

Franklin County Municipal Court, Clerk of Court
(Custodial Funds (Divisions) of Court)

Combining Financial Statements

Year Ended December 31, 2019

(With Independent Auditor's Report)

OHIO AUDITOR OF STATE
KEITH FABER



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We have reviewed the *Independent Auditor's Report* of the Franklin County Municipal Court, Franklin County, prepared by Plante & Moran, PLLC, for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Franklin County Municipal Court is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 9, 2020

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<u>ELECTED OFFICIAL</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>
Daniel R. Hawkins	Environmental Judge	01/07/16 to 01/07/22
Ted Barrows	Judge	01/01/16 to 01/01/22
Cynthia L. Ebner	Judge	01/04/16 to 01/04/22
James E. Green	Judge	01/02/14 to 01/02/20
Paul M. Herbert	Judge	01/03/16 to 01/03/22
Mark A. Hummer	Administrative and Presiding Judge	01/02/16 to 01/02/22
Cindi Morehart	Judge	01/02/18 to 01/01/24
James P. O'Grady	Judge	01/06/16 to 01/06/22
Eileen Y. Paley	Judge	01/05/16 to 01/05/22
Andrea C. Peeples	Judge	12/31/17 to 12/31/22
H. William Pollitt, Jr.	Judge	12/31/15 to 12/31/21
Amy Salerno	Judge	01/01/14 to 01/01/20
Jarod Skinner	Judge *Replaced Brandt	01/03/18 to 01/02/24
Jodi Thomas	Judge	01/01/18 to 12/31/19
David B. Tyack	Judge	01/08/16 to 01/08/22
Lori M. Tyack	Clerk of Court	01/01/18 to 12/31/23

<u>NAME</u>	<u>TITLE</u>
Obie Lucas	Chief Deputy Clerk
Crystal Ross	Executive Director Fiscal Administration
LeeAnne Sheppard	Director, Audit and Internal Controls
Rhonda Ferguson	Director, Accounting/Finance; Treasurer
Tim Fisher	Special Projects Coordinator
Josh Kirschner	Special Projects Coordinator
Craig Wiley	Special Projects Coordinator
Heather Kean	Deputy Director, Accounting/Finance
Vickie Spivey	Deputy Director, Audit and Internal Controls
Jeff Dever	Accounting Supervisor For Civil
Kaleb Perry	Accounting Supervisor For Criminal
Matthew Davenport	Financial Analyst

Independent Auditor's Report

To Ms. Lori M. Tyack, Clerk of Court
Franklin County Municipal Court, Clerk of Court

Report on the Combining Financial Statements

We have audited the accompanying combining financial statements of Franklin County Municipal Court, Clerk of Court (the "Clerk of Court") custodial funds (divisions) of the City of Columbus, Ohio, which comprise the combining statement of undisbursed cash balances arising from cash transactions as of December 31, 2019 and the related combining statement of receipts, disbursements, and undisbursed cash balances for the year then ended, and the related notes to the combining financial statements.

Management's Responsibility for the Combining Financial Statements

Management is responsible for the preparation and fair presentation of these combining financial statements in accordance with the basis of cash receipts and disbursements, as described in Note 1; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the combining financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combining financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combining 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 combining financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combining financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combining financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combining financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combining financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combining financial statements referred to above present fairly, in all material respects, the undisbursed cash balances arising from cash transactions of the Clerk of Court custodial funds (divisions) as of December 31, 2019 and its total receipts, disbursements, and undisbursed cash balances for the year then ended in accordance with the basis of accounting described in Note 1.

To Ms. Lori M. Tyack, Clerk of Court
Franklin County Municipal Court, Clerk of Court

Basis of Accounting

We draw attention to Note 1, which explains that these combining financial statements present only the Clerk of Court custodial 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, 2019, the changes in its financial position, and the changes in its cash flows, where applicable. Also, as described in Note 1, these combining 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. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the combining financial statements that collectively comprise the Clerk of Court custodial funds' financial statements. The management's discussion and analysis and the listing of elected officials and key administrative personnel are presented for the purpose of additional analysis and are not a required part of the combining financial statements. The management's discussion and analysis and the listing of elected officials and key administrative personnel have not been subjected to the auditing procedures applied in the audit of the combining financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2020 on our consideration of Franklin County Municipal Court, Clerk of Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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.

Plante & Moran, PLLC

May 12, 2020

The following management's discussion and analysis ("MD&A") section of the Franklin County Municipal Court, Clerk of Court's (hereinafter "Clerk of Court") combining financial statements represents a discussion and analysis of the Clerk of Court's financial performance during the fiscal year ended December 31, 2019. Please read it in conjunction with the Clerk of Court's financial statements, which follow this section.

Overview of the Financial Statements

The Clerk of Court's combining 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 Clerk of Court is custodial fund group which consists of the custodial funds of the four divisions: Criminal/Traffic/Bail, Civil, Trusteeship, and Rent Escrow. The operating expenses of the Clerk of 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 Clerk of Court's undisbursed cash balances as of December 31:

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Civil Division	\$1,046,018	\$760,321	\$285,697	38%
Trusteeship Division	5,754	5,452	301	6%
Rent Escrow Division	164,858	202,742	(37,883)	(19%)
Criminal/Traffic/Bail Division	<u>1,677,614</u>	<u>1,670,421</u>	<u>7,193</u>	0%
Total undisbursed cash balances	<u>\$2,894,244</u>	<u>\$2,638,936</u>	<u>\$255,308</u>	10%

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>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
<u>Receipts</u>				
Civil Division	\$21,533,897	\$21,285,518	\$248,379	1%
Trusteeship Division	81,621	95,215	(13,594)	(14%)
Rent Escrow Division	477,786	478,250	(464)	0%
Criminal/Traffic/Bail Division	<u>19,164,638</u>	<u>19,821,702</u>	<u>(657,064)</u>	(3%)
Total receipts	<u>\$41,257,942</u>	<u>\$41,680,685</u>	<u>(\$422,743)</u>	(1%)
<u>Disbursements</u>				
Civil Division	\$21,248,200	\$21,567,898	(\$319,698)	(1%)
Trusteeship Division	81,319	94,344	(13,025)	(14%)
Rent Escrow Division	515,670	455,256	60,414	13%
Criminal/Traffic/Bail Division	<u>19,157,445</u>	<u>19,773,464</u>	<u>(616,019)</u>	(3%)
Total disbursements	<u>\$41,002,634</u>	<u>\$41,890,962</u>	<u>(\$888,328)</u>	2%

Civil Division

The civil division receipts and disbursements increased by 1% and decreased by 1% respectively, due to a combination of an increase of 2,395 cases filed or 4.6% and an increase of 2,221 in garnishments or 12.6%, 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 without cases significantly increasing or decreasing.

Trusteeship Division

The trusteeship division receipts and disbursements both decreased by 14%, with an increase of 6 cases filed from the previous year. Cases can vary in dollar amount depending on the nature of individual cases and can continue on for many years. Therefore, it is possible for an increase in cases filed and a decrease in receipts and disbursements.

Rent Escrow Division

The rent escrow division receipts and disbursements decreased by less than 1% and increased by 13%, respectively, with an increase of 7 cases filed from the previous year. Cases can vary in dollar amount depending on the nature of individual cases. Therefore, it is possible for an increase in cases filed and a decrease and increase in receipts and disbursements.

Criminal/Traffic/Bail Division

The criminal/traffic/bail division receipts and disbursements both decreased by 3%, with a decrease of 9,969 or 8.2% cases filed. Cases can vary in dollar amount and duration depending on the nature of individual cases. After a case is filed, there is no guarantee of payment because judges can dismiss fines and court costs in lieu of jail time or community service and they can determine defendants to be indigent or initiate time-payment schedules. Additionally, a court may not order a person to appear or issue a warrant for unpaid court costs. Therefore, it is possible for an increase in cases filed and a decrease in receipts and disbursements.

Franklin County Municipal Court, Clerk of Court
(Custodial Funds (Divisions) of Court)
Combining Statement of Undisbursed Cash Balances
Year Ended December 31, 2019

Undisbursed Cash Balance

Civil division	\$ 1,046,018
Trusteeship division	5,754
Rent escrow division	164,858
Criminal/traffic/bail division	<u>1,677,614</u>
Total	\$ <u>2,894,244</u>

Franklin County Municipal Court, Clerk of Court
(Custodial Funds (Divisions) of Court)
Combining Statement of Receipts, Disbursements, and Undisbursed Cash Balances
Year Ended December 31, 2019

	<u>Civil</u>	<u>Trusteeship</u>	<u>Rent Escrow</u>	<u>Criminal/ Traffic/Bail</u>	<u>Combined Total</u>
Cash receipts	\$21,533,897	\$81,621	\$477,786	\$19,164,638	\$41,257,942
Cash disbursements	<u>21,248,200</u>	<u>81,319</u>	<u>515,670</u>	<u>19,157,445</u>	<u>41,002,634</u>
Total cash receipts over (under)					
cash disbursements	285,697	302	(37,884)	7,193	255,308
Undisbursed cash balance - December 31, 2018	<u>760,321</u>	<u>5,452</u>	<u>202,742</u>	<u>1,670,421</u>	<u>2,638,936</u>
Undisbursed cash balance - December 31, 2019	<u>\$1,046,018</u>	<u>\$5,754</u>	<u>\$164,858</u>	<u>\$1,677,614</u>	<u>\$2,894,244</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant Clerk of Court accounting policies are described below:

A. Reporting entity

The Franklin County Municipal Court (hereinafter "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, on behalf of the Court, the Clerk of Court collects and accounts for all monies of the four divisions: Criminal/Traffic/Bail, Civil, Trusteeship, and Rent Escrow. The operating expenses of the Clerk of 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 Clerk of 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 Clerk of 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 Clerk of 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 Clerk of 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 Clerk of Court's name.

Deposits – At year-end, the carrying amount of the Clerk of Court's deposits was \$2,894,244 and the bank balance was \$3,475,949 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*, \$250,000 of the bank balance was covered by FDIC insurance; and \$3,225,949 was collateralized by collateral pool, with securities being held by the pledging financial institution's agents, in the pool's name. In addition, the Clerk of Court also had \$7,502 of cash on hand.

2. SUBSEQUENT EVENT:

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Clerk of Court. In addition, the impact on the Clerk of Court's future receipts, disbursements, and undisbursed cash balances cannot be estimated.

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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*

Independent Auditor's Report

To Ms. Lori M. Tyack, Clerk of Court
Franklin County Municipal Court, Clerk of Court

We have audited, 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, the combining financial statements of Franklin County Municipal Court, Clerk of Court (the "Clerk of Court") custodial funds (divisions) of the City of Columbus, Ohio, which comprise the combining statement of undisbursed cash balances arising from cash transactions as of December 31, 2019 and the related combining statement of receipts, disbursements, and undisbursed cash balances for the year then ended, and the related notes to the combining financial statements, and have issued our report thereon dated May 12, 2020. The combining 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the combining financial statements, we considered Franklin County Municipal Court, Clerk of Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combining financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk of Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clerk of Court's internal control.

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 Clerk of Court's combining financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Franklin County Municipal Court, Clerk of Court's combining financial statements are free from 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 combining 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*.

To Ms. Lori M. Tyack, Clerk of Court
Franklin County Municipal Court, Clerk of Court

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clerk of Court's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk of Court's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moreau, PLLC

May 12, 2020

OHIO AUDITOR OF STATE
KEITH FABER



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
JUNE 23, 2020**