

**Franklin County Municipal Court**  
(Agency Funds (Divisions) of Court)

Financial Statements

Year Ended December 31, 2011

(with Independent Auditors' Report)





# Dave Yost • 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, 2011 through December 31, 2011. 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 black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 2, 2012

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<u>ELECTED OFFICIAL</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>
Paul M. Herbert	Administrative and Presiding Judge	01/04/10 to 01/03/16
Harland Hale	Environmental Judge	01/08/10 to 01/07/16
Ted Barrows	Judge	01/02/10 to 01/01/16
Michael T. Brandt	Judge	01/03/06 to 01/02/12
Julia L. Dorrian*	Judge	01/07/10 to 01/01/11
Eric Brown*	Judge	01/02/11 to 12/08/11
James O'Grady*	Judge	12/09/11 to 01/06/16
James E. Green	Judge	01/03/08 to 01/02/14
Carrie Glaeden	Judge	01/05/10 to 01/04/16
Mark A. Hummer	Judge	01/03/10 to 01/02/16
W. Dwayne Maynard	Judge	01/01/06 to 01/02/12
Andrea C. Peoples	Judge	01/01/06 to 12/31/11
H. William Pollitt, Jr.	Judge	01/01/10 to 12/31/15
Amy Salerno	Judge	01/02/08 to 01/01/14
Anne Taylor	Judge	01/06/10 to 01/05/16
David Tyack	Judge	01/09/10 to 01/08/16
Scott D. Van Der Karr	Judge	01/03/08 to 12/31/13
Lori M. Tyack	Clerk of Court	01/01/06 to 12/31/11

\*Judges Dorrian, Brown, and O'Grady succeeded each other in the same office during 2011.

<u>NAME</u>	<u>TITLE</u>
Obie Lucas	Chief Deputy Clerk
Crystal Ross	Fiscal Administrator
Terry Brown	Internal Auditor
Josh Kirschner	Staff Accountant
Rhonda Ferguson	Accounting/Finance Manager
LeeAnne Sheppard	Accounting/Finance Assistant Manager
Matt Davenport	Accounting Supervisor for Finance
Jeff Dever	Accounting Supervisor for Civil

## **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") agency funds (divisions) of the City of Columbus, Ohio as of December 31, 2011 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, the financial statements present only the Court agency funds (divisions) and do not purport to, and do not, present fairly the financial position of the City of Columbus, Ohio as of December 31, 2011, and the changes in its financial position and cash flows, where applicable. Also, 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 agency funds (divisions) as of December 31, 2011, 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.

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In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2012 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.

We conducted our audit to opine on the Court's financial statements taken as a whole. Management's Discussion & Analysis includes tables of undisbursed cash balances and receipts and disbursements. These tables provide additional information, but are not part of the basic financial statements. However, these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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, Hackett & Co.*

Cincinnati, Ohio  
May 4, 2012

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, 2011. 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>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Civil Division	\$ 1,370,260	1,417,837	(47,577)	-3%
Trusteeship Division	3,854	2,795	1,059	38%
Rent Escrow Division	109,989	94,700	15,289	16%
Criminal/Traffic/Bail Division	<u>1,438,678</u>	<u>1,331,001</u>	<u>107,677</u>	8%
Total undisbursed cash balances	<u>\$ 2,922,781</u>	<u>2,846,333</u>	<u>76,448</u>	3%

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>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
<u>Receipts</u>				
Civil Division	\$ 24,382,397	25,798,380	(1,415,983)	(5%)
Trusteeship Division	209,786	247,298	(37,512)	(15%)
Rent Escrow Division	259,095	275,504	(16,409)	(6%)
Criminal/Traffic/Bail Division	<u>18,734,711</u>	<u>20,524,570</u>	<u>(1,789,859)</u>	(9%)
Total receipts	<u>\$ 43,585,989</u>	<u>46,845,752</u>	<u>(3,259,763)</u>	(7%)
<u>Disbursements</u>				
Civil Division	\$ 24,429,974	25,852,329	(1,422,355)	(6%)
Trusteeship Division	208,727	246,995	(38,268)	(15%)
Rent Escrow Division	243,806	269,872	(26,066)	(10%)
Criminal/Traffic/Bail Division	<u>18,627,034</u>	<u>20,198,160</u>	<u>(1,571,126)</u>	(8%)
Total disbursements	<u>\$ 43,509,541</u>	<u>46,567,356</u>	<u>(3,057,815)</u>	(7%)

**Civil Division**

The civil division receipts and disbursement decreased by 5% and 6% respectively. The civil division saw a 5% decrease in cases filed and a 13% 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 or decrease the number of receipts and disbursements despite increases and decreases in the number of garnishment cases.

**Trusteeship Division**

The trusteeship division receipts and disbursements decreased by 15% each. Cases can vary in dollar amount depending on the nature of the individual cases and can continue on for many years. The number of cases filed decreased by 8 cases, or 16%. Although the receipts, disbursements, and new case filings decreased by approximately the same amount this is purely coincidental because cases vary in dollar amount and can continue for many years.

**Rent Escrow Division**

The rent escrow division receipts and disbursements decreased by 6% and 10%, respectively, with a decrease of 33 cases or 13%. The decrease in cases reflects the decrease in receipts and disbursements with the difference being attributed to the fact that cases can carryover from one year to the next.

**Criminal/Traffic/Bail Division**

The criminal/traffic/bail division receipts and disbursements decreased by 9% and 8% respectively, with a 3% decrease in cases. In 2011 the Court and City Attorney concluded that Minor Misdemeanor cases that were payable could no longer be sent to outside collection agencies. This decision had a significant impact on our collection numbers for the Criminal/Traffic division.

Franklin County Municipal Court  
(Agency Funds (Divisions) of Court)  
Combining Statement of Undisbursed Cash Balances  
December 31, 2011

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Undisbursed Cash Balance:

Civil division	\$ 1,370,260
Trusteeship division	3,854
Rent escrow division	109,989
Criminal/traffic/bail division	<u>1,438,678</u>
 Total	 \$ <u>2,922,781</u>

See notes to combining financial statements.

Franklin County Municipal Court  
(Agency Funds (Divisions) of Court)

Combining Statement of Receipts, Disbursements, and Changes in Undisbursed Cash Balances  
For the Year Ended December 31, 2011

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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	\$ 24,382,397	209,786	259,095	18,734,711	\$ 43,585,989
Cash disbursements	<u>24,429,974</u>	<u>208,727</u>	<u>243,806</u>	<u>18,627,034</u>	<u>43,509,541</u>
Total cash receipts over (under) cash disbursements	(47,577)	1,059	15,289	107,677	76,448
Undisbursed cash balance - December 31, 2010	<u>1,417,837</u>	<u>2,795</u>	<u>94,700</u>	<u>1,331,001</u>	<u>2,846,333</u>
Undisbursed cash balance - December 31, 2011	\$ <u>1,370,260</u>	<u>3,854</u>	<u>109,989</u>	<u>1,438,678</u>	\$ <u>2,922,781</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 \$2,922,781 and the bank balance was \$3,371,608 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% of the bank balance was covered by FDIC insurance. 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") agency funds (divisions) as of December 31, 2011, 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 May 4, 2012. 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

Management of the Court is responsible for establishing and maintaining effective 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 deficiency in internal control* 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Court's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 May 4, 2012.

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

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
May 4, 2012





# Dave Yost • 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 17, 2012