



Dave Yost • Auditor of State

CLARK COUNTY MUNICIPAL COURT
CLARK COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Guy Ferguson, Clerk of Courts
Clark County Municipal Court
Clark County
50 East Columbia Street
Springfield, Ohio 45502

Report on the Financial Statements

We have audited the accompanying financial statements of the undisbursed cash balances, receipts and disbursements for all divisions, and related notes of the Clark County Municipal Court (the Court) agency funds (divisions) of the City of Springfield, Ohio as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Court's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Court's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Court prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Court does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Court as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the undisbursed cash balances of the Clark County Municipal Court, Clark County as of December 31, 2015 and 2014, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Court's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

October 13, 2016

**CLARK COUNTY MUNICIPAL COURT
CLARK COUNTY**

**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN UNDISBURSED CASH BALANCES - ALL DIVISIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | <u>Criminal/ Traffic</u> | <u>Bail Bond</u> | <u>Civil</u> | <u>Trusteeship</u> | <u>Rent Escrow</u> | <u>Combined Total</u> |
|--|------------------------------|----------------------|------------------|--------------------|------------------------|---------------------------|
| Receipts: | | | | | | |
| Fines, Costs and Forfeitures | \$2,788,677 | \$163,249 | | | | \$2,951,926 |
| Court Costs and Garnishee Fees | | | \$387,578 | | | 387,578 |
| Garnishment Fees | | | 1,253,109 | | | 1,253,109 |
| Judgments | | | 7,072 | | | 7,072 |
| Additional Fees | | | 83,821 | | | 83,821 |
| Capital Improvements Fund | 153,183 | 2,884 | 33,410 | | | 189,477 |
| Trusteeships | | | | \$12,412 | | 12,412 |
| Rents Deposited with the Court | | | | | \$7,771 | 7,771 |
| All Other Receipts collected | | | 50,440 | | | 50,440 |
| Total Receipts | <u>2,941,860</u> | <u>166,133</u> | <u>1,815,430</u> | <u>12,412</u> | <u>7,771</u> | <u>4,943,606</u> |
| Disbursements: | | | | | | |
| City of Springfield | 1,334,943 | 2,884 | 436,749 | 50 | | 1,774,626 |
| Clark County Treasurer | 782,494 | | | | | 782,494 |
| Treasurer of State of Ohio | 778,460 | | 82,686 | | | 861,146 |
| All Other Entities | 36,478 | | | | | 36,478 |
| Bonds Forfeited | | 68,999 | | | | 68,999 |
| Bonds Returned | | 83,643 | | | | 83,643 |
| Garnishees | | | 1,277,921 | | | 1,277,921 |
| All Other Amounts Distributed | | | 39,721 | | | 39,721 |
| Creditors | | | | 12,180 | | 12,180 |
| Clerk's Poundage Distributed | | | | 377 | | 377 |
| Rents Disbursed | | | | | 3,618 | 3,618 |
| Total Disbursements | <u>2,932,375</u> | <u>155,526</u> | <u>1,837,077</u> | <u>12,607</u> | <u>3,618</u> | <u>4,941,203</u> |
| Receipts Over(Under) Disbursements | 9,485 | 10,607 | (21,647) | (195) | 4,153 | 2,403 |
| Undisbursed Cash Balance - January 1 | <u>190,015</u> | <u>89,090</u> | <u>125,185</u> | <u>195</u> | | <u>404,485</u> |
| Undisbursed Cash Balance - December 31 | <u>\$199,500</u> | <u>\$99,697</u> | <u>\$103,538</u> | <u>\$0</u> | <u>\$4,153</u> | <u>\$406,888</u> |

The notes to the financial statements are an integral part of this statement.

**CLARK COUNTY MUNICIPAL COURT
CLARK COUNTY**

**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN UNDISBURSED CASH BALANCES - ALL DIVISIONS
FOR THE YEAR ENDED DECEMBER 31, 2014**

| | <u>Criminal/ Traffic</u> | <u>Bail Bond</u> | <u>Civil</u> | <u>Trusteeship</u> | <u>Rent Escrow</u> | <u>Combined Total</u> |
|--|------------------------------|----------------------|------------------|--------------------|------------------------|---------------------------|
| Receipts: | | | | | | |
| Fines, Costs and Forfeitures | \$2,529,214 | \$203,840 | | | | \$2,733,054 |
| Court Costs and Garnishee Fees | | | \$401,455 | | | 401,455 |
| Garnishment Fees | | | 1,420,947 | | | 1,420,947 |
| Judgments | | | 11,104 | | | 11,104 |
| Additional Fees Collected | | | 81,919 | | | 81,919 |
| Capital Improvements Fund | 139,290 | 3,489 | 32,840 | | | 175,619 |
| Trusteeships | | | | \$23,968 | | 23,968 |
| Interest | 1 | 1 | 1 | | | 3 |
| Rents Deposited with the Court | | | | | \$2,995 | 2,995 |
| All Other Receipts collected | | | 41,722 | | | 41,722 |
| Total Receipts | <u>2,668,505</u> | <u>207,330</u> | <u>1,989,988</u> | <u>23,968</u> | <u>2,995</u> | <u>4,892,786</u> |
| Disbursements: | | | | | | |
| City of Springfield | 1,231,993 | 3,490 | 452,123 | 75 | | 1,687,681 |
| Clark County Treasurer | 704,915 | | | | | 704,915 |
| Treasurer of State of Ohio | 664,200 | | 81,373 | | | 745,573 |
| All Other Entities | 49,062 | | | | | 49,062 |
| Bonds Forfeited | | 94,574 | | | | 94,574 |
| Bonds Returned | | 110,344 | | | | 110,344 |
| Garnishees | | | 1,421,147 | | | 1,421,147 |
| All other Amounts Distributed | | | 37,780 | | | 37,780 |
| Creditors | | | | 23,171 | | 23,171 |
| Clerk's Poundage Distributed | | | | 717 | | 717 |
| Rents Disbursed | | | | | 3,713 | 3,713 |
| Total Disbursements | <u>2,650,170</u> | <u>208,408</u> | <u>1,992,423</u> | <u>23,963</u> | <u>3,713</u> | <u>4,878,677</u> |
| Receipts Over(Under) Disbursements | 18,335 | (1,078) | (2,435) | 5 | (718) | 14,109 |
| Undisbursed Cash Balance - January 1 | <u>171,680</u> | <u>90,168</u> | <u>127,620</u> | <u>190</u> | <u>718</u> | <u>390,376</u> |
| Undisbursed Cash Balance - December 31 | <u>\$190,015</u> | <u>\$89,090</u> | <u>\$125,185</u> | <u>\$195</u> | <u>\$0</u> | <u>\$404,485</u> |

The notes to the financial statements are an integral part of this statement.

**CLARK COUNTY MUNICIPAL COURT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Clark County Municipal Court (the Court) was established per Section 1901.01 of the Ohio Revised Code for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio, and has jurisdiction within all of Clark County. The Court has three full-time judges, 2 magistrates and an elected Clerk of Courts to oversee the daily operations and the financial transactions.

For financial reporting purposes, the Court is an agency fund group which reports the receipts and disbursements of the five divisions of the Court: criminal/traffic, civil, bail bond, trusteeship, and rent escrow. Financial information contained within this report consists of fines, fees, forfeitures, garnishments, bonds and other sources which are collected as a result of Court action and then distributed to other governmental entities and individuals. Management believes the financial statement included in this report represents all of the cash receipts and disbursements of the Court over which the Court officials have the ability to exercise direct operating control.

The operating expenses of the Court are funded by the City of Springfield, and are not, therefore, part of the reporting entity included in this report.

B. Basis of Accounting

Financial accountability for the Court is that of an agent, acting in a fiduciary capacity for others. The Court has no equity or ownership over the money it controls. The financial statements presented follow a basis of accounting the Auditor of State of Ohio prescribes or permits. The Court recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

2. CASH DEPOSITS

The Court maintains separate demand accounts for each of its five divisions (Criminal/Traffic, Bail Bond, Civil, Trusteeship, and Rent Escrow) at Huntington Bank. The Ohio Revised Code prescribes allowable deposits and investments. 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 deposit. These institutions may either specifically collateralize individual accounts in addition to amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Court's name.

A. Deposits

The carrying amount of cash deposits at December 31, 2014 and 2015 was \$404,485 and \$406,888, respectively. Bank balances were \$412,753 at the end of 2014 and \$501,234 at the end of 2015. Of the Court's deposits, \$250,000 was insured each year by FDIC and the remaining deposits were uninsured and collateralized with securities held by the pledging institution's trust department but not in the Court's name.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Guy Ferguson, Clerk of Courts
Clark County Municipal Court
Clark County
50 East Columbia Street
Springfield, Ohio 45502

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the undisbursed cash balances, receipts, and disbursements for all divisions of the Clark County Municipal Court, (the Court) agency funds (divisions) of the City of Springfield as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2016, wherein we noted the Court followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Court's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Court's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Court's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Court's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Court's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Court's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

October 13, 2016



Dave Yost • Auditor of State

CLARK COUNTY MUNICIPAL COURT

CLARK 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
NOVEMBER 10, 2016