
CLARK COUNTY MUNICIPAL COURT
(Agency Funds(Divisions) of Court)

Financial Statements – Cash Basis

For the Years Ended December 31, 2011 and 2010

(with Independent Auditors' Report)



Dave Yost • Auditor of State

Clark County Municipal Court
50 East Columbia
Springfield, Ohio 45502

We have reviewed the *Independent Auditors' Report* of the Clark County Municipal Court, Clark County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Clark County Municipal Court is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 1, 2012

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements 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, 2011 and 2010. These financial statements are the responsibility of the Court's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Court agency funds (divisions) and do not purport to, and do not, present fairly the financial position of the City of Springfield, Ohio as of December 31, 2011 and 2010, and the changes in its financial position and cash flows, where applicable. Also, the Court has prepared these financial statements using accounting practices the Auditor of State of Ohio prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the Court does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require courts to reformat their statements. The Court has elected not to reformat its statements. Since this Court does not use GAAP to measure financial amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Court as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined undisbursed cash fund balances of the Court as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2012, on our consideration of the Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and on compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or 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.

A handwritten signature in cursive script that reads "Clark, Schaefer, Hachett & Co." The signature is written in black ink on a white background.

Springfield, Ohio
April 3, 2012

CLARK COUNTY MUNICIPAL COURT
(Agency Funds (Divisions) of Court)
COMBINED STATEMENTS OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN UNDISBURSED CASH BALANCES - ALL DIVISIONS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
RECEIPTS:		
Fines, Costs and Forfeitures	\$ 3,722,734	\$ 3,879,466
Garnishment Fees	1,763,252	1,878,298
Capital Improvement Costs	207,260	225,086
Additional Fees Collected	94,200	103,150
Judgments	12,205	8,275
Trusteeships	36,397	49,030
Interest	215	419
Rents Deposited with the Court	2,099	2,775
Other Receipts	<u>59,015</u>	<u>68,993</u>
Total Receipts	5,897,377	6,215,492
DISBURSEMENTS:		
City of Springfield	1,531,707	1,637,549
Clark County Treasurer	767,392	850,458
Treasurer of State of Ohio	750,064	775,676
Bonds Forfeited	140,057	138,472
Bonds Returned	216,011	176,893
Court Costs and Unpaid Garnishee Fees	461,001	505,378
Garnishee Fees	1,766,155	1,875,361
Judgments	12,205	8,275
Additional Fees	94,200	103,150
Rents Disbursed	1,158	6,216
Creditors	35,664	48,308
Clerk's Poundage Distributed	1,098	1,486
All Other Entities	<u>89,658</u>	<u>108,083</u>
Total Disbursements	<u>5,866,370</u>	<u>6,235,305</u>
Receipts Over(Under) Disbursements	31,007	(19,813)
Undisbursed Cash Balance - January 1	<u>411,110</u>	<u>430,923</u>
Undisbursed Cash Balance - December 31	<u>\$ 442,117</u>	<u>\$ 411,110</u>

See accompanying notes to the financial statements.

**CLARK COUNTY MUNICIPAL COURT
(Agency Funds (Divisions) of Court)**

NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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 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 combined receipts and disbursements of the five divisions of the Court: criminal/traffic, bail bond, civil, 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.

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 statement presented follow a basis of accounting the Auditor of State of Ohio prescribes or permits. This basis of accounting is similar to the cash receipts and cash disbursements basis. The Court recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

NOTE 2 – CASH DEPOSITS:

The Court maintains separate demand accounts for each of its five divisions at local financial institutions. 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.

Deposits - The carrying amounts of cash deposits at December 31, 2011 and 2010 were \$442,117 and \$441,110, respectively. Bank balances were \$470,726 at the end of 2011 and \$450,361 at the end of 2010. Of the Court's bank deposits, \$250,000 was insured each year by the FDIC; the remaining deposits (\$222,826 and \$200,361 at December 31, 2011 and 2010, respectively) were uninsured and collateralized with securities held by the pledging institution's trust department but not in the Court's name.

**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**

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

We have audited the financial statements 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, 2011 and 2010, and have issued our report thereon dated April 3, 2012, wherein we noted the Court follows a basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Court's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Court's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

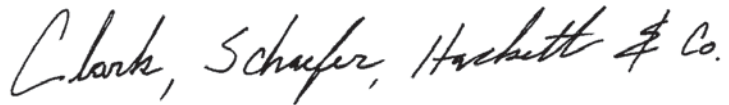
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in cursive script that reads "Clark, Schaefer, Hachett & Co.".

Springfield, Ohio
April 3, 2012



At Clark Schaefer Hackett, we are the sum of our individuals. Each team member's training, experience and drive is well-suited to each client's needs and goals. We are committed to providing insightful and flexible service – from efficient compliance to sophisticated consulting – to help each client prosper today and plan for future success

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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
MAY 15, 2012