

FRANKLIN COUNTY MUNICIPAL COURT

Financial Statements

Years Ended December 31, 2006

With

Independent Auditors' Report



Mary Taylor, CPA

Auditor of State

Franklin County Municipal Court
375 South High Street
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, 2006 through December 31, 2006. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 9, 2007

This Page is Intentionally Left Blank.

FRANKLIN COUNTY MUNICIPAL COURT

Table of Contents

	<u>Page</u>
Elected Officials	i
Key Administrative Personnel	ii
Independent Auditors' Report	1 – 2
Management's Discussion and Analysis	3 – 5
Combining Financial Statements:	
Combining Statement of Undisclosed Cash Balances	6
Combining Statement of Receipts, Disbursements, and Changes in Undisbursed Cash Balances	7
Notes to Financial Statements	8 – 9
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	10 – 11

FRANKLIN COUNTY MUNICIPAL COURT**Elected Officials****Year Ended December 31, 2006**

<u>ELECTED OFFICIAL</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>
James E. Green	Administrative Judge	01/03/02 to 01/02/08
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
Carrie E. Gladen	Judge	04/01/04 to 01/04/10
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 01/01/08
Anne Taylor	Judge	01/06/04 to 01/05/10
Scott D. Van Der Karr	Judge	01/01/02 to 12/31/07
Lori M. Tyack	Clerk of Court	01/01/06 to 12/31/11

FRANKLIN COUNTY MUNICIPAL COURT
Key Administrative Personnel
Year Ended December 31, 2006

<u>NAME</u>	<u>TITLE</u>
Michael Rankin	Chief Deputy Clerk
Greg Shultz	Director of Operations & Customer Service
Crystal Ross	Fiscal Administrator
Zoe Berry	Accounting Manager



Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

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, 2006 and the related combining statements 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, 2006, 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 5 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.

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 20, 2007, 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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 20, 2007

FRANKLIN COUNTY MUNICIPAL COURT
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2006

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, 2006. 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>2006</u>	<u>2005</u>	<u>Increase</u> <u>(Decrease)</u>	<u>% Change</u>
Civil Division	\$ 1,179,223	1,165,941	13,282	1%
Trusteeship Division	4,449	3,380	1,119	33%
Rent Escrow Division	81,596	60,552	21,044	35%
Criminal/Traffic/Bail Division	<u>1,058,912</u>	<u>934,187</u>	<u>124,725</u>	13%
Total undisbursed cash balances	<u>\$ 2,234,230</u>	<u>2,164,060</u>	<u>160,170</u>	7%

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

FRANKLIN COUNTY MUNICIPAL COURT
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2006

Statement of Receipts and Disbursements

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

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
<u>Receipts</u>				
Civil Division	\$ 22,149,610	19,949,976	2,199,634	11%
Trusteeship Division	95,647	64,428	31,219	48%
Rent Escrow Division	238,070	250,357	(12,287)	(5)%
Criminal/Traffic/Bail Division	<u>22,470,997</u>	<u>22,612,370</u>	<u>(141,373)</u>	(1)%
Total receipts	<u>\$ 44,954,324</u>	<u>42,877,131</u>	<u>2,077,193</u>	5%
<u>Disbursements</u>				
Civil Division	\$ 22,136,328	19,873,657	2,262,671	11%
Trusteeship Division	94,528	61,212	33,316	54%
Rent Escrow Division	217,026	243,258	(26,232)	(11)%
Criminal/Traffic/Bail Division	<u>22,346,272</u>	<u>22,762,912</u>	<u>(416,640)</u>	(2)%
Total disbursements	<u>\$ 44,794,154</u>	<u>42,941,039</u>	<u>1,853,115</u>	4%

Civil Division

The civil division receipts and disbursement increased by 11%, respectively, due to a combination of a 3% increase in cases filed, a 12% increase in garnishments, and timing of payment at year-end.

Trusteeship Division

The trusteeship division receipts and disbursements increased by 48% and 54%, respectively. This increase was attributable to an increase in cases of 22%, which can vary in dollar amount depending the nature of the individual cases.

Rent Escrow Division

The rent escrow division receipts and disbursements decreased by 5% and 11%, respectively, despite an increase in cases of 2%. This decrease is a result of the nature/dollar amount of the individual cases.

FRANKLIN COUNTY MUNICIPAL COURT
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2006

Criminal/Traffic/Bail Division

The criminal/traffic/bail division receipts and disbursements only decreased by 1% and 2%, respectively.

FRANKLIN COUNTY MUNICIPAL COURT
Combining Statement of Undisbursed Cash Balances
December 31, 2006

Undisbursed Cash Balance:

Civil division	\$ 1,179,223
Trusteeship division	4,499
Rent escrow division	81,596
Criminal/traffic/bail division	<u>1,058,912</u>
Total	\$ <u>2,324,230</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, 2006

	<u>Civil</u>	<u>Trusteeship</u>	<u>Rent Escrow</u>	<u>Criminal/ Traffic/Bail</u>	<u>Combined Total</u>
Cash receipts	\$ 22,149,610	95,647	238,070	22,470,997	\$ 44,954,324
Cash disbursements	<u>22,136,328</u>	<u>94,528</u>	<u>217,026</u>	<u>22,346,272</u>	<u>44,794,154</u>
Total cash receipts over (under) cash disbursements	13,282	1,119	21,044	124,725	160,170
Undisbursed cash balance - December 31, 2005	<u>1,165,941</u>	<u>3,380</u>	<u>60,552</u>	<u>934,187</u>	<u>2,164,060</u>
Undisbursed cash balance - December 31, 2006	\$ <u>1,179,223</u>	<u>4,499</u>	<u>81,596</u>	<u>1,058,912</u>	\$ <u>2,324,230</u>

See notes to combining financial statements.

FRANKLIN COUNTY MUNICIPAL COURT

Notes to the Basic Financial Statements

Year Ended December 31, 2006

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.

FRANKLIN COUNTY MUNICIPAL COURT

Notes to the Basic Financial Statements

Year Ended December 31, 2006

Deposits – At year-end, the carrying amount of the Court’s deposits was \$2,324,230 and the bank balance was \$2,885,658, 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 \$2,785,658 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. 40 to give an indication of the level of concentration, interest rate, and credit risk assumed as of December 31, 2006. As of December 31, 2006, the Court held no investments.



Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

**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 of the
Franklin County Municipal Court
Columbus, Ohio:

We have audited the combining statement of undisbursed cash balances of the Franklin County Municipal Court (the "Court"), and the related combining statement of receipts, disbursements, and changes in undisbursed cash balances for the year 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 20, 2007. 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 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 certain matters that have been reported to the management of the Court in a separate letter dated June 20, 2007.

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, Hackett & Co.

Cincinnati, Ohio
June 20, 2007



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
JULY 19, 2007**