



**VILLAGE OF LOCKLAND MAYOR'S COURT  
HAMILTON COUNTY**

**SPECIAL AUDIT**

**FOR THE PERIOD JULY 1, 2005 THROUGH APRIL 12, 2007**



**Mary Taylor, CPA**  
Auditor of State



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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Jim Brown, Mayor  
Mr. David Krings, Village Administrator  
Ms. Krista Blum, Finance Manager  
Village of Lockland  
101 North Cooper Ave.  
Lockland, Ohio 45215

We conducted a special audit of the Village of Lockland's (the Village) Mayor's Court (the Court) and selected payroll disbursements issued to the former payroll clerk by performing the procedures enumerated in the attached Supplement to the Special Audit Report for the period July 1, 2005 through April 12, 2007 solely to:

- Determine whether fines and court costs collected were posted to the computerized cashbook and deposited intact;
- Determine whether cash bonds received were deposited intact and whether the cash bonds were refunded or forfeited;
- Determine whether drug fine distributions received from Hamilton County Municipal Court were posted to the appropriate funds in accordance with the Ohio Rev. Code;
- Determine whether fines and court costs collected were distributed to the Village and the Treasurer of State; and
- Determine whether selected payroll disbursements<sup>1</sup> issued to the former payroll clerk were authorized and for payroll-related expenses.

This engagement was conducted in accordance with the Quality Standards for Inspections established by the President's Council on Integrity and Efficiency (January 2005). The procedures and associated findings are detailed in the attached Supplement to the Special Audit Report. A summary of our procedures and significant results is as follows:

1. We examined Court receipts issued manually and electronically from July 1, 2005 through April 12, 2007 and determined whether fines, court costs and bonds<sup>2</sup> collected were posted to the computerized cashbook and deposited intact.

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<sup>1</sup> The former payroll clerk processed payroll disbursements for the period January 1, 2003 through July 12, 2007. Based on the issues identified during the regular financial audit performed by Von Lehman and Company, we reviewed selected payroll disbursements issued by the former payroll clerk for this period.

<sup>2</sup> Beginning November 1, 2006, Ms. Mynatt receipted and deposited bonds received into the Mayor's Court bank account instead of the Court's Bond bank account.

Significant Results – Dana Mynatt, former Mayor's Court Clerk, was responsible for issuing receipts, posting collections to the Court's computer system and depositing monies received. During the period examined, the Court received \$734,952 for 5,808 receipts it issued. However, we were able to trace only \$568,599 to deposits into the Mayor's Court bank account.

Ms. Mynatt received \$630 attached to the tickets provided by nine defendants. The Mayor did not dismiss the charges or remit the fines and court costs due<sup>3</sup> as documented on the docket packet. No receipts were issued for the \$630 received. Thus, the \$630 collected was not deposited. We also determined Ms. Mynatt received \$1,785 for six receipts which she subsequently voided and did not deposit.

We issued findings for recovery against Ms. Mynatt totaling \$168,768 of monies collected but unaccounted for.

We issued four noncompliance citations for failure to deposit collections within 24 hours; failure to maintain records supporting the Court's decisions, collections and disbursements; failure to provide an accurate report of the Court's activity to Council; and for dismissing cases without the Mayor's approval.

We issued seven management recommendations for the Mayor's Court Clerk to complete manual receipts in their entirety and post receipts issued to the Court's computer system; document the reason for voiding receipts; document the Court's decisions in the Regional Crime Information Center's (RCIC) computer system; issue refunds via check; review monthly bank statements and reconcile monthly activity to the Court's cashbook; and to monitor defendant payment plans. In addition, the Village should obtain bonds for the Mayor's Court Clerk and other employees responsible for collecting fines, court costs and bonds on behalf of the Court.

2. We examined cash bonds received and determined whether the amounts received were deposited into the Court's Bond bank account for July 1, 2005 through October 31, 2006<sup>4</sup>. In addition, we examined disbursements from the Court's Bond bank account for this period and determined whether the disbursements were for a valid bond refund or forfeiture.

Significant Results – The Court collected \$44,153 of cash bonds of which only \$24,440 was deposited into the Court's Bond bank account. We issued a finding for recovery against Ms. Mynatt for \$19,713 of cash bonds collected but unaccounted for.

The Court issued 104 checks totaling \$28,629 for bond refunds and/or forfeitures. Because the Court did not document its decisions regarding whether to return or forfeit the bonds, we were unable to conclude whether the disbursements were in accordance with a valid Court action. We issued a management recommendation for the Mayor to document his decision to either forfeit or refund bonds posted by the defendants.

3. We examined drug fine distributions received from Hamilton County Municipal Court during July 1, 2005 through April 12, 2007 and determined whether the distributions were posted to the appropriate funds in accordance with the Ohio Rev. Code.

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<sup>3</sup> When the Mayor remits a fine or court cost, the defendant is not responsible to pay the fine or cost due. If both were remitted, no fines or costs would be due to the Court.

<sup>4</sup> See footnote no. 2.

Significant Results – The Court deposited 19 checks totaling \$1,166 received from Hamilton County Municipal Court into the Mayor's Court bank account rather than the Village's general account. Of the \$1,166 received, the Court distributed only \$245 to the Village. The Village posted \$145 of the \$245 distributed to the appropriate funds as required by the Ohio Rev. Code. The remaining \$100 was not posted to the appropriate funds. The Court did not distribute the remaining \$921 to the Village for posting to the appropriate funds in accordance with the Ohio Rev. Code.

A finding for adjustment was issued against the Mayor's Court fund in favor of the Drug fund for \$520, the Alcohol Enforcement Trust fund for \$198, the Law Enforcement fund for \$23 and the General Fund for \$180.

4. For receipts issued during July 1, 2005 through April 12, 2007, we calculated the distribution of fines and court costs due to the Treasurer of State and the Village. We compared the amounts due to the amounts actually distributed and noted any variances.

Significant Results – Of the \$846,870 collected, the Court distributed \$119,096 to the Treasurer of State and \$535,692 to the Village and spent \$7,716 for bank fees. Of the remaining \$184,366, \$19,350 is owed to the Treasurer of State and \$165,016 is owed to various Village funds. We issued a finding for recovery against the Court in favor of the Treasurer of State for \$19,940 of monies collected but not distributed.

We also issued a finding for adjustment against the Court for \$165,016 and the Drug fund for \$3,140 in favor of the General Fund for \$166,373, Court Computerization fund for \$1,500 and the DUI fund for \$283. As of April 30, 2007, the Mayor's Court fund had a balance of \$38,286. We recommended this finding for adjustment be posted upon receipt of the \$168,768 of monies collected and unaccounted for which we issued a finding for recovery against Ms. Mynatt in Issue No. 1 of this report.

We issued a noncompliance citation for failure to timely distribute monies collected to the Treasurer of State and the Village as required by Ohio Rev. Code Sections 733.40, 2743.70(A)(1) and 2949.091(A)(1) .

5. Using work performed by Von Lehman & Company during the financial audit for the years ended December 31, 2005 and 2006, we determined whether selected payroll disbursements issued during January 1, 2003 through July 12, 2007 were negotiated by the bank. For those negotiated, we examined available documentation and determined whether the payroll disbursements were authorized and for payroll-related expenses.

Significant Results – Von Lehman identified 715 checks excluded from the Village's payroll reports. We determined 694 checks were negotiated by the bank. The negotiated checks for the period July 1, 2005<sup>5</sup> through June 30, 2007 were compared to available check registers and we identified 73 checks totaling \$62,920 were issued for unauthorized compensation to former Payroll Clerk Debra Reynolds. We obtained 499 additional checks from Fifth Third Bank and identified 83 checks totaling \$65,096 were issued for unauthorized compensation to Ms. Reynolds.

We issued a finding for recovery against Ms. Reynolds for \$128,016 of public monies illegally expended. On February 7, 2008, Ms. Reynolds pled guilty to a charge of theft in office. On March 12, 2008, she was sentenced to five years probation and ordered to pay restitution of \$60,105.

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<sup>5</sup> Due to a computer system crash, QuickBooks' computerized check registers prior to July 1, 2005 were destroyed. The Village was unable to provide the hard copy version of the check register.

6. On July 9, 2008, we held an exit conference with the following individuals representing the Village of Lockland:

Mayor Jim Brown  
David Krings, Village Administrator  
Krista Blum, Finance Manager  
Emily Supinger, Village Solicitor

Bob Brown, Council Member  
Wayne Poe, Clerk-Treasurer  
James Toles, Police Chief

The attendees were informed that they had five business days to respond to this special audit report. A response was received on July 14, 2008. The response was evaluated and changes were made to this report as we deemed necessary.



**Mary Taylor, CPA**  
Auditor of State

March 18, 2008



## Supplement to the Special Audit Report

### Background

On April 23, 2007, representatives from Von Lehman & Company<sup>6</sup> (Von Lehman) advised the Auditor of State's (AOS) Cincinnati regional office that David Krings, Village Administrator, had notified them of an alleged theft. The Auditor of State contacted Mr. Krings who confirmed the alleged theft and indicated Dana Mynatt, Mayor's Court Clerk, resigned on April 12, 2007.

On May 4, 2007, Auditor of State representatives met with Village representatives to discuss the alleged theft. In a letter dated May 4, 2007, the Village Police Department requested the Auditor of State's assistance in determining whether additional monies received by the Court were missing and whether monies collected were distributed to the Treasurer of State and the Village as required by statute. According to Ms. Mynatt, in early April 2007 she noticed two receipts totaling \$500 were issued to two defendants with numerous charges for failure to appear in Court. When reviewing the docket packets obtained from the lockbox, Ms. Mynatt stated she noted the \$500 collected from the two defendants and the related docket packets were missing. Ms. Mynatt stated she notified Village Police Chief James Toles of the missing \$500 and two docket packets. After searching the police department, Chief Toles and Ms. Mynatt were unable to locate the missing \$500 and the related docket packets.

On May 14, 2007, the Auditor of State initiated a special audit of the Village of Lockland's Mayor's Court.

On July 10, 2007, an AOS representative met with Mayor James Brown, Mr. Krings, the Village's legal counsel and representatives from Von Lehman to discuss discrepancies identified during payroll testing. When reconciling the Village's deduction amounts to those remitted to the IRS, Von Lehman noted a significant discrepancy. Upon further review of the payroll check register, Von Lehman identified gaps in the payroll check sequence for checks that had been negotiated by the bank. Upon further review of the identified checks, Von Lehman determined the negotiated checks were issued to the payroll clerk, Debra Reynolds.

On July 12, 2007, AOS representatives interviewed Ms. Reynolds about the additional checks issued to her. During this interview, Ms. Reynolds stated she issued additional payroll checks to herself; deleted or voided the checks from QuickBooks<sup>7</sup>; and cashed the checks. On July 12, 2007, the Village terminated Ms. Reynolds.

On February 7, 2008, Ms. Reynolds pled guilty to a charge of theft in office. On March 12, 2008, she was sentenced to five years probation and ordered to pay restitution of \$60,105.

On June 13, 2008, Ms. Mynatt was indicted on one count of theft in office, one count of unauthorized use of Village property, two counts of tampering with records, and one count of forgery.

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<sup>6</sup> Von Lehman was conducting the Village's financial audit for the calendar years ended December 31, 2005 and 2006.

<sup>7</sup> The Village used QuickBooks to process payroll beginning January 1, 2003. Prior to this, the Village contracted with Automated Data Processing to process their payroll.

## Supplement to the Special Audit Report

**Issue No. 1 – Fines and Court Costs Collected** – We determined whether fines and court costs collected were posted to the computerized cashbook and deposited intact.

### PROCEDURES

We traced the manual receipts issued during July 1, 2005 through April 12, 2007 to the Mayor's Court computer system and determined whether the receipts were posted to the computerized cashbook.

Using the Docket Index, we examined the related docket packets to determine whether the docket packets noted additional monies collected.

For identified voided receipts, we examined available supporting documentation and determined whether the receipts were voided for a valid Court action.

We obtained copies of the Village's Mayor's Court bank account deposits and related supporting documentation for the deposits and credit card settlements, traced the receipts issued to the items deposited and determined whether the receipts were deposited intact.

### RESULTS

We conducted a series of interviews with former Mayor's Court Clerk Dana Mynatt and obtained an understanding of the procedures performed when collecting, depositing and disbursing fines and court costs received from defendants. For fines and court costs received, Ms. Mynatt or a police officer issued a manual receipt. Ms. Mynatt posted the manual receipt to the computerized cashbook and case file maintained in CAPIAS<sup>8</sup>. For each deposit, Ms. Mynatt printed a receipt report from CAPIAS identifying the receipts issued after the last deposit through the current deposit date.

On the deposit slip, Ms. Mynatt recorded checks, money orders and cash deposited, the manual receipt numbers associated with the deposit and the related total credit card charges for the receipts deposited. Ms. Mynatt agreed the total of the cash, checks, money orders and credit card charges noted on the deposit slip to the total reflected on the CAPIAS receipt report to ensure all monies collected were deposited.

In September 2006, Ms. Mynatt noticed CAPIAS was excluding receipts from the receipt reports and tickets from the appearance dockets. In October 2006, Ms. Mynatt discontinued using CAPIAS to track fines and court costs received and relied solely upon the manual receipts issued to identify the amounts to be deposited. Beginning November 1, 2006, Ms. Mynatt also discontinued using the Bond bank account to deposit bond payments received. Instead, she receipted bond payments in the Mayor's Court receipt book and deposited the bond payments into the Mayor's Court bank account.

During this period, the Court issued 5,808 manual receipts totaling \$734,952 for fines, court costs and bonds received. Through combinations of substituting checks, money orders, and credit card charges for cash payments; making inaccurate entries into the CAPIAS system; voiding manual receipts, and not issuing manual receipts for payments received, the computerized cashbook reflected that fines and court costs appeared to have been deposited intact. We reconciled the manual receipts issued to the actual items deposited as follows and determined whether the following fines, court costs and bonds collected were actually deposited intact:

Total Manual Receipts Issued	\$734,952
Less: Credit Card Charges which Agreed to a Manual Receipt	207,535
Less: Checks Deposited which Agreed to a Manual Receipt	215,902
Plus: Miscellaneous Errors	<u>24,227</u>

<sup>8</sup> CAPIAS was the software used by the Court to account for Mayor's Court activity.

## Supplement to the Special Audit Report

Total Cash to be Deposited	335,742
Less: Actual Cash Deposited per bank records	167,834
Less: Cash Deposited from an unknown source	<u>1,555</u>
<b>Cash Collected and Not Deposited</b>	<b><u>\$166,353</u></b>

We compared the 5,808 manual receipts issued for fines and court costs received to receipts posted in CAPIAS and determined 872 manual receipts issued were not posted to CAPIAS. These manual receipts were included during the reconciliation of fines, court costs and bonds collected to those deposited.

We examined 237 voided receipts to determine whether the receipts were voided for a valid Court action and noted the following exceptions upon review of the related docket packets, appearance dockets, computerized case files in CAPIAS<sup>9</sup>, and information maintained in RCIC's computer system:

- Twenty of the 237 voided receipts were not voided for a valid court action. We concluded for six receipts with fines and court costs that \$1,785 were collected and not deposited.
- We were unable to conclude whether 98 of the 237 voided receipts were voided for a valid Court action since the disposition documented on the docket packet, in RCIC's computer system and the appearance docket did not agree or records could not be located.

We examined 8,418 docket packets created during the period to identify monies collected which were not receipted and/or deposited and noted the following:

- Twenty docket packets contained \$2,137 of cash and checks. We provided the cash and checks to the current Mayor's Court Clerk for deposit.
- Twenty-four docket packets contained the defendants' copy of the ticket but no indication a manual receipt was issued. According to the current Mayor's Court Clerk, the only reason the Court would have the defendant's copy of the ticket would be if the ticket was voided or the defendant had paid his/her fines and court costs due. Of the 24 docket packets, we noted the following exceptions:
  - Five docket packets in 2005 indicated both the fines and court costs were remitted resulting in no monies due to the Court. In an interview, Mayor Brown stated he remitted only the fine or the costs but never both. As such, we concluded \$350 was collected and not deposited.
  - Three docket packets in 2006 noted payments had been made; however, the case had been dismissed. The appearance docket did not support dismissal of the case. We concluded \$180 was collected and not deposited.
  - One docket packet in 2006 reflected a \$100 receipt which was actually issued to another defendant. We concluded the \$100 was collected and not deposited.
  - For twelve docket packets in 2005 and 2006, we were unable to conclude whether defendant fines and court costs were received by the Court since the disposition noted on the docket packet, in RCIC's computer system and on the appearance docket did not agree.

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<sup>9</sup> CAPIAS was unavailable for use beginning in mid-October 2007.

## Supplement to the Special Audit Report

### FINDINGS FOR RECOVERY

#### Fines, Court Costs and Bonds

Ohio Traffic Rule 13(A) states in part “(e)ach court shall establish a traffic violations bureau...The court shall appoint its clerk as violations clerk... Fines and costs shall be paid to, receipted by and accounted for by the violations clerk.” In an interview, former Mayor’s Court Clerk Dana Mynatt stated a receipt was issued for every payment received.

We identified \$166,353 of fine, bond, and court costs payments received which were not deposited.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, we hereby issue a finding for recovery against Dana Mynatt for \$166,353 of public monies collected but unaccounted for in favor of the Village of Lockland Mayor’s Court.

#### Improperly Voided Receipts

Ohio Traffic Rule 13(A) states in part “(e)ach court shall establish a traffic violations bureau... The court shall appoint its clerk as violations clerk.... Fines and costs shall be paid to, receipted by and accounted for by the violations clerk.” In an interview, former Mayor’s Court Clerk Dana Mynatt stated a receipt was issued for every payment received.

We identified six voided receipts in which the amounts paid recorded on the RCIC’s computer system and related docket packets agreed to the amounts paid per the voided receipts. The amounts paid also agreed to the amount due per the appearance docket. No subsequent receipts for these payments were issued. We concluded the fines and court costs for the six receipts totaling \$1,785 were collected but not deposited.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, we hereby issue a finding for recovery against Dana Mynatt for \$1,785 of public monies collected but unaccounted for in favor of the Village of Lockland’s Mayor’s Court.

For the 98 voided receipts on which we were unable to conclude because the disposition noted on the appearance docket, RCIC’s computer system, and the docket packet did not agree, we recommend the Court contact the defendants and determine whether the fines and court costs were paid. If so and found not to be deposited, the Court should contact their legal counsel and determine whether further action should be taken to resolve the matter accordingly based on the advice of the Court’s legal counsel.

#### Defendant Payments

Ohio Traffic Rule 13(A) states in part “(e)ach court shall establish a traffic violations bureau...The Court shall appoint its clerk as violations clerk.... Fines and costs shall be paid to, receipted by and accounted for by the violations clerk.” In an interview, former Mayor’s Court Clerk Dana Mynatt stated a receipt was issued for every payment received.

In five docket packets in 2005 and four docket packets in 2006, we found defendants’ ticket copies which had not been voided. For these nine docket packets, the disposition noted the fines and court costs were remitted, the case was dismissed, or reflected a receipt actually issued to another defendant. Based on interviews with the Mayor and review of available documents, we concluded \$630 was collected but not deposited.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, we hereby issue a finding for recovery against Dana Mynatt for \$630 of public monies collected but unaccounted for in favor of the Village of Lockland’s Mayor’s Court.

For the 12 docket packets containing the defendants’ ticket copies on which we were unable to conclude, we recommend the Court contact the defendants and determine whether the fines and court costs owed were paid. If so and found not to be deposited, the Court should contact their legal counsel and determine whether further action should be taken to resolve the matter accordingly based on the advice of the Court’s legal counsel.

## Supplement to the Special Audit Report

### NONCOMPLIANCE CITATIONS

#### Timely Deposits

Ohio Rev. Code Section 9.38 states in part, "...If the total amount of the public monies so received does not exceed one thousand dollars, the person shall deposit the monies on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the monies until such time as the monies are deposited."

Ms. Mynatt deposited fines and court costs collected up to 46 days after the receipt date in the Mayor's Court bank account and bonds received up to 34 days after the receipt date into the Court's Bond bank account.

We recommend the Village review its depositing policy and determine whether the alternative method is necessary. The Mayor and/or his designee should monitor the Court's activity to ensure monies received are deposited within 24 hours as required by this section.

#### Maintaining Court Records

Ohio Rev. Code Section 1905.01(F) states, "In keeping a docket and files, the mayor, and a mayor's court magistrate appointed under section 1905.05 of the Revised Code, shall be governed by the laws pertaining to county courts." Ohio Rev. Code Section 1907.20 (B) regarding general provisions of county court administration states, in pertinent part, "The clerk shall file and safely keep all journals, records, books and papers belonging or appertaining to the court, record its proceedings, perform all other duties that the judges of the court may prescribe, and keep a book showing all receipts and disbursements, which shall be open for public inspection at all times."

The Court was unable to provide the following items for our review:

- Three Mayor's Court manual receipt books containing 459 receipts and one bond account receipt book containing 96 receipts.
- Appearance dockets for the period July 1, 2005 through December 31, 2005, January 10, 2006, and January 1, 2007 through April 10, 2007.
- A master case listing for 2005.
- A cashbook documenting the Court's receipts and expenditures for January 1, 2007 through April 12, 2007.
- 1,022 docket packets.

As such, in some cases the Court was unable to provide documentation supporting the defendant's charge, the Court's verdict, whether fines, court costs and bonds collected were deposited. The unavailable documentation also prevented accurate calculation of amounts due to the Village and State for fines and court costs collected for January through March 2007.

We recommend the Mayor's Court Clerk maintain appearance dockets, receipt books, docket packets and cashbooks to document Court proceedings, and the collection and disbursement of fines, court costs and bonds.

#### Court Activity

Ohio Rev. Code, Section 733.40 states in part "... At the first regular meeting of the legislative authority each month, the mayor shall submit a full statement of all money received, from whom and for what purposes received, and when paid into the treasury."

We noted the following weaknesses which prevented the Mayor from providing an accurate report of the Court's activity to Council:

- Of the \$734,952 collected, \$168,768 was not deposited into the Mayor's Court bank account.
- Bank statements for several months were unopened and reconciliations were not performed on a monthly basis.

## Supplement to the Special Audit Report

- Checks and money orders totaling \$3,200 were returned for non-sufficient funds. No evidence existed that the Village attempted to collect the fines and court costs due.
- Electronic transfers were made between the Mayor's Court and Bond bank accounts with no supporting documentation.
- An "Open Items" listing was not maintained documenting outstanding bonds, fines and court costs to be distributed.
- The bank began deducting its credit card fees from the Mayor's Court bank account in June 2006 instead of the Village's general bank account as done in previous months.

By not reviewing the bank statements, reconciling the cashbook to the bank balance, and maintaining accurate records, the Mayor cannot identify posting errors or other irregularities in a timely manner. This resulted in inaccurate reports being submitted to Council. To ensure accurate reports are presented to Council, we recommend the Mayor and/or his designee:

- Reconcile the bank account to the cashbook and the open items list determining whether fines, court costs and bonds received were deposited and distributed. The balance in the bank account should agree to fines, court costs and bonds not distributed per the open items list.
- Periodically compare the cashbook to receipts issued and determine whether fines, court costs and bonds collected were posted to the Court's computer system.
- Investigate any unusual entries posted to the cashbook or reflected on the monthly bank statement.
- For returned checks/money orders, confirm the Court has made attempts to collect the fines and court costs due from the defendants in a timely manner.
- Review disbursements from the monthly cashbook and bank statement to ensure the amounts due to the Treasurer of State and the Village were remitted and that no other unrelated disbursements were made.

### Case Dismissals

Ohio Rev. Code Section 1905.01 (A) states, in part, "...the mayor of the municipal corporation has jurisdiction, except as provided in divisions (B), (C), and (E) of this section and subject to the limitation contained in section 1905.03 and the limitation contained in section 1905.031 of the Revised Code, to hear and determine any prosecution for the violation of an ordinance of the municipal corporation, to hear and determine any case involving a violation of a vehicle parking or standing ordinance of the municipal corporation unless the violation is required to be handled by a parking violations bureau or joint parking violations bureau pursuant to Chapter 4521 of the Revised Code, and to hear and determine all criminal causes involving any moving traffic violation occurring on a state highway located within the boundaries of the municipal corporation, subject to the limitations of sections 2937.08 and 2938.04 of the Revised Code."

Of the 8,418 docket packets issued, 230 docket packets noted the charges were dismissed but did not indicate who ordered the dismissal. In addition, many of the dismissals were not documented in the appearance docket by the Mayor.

We recommend only the Mayor adjudicate cases in the Village's Mayor's Court and that dismissals should be documented by the Mayor in the appearance docket.

## **MANAGEMENT RECOMMENDATIONS**

### Mayor's Court Clerk Bond

During this period and currently, the Mayor's Court Clerk is not bonded in the case of a loss or theft. During July 1, 2005 through April 12, 2007, we identified \$188,481<sup>10</sup> collected by the former Mayor's Court Clerk and not deposited. To reduce the risk of loss of Court assets, the employees collecting fines, court costs and bonds should be bonded in an amount that is commensurate with their responsibility.

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<sup>10</sup> This amount is the sum of findings for recovery of \$168,768 issued in this issue and \$19,713 of findings for recovery issued in Issue No. 2.

## Supplement to the Special Audit Report

We recommend the Village obtain bonds for employees collecting Mayor's Court fines, court costs and bonds.

### Manual Receipts

During July 1, 2005 through April 12, 2007, the Court issued 5,808 receipts. The receipts should include the date, payer, the amount paid, the ticket/case number; the type of tender received and be signed by the individual collecting the money. We noted the following discrepancies in our review of receipts:

- Of the 5,808 receipts issued, 872 manual receipts issued were not posted to CAPIAS.
- Fields on the manual receipts such as case number, offense or ticket number were not completed.
- Receipts did not reflect the defendant's name when another individual paid the amount due.
- The amount received on the receipt was adjusted to a lesser amount. For example, a receipt initially issued for \$205 was supported by a check deposited for \$205. However, the receipt amount was reduced to \$105 and only \$105 was reflected in CAPIAS as being collected.

Failure to complete the entire receipt, document who the payment was from and the related defendant could prevent the Court from identifying the amount received, the case the amount paid should be applied to and whether the amount paid was posted to the Court's computer system. By not entering the receipt into CAPIAS, the appearance docket would reflect the defendant had not paid the amount due and could result in the unwarranted issuance of an arrest warrant.

We recommend the individual collecting fine payments complete a pre-numbered receipt documenting the date, payee, ticket/case number, offense, amount, tender type and the defendant's name. These receipts should agree to the amount posted in the Court's computer system and to the amount deposited. If amounts received are adjusted, the individual making the adjustment should document the reason for the adjustment and the supervisor should review and document their approval of the adjustment.

### Voiding Capability

In reviewing 237 voided receipts, we noted the following:

- Voided receipts were not posted in CAPIAS.
- No documented purpose for the voided receipts.
- No review of voided receipts by someone other than the issuer to verify the void was for a valid Court action.
- Appearance dockets and docket packets did not indicate the issued receipt was voided or that another receipt was issued.

We noted 118 receipts issued and subsequently voided for which replacement receipts were not issued. Upon further review of the receipts, defendants' docket packets, disposition information recorded in RCIC's computer system and the appearance dockets, we concluded six voided receipts totaling \$1,785 were used to account for monies actually collected but not deposited.

We recommend the Mayor and/or his designee review voided receipts on a periodic basis to determine the reasonableness of the void, whether documentation for the void exists, and verify both copies of the voided receipt are marked as "void". In addition, voided manual receipts should be posted to the Court's computer system to ensure all receipts are accounted for when completing the daily deposits.

### RCIC

Each time a ticket was issued, the ticket and the related charges were entered into RCIC's computer system and a control number was noted on the docket packet. When the case was adjudicated, the disposition should have been recorded in RCIC's computer system. We were unable to locate the case or the related disposition because the docket packets could not be located. Failure to maintain a log of control numbers assigned to each case docket packet could result in officers receiving incorrect disposition information and potential issuance of unwarranted arrest warrants.

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We recommend the Village Police Department maintain a log documenting the control number for each docket packet and note when the decisions posted to each docket packet are posted to RCIC's computer system.

### Cash Payments

When a defendant who owed fines and court costs received a Court check returning their bond, the defendant endorsed the check and returned it to Ms. Mynatt. Ms. Mynatt receipted in the amount due and returned any excess in cash to the defendant.

Twenty-six defendants received cash refunds ranging from \$1 to \$110. As a result, we were unable to verify the deposits made were intact due to the substitution of checks for cash. This also increases the likelihood of human error of giving too much change to the individual which can cause the Court to be short that day.

Should the Court chose to continue this process, we recommend a check be written from the Mayor's Court bank account to the defendant for overpayments which eliminates the Court acting as a bank.

### Review of Bank Statements

The Court maintains a separate bank account for the Mayor's Court which was not reconciled by the former Mayor's Court Clerk or Mayor to the Court's activity on a monthly basis. Instead, the account was reconciled at year-end by the Finance Director to the Court's activity for the year. In addition, there was no documented review of the monthly bank statement or reconciliation by the Mayor ensuring the bank account activity reconciled to the Court's cashbook and that only items related to daily court activity flowed through the account. By reviewing the bank statements and reconciliations, the Mayor can reduce the potential for fraud or irregularities occurring in the bank account.

We recommend the Mayor and/or his designee receive a copy of the monthly bank statement, review it for any unusual transactions and reconcile the bank account activity to the amounts deposited and disbursed by the Mayor's Court Clerk per the monthly cashbook. If unusual items are identified, the Mayor and/or his designee should review the supporting documentation and ensure the activity is Court-related.

### Payment Plans

We noted defendants making payments on the fines and court costs due to the Court over an extended period of time. The Court used a payment card to track the defendants' payments. The Court was unable to provide payment plan terms or the Court's approval of those terms. Failure to establish Court-approved terms can result in the Court not collecting funds due to them in a timely manner.

We recommend the Court document payment plan terms; formally approve the payment plans; and monitor compliance with the approved payment plans.



## Supplement to the Special Audit Report

**Issue No. 2 – Bond Receipts and Disbursements** – We determined whether cash bonds received were deposited intact and were refunded or forfeited.

### PROCEDURES

We obtained copies of the Village's Mayor's Court bank account deposits and related supporting documentation for deposits made during the July 1, 2005 through October 31, 2006<sup>11</sup> and identified the amount of bonds deposited.

We traced receipts issued per the manual bond receipt book to the bonds deposited and determined whether bonds received were deposited intact.

Using records obtained from the bank, we identified the disbursements from the Mayor's Court Bond bank account, traced the disbursements to the associated docket packet, appearance docket and electronic case file and determined whether the disbursement was for a refund or a forfeiture of the defendant's bond.

### RESULTS

The Court received \$44,153 for 253 bonds issued; however, only \$24,440 could be traced to deposit into the Court's Bond bank account. Of the 253 bonds received, 137 bonds totaling \$24,440 were deposited into the Court's Bond bank account up to 34 days after the receipt was issued.

When a bond was forfeited, Ms. Mynatt issued a check to the defendant, the defendant endorsed the check, and Ms. Mynatt deposited the check into the Mayor's Court bank account. From the canceled checks, we identified 91 checks totaling \$17,932 issued to defendants for bond refunds or forfeitures. Thirteen checks totaling \$10,697 were deposited into the Mayor's Court bank account. The appearance dockets and dockets maintained by the Court did not document the Mayor's decision to forfeit or refund a defendant's bond. As such, we were unable to conclude checks issued for bonds forfeited or returned to defendants were in accordance with a valid Court action.

### FINDING FOR RECOVERY

#### Bonds

Ohio Traffic Rule 13(A) states in part "(e)ach court shall establish a traffic violations bureau....The Court shall appoint its clerk as violations clerk.... Fines and costs shall be paid to, receipted by and accounted for by the violations clerk." In an interview, former Mayor's Court Clerk Dana Mynatt stated a receipt was issued for every bond received.

During this period, the Court received cash bonds totaling \$44,153 of which only \$24,440 was deposited into a Court bank account.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, we hereby issue a finding for recovery against Dana Mynatt for \$19,713 of public monies collected but unaccounted for in favor of the Village of Lockland's Mayor's Court.

### MANAGEMENT RECOMMENDATION

#### Bond Refunds and Forfeitures

During the period, the Court issued 91 checks to defendants for refunds or forfeitures totaling \$17,932 and 13 checks totaling \$10,697 to the Mayor's Court bank account. We examined available appearance dockets, docket packets, and other available documentation and determined the validity of the bond refund or forfeiture. These Court records did not reflect the Mayor's decision to forfeit or refund the defendants' bond. Failing to document when a bond should be refunded or forfeited can result in bonds being improperly forfeited or returned to a defendant.

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<sup>11</sup> See footnote no. 2.

**Supplement to the Special Audit Report**

We recommend the Mayor document in the appearance docket when bonds should be forfeited and/or refunded. Upon receipt of the docket, the Mayor's Court Clerk should issue the refunds or forfeit the bonds in accordance with the Mayor's decisions.

## Supplement to the Special Audit Report

**Issue No. 3 – Drug Fine Distributions** – We determined whether drug fine distributions received from Hamilton County Municipal Court were posted in accordance with the Ohio Rev. Code.

### PROCEDURES

We obtained a distribution listing from Hamilton County Municipal Court identifying drug fines distributed to the Village of Lockland during the period July 1, 2005 through April 12, 2007.

Using the Village receipt ledger and documentation supporting pay-ins<sup>12</sup> for monies received, we determined whether the monies received were deposited and posted to the correct Village funds in accordance with Ohio Rev. Code Sections 2925.03 and 2933.43.

### RESULTS

Hamilton County Municipal Court issued 21 distribution checks totaling \$1,406 to the Village for fines collected. Two checks totaling \$240 were deposited into the Village's general bank account and posted to Village funds in accordance with the Ohio Rev. Code. Seven checks totaling \$245 were posted to CAPIAS, deposited into the Mayor's Court bank account and distributed by the Court to the Village. Of the \$245, the Court distributed \$100 to the Law Enforcement fund instead of the Alcohol Enforcement Trust fund. The remaining \$145 deposited into the Village's general bank account was distributed to the appropriate funds in accordance with the Ohio Rev. Code. Twelve checks totaling \$921 were deposited into the Mayor's Court bank account but were not receipted into CAPIAS or distributed to the Village. The Court should have distributed \$520 to the Drug fund, \$98 to the Alcohol Enforcement Trust fund, \$123 to the Law Enforcement fund and \$180 to the General Fund from the \$921 deposited into the Mayor's Court bank account.

### FINDING FOR ADJUSTMENT

#### Drug Fine Distributions

Ohio Rev. Code Section 1905.21, states in part that "... (a) mayor's court magistrate shall account for all such fines, forfeitures, fees, and costs he collects and transfer them to the mayor. The mayor shall account for and dispose of all such fines, forfeitures, fees, and costs he collects, including all such fines, forfeitures, fees, and costs that are transferred to him by a mayor's court magistrate, as provided in section 733.40 of the Revised Code."

Ohio Rev. Code Sections 2925.03 (F) (1) and 2925.42 provides fines received from the Clerk of Courts in accordance with these sections are to be used for purposes of dealing with drug related crimes in accordance with internal control policy. Ohio Rev. Code Section 4511.193(A), states that twenty-five dollars of any fine imposed for a violation of a municipal OVI ordinance shall be deposited into the municipal or county indigent drivers alcohol treatment fund.

The Court deposited 19 checks totaling \$1,166 received from Hamilton County Municipal Court into the Mayor's Court bank account. Of the \$1,166 received, the Court distributed \$245 to the Village. However, \$100 of the \$245 was not posted to the appropriate funds as required by the Ohio Revised Code. The Court did not distribute the remaining \$921 to the Village for posting to the appropriate funds in accordance with the Ohio Revised Code.

A finding for adjustment is hereby issued against the Mayor's Court fund for \$921 in favor of the Drug fund for \$520; the Alcohol Enforcement Trust fund for \$198; the Law Enforcement fund for \$23; and the General Fund for \$180.

We recommend monies received from Hamilton County Municipal Court be receipted by the Finance Director, deposited into the Village's general account and posted to the funds in accordance with the above noted Ohio Rev. Code sections.

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<sup>12</sup> Pay-ins were used by the Village Finance Director to receipt payments received from Village departments, to support the deposit of those funds, and to post the payments received to the Village's ledgers.

## Supplement to the Special Audit Report

**Issue No. 4 –Fines and Court Costs Distribution** – We determined whether fines and court costs collected were distributed to the Village and the State of Ohio.

### PROCEDURES

Using the monthly cashbook, canceled checks and Monthly Mayor’s Court reports, we identified the amounts distributed to the Treasurer of State and the Village for the period July 1, 2005 through April 12, 2007.

For payments received, we calculated the amounts to be distributed to the Treasurer of State and the Village based on the type of offense. We compared the amounts due to the amounts distributed and determined whether additional monies were due to the Treasurer of State and the Village.

### RESULTS

Of the \$846,870 collected, the Court distributed \$119,086 to the Treasurer of State and \$535,692 to the Village. For payments received, we calculated the following amounts to be distributed based on the defendant’s moving violation and the amounts distributed per available monthly cashbooks, canceled checks and Mayor’s Court reports submitted to the Finance Director:

	Amount Due	Amount Distributed	Variance
<b>State</b>			
General Revenue Fund	\$ 91,806	\$ 72,130	\$ 19,676
Victims of Crime Fund	43,895	43,631	264
Seat Belt Fund	2,745	3,335	(590)
	\$ 138,446	\$ 119,096	\$ 19,350
<b>Village</b>			
Drug Fund	\$ 16,800	\$ 19,940	\$ (3,140)
Court Computerization Fund	48,920	47,420	1,500
DUI Fund	428	145	283
General Fund	634,560	468,187	166,373
	\$ 700,708	\$ 535,692	\$ 165,016

### FINDING FOR RECOVERY

#### Fees Due to the Treasurer of State

Ohio Rev. Code Section 2743.70(A)(1) states in part that, “The court, in which any person is convicted of or pleads guilty to any offense that is not a moving violation, shall impose the following sum as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender; (a) Thirty dollars, if the offense is a felony; (b) Nine dollars, if the offense is a misdemeanor. ... All such moneys shall be transmitted on the first business day of each month by the clerk of the court to the treasurer of state and deposited by the treasurer in the reparations fund.”

Ohio Rev. Code Section 2949.091 (A)(1) states in part, “The court, in which any person is convicted of or pleads guilty to any offense other than a traffic offense that is not a moving violation, shall impose the sum of fifteen dollars as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender. All such moneys collected during a month shall be transmitted on or before the twentieth day of the following month by the clerk of the court to the treasurer of state and deposited by the treasurer of state into the general revenue fund.”

## Supplement to the Special Audit Report

Of the \$138,446 due to the Treasurer of State, the Court distributed only \$119,096. Of the \$119,096, the Court incorrectly distributed \$590 to the Seat Belt fund resulting in a shortage to the General Revenue fund distribution. As such, the Court did not distribute \$19,676 of General Revenue fund fines and \$264 of Victims of Crime fund fines to the Treasurer of State.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery is hereby issued against the Village of Lockland Mayor's Court for \$19,940 for public monies collected but unaccounted for in favor of the Treasurer of State's General Revenue fund for \$19,676 and the Victims of Crime fund for \$264.

To resolve the \$590 Seat Belt Fund overpayment, we recommend the Court reduce future payments until the overpayment is eliminated.

### FINDING FOR ADJUSTMENT

#### Monies Due to the Village

Ohio Rev. Code Section 733.40 provides that the mayor shall account for and dispose of all such fines, forfeitures, fees, and costs collected. All monies collected shall be paid by the mayor into the Village on the first Monday of each month. Also, at the first regular meeting of the legislative authority each month, the mayor shall submit a full statement of all money received, from whom and for what purposes received, and when paid into the treasury.

The Court did not pay fines and court costs due to the Village totaling \$165,016. In addition, the Court incorrectly distributed \$3,140 to the Drug fund resulting in a shortage in the amount distributed to the Village's General Fund. The Court should have distributed \$166,373 to the Village's General Fund, \$283 to the DUI fund and \$1,500 to the Court Computerization fund.

A finding for adjustment is hereby issued against the Mayor's Court bank account for \$165,016 and the Drug fund for \$3,140 in favor of the Village's General Fund for \$166,373, the DUI fund for \$283 and the Court Computerization fund for \$1,500.

As of April 30, 2007, the Mayor's Court bank account had a \$38,286 balance. This adjustment includes monies collected but not deposited by Ms. Mynatt. As such, we recommend this adjustment be posted upon receipt of the funds.

### NONCOMPLIANCE CITATION

#### Fine Remittance

Ohio Rev. Code Section 733.40 provides that the mayor shall account for and dispose of all such fines, forfeitures, fees, and costs collected. All moneys collected shall be paid by the mayor into the Village on the first Monday of each month. Also, at the first regular meeting of the legislative authority each month, the mayor shall submit a full statement of all money received, from whom and for what purposes received, and when paid into the treasury.

Ohio Rev. Code Section 2743.70(A)(1) states that, "The court, in which any person is convicted of or pleads guilty to any offense that is not a moving violation, shall impose the following sum as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender; (a) Thirty dollars, if the offense is a felony; (b) nine dollars, if the offense is a misdemeanor. ... All such moneys shall be transmitted on the first business day of each month by the clerk of the court to the treasurer of state and deposited by the treasurer in the reparations fund."

Ohio Rev. Code Section 2949.091 (A)(1) states, "The court, in which any person is convicted of or pleads guilty to any offense other than a traffic offense that is not a moving violation, shall impose the sum of fifteen dollars as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender. All such moneys collected during a month shall be transmitted on or before the twentieth day of the following month by the clerk of the court to the treasurer of state and deposited by the treasurer of state into the general revenue fund."

## **Supplement to the Special Audit Report**

Contrary to these sections, the Court did not distribute fines and court costs collected to the Village on the first Monday of each month for five of 21 months, the Treasurer of State by the first business day of the month for reparation fines for seven months, or to the Treasurer of State for Victims of Crime fines by the 20<sup>th</sup> of the month for four months. As of April 13, 2008, the Court owed \$165,016 to the Village of Lockland and \$19,940 to the Treasurer of State which should be paid upon collection.

We recommend the fines and court costs collected be distributed to the Treasurer of State and the respective Village funds in accordance with these sections. During the monthly reconciliation review, the Mayor and/or his designee should verify the distributions occurred.

## Supplement to the Special Audit Report

**Issue No. 5 – Review of Selected Payroll Disbursements** – We determined whether selected payroll disbursements issued to the former payroll clerk were authorized and for payroll-related expenses.

### PROCEDURES

Using 715 gaps identified in the payroll check sequence by Von Lehman for the period January 1, 2003 through July 12, 2007, we examined bank statements obtained from the Village and Fifth Third Bank and determined whether the identified checks were negotiated.

For those negotiated, we obtained copies of the canceled checks and examined available supporting documentation to determine whether selected disbursements issued to the former payroll clerk were authorized and for a payroll-related expense.

### RESULTS

In a July 12, 2007 interview, former Payroll Clerk Debra Reynolds stated she issued herself extra paychecks, deleted or voided the checks from QuickBooks after the checks were printed and converted the checks to cash.

Of the 715 checks, 694 were negotiated by the bank. We compared the negotiated checks to available payroll check registers for the period July 1, 2005<sup>13</sup> through July 12, 2007 and identified 73 checks totaling \$62,920 were issued for unauthorized compensation to Ms. Reynolds. We obtained 499 additional checks from Fifth Third Bank and identified an additional 83 checks totaling \$65,096 were also issued for unauthorized compensation to Ms. Reynolds.

We were unable to obtain copies of 133 checks from Fifth Third Bank to determine whether additional unauthorized checks were issued to Ms. Reynolds. These checks totaling \$122,847 were negotiated but were excluded from the Village's payroll reports.

### FINDING FOR RECOVERY

Ms. Reynolds was authorized to receive paychecks every two weeks. For the weeks she was not scheduled to receive a paycheck, she issued an extra payroll check, deleted, reduced the amount paid to zero or voided the check from the payroll computer system, and converted the check to cash. Ms. Reynolds received 156 checks totaling \$128,016 for unauthorized compensation.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery is hereby issued against Debra Reynolds for \$128,016 of public monies illegally expended in favor of the Village of Lockland.

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<sup>13</sup> See footnote no. 5. Negotiated checks requested for July 2007 were not provided by the Village for review.







**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF LOCKLAND MAYOR'S COURT**  
**HAMILTON 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**  
**AUGUST 19, 2008**