



OHIO AUDITOR OF STATE
KEITH FABER



**FRANKLIN COUNTY MUNICIPAL COURT
FRANKLIN COUNTY
DECEMBER 31, 2022**

TABLE OF CONTENTS

TITLE	PAGE
Elected Officials	1
Key Administrative Personnel	2
Independent Auditor's Report	3
Prepared by Management:	
Management's Discussion and Analysis	7
Combining Financial Statements:	
Combining Statement of Undisbursed Cash Balances	10
Combining Statement of Receipts, Disbursements, and Undisbursed Cash Balances.....	11
Notes to the Financial Statements	12
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15

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<u>ELECTED OFFICIAL</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>
Stephanie Mingo	Environmental Judge	01/08/22 to 01/07/28
Mark A. Hummer	Administrative and Presiding Judge	01/03/22 to 01/02/28
Cynthia L. Ebner	Judge	01/05/22 to 01/04/28
James E. Green	Judge	01/03/20 to 01/02/26
Gina R. Russo	Judge	01/04/22 to 01/03/28
Bill Hedrick	Judge	01/02/22 to 01/01/28
Cindi Morehart	Judge	01/02/18 to 01/01/24
James P. O'Grady	Judge	01/07/22 to 01/06/28
Eileen Y. Paley	Judge	01/06/22 to 01/05/28
Andrea C. Peeples	Judge	01/01/18 to 12/31/23
Mike McAllister	Judge	01/01/22 to 12/31/27
Jessica G. D'Varga	Judge	01/02/20 to 01/01/26
Jarod Skinner	Judge	01/03/18 to 01/02/24
Jodi L. Thomas	Judge	01/01/20 to 12/31/25
Mary Kay Fenlon	Judge	01/09/22 to 01/08/28
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
Ahmed Kasheer	Director, OIS
Craig Wiley	Deputy Director, OIS
Heather Ogle	Deputy Director, Accounting/Finance
Vickie Spivey	Deputy Director, Audit and Internal Controls
Shawn Smith	Accounting Supervisor for Civil
Kaleb Perry	Accounting Supervisor for Criminal
Matthew Davenport	Financial Analyst

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Franklin County Municipal Court
Franklin County
375 South High Street
Columbus, Ohio 43215

To the Clerk of Courts:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis combining financial statements of the Franklin County Municipal Court, Clerk of Court custodial funds of the City of Columbus, Franklin County, Ohio (the Clerk of Court), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Clerk of Court's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 as of December 31, 2022, and its total receipts, disbursements, and undisbursed cash balances for the year then ended in accordance with the cash-basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Clerk of Court, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Accounting Basis

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for preparation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clerk of Court's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Clerk of Court's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clerk of Court's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

We applied no procedures to management's discussion & analysis and the listings of elected officials and key administrative personnel, as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2023, on our consideration of the Clerk of Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clerk of Court's 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 Clerk of Court's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

July 13, 2023

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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, 2022. 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 a 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>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Civil Division	\$1,427,043	\$1,782,670	(\$355,627)	(20%)
Trusteeship Division	5,805	4,785	1,020	21%
Rent Escrow Division	178,035	198,634	(20,599)	(10%)
Criminal/Traffic/Bail Division	<u>1,476,913</u>	<u>1,579,885</u>	<u>(102,972)</u>	(7%)
Total undisbursed cash balances	<u>\$3,087,795</u>	<u>\$3,565,974</u>	<u>(\$478,179)</u>	(13%)

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>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
<u>Receipts</u>				
Civil Division	\$22,057,052	\$18,693,499	\$3,363,553	18%
Trusteeship Division	48,839	53,000	(4,161)	(8%)
Rent Escrow Division	462,129	415,694	46,435	11%
Criminal/Traffic/Bail Division	<u>11,087,427</u>	<u>11,861,589</u>	<u>(774,162)</u>	(7%)
Total receipts	<u>\$33,655,446</u>	<u>\$31,023,782</u>	<u>\$2,631,664</u>	8%
<u>Disbursements</u>				
Civil Division	\$22,412,679	\$18,240,398	\$4,172,281	23%
Trusteeship Division	47,819	53,792	(5,973)	(11%)
Rent Escrow Division	482,728	357,842	124,886	35%
Criminal/Traffic/Bail Division	<u>11,190,399</u>	<u>11,888,439</u>	<u>(698,040)</u>	(6%)
Total disbursements	<u>\$34,133,625</u>	<u>\$30,540,471</u>	<u>\$3,593,154</u>	12%

Civil Division

The Civil Division receipts and disbursements increased by 18% and increased by 23% respectively, due to a combination of an increase of 4,607 cases filed or 11.9% and an increase of 209 in garnishments or 1.3%, 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 8% and decreased by 11% respectively, with a decrease of 1 case 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 increased by 11% and disbursements increased by 35%, 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 7% and decreased by 6% respectively, with an increase of 6,836 or 10.4% 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, 2022

Undisbursed Cash Balance

Civil division	\$ 1,427,043
Trusteeship division	5,805
Rent escrow division	178,035
Criminal/traffic/bail division	<u>1,476,913</u>
Total	\$ <u>3,087,796</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, 2022

	<u>Civil</u>	<u>Trusteeship</u>	<u>Rent Escrow</u>	<u>Criminal/ Traffic/Bail</u>	<u>Combined Total</u>
Cash receipts	\$22,057,052	\$48,839	\$462,129	\$11,087,427	\$33,655,447
Cash disbursements	<u>22,412,679</u>	<u>47,819</u>	<u>482,728</u>	<u>11,190,399</u>	<u>34,133,625</u>
Total cash receipts over (under)					
cash disbursements	(355,627)	1020	(20,599)	(102,972)	(478,178)
Undisbursed cash balance - December 31, 2020	<u>1,782,670</u>	<u>4,785</u>	<u>198,634</u>	<u>1,579,885</u>	<u>3,565,974</u>
Undisbursed cash balance - December 31, 2021	<u>\$1,427,043</u>	<u>\$5,805</u>	<u>\$178,035</u>	<u>\$1,476,913</u>	<u>\$3,087,796</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 over all areas covered by the City of Columbus which includes the following Counties: Franklin, Fairfield, and Delaware.

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. 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.

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 \$3,087,796 and the bank balance was \$3,789,714 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 \$3,539,714 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. NOTE REGARDING COVID-19 PANDEMIC:

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. On March 11, 2020 the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic, now known as the COVID-19 pandemic. In response to the COVID-19 pandemic, governments took preventative or protective actions, such as temporary closures of non-essential businesses and “shelter at home” guidelines for individuals. As a result, the global economy has been negatively affected, and the Clerk of Court’s operations were also impacted. Due to the “shelter at home” guidelines during April and May 2020, the Clerk of Court closed access to certain areas of the office and reduced person to person contact by limiting certain interactions to online, phone, and mailings for several months. The Clerk of Court also had many program offerings and events relocated (in accordance with Court order), cancelled, or temporarily postponed until the “shelter at home” guidelines were reduced or removed, which resulted in reduced activity for the Clerk of Court for the year ended December 31, 2020. The financial impact of COVID-19 and the ensuing emergency measures continue to impact subsequent periods of the Clerk of Court’s business and services. In addition, the impact on the Clerk of Court’s future receipts, disbursements, and undisbursed cash balances cannot be estimated.

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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

Franklin County Municipal Court, Clerk of Court
Franklin County
375 South High Street
Columbus, Ohio 43215

To the Clerk of Courts:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the cash-basis combining financial statements of the Franklin County Municipal Court, Clerk of Court custodial funds of the City of Columbus, Franklin County, Ohio (the Clerk of Court), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Clerk of Court's basic financial statements as listed in the table of contents and have issued our report thereon dated July 13, 2023, wherein we noted the Clerk of Court's uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clerk of Court's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk of Court's 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 financial statements. 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*.

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.



Keith Faber
Auditor of State
Columbus, Ohio

July 13, 2023

OHIO AUDITOR OF STATE KEITH FABER



FRANKLIN COUNTY MUNICIPAL COURT

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 8/3/2023

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This report is a matter of public record and is available online at
www.ohioauditor.gov