

U.S. BANKRUPTCY COURT  
NORTHERN DISTRICT OF OHIO

CLERK OF COURT'S  
FISCAL YEAR 2016  
ANNUAL REPORT



KENNETH J. HIRZ, CLERK

**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF OHIO**

Judge Russ Kendig, Chief Judge  
Judge Pat E. Morgenstern-Clarren  
Judge Mary Ann Whipple  
Judge Arthur I. Harris  
Judge Kay Woods  
Judge Jessica E. Price Smith  
Judge John P. Gustafson  
Judge Alan M. Koschik

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# UNITED STATES BANKRUPTCY COURT NORTHERN DISTRICT OF OHIO FISCAL YEAR 2016 ANNUAL REPORT

## Introduction

The United States Bankruptcy Court for the Northern District of Ohio serves close to six million citizens in the northern 40 counties of the State of Ohio, with court locations in Akron, Canton, Cleveland, Toledo, and Youngstown. In FY2016, there were 19,316 bankruptcy cases filed in the district, a 3% decrease compared to the prior year. This follows decreases in filings in the previous two years: 10% in FY2015 and 9% in FY2014. Case filing figures (compiled by the Administrative Office of the U.S. Courts, for the fiscal year) depict the Northern District of Ohio as the 8th largest of 94 bankruptcy courts nationally.

The judges serving during this fiscal year are listed with the city in which they served: Honorable Russ Kendig, Chief Judge (Canton); Honorable Pat E. Morgenstern-Clarren (Cleveland); Honorable Mary Ann Whipple (Toledo); Honorable Arthur I. Harris (Cleveland); Honorable Kay Woods (Youngstown); Honorable Jessica E. Price Smith (Cleveland); Honorable John P. Gustafson (Toledo); and Honorable Alan M. Koschik (Akron).

Judge Russ Kendig was appointed to a two-year term as chief judge commencing January 4, 2016. On October 7, 2016, Judge Arthur I. Harris was appointed to a second 14-year term of office as a United States Bankruptcy Judge. Judge Harris served on the Judicial Conference Advisory Committee on Bankruptcy Rules from 2010 to September 30, 2016. He is also the bankruptcy judges' representative to the Sixth Circuit Judicial Council for a three year period from October 2014 to October 2017. During that same period he is serving on the Board of Governors of the National Conference of Bankruptcy Judges. Judge Pat E. Morgenstern-Clarren announced her retirement, effective May 1, 2017.

For most of the fiscal year, the clerk's office had a staff of 58 in five court locations. This includes the 2016 hiring of Human Resources Specialist Jennifer Salas. In recent years, the court was without a dedicated human resources position, due to budget constraints which impacted the court in this and other functions. In recent years, the clerk's office has reduced its staffing from 100 deputies in response to limited resources and increased efficiencies. A table of organization follows.

In FY2016, the clerk's office operated on a budget of \$5.16 million and collected receipts of \$7.6 million. More than \$7.2 million of those receipts were court fees and charges, which are deposited into the U.S. Treasury and inure to the benefit of the entire judiciary.

Receipts of \$364,011 were unclaimed funds deposited with the court, which are funds pending resolution of litigation, or remaining after trustees' distribution of estates. During the fiscal year, the court distributed unclaimed funds of \$192,874 to claimants, including monies deposited to the court in prior years. Unclaimed funds are searchable on the court website, at [www.ohnb.uscourts.gov](http://www.ohnb.uscourts.gov).

The court website includes additional information on case filing statistics, general orders, local rules, administrative orders, and judges' opinions. Bankruptcy petitions and pleadings have been filed with the court electronically since 2002, through the Case Management/Electronic Case Filing system (CM/ECF). The CM/ECF server maintains case data from 1990, including more than 20,150 open cases and 781,812 closed cases. The court's CM/ECF server maintains more than 45.2 million documents, of which 553,021 were filed during this fiscal year. Of all documents filed in FY 2016, court staff entered 14.6%, attorneys or trustees entered 49.8%, and 5.1% were entered by other parties (such as creditors, claim agents, and other professionals). The remaining 30.5% were automatic filings and other administrative processing.

In FY2015, there were 12,850 registered users of CM/ECF, of which 64.5% were attorneys and the remaining 35.5% were creditors. Pro se filers accounted for 5.9% of all cases filed in FY2016.

During the fiscal year, 71,241 claims were filed with the court. All claims were filed electronically.

In the following pages, you will be introduced to further details about our Information Technology and Human Resources activities. Additional information includes data on case filing, closing, adversary and pending caseload data, followed by a report on revenue and operating expenses confirmed by the Administrative Services Department. The clerk's office remains committed to providing the highest level of service to the bench, bar and public. To that end, we welcome suggestions toward the improvement of services.

Kenneth J. Hirz  
Clerk of Court

## Information Technology

In Fiscal Year 2016 the court's IT staff continued working with the Automation Committee (initiated in FY2012) to implement efficiencies by automating case administration tasks. The end-of-year requirement to correct case errors has been reduced by about 90% due to this automation and standardization work. The following are FY2016 improvements:

- automated case closings for dismissed Chapter 13 cases
- automated unlocking of transcripts after ninety days
- implemented two new flags (DebtEdJt/CounDueJt) to enable automated programs to use joint debtor status for case processing
- automated posting of orders marked as opinions to the court's website
- combined Automatic Discharge and Closing reports for Toledo judges to enable more efficient case administration
- automated notice generation after *Meeting of Creditors* event is docketed
- a form that automatically populates with debtor name, case number, case chapter, judge, date, and deputy clerk's name was added to the *Notice of Filing Claims By Debtor/Trustee* event
- when the *Transcript Request* event is docketed to a case, court staff places the hearing recording on the court's website for pickup by the authorized transcription company. After the transcription company completes the transcription preparation, it uploads the file to the court's website, and the court docket the transcript to the case.

The Automation Committee began reviewing all active events in the ECF system to determine which events should be eliminated. There are an estimated 1,100 active events in the ECF system, of which approximately 250 are used. This is in preparation for the eventual upgrade to a modernized ECF system under development by the Administrative Office.

A prerequisite to migrating to the modernized ECF system mentioned above, is the requirement to centralize our current ECF server into the AO's data center in Ashburn, VA. IT's first meeting with the AO's technical team for this project was in August, 2016.

IT implemented upgrades to ECF 5.1.1, CHAP 6.1.1, and CHAP 6.2.1 during the year, integrated updated 309 forms, and implemented June 1<sup>st</sup> fee changes. In the past year 52,048 E-Orders were uploaded into the court's system for review, and 42,218 orders were electronically signed.

This summer, IT migrated the Youngstown court to the National IP Telephony (NIPT) system hosted by the AO. The Cleveland court is scheduled to migrate in November, 2016 and the Canton court will migrate in 2017. NIPT is a Voice Over IP (VoIP) system that moves voice calls from traditional telephone circuits, to the data network. The migration of the Youngstown and Cleveland courts in 2016 will result in an approximate annual cost savings of \$8,600 due to eliminated voice circuit charges and phone system maintenance costs. Total annual cost savings for the four locations (Akron, Cleveland, Toledo, and Youngstown) which will be migrated by the end of calendar year 2016 totals approximately \$27,258.

IT completed evaluating the Windows 10 operating system and created standardized images with the latest versions of office productivity software, printer drivers, encryption software, and security updates. The court's PCs were upgraded from Windows 7 to Windows 10, except for the PCs that are used to record hearings. Updated recording software licenses were just acquired, so those few remaining PCs will be upgraded soon.

The court's new website that debuted in January, 2015 was utilized to partially automate the 2015 Bench Bar Retreat registration duties, and provide access to the Retreat information and materials for paid registrants. IT also completed the redesign of the internal website for use by court employees; this new website debuted in March, 2016.

Other projects completed this year:

- Four obsolete servers were replaced by new hardware. These servers support the Akron, Toledo, and Youngstown courthouses, and the court's website.
- Replaced obsolete environmental monitoring equipment in server rooms and data closets.
- Replaced the Cleveland courtroom video conferencing equipment with a portable cart of video conference equipment.
- Upgraded the operating system of the core switches in each courthouse to the latest version operating system.
- Replaced the court's fleet of laptops, some of which were as much as ten years old, with Microsoft Surface Pros. For many of the court's mobile users that previously had three devices (desktop PC, laptop, and tablet) the Microsoft Surface Pro replaced all three devices. Compared to the cost of replacing all three devices, this saved approximately \$1,400 per user.
- Offered the court's obsolete automation equipment on GSA's auction website and Computers for Learning website. The court's old PCs went to a needy school district near Columbus, Ohio. Arrangements were made for the remaining equipment to be recycled in accordance with Ohio EPA requirements.

Projects started this year:

- Began process to migrate from our customized financial applications to the nationally supported financial applications. The cash register program was modified to output data in the required format, while maintaining the current format until the migration is completed.
- Create an electronic document management system to automate the processing of procurement related documents, and enable migration to a near paperless process.
- Create a utility for individuals to electronically sign various non-case related documents.
- Begin process to replace end-of-life equipment within one of the court's storage area networks (SANs).
- Soliciting proposals for a new maintenance agreement on the court's courtroom technology systems.

IT staff continue to commit themselves to continuous learning and professional development. One of the court's IT staff passed two Cisco certification exams (Cisco Certified Entry

Networking Technician, and Cisco Certified Network Associate) during the year. Another IT employee passed two Extron certification exams (Extron AV Associate, and Extron XTP Systems Technician). Training in the following subjects was completed by one or more IT members during the year: MadCap Flare, Cisco CCNA Routing and Switching Book Camp, Microsoft Windows Server 2012 Administration, Extron School of Emerging Technologies, Developing Java Web Applications, Standard Competitive Contracting Procedures, Budget Object Codes, Certifying Officer Accountability, Small Purchase Procedures, and Overview of the Judiciary Procurement Program. Additionally, two IT staff members attended the National Bankruptcy Clerks Conference, and two attended the Operational Practices Forum hosted by the AO.

Lori McLaughlin-Nelson  
Director, Information Technology

## Human Resources

### Personnel

The United States Bankruptcy Court for the Northern District of Ohio started fiscal year 2016 with a clerk's office staff of 57. The judicial staff was comprised of eight judges, 12 law clerks and four judicial assistants.

During FY2016, there was one retirement that created a case administrator vacancy, which was filled by external hire. There was one human resources specialist added; the position was filled by external hire. One additional case administrator position was vacated at the end of FY2016, the vacancy will not be immediately filled. One automation specialist position was vacated at the end of FY2016 and will be filled by external hire in the beginning of FY2017. Additionally, there were six career lateral progression promotions, three promotions were among judicial staff and three were among clerk's office staff.

Human resources continued to monitor employee evaluations to ensure that they were completed timely. Managers submitted employee appraisals by the due dates, and ensured compliance with training requirements, per the court's Performance Management Plan. There were no outstanding evaluations at the end of the fiscal year. The FY2016 budget allowed for discretionary step increases based on the Performance Management Plan step increase criteria of 10 hours of training and a satisfactory appraisal. All eligible employees met the criteria.

A management performance appraisal tool, which provides a numerical rating system, was utilized.

### Professional Development

A training needs assessment was performed and utilized for FY2016 and FY2017 planning. Additionally, the court continued adherence to its Individual Development Plan, which requires position-specific training each year. All clerk's office employees obtained the required 10 hours of training. Tuition Assistance Program (TAP) funds were set aside for training, and there were 34 TAP requests approved during the fiscal year. Examples of training supported by TAP funds include:

- Kent State University Management/Administration Courses
- National Conference of Bankruptcy Clerks (NCBC)
- Excel and Word Training
- Information Technology Courses
- Government Finance Training
- SHRM Conference
- First Aid & CPR Training

Staff also utilized the following resources at no cost to the court:

- Administrative Office Financial Forum
- Administrative Office Bankruptcy Operational Practices Forum
- Federal Judicial Television Network (FJTN)
- Judiciary On-line University (JOU)
- Federal Judicial Center (FJC)
- Local Public Libraries

#### Benefits

The Benefits Open Season for FY2016 was November 9 through December 14, 2015. Several webinars were provided by the Administrative Office of the U.S. Courts to assist employees with benefit decisions and health fairs were scheduled near each court location.

FEGLI Open Season ran from September 1 to September 30, 2016. Any elections made during FEGLI Open Season will go into effect October 1, 2017.

Informational resources provided by the Benefits Division include the following sessions:

- Open Season Guidance for Successful Enrollment
- Open Season & Year End Reminders
- FEHB Self Plus One
- FEGLI Open Season

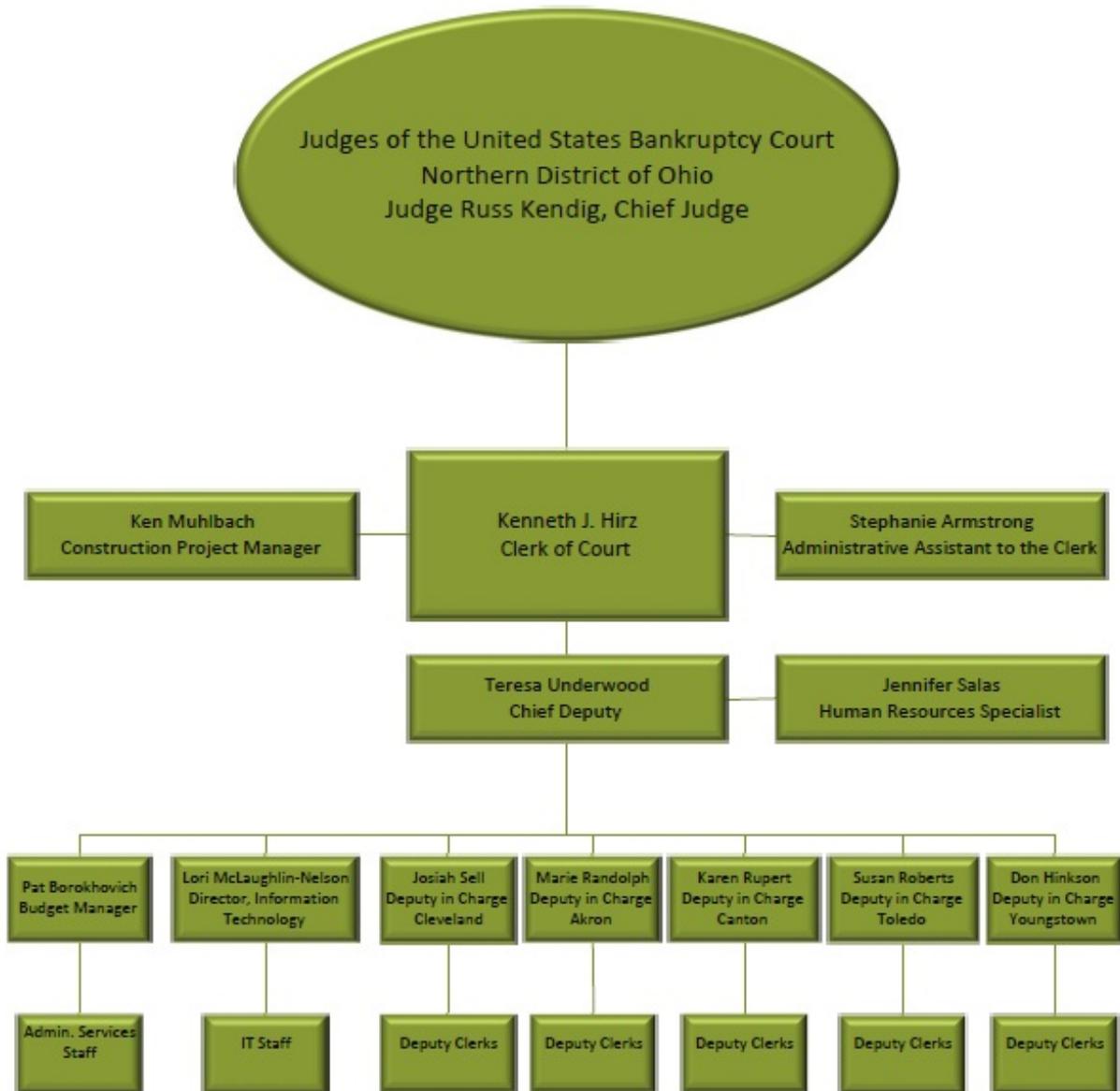
#### Federal Employment Practices (FEPS)

Federal Employment Practices reporting was completed and submitted to the Office of Human Resources by the required deadline. Recruitment efforts during the fiscal year targeted a diverse pool of candidates, and a variety of recruitment resources were used for vacancy announcements, such as the court's website, the Federal Judiciary website, newspapers, university bulletins, and several on-line advertising websites. Demographic data showed a court staff comprised of 66% females and 34% males. The court provided reasonable accommodations for staff during the year, such as enlarged monitors, audio keyboarding programs and other resources.

The court continues to offer satisfactory human resources services. In collaboration with the Administrative Office of US Courts, Human Resources Division, work processes are continually reviewed and streamlined to enhance operational efficiency.

Jennifer Salas  
Human Resources Specialist

# TABLE OF ORGANIZATION



## STATISTICAL ANALYSIS

A total of 19,316 cases were filed in the district in fiscal year (FY) 2016. (In this report, all references to fiscal year figures are based on the period of October 1 through September 30.) Total cases filed in FY2016 decreased by 3% compared to the prior fiscal year. The following shows the comparison of cases filed, by chapter:

	<b>FY2016</b>	<b>% of Total</b>
<b>Chapter 7</b>	15,764	82%
<b>Chapter 11</b>	66	< 1%
<b>Chapter 12</b>	1	< 1%
<b>Chapter 13</b>	3,485	18%
<b>Chapter 15</b>	0	0%
<b>Total</b>	19,316	

This court has five locations: Akron, Canton, Cleveland, Toledo, and Youngstown. The following shows total filings in each court location, and the percentage increase/decrease compared to the prior fiscal year:

	<b>FY2016</b>	<b>FY2015</b>	<b>% Change</b>
<b>Akron</b>	3,086	3,180	-3%
<b>Canton</b>	2,677	2,668	0%
<b>Cleveland</b>	7,208	7,432	-3%
<b>Toledo</b>	4,026	4,187	-4%
<b>Youngstown</b>	2,319	2,388	-3%
<b>Total</b>	19,316	19,855	-3%

These filing figures do not include reopened cases and are not weighted. Because the statistics do not take into consideration the size of the cases filed, they may not precisely represent the judicial workload in any particular court location.

The following are cases filed at each court location, by chapter:

<b>AKRON</b>	<b>FY2016</b>	<b>FY2015</b>	<b>% Change</b>
Chapter 7	2,327	2,488	-6%
Chapter 11	40	4	900%
Chapter 12	0	0	0%
Chapter 13	719	688	5%
Chapter 15	0	0	0%

<b>CANTON</b>	<b>FY2016</b>	<b>FY2015</b>	<b>% Change</b>
Chapter 7	2,286	2,313	-1%
Chapter 11	5	4	25%
Chapter 12	0	0	0%
Chapter 13	386	351	10%
Chapter 15	0	0	0%

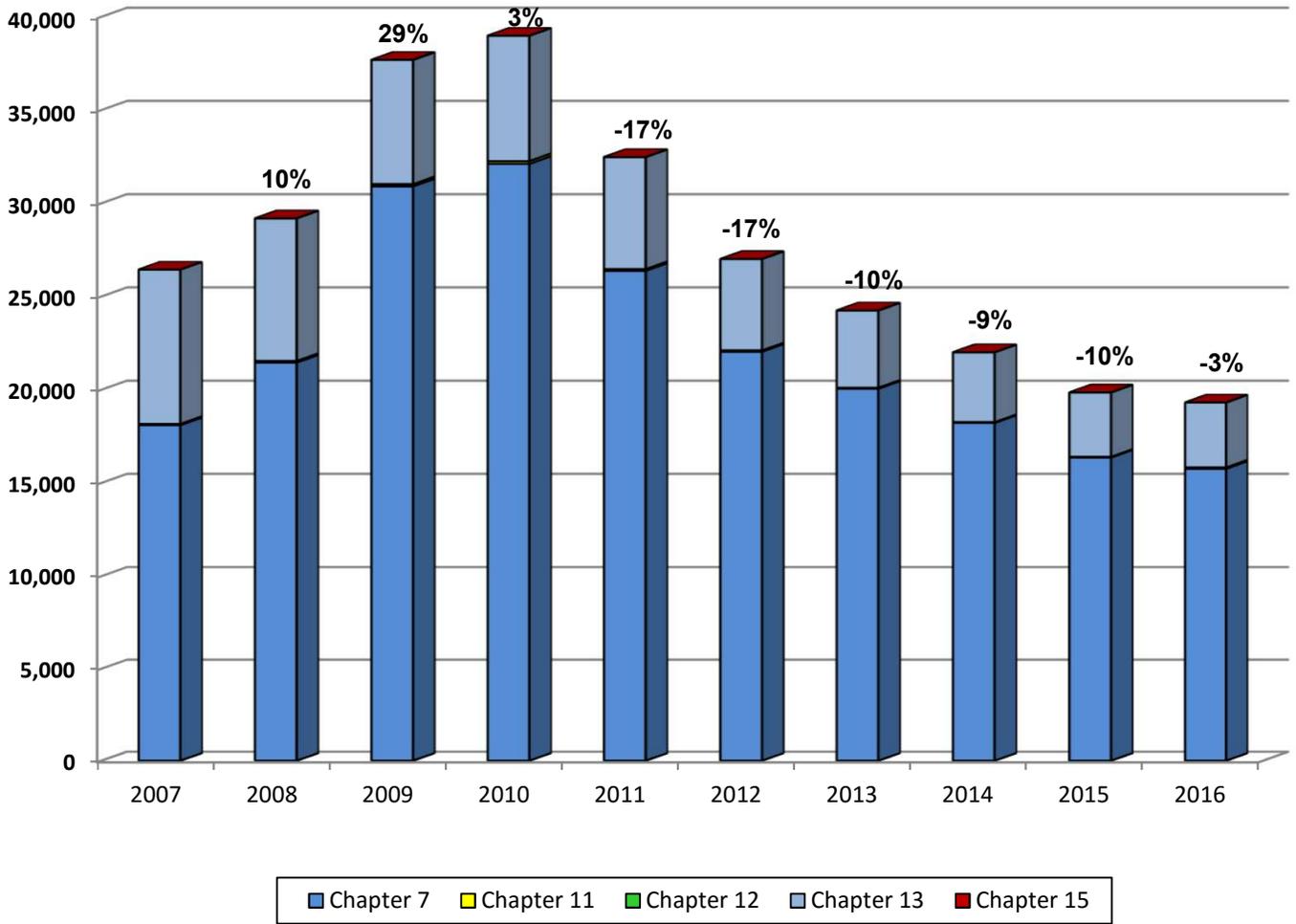
<b>CLEVELAND</b>	<b>FY2016</b>	<b>FY2015</b>	<b>% Change</b>
Chapter 7	5,629	5,900	-5%
Chapter 11	9	7	29%
Chapter 12	0	0	0%
Chapter 13	1,570	1,525	3%
Chapter 15	0	0	0%

<b>TOLEDO</b>	<b>FY2016</b>	<b>FY2015</b>	<b>% Change</b>
Chapter 7	3,690	3,797	-3%
Chapter 11	8	17	-53%
Chapter 12	1	0	0%
Chapter 13	327	373	-12%
Chapter 15	0	0	0%

<b>YOUNGSTOWN</b>	<b>FY2016</b>	<b>FY2015</b>	<b>% Change</b>
Chapter 7	1,832	1,868	-2%
Chapter 11	4	5	-20%
Chapter 12	0	0	0%
Chapter 13	483	515	-6%
Chapter 15	0	0	0%

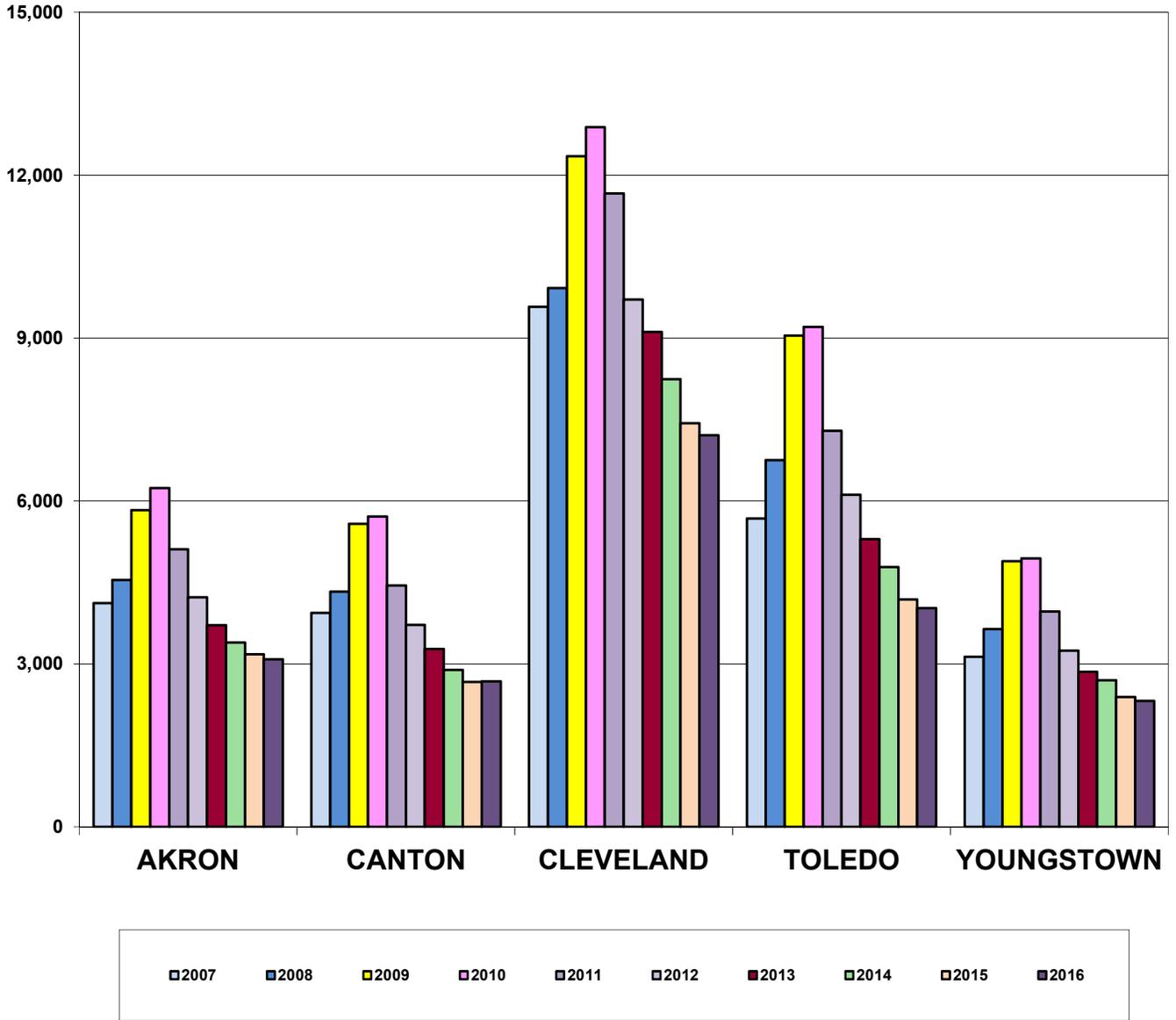
<b>DISTRICT TOTAL</b>	<b>FY2016</b>	<b>FY2015</b>	<b>% Change</b>
Chapter 7	15,764	16,366	-4%
Chapter 11	66	37	78%
Chapter 12	1	0	0%
Chapter 13	3,485	3,452	1%
Chapter 15	0	0	0%

## TOTAL CASE FILINGS FY2007 - 2016

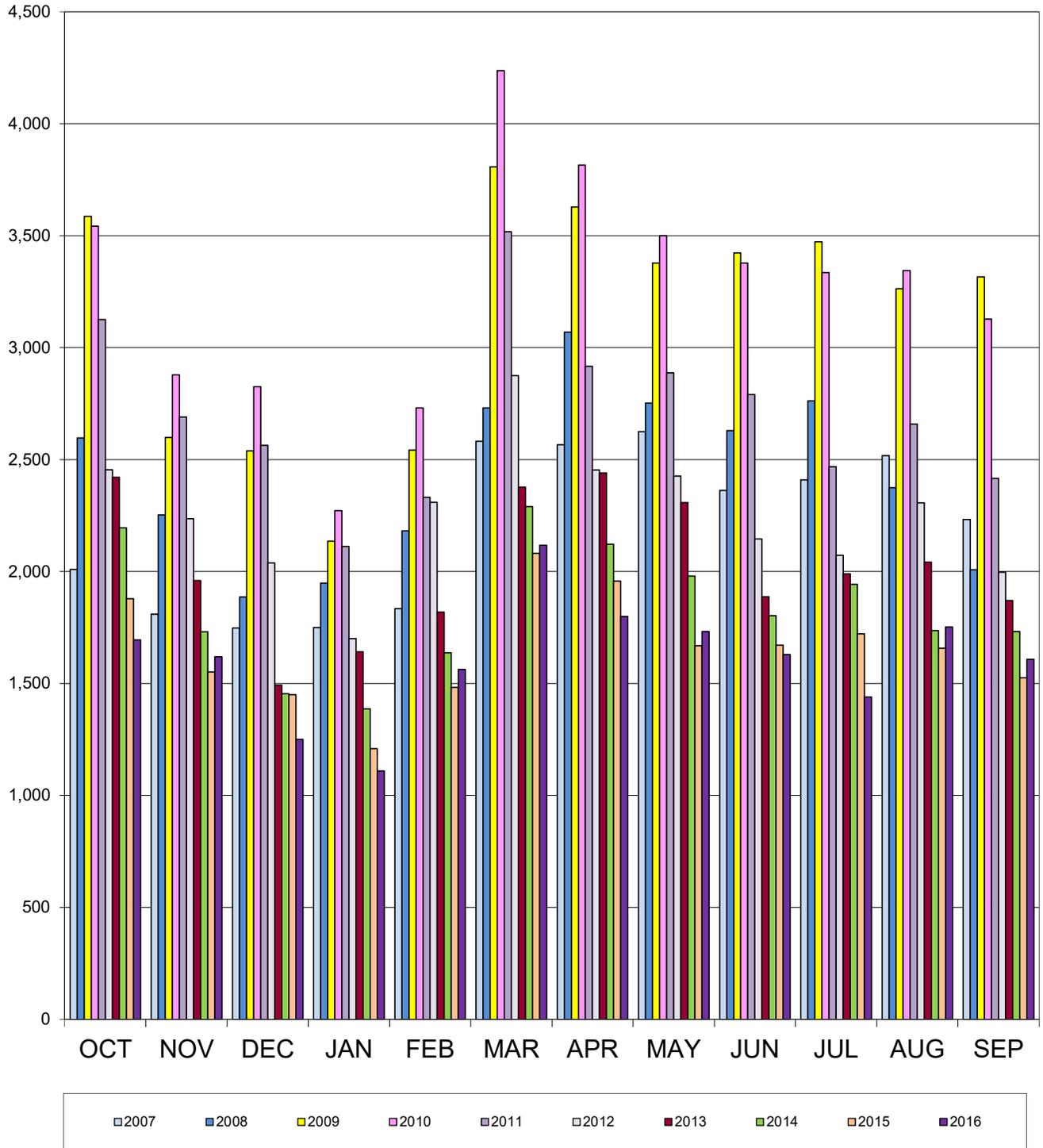


(shows % change from prior fiscal year)

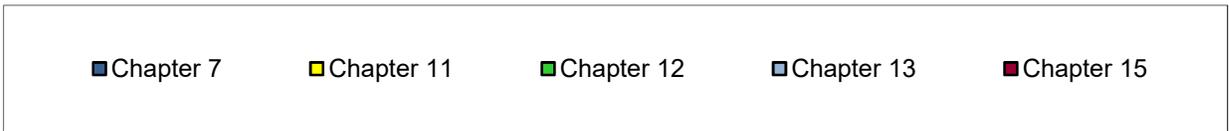
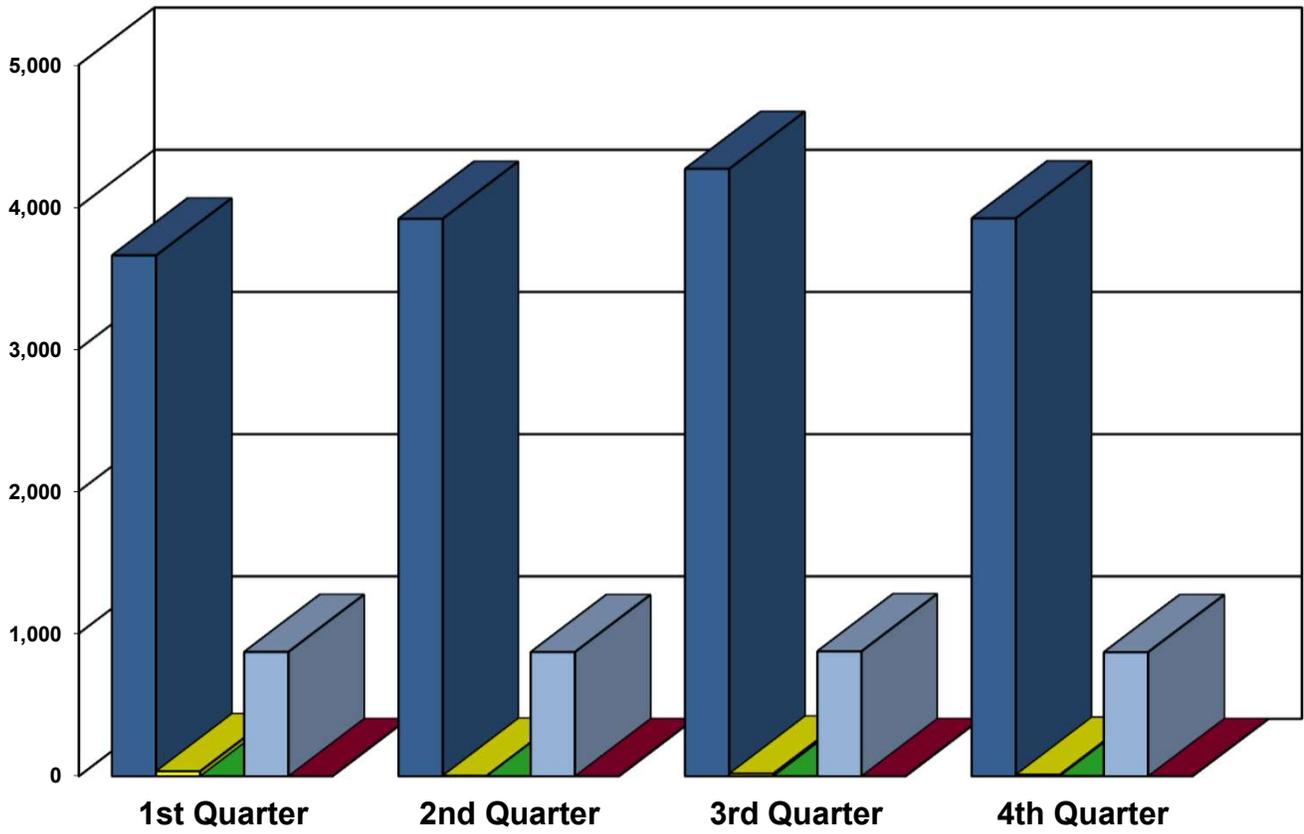
**FILINGS PER OFFICE  
FY2007 - 2016**



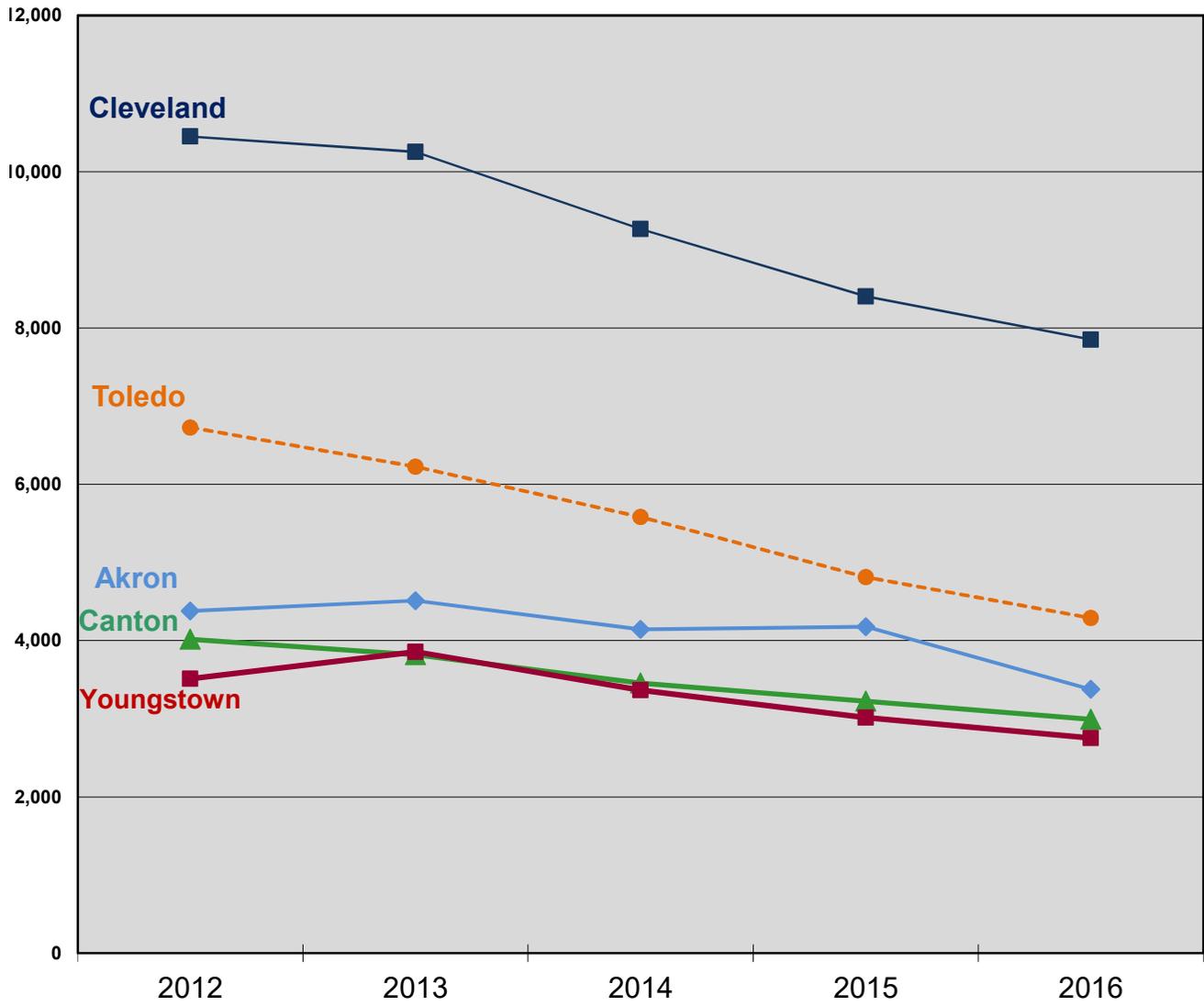
## COMPARISON OF MONTHLY FILINGS FY2007 - 2016



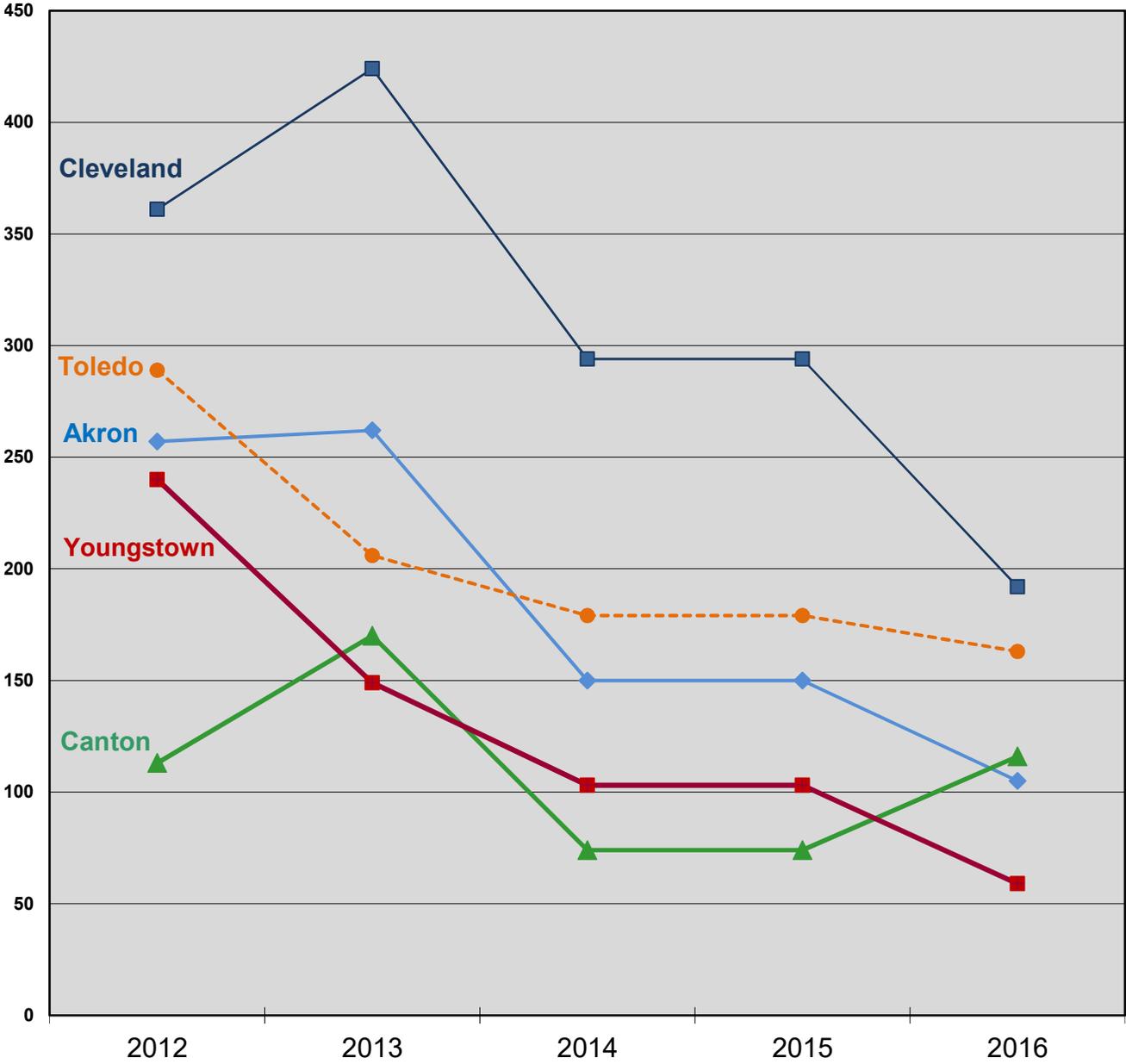
# QUARTERLY FILINGS FY2016



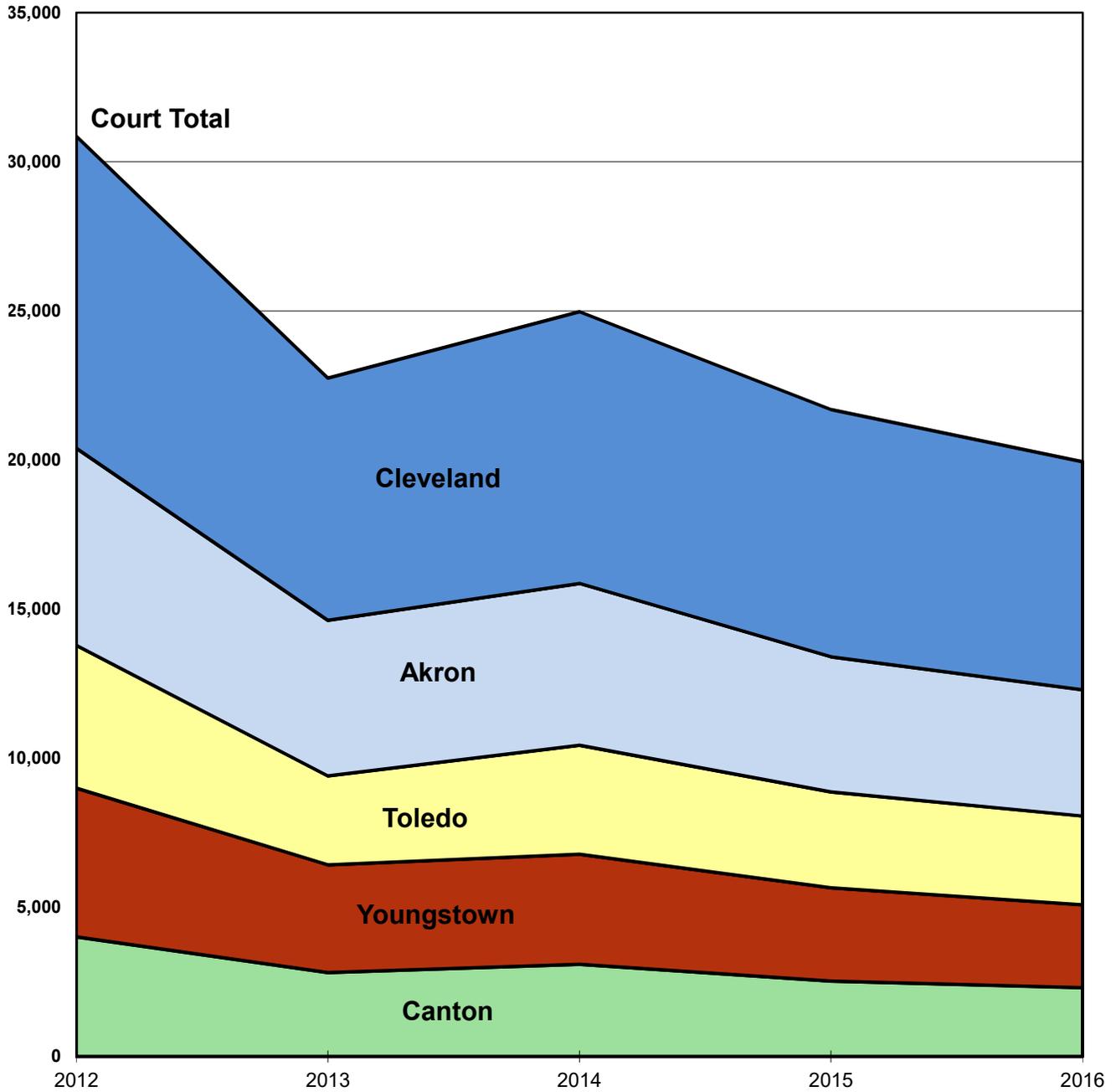
# CASE CLOSINGS FY2012 - 2016



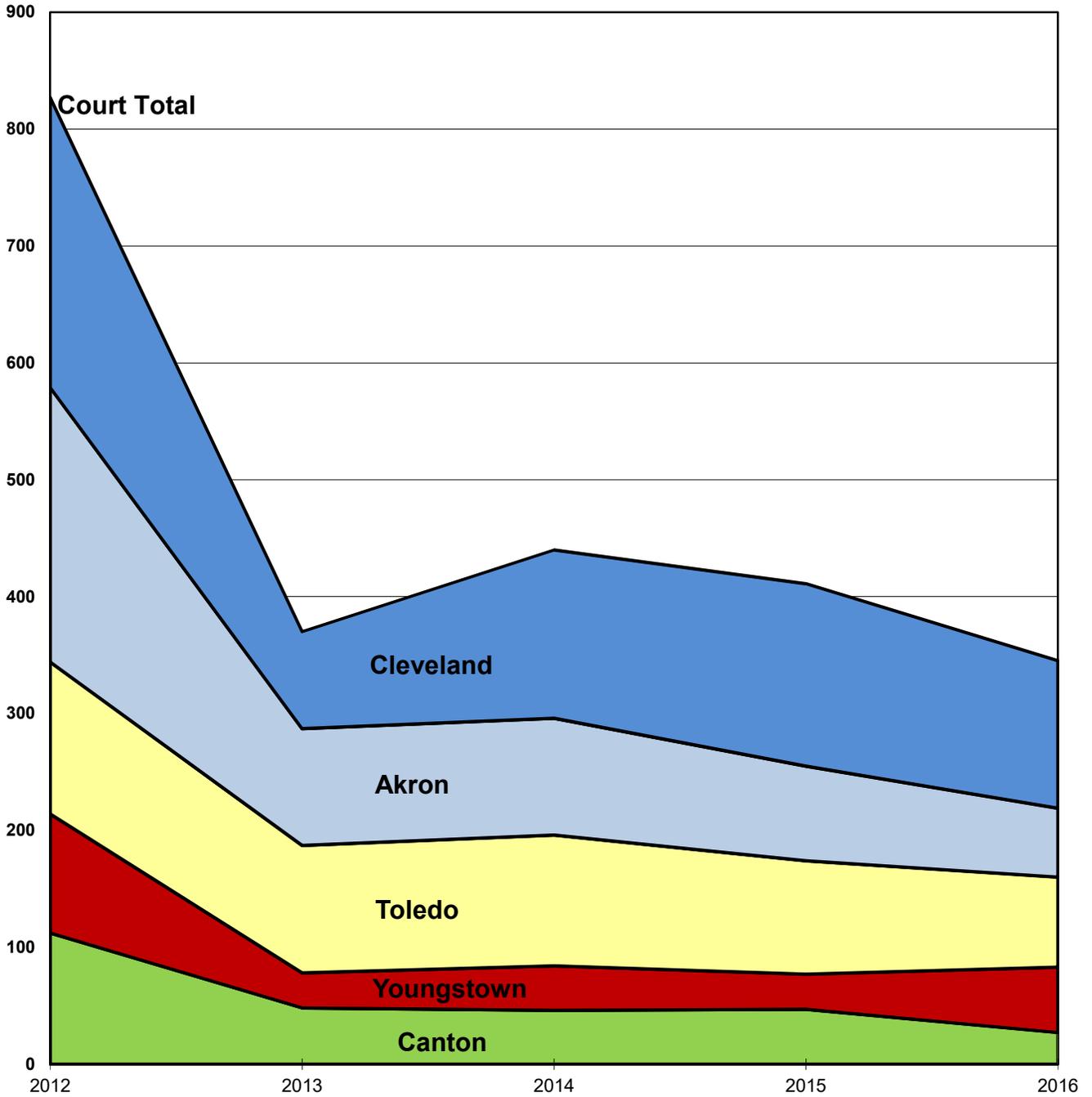
**ADVERSARY CLOSINGS  
FY2012 - 2016**



**NUMBER OF PENDING CASES  
FY2012 - 2016**



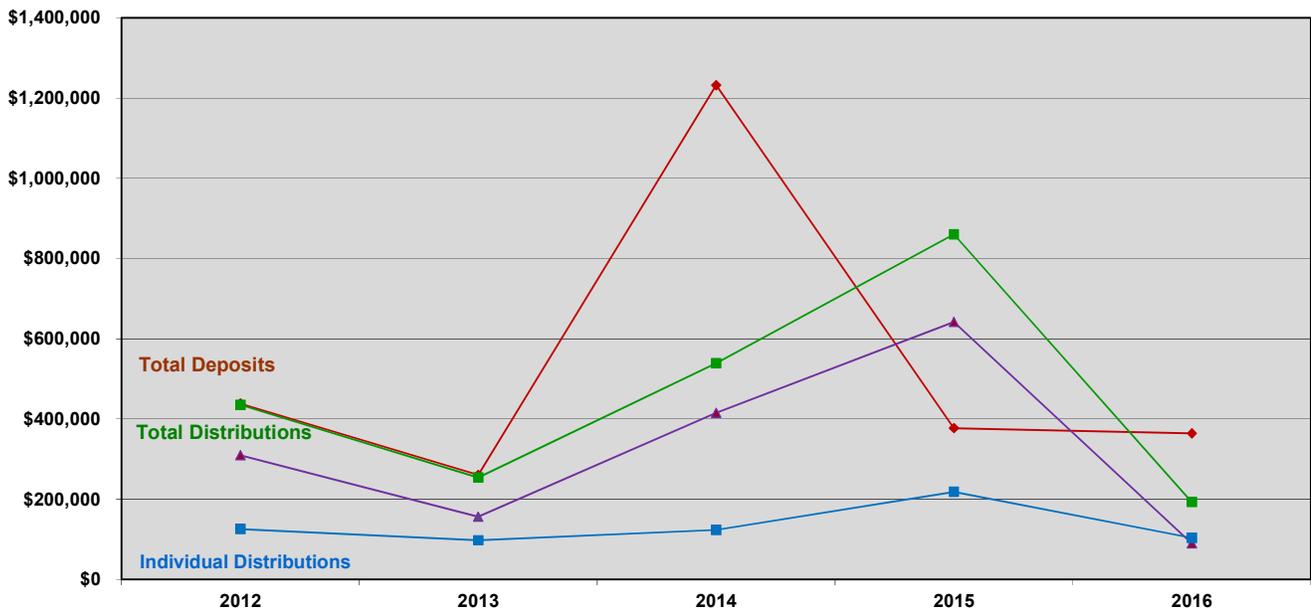
**NUMBER OF PENDING ADVERSARIES  
FY2012 - 2016**



## UNCLAIMED FUNDS

Unclaimed funds are held by the court for an owner who has failed to claim the funds, failed to negotiate a payment of the funds, or cannot be located. This includes property distributed after a settlement and unclaimed after ninety days. (In these circumstances, the court receives the funds from the trustee, after the distribution check has been returned.) Unclaimed funds may also include monies held by the court pending resolution of litigation. In FY2016, unclaimed funds were deposited with the court in the amount of \$364,011.

Unclaimed monies are typically held in the court's registry fund 6047BK or deposit fund 6855TT, until proper disposition can be determined. Unclaimed funds may be held outside the U.S. Treasury, per court order. Funds which remain unclaimed after a specified period are transferred, per judiciary policy, to fund 6133BK (amounts of \$25 or more), or to fund 106000 Forfeitures of Unclaimed Money and Property (amounts less than \$25). A claim exists in perpetuity: funds may be claimed at any time by the owner, a successor, or other petitioner proving rightful ownership. Unclaimed funds are disbursed by the court per court order. In FY2016, the court processed 143 distributions of unclaimed funds, a total amount of \$192,874.



<u>Fiscal Year</u>	<u>2012</u>	<u># of Dist</u>	<u>2013</u>	<u># of Dist</u>	<u>2014</u>	<u># of Dist</u>	<u>2015</u>	<u># of Dist</u>	<u>2016</u>	<u># of Dist</u>
Total Deposits	\$438,347	NA	\$260,624	NA	\$1,232,241	NA	\$377,065	NA	\$364,011	NA
Total Distributions	\$435,251	287	\$253,972	226	\$538,945	344	\$860,347	245	\$192,874	143
Business Distributions	\$309,692	190	\$156,275	150	\$415,207	309	\$641,946	210	\$89,540	56
Individual Distributions	\$125,558	97	\$97,697	76	\$123,737	35	\$218,401	35	\$103,333	87

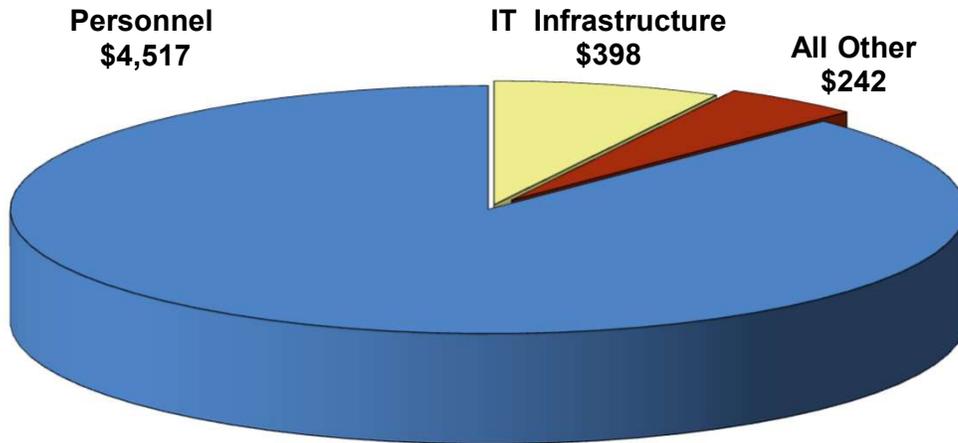
## RECEIPTS

The court deposits unclaimed funds and receipted fees into the U.S. Treasury. The court's receipting and deposit procedures are in accordance with judiciary standards, and use designated fund classifications. A list of these funds (their descriptions, and amounts receipted) are shown below. In FY2016, court receipts were in the amount of \$7,571,688.

<u>Fund</u>	<u>Fund Description</u>	<u>Amount</u>
086400	Portion of filing fee, 2005 Deficit Reduction Act	\$ 646,991
086500	Portion of filling fee, 2012 Temporary Bankruptcy Judgeship Extension Act	2,447
086900	Portion of filing fees to U.S. Treasury General Fund	622,523
106000	Forfeitures of Unclaimed Money and Property Fund, dividends less than \$25	223
109900	Miscellaneous fines, penalties and forfeitures	0
322350	Copy fees	788
322360	Miscellaneous fees: certifications, searches, retrieval, notices	3,035
5073XX	Portion of filing fees to Trustee Systems Fund and specified fees/damages	1,523,710
510000	Portion of filing fees to Special Fund for the Judiciary ("Judiciary Fee")	3,488,427
510100	Administrative charge for registry funds deposited in interest bearing accounts	0
5514CR	Printing fees for electronic records	2,000
6047BK	Registry fund, undistributed and unclaimed funds	362,511
6133BK	Unclaimed funds of \$25 or more, meeting fund requirements	1,278
6855BF	Clearing account, fees between transfers (such as inter-district case transfers)	0
6855BK	Deposit Fund in which monies are held until refunded, disbursed, or transferred	13,325
6855TT	Portion of filing fees held until transferred or disbursed to case trustees	<u>904,432</u>
Total Receipts \$		<u><u>7,571,688</u></u>

## FY2016 OPERATING EXPENSES

(shown in \$1,000's)



In FY2016, the court's operating budget was nearly \$5.16 million. Of this, 87.6% was personnel expense, more than \$4.5 million. Approximately 7.7% of the budget (\$398,000) was the cost to maintain the court's Information Technology (IT) infrastructure, including computer equipment in the network and public access to case management data. The remaining 4.7% of the budget (\$242,000) includes all other operating expenses such as designated utilities, interior building maintenance, office furnishings, and supplies.