The difference between receipts is attributed to the timing of payments.

Criminal/Traffic/Bail/ Division Receipts and Disbursements

The criminal/traffic division receipts and disbursements increased by 9% due to a 3% increases in cases and an increase in the average court cost by approximately \$20 dollars per case.

FRANKLIN COUNTY MUNICIPAL COURT

COMBINING STATEMENT OF UNDISBURSED CASH BALANCES DECEMBER 31, 2005

UNDISBURSED CASH BALANCE:	
Criminal/traffic/bail division	\$ 934,187
Bail division	
Civil division	1,165,941
Trusteeship division	3,380
Rent escrow division	<u>60,552</u>
 TOTAL	 <u><u>\$2,164,060</u></u>

See note 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, 2005

	Criminal/ Traffic/Bail	Civil	Trusteeship	Rent Escrow	Combined Total
Cash receipts	\$ 22,612,370	\$ 19,949,976	\$ 64,428	\$ 250,357	\$ 42,877,131
Cash disbursements	<u>22,762,912</u>	<u>19,873,657</u>	<u>61,212</u>	<u>243,258</u>	<u>42,941,039</u>
Total cash receipts over (under) cash disbursements	(150,542)	76,319	3,216	7,099	(63,908)
Undisbursed cash balance— January 1, 2005	<u>1,084,729</u>	<u>1,089,622</u>	<u>164</u>	<u>53,453</u>	<u>2,227,968</u>
Undisbursed cash balance— December 31, 2005	<u>\$ 934,187</u>	<u>\$ 1,165,941</u>	<u>\$ 3,380</u>	<u>\$ 60,552</u>	<u>\$ 2,164,060</u>

See note to combining financial statements.

FRANKLIN COUNTY MUNICIPAL COURT

NOTE TO COMBINING FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

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 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.

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 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 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 \$2,157,060 and the bank balance was \$2,903,127, 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*, \$100,000 of the bank balance was covered by FDIC insurance; and \$2,803,127 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 \$7,000 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 and amended by GASB Statement No. 40 to give an indication of the level of concentration, interest rate, and credit risk assumed as of December 31, 2005. As of December 31, 2005, the Court held no investments.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Lori M. Tyack, Clerk of Court of
Franklin County Municipal Court:

We have audited the combining statement of undisbursed cash balances of the Franklin County Municipal Court (the "Court"), as of December 31, 2005, 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 28, 2006. 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.

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 an opinion 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 reportable 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 caused by error or fraud 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 a material weakness.

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 we have reported to the management of the Court in a separate letter dated June 28, 2006.

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

Deloitte + Touche LLP

June 28, 2006



**Auditor of State
Betty Montgomery**

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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
OCTOBER 5, 2006**