

Financial Management

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INTRODUCTION

Chances are that if \$500 was missing from a corporation in your city, it would not be reported in the media unless there was something significant surrounding the missing money (e.g., a prominent citizen was involved or a robbery was made at gunpoint). However, if it appears that \$500 is missing from the municipal court, it generally will get media coverage—and often, significant coverage.

Although state law does not say much about municipal court financial management, its importance should not be minimized. The public expects and deserves sound financial management from city officials and employees. City officials and employees deserve to work in an environment that protects them if they do their jobs correctly. Chances for errors and other irregularities should be minimal. All too often, it is not a situation where money is actually missing that causes a problem, but rather a situation where someone thinks money may be missing and the financial management system in the court cannot show otherwise.

A sound financial management system should:

- ensure the safeguarding of assets;
- ensure the reliability and timeliness of bookkeeping and accounting data and reports;
- promote operational efficiency; and
- encourage adherence to prescribed laws, regulations, policies, and procedures.

Many municipal courts do not have adequate staff and resources to operate a court according to ideal guidelines. However, each court should do the best they can with the resources they do have. In fact, some extra precautions should be taken in those courts that lack adequate staff and resources because their chances for problems are higher.

The purpose of this study guide is to provide a framework for sound financial management in a municipal court, provide accountability to the public, and protect those who do their jobs and do them right.

PART 1 FINANCIAL MANAGEMENT

A. Procedures Manual

A procedures manual is a detailed, written description of how each function in the municipal court should be performed.

A procedures manual should include, at a minimum, the following:

- organizational chart;
- list of employee positions, including job requirements and responsibilities;
- description of each function in the court from start to finish;
- description and sample of each form and document used in the court;
- description of collecting, processing, depositing, or remitting payments;
- description of the bookkeeping system to be used and how it is to be maintained;

- description of the reports to be completed, who is to complete them, how to complete them, and where and when to send them;
- internal controls within the office; and
- any other information useful in carrying out the duties and responsibilities of the municipal court efficiently and effectively.

Where possible, flowcharts should be used in addition to narrative descriptions to enhance readability and understanding of the procedures.

1. Preparing a Procedures Manual

In preparing a manual, feel free to contact other municipal courts for examples and ideas. However, the manual for your court should be comprised of procedures specific to your court and not just be a copy of other courts' procedures. If you find a procedure from another court that looks good, review it in detail and make the necessary changes to specifically fit it into your court's operation. Also, consult with appropriate staff within the city to ensure procedures related to financial management are sound and practical. Consult with the city treasurer's office, the accounting department, and the internal auditor's office (if there is one).

A quick and often the most effective way of getting started on a procedures manual is to let the municipal court employees do it themselves. They know better than anyone else what they do and how they do it. Simply have them list their duties and responsibilities and describe step-by-step specifically what they do.

Depending upon the size of the city and court, one individual or a procedures manual team should be responsible for preparing a complete initial draft of the manual. A review process should be established and followed to ensure correctness, consistency, and completeness. Legal aspects of the manual should be reviewed by the city attorney's office.

Upon completion, a copy should be given to each court employee if possible. Limited copies usually mean limited use. At a minimum, review and update the manual annually. Make updates whenever there are changes to laws, regulations, policies, or procedures.

2. Benefits of a Good Procedures Manual

Although Texas law does not require municipal courts to have a procedures manual, it is an essential part of a sound internal control system. A good procedures manual has several important benefits:

- guides employees in performing their jobs correctly;
- guides employees in performing the duties of absent staff;
- helps train new employees;
- helps safeguard assets;
- helps auditors familiarize themselves with court operations (without this tool, auditors may have to spend costly time learning how the court works); and
- helps inform management of the operations of the court, which can be particularly helpful during budget hearings.

Operating without written procedures decreases efficiency and weakens the internal controls of the municipal court and the city.

True or False

- Q. 1. As long as forms and documents are described in the procedures manual, actual samples do not need to be included. ____
- Q. 2. A procedures manual should include a description of how payments should be collected, processed, deposited, or remitted. ____
- Q. 3. Flowcharts should not be used in a procedures manual because they make understanding procedures more difficult. ____
- Q. 4. The Code of Criminal Procedure requires municipal courts to have a procedures manual. ____
- Q. 5. A procedures manual is an essential part of a sound internal control system. ____
- Q. 6. A good procedures manual guides employees in performing their jobs correctly and helps train new employees. ____
- Q. 7. In addition to personnel within the municipal court, what other city offices should be consulted to help ensure financial management procedures are sound and practical? ____

- Q. 8. What is a quick and often the most effective way of getting started on a procedures manual? _____

- Q. 9. How often should a procedures manual be reviewed and updated? _____

B. Internal Control

1. Defined and Described

“Internal control” is the plan of organization and procedures in the municipal court which is designed to provide reasonable assurance of:

- reliable financial information;
- compliance with applicable laws and regulations; and
- effective and efficient operations.

One easy way to think of internal control is as a set of financial management checks and balances. A sound system of internal control should:

- minimize the possibilities for errors and misuse of funds;
- provide a clear audit trail (show who did what and when they did it); and
- provide for earlier detection of errors and/or irregularities than would otherwise be the case.

Effective internal control also makes the work of both the internal auditor and independent auditor easier and less time consuming. However, keep in mind that internal control provides “reasonable,” and not absolute assurance, that operations are as they should be.

Internal control was once primarily something that only auditors and accountants talked about. The frequency of publicized wrongdoing in governmental financial management operations has

increased the need for awareness and understanding of internal controls at all levels in government. In addition to actual monetary losses that can result from poor control, perhaps the biggest loss is decline in the public's perception of and confidence in government. Sound control, however, should not dictate unnecessary red tape and/or waste time in performing duties. As a general rule, the cost of internal control should not exceed the expected benefit. For example, \$10,000 should not be spent to protect \$500.

Finally, in addition to safeguarding assets, internal control should protect those people who do their job and do it right.

2. Basic Principles

There are four basic principles of internal control. Every good system of internal control has all four principles, not just two or three. The principles are:

- appropriate division of duties;
- qualified personnel;
- sound, written procedures for authorizing, recording, and reporting transactions; and
- actual performance consistent with the first three principles.

a. Appropriate Division of Duties

If possible, the following three basic functions should be performed by three different people in a municipal court:

- authorization (approval) of transactions;
- recording of transactions; and
- custody of assets (cash and other property).

For example, a clerk making collections and issuing receipts should not be the person to balance and prepare the bank deposit, and neither of these persons should record the day's receipts in the bookkeeping system. If one person does perform two or all three of these functions, there is no independent check for mistakes, and errors are very likely to go undiscovered for long periods. Fraud is also much easier if, for example, the same person collects cash, prepares the bank deposit, and/or records the receipts in the books.

In many municipal courts, it is often not practical to maintain a strict separation of duties due to a limited staff size. If such is the case, other means will take on added importance in helping assure reliable internal control. For example:

- rotation of duties among personnel;
- more strict supervision;
- special double-checking of work;
- enforced vacations;
- additional training to improve quality of work; and
- more frequent internal audits.

Also, a reasonably good separation of duties can be maintained with just two people. See the chart below for an example of the divisions of duties between two people when a payment is received.

Task	Person A	Person B
1. Payment received and receipt issued.	X	
2. Deposit slip prepared (matched against receipts and cash drawer balance).		X
3. Deposit made.	X	
4. Receipts posted to books.		X
5. Deposit total matched against total posted to books.	X	

The most important thing to remember about an appropriate division of duties is that no person should handle a transaction from beginning to end.

b. Qualified Personnel

Staff positions should naturally be filled with the most qualified and competent persons possible. Underqualified persons tend to be less able to perform their duties without undue errors. Special training may help here.

A surprising number of people are dishonest on applications and resumes. Employers who hire the “wrong” person often do so because they failed to take time to verify information given by applicants. If an employer is interested in someone, it is imperative he or she verifies educational information, prior employment information, and skills, and checks with references and prior supervisors.

All personnel should know clearly what they are supposed to do and how they are supposed to do it. Additionally, personnel should understand how their duties fit in with the duties of others in the municipal court and with duties of other offices in the city.

c. Sound Procedures

All municipal courts should have written, logical, and consistent procedures that describe in detail the duties that must be performed, how they are to be performed, and who is to perform them. The procedures should cover all detailed aspects related to authorizing, recording, and reporting transactions. If personnel clearly understand what is expected of them and how they are supposed to do their job, they will do a better, more accurate job. Also, errors will be fewer and chances of fraud will be less if each person understands what they should be doing. Procedures should provide for:

- use and control of prenumbered forms/documents (receipts, checks);
- cross-referencing of documents (e.g., citation numbers, docket numbers, receipt numbers);
- periodic reconciliation of subsidiary records to control totals (payout information);
- proper authorization of transactions (remittances, disbursements, requisitions);
- effective, timely reporting of transactions (monthly reports);
- safeguarding of assets (collections and other assets);

- appropriate flow of documents (e.g., citations, receipts, and deposit/remittance forms);
- reasonable amount of checking the work of others; and
- bonding of all employees with access to cash and other valuables.

d. Actual Performance

A good division of duties, qualified personnel, and sound, written procedures will not guarantee good internal control – the system must be followed. Results must be periodically monitored to see if the system is working as it should be. In other words, just having good people, good procedures, and a good plan for distribution of the workload is not enough.

Checking to see if performance is appropriate should be part of the city’s internal and external audit functions. However, that does not relieve the municipal court of the responsibility of checking its own performance. In fact, it can be argued that an official’s attitude and desire for good internal control in his or her office is the most important part of a good system because if an official does not think internal control in his or her office is important, it is not likely that his or her employees will either.

3. Internal Control Checklist

An internal control checklist is a means for assessing the quality of internal control in a municipal court. Each court should periodically assess the adequacy of internal control system. At a minimum, it should be assessed annually. Where possible, two people should do the assessment together. When completed, they should both sign and date the assessment and then file it for future reference. A sample checklist is included in *Appendix A*.

True or False

- Q. 10. A sound system of internal control prevents errors and misuse of funds. ____
- Q. 11. Good internal control systems simplify the work of auditors. ____
- Q. 12. There is an increased need for awareness and understanding of internal controls at all levels of government. ____
- Q. 13. An internal control system only needs three of the four basic principles to be considered a strong internal control system. ____
- Q. 14. An appropriate division of duties is a basic principle of internal control. ____
- Q. 15. Fraud is more difficult if the same person collects cash, prepares the bank deposit, and/or records the receipts in the books. ____
- Q. 16. Staff positions should be filled with the most qualified and competent persons possible. ____
- Q. 17. Since applicants are generally required to sign an application, it is not necessary for employers to verify educational and prior employment information or check with references and prior supervisors. ____
- Q. 18. Personnel should understand how their duties fit in with the duties of others in the municipal court and with duties of other offices in the city. ____
- Q. 19. Procedures should be broad and general so the reader/user will not get bogged down in detail. ____
- Q. 20. If personnel clearly understand what is expected of them and how they are

- supposed to do their job, they will do a better, more accurate job. ____
- Q. 21. Even if a municipal court's performance is being checked by the city's internal audit department, the court should still check its own performance. ____
- Q. 22. An internal control checklist is a means for assessing the internal controls in a municipal court. ____
- Q. 23. In addition to actual monetary losses that can result from poor internal controls, perhaps the biggest loss is: _____
- Q. 24. As a general rule, the cost of internal control should not exceed the: _____

- Q. 25. In addition to safeguarding assets, an internal control system should: _____

- Q. 26. The three basic functions that should, if at all possible, be performed by three different people in a municipal court are: _____

- Q. 27. Three other means that take on added importance in helping assure reliable internal control when a strict separation of duties cannot be maintained due to a limited staff size are: _____

- Q. 28. The most important thing to remember about an appropriate division of duties is: _____

- Q. 29. Two examples of items that should be prenumbered and controlled are: _____

- Q. 30. In a municipal court, three of the tasks that sound procedures should provide for include: _____

- Q. 31. At a minimum, how frequently should a municipal court assess the adequacy of its internal controls? _____

C. Bank Accounts

1. Not Required by State Law

Some municipal courts maintain a court bank account. Most do not, however, and simply turn in money directly to the city treasurer. State law does not address the issue. The law neither requires municipal court bank accounts nor prohibits them.

2. Generally Best to Operate Without a Bank Account

A basic principle of governmental accounting is that only those funds required by law and sound financial administration should be established, with the number of different funds kept at a minimum. The same is true of bank (checking) accounts. The fewer the accounts, the easier it is to keep up with and reconcile them. If a municipal court maintains a bank account, it should be because it will somehow enhance overall city operations (e.g., better safeguarding of money or more efficient handling of court operations). Additionally, fewer bank accounts for a city can result in lower bank service charges and higher interest rates.

If the court can operate effectively without a bank account, it should consider doing so. It will save time and unnecessary safekeeping responsibilities. Some courts maintain a bank account just to handle bonds. However, if bond payments can be handled accurately, timely, and centrally within the city, they should be. Some courts maintain a bank account just so they can make night deposits. These cities could consider making night deposits directly to an account under the control of the city treasurer. Of course, they would forward the appropriate paperwork for the treasurer to match with the validated deposit information when it is received.

State court costs and fees do not have to be kept in a separate bank account pending transfer to the State.

3. If Bank Account Maintained

If a municipal court maintains a bank account, it should be appropriately authorized by the city—either by the city council or some other office depending on how the city operates. There should not be any accounts that the city council and accounting office are not aware of. A municipal court bank account should be at an institution that the city has a contract with. Banks, credit unions, and savings associations qualify as institutions that the city can contract with. City depositories are covered in Chapter 105 of the Local Government Code.

If an account is maintained, the court should make sure that the person signing the checks is not also someone who has recordkeeping or custodial functions. In fact, having a small municipal court staff is an argument against the court having a bank account because it makes it even more difficult to appropriately divide duties.

Checks should be properly safeguarded. Checks should also have an expiration period (60 or 90 days) printed on them to minimize the number of outstanding checks. Finally, it is not a bad idea to close an account and open up a new one whenever there is a new person becoming primarily responsible for the account, such as a new court administrator or chief court clerk.

True or False

- Q. 32. State law requires municipal courts to maintain a bank account. ____
- Q. 33. The fewer the number of bank accounts a city has, the easier it is to keep up with and reconcile them. ____
- Q. 34. Fewer bank accounts for a city can result in lower bank service charges and higher interest rates. ____
- Q. 35. If a municipal court can operate effectively without a bank account, it should consider doing so. ____

- Q. 36. State court costs and fees have to be kept in a separate bank account pending transfer to the State. _____
- Q. 37. It is best for checks to have an expiration date printed on them. _____
- Q. 38. If a municipal court maintains a bank account, it should be because: _____

- Q. 39. If an account is maintained, the court should make sure that the person signing the checks is: _____

- Q. 40. A small municipal court staff is an argument against the court having a bank account because: _____

D. Petty Cash and Change Funds

1. Petty Cash

Petty cash consists of a sum of money set aside for making small cash purchases on a contingency basis. Municipal courts should not have petty cash funds. Purchases made for the municipal court should be made centrally by the city.

However, if for some reason municipal court operations are not separate from regular city operations and the city petty cash fund has to be handled by an individual working in the municipal court, the petty cash fund should be kept separate from the municipal court change fund(s).

2. Change Funds

A change fund is used for the purpose of making change for customers. Change funds should not be used for petty cash purposes. There should be a separate change fund for each person taking in money and issuing receipts. The fund should only be used to make change in connection with municipal court collections.

The amount of money in a change fund depends on the authorization of the city council, finance office, or other appropriate authority and should be maintained at the lowest practical level. An analysis should be made to determine the amount needed, including:

- analyzing prior transactions;
- checking with the finance and/or treasurer's office; and
- checking with other municipal courts for their past experience.

A sign or signs should be posted in the municipal court stating that:

- checks and money orders will be accepted for amount of payment only;
- checks will not be cashed;
- any currency denominations that will not be accepted; and
- when paying in cash, please have as close to the exact amount as possible.

a. Creating a Change Fund

- After appropriate authority authorizes change fund, obtain amount from treasurer and sign for the receipt of it.
- Turn money over to the individual responsible for operating the fund and have him or her sign a receipt for the amount received.
- Maintain the fund in a secured location, with access to the fund generally limited to the individual responsible for it.

b. Managing a Change Fund

The individual responsible for operating a fund must:

- Count and verify the change fund at the beginning of each day. The amount should be consistent from day-to-day.
- Make change as necessary. When making change, always count the change until you come up with the same amount twice.
- Count and verify the change fund at the end of each day. The dollar amount in the change fund after receipts are removed should equal the authorized amount of the fund.
- Periodically review the adequacy of the change fund amount and make adjustments as needed.

c. Controlling a Change Fund

- Maintain fund at lowest practical level (\$50-\$200 per cashier is usually adequate).
- Under no circumstances should the change fund be:
 - commingled with personal funds;
 - used to make advances to officials or employees; or
 - used to cash personal checks.
- Unannounced reconciliations or audits of change funds should be made on an irregular basis to help ensure the integrity of the fund.
- Cash drawers should be appropriately secured at all times, during the day or night.

Q. 41. Petty cash consists of _____

Q. 42. A change fund is used for _____

Q. 43. There should be a separate change fund for _____

Q. 44. It is helpful to have signs posted in a municipal court stating _____

True or False

- Q. 45. It is preferable for municipal courts to have petty cash funds and make their own small purchases. ____
- Q. 46. Petty cash funds and change funds should be commingled. ____
- Q. 47. A change fund should be maintained at as high a level as possible to cover all possibilities. ____
- Q. 48. An individual receiving a change fund amount should sign a receipt for the amount received. ____
- Q. 49. Change fund amounts should be verified at the beginning and end of each work day. ____
- Q. 50. For reasons of convenience, change funds should be used to cash personal checks. ____
- Q. 51. Change funds should not be used to make advances to officials or employees. ____

E. Receipts

Each office should have a system that ensures that all money received by the office is properly processed, deposited, and accounted for. A proper receipt form and process is essential.

A municipal court should follow several basic guidelines when it comes to receipts:

- **Receipts should be prenumbered.** This is true regardless of whether receipts are computer-generated or not. If computer-generated receipts are the norm, regular prenumbered, hardcopy receipts should be available for use when there are computer problems.
- **Receipts should be adequately controlled.** Regular hardcopy receipts should be ordered centrally by the city and distributed to the municipal court as needed. The person in the court receiving the receipts should count and make sure all receipts that are supposed to be included are in fact included. In other words, make sure the printer did not make a mistake. The person receiving the receipts should also sign for them indicating responsibility. Once received, the responsible individual should maintain strict control over the receipts.
- **A receipt should be prepared each time a payment is received.** Even if payment is by mail and a receipt is not going to be sent to the payor, a receipt should still be prepared. Each city and municipal court is responsible for determining when receipts will be sent out on payments made through the mail.
- **The receipt form should have at least three parts.** There should be an original and two copies used as follows:
 - the original should be issued to the payee;
 - the second part should be forwarded to the city auditor or to the city treasurer if there is no auditor; and
 - the third part should be retained by the municipal court for accounting and internal control purposes.
- **The receipt should contain adequate information.** Although no particular form is required, the receipt should provide space for the following information:

- date;
 - docket number;
 - amount received;
 - who the money is being received from;
 - what the money is being received for;
 - method of payment (i.e., cash, check, money order, credit card) and check number when applicable;
 - signature or initials of individual preparing the receipt; and
 - any other information relevant in the circumstances.
- **All receipts should periodically be accounted for.** The municipal court should not just wait and rely on either internal audits done by city staff or outside audits performed by independent certified public accountants. Periodically (at least quarterly), the municipal court should account for all receipts (both issued and unissued).

True or False

- Q. 52. Prenumbered receipts are not necessary as long as the court is audited frequently. ____
- Q. 53. It is not necessary for a person receiving receipts to count and make sure they are all there because printers do not make mistakes. ____
- Q. 54. Receipts should not be prepared for mailed payments unless a self-addressed stamped envelope is included with the payment. ____
- Q. 55. The municipal court should periodically account for all receipts, both issued and unissued. ____
- Q. 56. If computer-generated receipts are the norm, what should be available when there are computer problems? _____

- Q. 57. Regular hardcopy receipts should be ordered: _____

- Q. 58. A receipt should be prepared: _____
- Q. 59. A receipt form should have _____ parts: an _____, and _____ copies.
- Q. 60. Eight things a receipt form should provide adequate space for include: _____

F. Payments

1. General Over-the-Counter Payments

The procedure below describes basic requirements for safeguarding general over-the-counter payments. Employees with access to money should be adequately bonded.

- Each person receiving payments should have a separate cash box or drawer.
- Verify the beginning change fund amount each day before handling transactions.
 - The change fund should start off at the same amount each day.
- Maintain prenumbered receipts.
- Prepare a three-part receipt for each payment.
 - The original should be issued to the payee.
 - The second part should be forwarded to the city auditor or to the city treasurer if there is no auditor.
 - The third part should be retained by the municipal court for accounting and internal control purposes.
- Restrictively endorse all checks and money orders upon receipt with the words “For Deposit Only” and the account number.
- Maintain strict control over access to money.
 - Money and receipts should be locked up when not in use.
 - Never leave a cash box or drawer unattended.
 - An individual receiving payments should never allow anyone access to his or her cash box or drawer except under his or her direct supervision.
- Handle transactions one at a time.
 - Put away all money and paperwork from the last transaction before starting a new one.
 - Do not put money received away until change is made (to help prevent someone from saying he or she gave you a larger amount).
- Handle money efficiently and consistently.
 - Always arrange currency, coins, and checks in a box or drawer in a consistent manner.
 - When counting money:
 - separate the currency from the coins;
 - count the currency before the coins;
 - count each currency denomination separately;
 - separate coins into denominations;
 - count each denomination of coins separately;
 - count all currency and coins in the presence of the person making payment; and
 - count the money as many times as necessary to come up with the same amount twice.

- Each individual receiving payments should be initially responsible for balancing out his or her box or drawer each day.
 - Balancing out should be verified and approved by someone else in the presence of the person responsible for the box or drawer.
- Make daily bank deposits or remittances to the city treasurer.
 - If remittances to the treasurer are not made daily, turn money in to the treasurer in a timely manner as prescribed by city policy.
- Forward receipt copies to appropriate personnel for accounting and auditing purposes.

2. Payments Made After Hours

The procedures below describe basic requirements for safeguarding payments made after hours when the municipal court is closed. In addition, the city should obtain appropriate burglary insurance for the municipal court. Employees with access to money should be adequately bonded. Some cities only accept municipal court payments when the court office is open. Other cities provide a mechanism for payments to be made after the municipal court office is closed. Cities that accept after hours payments generally:

- receive payments at the police department; and/or
- provide some sort of lock or drop box for payments.

a. Payments Made at the Police Department

If possible, a city should avoid having the police department accept municipal court payments and issue receipts. Judicial and law enforcement functions should be separated, not only in fact, but in appearance. However, cities where the police department does receive payments should use the following procedures:

- The person receiving payments should issue a receipt to each payor.
 - Avoid the practice of waiting for the municipal court to prepare and issue receipts.
- The person receiving payments should indicate to the payor that the municipal court will contact them with any questions or problems.
 - The payor should be advised that making a payment at the police department does not constitute complete acceptance or satisfaction by the municipal court. The court will have final say so. In fact, the city might want to consider putting up a sign stating such or printing up a card or sheet with the information and giving one to each payor.
- All checks and money orders should be restrictively endorsed upon receipt with the words “For Deposit Only” and the account number.
- A daily collections report should be prepared by the police department of each day’s receipts and should be forwarded to the city auditor or to the city treasurer if there is no auditor.
- The daily collections report should include the:
 - date;
 - name of payor;
 - amount received;

- method of payment (including check number if by check);
- purpose of payment;
- accounting information; and
- cause number.
- The daily collections report should be signed or initialed and dated by the person preparing it.
- A copy of the daily collections report and one copy of the receipt (along with any related paperwork) should be forwarded to the municipal court for entering in the accounting records and files.
- One copy of the receipt should be retained by the police department or forwarded to the city auditor (or city treasurer if there is no auditor), depending upon city policy.
- Make daily remittances.
 - If the municipal court does not maintain a bank account, payments should be remitted to the city treasurer on a daily basis.
 - If the municipal court does maintain a bank account, payments should be forwarded to the municipal court on a daily basis and the court should make daily bank deposits.

b. Payments Made at a Drop Box or Lock Box

When some sort of drop or lock box is used to receive payments after a municipal court is closed, cities should use the following procedures:

- The box should be opened and emptied daily.
- The box should be opened by one person who is not handling other monies.
 - If the person opening the box also has responsibilities for other monies, the box should be opened at a time of the day and in a location when other monies are not being handled.
 - The box should be opened out in the open, not in an enclosed office.
- The person opening the box should:
 - Restrictively endorse all checks and money orders upon receipt with the words “For Deposit Only” and the account number; and
 - Prepare the daily drop/lock box collections report.
- A daily drop/lock box collections report should be prepared for each day’s receipts and should be forwarded to the city auditor or to the city treasurer if there is no auditor.
- The daily drop/lock box collections report should include the:
 - date;
 - name of payor;
 - amount received;
 - method of payment (including check number if by check);
 - purpose of payment;
 - accounting information; and

- cause number.
- The daily drop/lock box collections report should be signed or initialed and dated by the person preparing it.
- Forward payments and report to appropriate individual for preparation of the receipts.
 - The individual should verify that the amount received matches the amount on the report.
- Make daily bank deposits or remittances to the city treasurer.
 - If remittances to the treasurer are not made daily, turn money in to the treasurer in a timely manner as prescribed by city policy.
- Forward receipt copies to appropriate personnel for accounting and auditing purposes.

3. Mail Payments

Proper management of mail payments is particularly important because the payee is not present, and no receipt is issued at the time of payment. The goals concerning mail payments are to establish a clear-cut audit trail and ensure and document the proper handling of payments. The following procedures describe basic requirements for safeguarding payments made through the mail:

- All mail should be opened daily.
- Mail should be opened by one person who is not handling other monies.
 - If the person opening the mail also has responsibilities for other monies, mail should be opened at a time of the day and in a location where other monies are not being handled.
 - Mail should be opened out in the open, not in an enclosed office.
- The person opening the mail should:
 - separate all money from other correspondence;
 - restrictively endorse all checks and money orders upon receipt with the words “For Deposit Only” and the account number; and
 - prepare the daily mail collections report.
- The daily mail collections report should include the:
 - date;
 - name of payor;
 - amount received;
 - method of payment (including check number if by check);
 - purpose of payment;
 - accounting information; and
 - cause number.
- The daily mail collections report should be signed or initialed and dated by the person preparing it.
- Forward payments and report to appropriate individual for preparation of the receipts.
 - The individual should verify that the amount received matches the amount on the report.

- Make daily bank deposits or remittances to the city treasurer.
 - If remittances to the treasurer are not made daily, turn money in to the treasurer in a timely manner as prescribed by city policy.
- Forward receipt copies to appropriate personnel for accounting and auditing purposes.

4. Credit Card Payments

The law authorizes cities to accept credit cards. Section 132.002 of the Local Government Code provides that the city council may authorize city officials who collect fees, fines, court costs, or other charges to accept payment by credit card. The law also provides that an additional fee may be collected for the service. For example, assume a defendant owes \$100 in court costs, fees, and fines. Also assume the credit card provider charges a five percent processing fee. The city would only net \$95 after the processing fee ($\$100 \times .05$). Thus, pursuant to Section 132.003, the city could set the processing fee in an amount that is reasonably related to the expense incurred in processing the payment by credit card. The fee may not be in an amount that exceeds five percent of the amount of the fee, fine, court cost, or other charge being paid.

There are several possible benefits to accepting credit card payments, including:

- decreasing outstanding amounts owed;
- reducing the number of defendants on installment agreements;
- increasing taxpayer service by providing a convenient way to make payment; and
- reducing administrative costs of the municipal court.

In arriving at the decision of whether or not to accept credit card payments, the city should compare the cost of processing fees with the expected benefits. Even though each city needs to make its own decision, it should consider contacting other cities that accept credit card payments for their experiences. One area of concern is that the person's credit card being used is not always the defendant.

5. Installment Payments

Installment payments are authorized in the law. Whether a court allows them may be up to the judge, but if the judge determines that the defendant cannot immediately pay a fine and costs, the judge must permit installment payments. Article 45.041 of the Code of Criminal Procedure provides that the judge may direct the defendant:

- to pay the entire fine and costs when sentence is pronounced (subject to the defendant's ability to pay immediately);
- to pay the entire fine and costs at some later date; or
- to pay a specified portion of the fine and costs at designated intervals.

If the judge orders the defendant to pay the entire amount immediately, but then determines that the defendant is unable to, the judge shall allow the defendant to make payments. This change from the 2011 Legislature effectively precludes judges from ordering indigent defendants to pay now or immediately be arrested on a *capias pro fine*.

In addition to establishing a clear-cut audit trail and properly handling payments, the goals concerning installment payments include ensuring that payments are made timely and that the court promptly follows up on missed payments.

When installment payments are utilized, a court should:

- Have a written description of under what circumstances installment or partial payments can generally occur.
 - Even though the decision rests with the judge in each case, it is best to have a written description of when installment payments are generally utilized. This indirectly forces the judge to think about the pros and cons, as well as the reasons for allowing or not allowing defendants to pay what they owe over a period of time. The end result is usually a more consistent application of when payouts are used.
- There should be a written installment agreement anytime payouts are used.
 - The agreement should clearly spell out the terms of the agreement, including payment amounts, dates, and that a \$25 time payment fee will be added on the 31st day after the judgment.
 - The agreement should be signed and dated by both the judge and the defendant.
 - A copy of the signed agreement should be given to the defendant.
- There should be an efficient way to keep up with payments and indicate past due amounts.
 - Although some courts have computer software specifically designed to simplify the installment payment process, many do not. If your court does not have software to record payments and reports, check with the judge or city attorney to make sure if your court is collecting the court technology fund provided for in Article 102.0172 of the Code of Criminal Procedure. This fund can be used to finance the purchase or maintenance of computer systems, which even small courts are finding necessary given the complexity of accounting and reporting requirements in municipal courts.
 - If the court does not have an automated means of handling and keeping up with installment payments, some sort of manual system will be needed.
 - One easy method is to use a copy of the installment agreement with columns on the back of the agreement (e.g., pre-printed or done with a stamp). A minimum of four columns would be needed: date paid, receipt number, amount paid, and balance. A separate sheet of paper or index card would work as well. One advantage of using the back of the agreement is that all necessary reference information is in one place and you do not have to pull a file to see what the requirements are.
 - Simply file the agreement copies, index cards, or separate sheets in some sort of file folder, cabinet, or box based on due dates (or due dates plus a grace period), depending on how your court operates.
 - Then each day pull the ones that are delinquent (or for which the grace period has expired) and work them.
 - As payments are made, enter the appropriate information in the columns and file them for the next month if a balance is still owed or in the file folder if paid in full.

- Ensure that payments and other appropriate information are also entered in the regular bookkeeping system and records.
- Consider maintaining a list of those on payouts, so if a defendant is going to be placed on an additional payout(s), the due dates can be made the same each month.
- Maintain a control total for all outstanding amounts owed and periodically check to ensure the control total is correct.
- If the office has many repeat defendants, consider maintaining a list of individuals who default on payments and check that list before new payouts are granted.
- If the court must participate or is participating in a collection improvement program (see, Article 103.0033 of the Code of Criminal Procedure), special rules may apply to payment plans. Be sure to discuss with the judge and city finance department to see if the court is participating.

- Q. 61. Why is proper management of mailed payments particularly important? _____

- Q. 62. If the person opening the mail also has responsibilities for other monies, when and where should mail be opened? _____

- Q. 63. Name two possible benefits to accepting credit card payments. _____

- Q. 64. The goals concerning installment payments include _____
- Q. 65. A written installment agreement should clearly explain what? _____

True or False

- Q. 66. Employees with access to cash should be adequately bonded. ____
- Q. 67. Each person receiving payments should have a separate cash box or drawer. ____
- Q. 68. It is best to have the change fund amount vary each day to keep everyone on their toes. ____
- Q. 69. An individual receiving payments should allow trustworthy co-workers access to their cash box or drawer in their absence. ____
- Q. 70. It is best to handle as many transactions at a time as possible. ____
- Q. 71. It is best to always arrange currency, coins, and checks in a box or drawer in a consistent manner. ____
- Q. 72. Each individual receiving payments should balance out his or her cash box or drawer each day. ____
- Q. 73. Bank deposits or remittances to the city treasurer should be made daily. ____
- Q. 74. If possible, a city should avoid having the police department accept municipal court payments and issue receipts. ____
- Q. 75. When the police department does receive municipal court payments, it should not

- issue receipts, since that should be done by the municipal court. ____
- Q. 76. A separate listing should be made of each day's receipts and it should be forwarded to the city auditor or to the city treasurer if there is no auditor. ____
- Q. 77. The daily drop/lock box collections report should be signed or initialed and dated by the person preparing it. ____
- Q. 78. All mail should be opened daily. ____
- Q. 79. Mail should be opened by someone while he or she is receiving payments and issuing receipts. ____
- Q. 80. Mail should be opened out in the open, not in an enclosed office. ____
- Q. 81. The law provides that a city council may authorize a city official to collect payment for court costs, fees, and fines by credit card. ____
- Q. 82. In arriving at the decision of whether or not to accept credit card payments, the city should compare the cost of processing fees with the expected benefits. ____
- Q. 83. Since the decision rests with the judge in each case, it is best not to have a written description of when installment payments are generally utilized. ____
- Q. 84. There should be a written installment agreement any time a payment plan is granted. ____
- Q. 85. There should be an efficient way to keep up with payments and indicate past due amounts. ____
- Q. 86. If the court does not have an automated means of handling and keeping up with installment payments, some sort of manual system should be used. ____

G. Credits

1. Jail Credits

In addition to satisfying a judgment by paying actual money, a judgment or part of a judgment can be satisfied by serving time in jail. The goals concerning jail credits are to establish a clear-cut audit trail and properly apply any credits received.

Jail credit procedures should include the following information:

- There should be appropriate documentation for the defendant to spend time in jail:
 - a commitment order signed by the judge, or
 - a motion signed by the defendant to lay out the costs, fees, and fine in jail.
- There should be a form at the jail showing the time the defendant was placed in jail and the time the defendant was released from jail.
 - The form should be signed or initialed by the appropriate individual at the jail showing the date and time the defendant is placed in jail.
 - The form should be signed or initialed by the appropriate individual at the jail showing the date and time the defendant is released from jail.
- A copy of the completed form should be forwarded to the municipal court.
- The appropriate individual in the municipal court should enter the credit in the accounting and other records and file the form with the case records.

- If not previously entered, the cause number should be entered on the form.
- The amount of credit and how the total was arrived at should be entered on the form.
- The form should be signed or initialed and dated by the individual entering the credit in the accounting records.
- The court should determine if there are any additional amounts owed, and if so, appropriate procedures should be followed to satisfy any balance.
- Unless the commitment order appropriately indicates otherwise, the court should consider applying jail credits on a FIFO (first-in-first-out) basis.
 - In other words, satisfying all costs, fees, and fine for the oldest case against the defendant first, then costs, fees, and fine for the next oldest case, and so forth.

2. Community Service Credits

In addition to satisfying a judgment by paying the fine and costs, a judgment or part of a judgment can be satisfied by community service. The goals concerning community service credits are to establish a clear-cut audit trail and properly apply any credits received.

Community service credit procedures should include the following information:

- There should be appropriate documentation for the defendant to perform community service.
 - An order signed and dated by the judge requiring the defendant to participate in community service.
 - The order must specify the number of hours the defendant is required to work.
 - In addition, the order should specify by when the work has to be completed.
- Verify that the entity or organization:
 - is a governmental entity or nonprofit organization that provides services to the general public that enhance social welfare and the general well-being of the community; and
 - agrees to supervise the defendant's work and report on the work to the judge.
- Verify that the judge did not order the defendant to perform more than 16 hours per week of community service unless the judge has determined that requiring additional hours will not work a hardship on the defendant or the defendant's dependents.
 - If the judge has ordered more than the 16 hours in a week, it is recommended there be something in writing signed by the judge indicating it will not be a hardship on the defendant or the defendant's dependents.
- Give a copy of the order to the defendant.
- Notify the entity or organization about the community service requirement.
 - Send a copy of the judge's order and a form for them to complete concerning the defendant's community service.
 - Some courts also include a cover letter with the order and form.
 - The form should provide space for the entity or organization to indicate whether or not the work was performed as specified by the judge's order.

- The entity or organization should specifically indicate how many hours the defendant worked.
- The form should provide space for the entity or organization to enter additional comments concerning the defendant they feel are warranted.
- The form should be signed and dated by an appropriate representative of the entity or organization.
- File a copy of the order and copy of the form in some sort of tickler system so it can be pulled and followed up on if not received back from the entity or organization when due.
- Once the completed form is received from the entity or organization, the appropriate individual in the municipal court should verify the amount and enter the credit in the accounting and other records and file the form with the case records.
 - The form should be signed or initialed and dated by the individual entering the credit in the accounting records.
- The court should determine if there are any additional amounts owed, and if so, appropriate procedures should be followed to satisfy any balance.

True or False

- Q. 87. The goal in recording both jail time and community service credit should be to properly apply any credit and establish a clear audit trail. ____
- Q. 88. A copy of a completed form showing when the defendant was placed in jail and released from jail should be forwarded to the municipal court. ____
- Q. 89. There should be an order signed and dated by the judge requiring the defendant to participate in community service. ____
- Q. 90. The entity or organization should specifically indicate how many hours the defendant worked. ____
- Q. 91. The court should not worry about filing a copy of the order and form in some sort of tickler system since it can always rely on the entity or organization to contact the court if there is a problem. ____

H. Forfeiture of Cash Bonds

Article 45.044 of the Code of Criminal Procedure provides that a municipal judge may enter a conviction and forfeit a cash bond in satisfaction of fine and costs if a defendant has entered a written and signed plea of nolo contendere and a waiver of jury trial and fails to appear. Otherwise, a court must use the provisions of Chapter 22 of the Code of Criminal Procedure to forfeit a cash bond. The goal with cash bonds is to ensure that the right amount of money gets to the right place in a timely manner.

Article 17.02 of the Code of Criminal Procedure requires the officer (i.e., the clerk) receiving the cash bond to receipt the bond in the name of the person that posts the bond, and if the bond is to be refunded, on the court's order, the bond shall be refunded to the person named on the receipt. If no person comes forward with a receipt, then the refund can be made to the defendant.

A policy on handling cash bonds should include the following:

- Appropriately receive cash bond.
 - Ensure defendant has signed and received appropriate paperwork.
 - Prepare and issue a receipt to the person who posted the bond for the amount paid, indicating on the receipt that it is for a cash bond.
- Ensure money received is adequately safeguarded.
 - Deposit or remit money as with other collections. Cash should not be kept lying around in the office.
 - If all or part of the bond is refunded to the defendant, upon the court's order, any interest earned on the bond amount should be returned to the defendant as well. For this reason, many cities keep cash bonds in a non-interest-bearing account.
- Forward receipt copies to appropriate personnel for accounting and auditing purposes.
- If the defendant fails to appear, follow appropriate procedures in Chapter 22 or Article 45.044 of the Code of Criminal Procedure.
- When the appropriate amount of time has elapsed, forward appropriate paperwork for bookkeeping entries and transfer of funds (if necessary).
 - If the court is using the provisions in Article 45.044 of the Code of Criminal Procedure:
 - and the money has already been remitted to the city treasurer, the paperwork should simply indicate to the treasurer that the bond amount should now be applied to court costs, fees, and fines and how much to apply to each.
 - and the money has been kept in a cash bond account in the court, remit the appropriate amount to the treasurer, indicating how much is court costs, fees, and fine. If this is the only account the court has, remittance to the treasurer should be done in a practical manner, depending on the number of cash bonds forfeited. For example, it might be appropriate to remit forfeited cash bonds to the treasurer on a weekly basis.
 - If the defendant has been in jail, the court should either remit or notify the treasurer to remit any amount of the bond due the defendant for jail-time credit.
 - If the court is using the civil bond forfeiture provisions in Chapter 22 of the Code of Criminal Procedure:
 - and the money has already been remitted to the city treasurer, the paperwork should simply indicate to the treasurer that the bond amount should now be applied as general revenue for the city.
 - and the money has been kept in a cash bond account in the court, remit the appropriate amount to the treasurer, indicating that the bond amount should be applied as general revenue for the city. If this is the only account the court has, remittance to the treasurer should be done in a practical manner, depending on the number of cash bonds forfeited. For example, it might be appropriate to remit forfeited cash bonds to the treasurer on a weekly basis.

True or False

- Q. 92. The goal with cash bonds is to ensure that the right amount of money gets to the right place in a timely manner. ____
- Q. 93. A receipt should not be given to a defendant posting a cash bond until the bond is forfeited. ____
- Q. 94. If all or part of the bond is refunded to the defendant, any interest earned on the bond shall be _____
- Q. 95. If the court is using the provisions in Article 45.044 of the Code of Criminal Procedure, what should be included in any paperwork once the bond is forfeited?

- Q. 96. If the court is using the civil bond forfeiture provisions in Chapter 22 of the Code of Criminal Procedure, and the money has been kept in a cash bond account in the court, where should the money be deposited? _____

I. Recording Financial Transactions

Each municipal court needs an efficient method of recording its financial transactions.

1. Receipts

An effective internal control system and accurate financial reports help properly manage money collected by the court.

Many municipal courts have an automated financial management system that prepares receipts, journalizes transactions, makes subsidiary entries, and prepares various financial reports. For internal control, courts should have different employees performing each different task in collecting, recording, and making bank deposits. If a court does not have an automated system, a manually recorded receipts journal should be maintained.

Entries to the receipts journal should be made from the receipt copies maintained by the court. Daily entries should be verified for mathematical accuracy and should periodically be reviewed by someone other than the person making them, comparing them to appropriate source documents. Use a receipts journal to chronologically account for individual receipts issued. The journal enables the municipal court to:

- properly keep track of and account for each receipt issued;
- properly separate and account for the different types of monies collected;
- group types of collections in order to easily figure the total collections for each type;
- balance daily, weekly, and monthly reports;
- help reconcile the monthly bank statement; and
- leave a good audit trail for internal and external auditors.

The receipts journal should be maintained on a daily basis. The journal should include:

- date of transaction;

- name of payor;
- docket number;
- receipt number;
- an actual column to keep up with the total amount received; and
- several individual columns indicating what the money received is for (e.g., fines, fees by type, and court costs by type).

2. Disbursements

Most municipal courts turn money in to the city treasurer on a daily basis and do not maintain a bank account. However, courts that do maintain a bank account must ensure that all money disbursed by the office is properly documented and accounted for. The following procedures describe basic requirements necessary to safeguard disbursements for a municipal court that maintains a bank account:

- The court should maintain a bank account with the city depository. All deposits and disbursements should be processed through this account. Disbursements should not be made in cash.
- If the account is interest-bearing, a separate account should be used for cash bonds unless the court returns allocated interest when bonds are refunded.
- Checks should be prenumbered.
- Checks should be preprinted with the name of the city and indicate “municipal court.”
- Adequately safeguard and periodically account for all unused checks.
- A checkbook should be used with sufficient room on the stub for a description of the disbursement.
- Once checks have been written to the appropriate payees, they should be posted to the disbursements journal.

A disbursements journal should be used to chronologically account for all municipal court disbursements. The disbursements journal enables the court to:

- properly identify and account for each disbursement;
- properly classify and account for different types of disbursements;
- group disbursements in order to easily ascertain the total disbursements for each type;
- balance daily, weekly, and monthly reports;
- reconcile the monthly bank statement; and
- leave a good audit trail for internal and external auditors.

The disbursements journal should be maintained on a daily basis. The journal should include:

- date of transaction;
- name of payee (and description when needed);
- check number;
- an actual column to keep up with total amounts disbursed; and
- several individual columns indicating what the disbursements are for (e.g., remittance to city treasurer, warrant fees to other law enforcement agencies).

Once transactions for a month have been completed and the disbursements journal is closed out, the receipts and disbursements journals should be reconciled with the bank statement. Entries to the disbursements journal should be made from the check copies or check stubs.

If a court makes only a few disbursements each month, a journal is normally not needed. Adequate information can usually be included on a monthly report.

a. Issuing Refunds

- Refunds should be issued using a check. A refund should not be given in cash.
- An explanation detailing the reasons for the refund should be included with the refund.
- Reference the docket number on the check and stub. This will enable interested parties to go directly to the case file for a full explanation of the refund.
- The transaction should be entered in the disbursements journal.
- Alternatively, the court could enter the refund as a negative amount in the receipts journal.

b. Preparing Checks

- Once supporting documentation has been prepared (or assembled) and all figures double-checked, then a check should be prepared, made out to the appropriate payee.
 - The payee line should be completed by the person preparing checks, not the person signing them.
 - Checks should never be made out to “cash” or “bearer.”
 - Checks should be prepared and delivered timely.
- The check should be signed by someone not keeping the books or preparing the check. Before signing the check, the supporting documentation and amount should be verified.
 - Authorized check signatures should be kept to a minimum.
 - If a stamp or check-signing device is used, it should be appropriately safeguarded.
- Checks should never be presigned.
- Verify there is an adequate balance in the account before issuing the check.
- Checks should be mailed without allowing them to be returned to the person who approves them or does the bookkeeping for them.
- Voided checks should be clearly marked as “void” and should be kept with the checkbook and later placed in the reconciliation envelope or folder.
 - Do not destroy or tear up voided checks.

True or False

Q. 97. If a court does not have an automated system, a receipts journal should be maintained manually. ____

Q. 98. The receipts journal should be maintained on a weekly basis. ____

- Q. 99. The receipts journal should include both the date of the transaction and the name of the payor, but not the receipt number. ____
- Q. 100. Those courts that do maintain a bank account must ensure that all money disbursed by the office is properly documented and accounted for. ____
- Q. 101. Whenever possible, refunds should be made in cash. ____
- Q. 102. Checks should be presigned if the person who normally signs them is going to go on vacation. ____
- Q. 103. List at least three things a receipts journal enables a municipal court to do. _____

- Q. 104. Who should sign disbursement checks? _____

J. Unclaimed Funds

Occasionally, a municipal court may become aware of money from an unknown source or for an unknown purpose. When that happens, the court should initiate action to try and determine the rightful owner, and if unsuccessful contact the State of Texas. The procedures for handling unclaimed funds include the following:

- The person identifying the money should document in writing what was found, where it was found, how it was found, and then sign and date the documentation.
- The person identifying the money should communicate it to appropriate personnel within the court and the city.
- A thorough analysis should be made to try and determine to whom the money belongs. Occasionally, the court will determine that the amount represents a cash bond, undeposited payment, or old change fund balance.
 - If the owner can be determined, they money should be turned in to the city treasurer, and steps should be initiated to get it to the rightful owner.
 - If the owner cannot be determined or located, the money should be turned in to the city treasurer who should contact the Unclaimed Property Section in the Comptroller's Office at 800.321.2274.

True or False

- Q. 105. The person identifying the money should document in writing what was found, where it was found, how it was found, and then sign and date the documentation. ____
- Q. 106. If it can be determined to whom the money belongs, the money should be kept in the municipal court until it is claimed by the rightful owner. ____

K. Daily Balancing

Receipts should be balanced out daily. Each person receiving money should be responsible for balancing out his or her cash box or drawer. He or she should fill out a daily reconciliation form, then sign and date it. The reconciliation should be verified and approved by someone else in the presence of the person responsible for the box or drawer. The person verifying and approving the reconciliation should also sign or initial and date the form.

The total amount of money in the cash box or drawer less the amount of the change fund should equal the total amount shown on the receipts issued for the day. Any overages or shortages should be clearly shown on the reconciliation form.

True or False

Q. 107. Receipts should be balanced out daily. ____

Q. 108. If there are three individuals in the court receiving money and issuing receipts, the one with the most tenure should be responsible for balancing out all three cash boxes or drawers. ____

Q. 109. Any overages or shortages should be excluded from the reconciliation form unless it is known what the cause was. ____

Q. 110. The total amount shown on the receipts issued for the day should equal _____

L. Remittance of Collections

How collections should be remitted to the city treasurer depends on whether or not the municipal court maintains a bank account.

1. Municipal Court Maintains a Bank Account

a. Remittances

- Remittances should be made to the city treasurer on a consistent, periodic (e.g., weekly) basis.
 - Frequency will depend upon city and court policy taking into account size of city and court and amount of money involved.
 - Frequency should be at least monthly, but preferably more frequently.
- Remittances should be made by check.
- A remittance form showing what the money is for should be included with the check.
 - The breakdown should be detailed enough so the treasurer will know what fund(s) and account(s) to deposit the money into and how to complete any applicable related reports (e.g., state court costs and fees quarterly report).
- The remittance form should be signed by an appropriate individual in the court.
- The individual making the remittance to the treasurer should get a receipt from the treasurer showing the amount remitted.

- In some cities a receipt is not given when another department within the city makes remittance by check. If that is the case, the treasurer should sign and date the remittance form indicating agreement with the amount and a copy should be made for the person making the remittance, which should be returned to the court.

b. Bank Account Reconciliation

If the municipal court maintains a bank account, regular bank reconciliations need to be done. The purpose of the reconciliation is to ensure that the books in the office properly reconcile with the account at the bank. A prompt reconciliation of the bank statement with the books and accounts maintained by the court is necessary at the end of each month to assure that errors, if any, are found and corrected without delay. Where staff size permits, bank reconciliations should be performed by someone who is not responsible for writing, recording, or signing checks. After receiving the bank statement unopened from the bank, the court should use the following reconciliation procedures.

Step 1

- Enter the balance from the books in the space provided on the reconciliation form.
- Deduct any bank charges indicated on the bank statement.
- Make any other necessary adjustments, such as adding interest earnings.
- Total the amounts in the three bullets above to arrive at the adjusted book balance.

Step 2

- From the bank statement, write the stated bank balance in the space provided on the reconciliation form.
- Compare checks, deposits, and other transactions listed on the statement with the books.
- List, in the space provided on the reconciliation form, all outstanding checks.
- Add any deposits made by the end of the period not posted to the bank statement.
- Make any other necessary adjustments.
- Total the amount from the bank balance and add all outstanding checks and any deposits made by the end of the period to arrive at the adjusted bank balance.

Step 3

- Compare the amounts arrived at in Steps 1 and 2.
- If they do not agree, investigate and resolve any differences.

Step 4

- The completed reconciliation should be signed and dated by the person doing it.
- Submit statement and reconciliation to appropriate personnel for review and approval.

2. Municipal Court Does Not Maintain a Bank Account

- Remittances should be made to the city treasurer on a daily basis.

- A remittance form showing what the money is for should be included with the money.
 - The breakdown should be detailed enough so the treasurer will know what fund(s) and account(s) to deposit the money into and how to complete any applicable related reports (e.g., state court costs and fees quarterly report).
 - The total on the remittance form should equal the total of the daily balancing out forms.
 - If there is only one person in the court who receives money and issues receipts, the balancing out form can serve as the remittance form.
- The remittance form should be signed by an appropriate individual in the court.
- The individual making the remittance to the treasurer should get a receipt from the treasurer showing the amount remitted.

True or False

Q. 111. If the municipal court maintains a bank account, remittances should be made by check.

Q. 112. A remittance form showing what the money is for should be included with the money.

Q. 113. Remittances should be no more often than once a month. _____

Q. 114. The remittance form does not need to be signed by anyone from the court if remittance is made by check. _____

Q. 115. The completed reconciliation should be signed and dated by the person doing it. _____

Q. 116. The bank reconciliation should be submitted to appropriate personnel for review only if an error was found. _____

Q. 117. The breakdown on the remittance form should be detailed enough so the treasurer will know what? _____

Q. 118. Where staff size permits, bank reconciliations should be performed by who? _____

M. Monthly Reporting

A financial report showing the municipal court's financial position at the end of the month and results of operations for the month should be prepared to provide information to officials, the general public, and other interested groups or individuals.

1. Beginning Balance

The report should show the beginning balance the court was responsible for at the start of the month. The beginning balance should include the following categories: all change funds, any bank account book balances, and any other funds under the control of the court.

2. Receipts

The report should also show receipts for the month, breaking them down into detailed categories. The amount of detail will depend upon the law, the city's budget, bookkeeping system, and preferences. For example, court costs and fees should be shown separately, as should any funds where there is a restriction on how the money is used, such as certain traffic fines.

3. Disbursement/Remittances

All disbursements and remittances should be detailed. If the court maintains a bank account, this would be a listing of the checks written (or a summary of the checks written categorized by what they were for). If the court does not maintain a bank account, this part of the report would show the total amount of remittances made to the city treasurer, possibly broken down by week.

4. Ending Balance

Finally, the report would show an ending balance. The ending balance should include the following categories: all change funds, bank account book balances, and any other funds under the control of the court.

For many automated courts, monthly report preparation is a breeze—the computer prepares them with just a simple set of commands. For other courts, the process will take a little longer, but should be fairly simple to do if the bookkeeping system is adequate.

The report should be signed and dated by the person preparing it and should be reviewed and approved by appropriate personnel. The person approving the report should also sign and date it. The report should be turned in according to city policy.

True or False

Q. 119. The report should show the beginning balance the court was responsible for at the start of the month. ____

Q. 120. The report should be signed and dated by the person preparing it and by the person reviewing and approving it. ____

N. Auditing

1. Auditing Defined

Auditing is simply examining information and operations for mathematical accuracy, legality, and propriety. It is a process of determining whether all transactions are properly recorded in the accounts and appropriately reflected in statements and reports.

Items and areas of examination generally include:

- documents;
- money;
- records;
- reports;
- systems of internal control;
- accounting procedures; and

- actual operations.

An internal audit is an audit done by someone who works for the organization being audited. For example, the audit performed by someone employed by the city would be an internal audit. Audits performed by those not employed by the city are generally referred to as outside or external audits.

2. Objectives of Auditing

The broad purpose of auditing in municipal court is to help ensure the integrity of the court's financial operations. Specific objectives are to help assure that:

- the court has collected all the money they are supposed to;
- money collected was properly remitted to the appropriate party;
- property is properly managed;
- money and other property is properly accounted for, properly reported, and adequately safeguarded; and
- operations conform to laws, rules, and prescribed procedures.

Auditing cannot guarantee that collections, records, and reports are 100 percent complete and correct. Auditing can, however, be a means for minimizing and providing for early detection and correction of material mistakes and irregularities.

In addition, a good internal audit function can result in lower operating costs, more efficient ways of getting things done, better service to the public, and less costly outside audits.

3. Auditing Requirements

State law requires a city be audited annually and a financial statement prepared based on the audit. Sec. 103.001, L.G.C. Although the law provides that the audit can be done by someone employed by the city (Section 103.002 of the Local Government Code), it is recommended that it be done by an independent certified public accountant. The reason for this is that citizens deserve an opinion from a qualified, independent source.

Although the law does not require periodic internal audits in a city or municipal court, it is recommended that they be done. Some sort of audit work should be done relating to municipal court operations at least quarterly. Some cities have a regular internal audit department or an individual designated to perform that function; most cities do not. However, in some cases someone from the finance or treasurer's office or another department altogether could periodically do some internal audit work in the court.

Audit work that should be done includes:

- conducting surprise cash counts;
- reviewing bank reconciliations;
- accounting for all receipts;
- auditing receipts for proper amount collected, deposited, or remitted and correct bookkeeping;
- confirming amounts paid (or the fact that nothing was paid) with defendants; and
- reviewing reports.

All of the above do not have to be done each quarter, but some of it should be. The mere fact that some audit work is periodically and consistently done is a deterrent to wrongdoing.

4. Getting Ready for an Audit

In cities that have an internal audit function, a municipal court will normally be notified when an internal audit will be conducted. There are, however, some audit steps that are almost always done on a surprise basis, such as a cash count.

When a court is aware of an upcoming audit, steps should be taken to ensure that all information is available for inspection. Listed below are the major items an auditor may wish to examine during the course of an audit.

- procedures manual, including any internal control procedures used in the court;
- bookkeeping system, including reports, ledgers, and journals;
- docket books;
- monthly bank reconciliations for each bank account, including canceled checks and bank statements for the period covered by the audit;
- fixed assets assigned to the court;
- change funds, receipts (issued and unissued), and monies collected; and
- office files and related correspondence.

These items, along with any other useful information, should be well organized and easily accessible by the auditor. Court employees should make every effort to assist the auditor in performing the examination.

Q. 121. Define auditing. _____

Q. 122. List at least three specific objectives of auditing. _____

Q. 123. List at least four examples of the type of audit work that should be done in a municipal court. _____

Q. 124. List at least five items an auditor may want to examine during the course of an audit. _____

True or False

Q. 125. Auditing can be a means for minimizing and providing for early detection and correction of material mistakes and irregularities. ____

- Q. 126. An internal audit is an audit done by someone who does not work for the organization being audited. ____
- Q. 127. State law requires that cities have annual audits conducted by independent Certified Public Accountants. ____
- Q. 128. At least quarterly, some sort of audit work should be done relating to municipal court operations. ____
- Q. 129. A municipal court will always be notified when an internal audit is going to be conducted. ____
- Q. 130. Some audit steps are almost always done on a surprise basis (without any notification), such as a cash count. ____

PART 2 COMPUTER SECURITY CONTROLS

Municipal courts continue to rely more and more on computers in daily operations and in storing important data and information. As a result, computer security and controls continue to grow in importance.

Computers malfunctions, viruses, intentional and/or unintentional problems caused by current or ex-employees, or even problems that could be caused by outside hackers present a real challenge to courts in today's electronic workplace.

Each official should take the responsibility of computer security and controls seriously. Unfortunately, it is an area that is often overlooked because of the other demanding daily responsibilities that have to be fulfilled. However, basic security is not as complicated or time-consuming as most people think.

Complying with the following minimum basics should be a goal for each court. Additional controls and security measures unique to a particular city, office, computer system, and software should be added as needed. Officials should consult with the city auditor and information technology department in developing good security and controls.

A. Written Policies and Procedures

The court as a whole should have written policies and procedures that cover just about everything when it comes to computer security and controls. The policies and procedures should be required reading for all officials and employees. Some offices require employees to sign a document indicating that they have read the policies and procedures, they understand them, and agree to abide by them. Procedures should cover and include:

- who is responsible for what and how;
- who has access to what (both physical access and computer access);
- how that access is controlled;
- software policies, such as the use of personal software;
- an email use policy;
- an internet use policy; and

- how passwords are to be used.

Keep in mind that emails sent via your work email address constitute “public information” under the Texas Public Information Act and are subject to disclosure.

B. Restrict Access

Both hardware and software access should be restricted to authorized personnel. Users should be required to log off their computer whenever they leave their work area. This would also include an appropriate segregation of duties to prevent one person from having too much control over transactions.

C. Appropriately Use Passwords

This is probably the easiest way to improve computer security, but it is also an area that is often not taken very seriously. Passwords should not be shared and they should be changed often. In addition, passwords should not be written down and left close to the computer where someone else can find and use them.

D. Use Anti-virus Programs

An anti-virus software should be loaded on each computer connected to the internet. The software should be updated regularly, at the minimum, weekly. For more information, see the *Court Technology* chapter of this study guide.

E. Back-up Data and Information

All information that is stored digitally should be backed up regularly. To back-up computer files, a court needs a transportable external media (CD-R, floppy disk, tape drives, etc.) on which to save files. A transportable media is needed because back-ups should be stored off-site.

Servers that store court files should be backed up daily, but personal computers that store less vital information may be backed up weekly.

True or False

Q. 131. Written policies and procedures should be developed for the court’s computer system.

Q. 132. There is no need to restrict access to hardware and software by court employees. _____

Q. 133. The court’s computer system should be backed-up regularly and stored at a different location. _____

PART 3

REPORTS TO STATE COMPTROLLER OF PUBLIC ACCOUNTS

State statutes require courts to collect court costs and fees from defendants convicted of fine-only offenses. Some of the costs and fees are retained by the city; some are required to be remitted to the State. City councils do not have general authority to adopt fees or court costs unless expressly authorized to do so by statute. Art. 45.203(d), C.C.P. Likewise, judges do not have authority to impose a cost or fee without any legal basis.

Funds that are collected without authority are considered by the State to be unjust enrichment. If the State determines that costs or fees are collected without authority, the Comptroller of Public

Accounts (CPA) requires the money to be returned to the defendants, or if the court is unable to locate the defendants, to turn the money over to the State (to the Unclaimed Property Division of the CPA).

State statutes provide authority in five instances for municipalities to adopt ordinances for the collection of court costs. Article 45.203 of the Code of Criminal Procedure authorizes cities to establish a fee by ordinance, not to exceed \$25 for executing warrants for failure to appear or violation of promise to appear. There is also authority to create by ordinance a building security fee, a technology fee, a juvenile case manager fee, and service fees for collection of fines, costs, and bonds by credit card or electronically.

See the TMCEC website for court costs charts. For more information about assessment and collection of court costs and fees, the court should call the Economic Development and Analysis Division of the State Comptroller's Office toll free at 800.531.5441, extension 34679.

A. General Information

1. Definition of Conviction

For the purpose of collecting most court costs, Section 133.101 of the Local Government Code defines conviction in a case as when:

- a judgment, a sentence, or both a judgment and a sentence are imposed on the defendant;
- the person receives community supervision, deferred adjudication, or deferred disposition; or
- the court defers final disposition of the case or imposition of the judgment and sentence.

This definition of “conviction” can be confusing, as court personnel know that the successful completion of a deferred disposition results in a dismissal of the case and not a conviction. However, for the purpose of court costs, a case that is deferred and subsequently dismissed does require the assessment of court costs.

2. Time to Report

Court cost reports must be filed with the CPA by the last day of the month following each calendar quarter. If the treasurer does not collect any fees during a calendar quarter, the treasurer must still file a report in the regular manner and report that no fees were collected. Sec. 133.055(b), L.G.C.

3. Accrued Interest and Handling Fee

Cities may maintain court costs and fees in an interest bearing account. If reported timely, the city may keep the interest as well as any applicable handling fee. The handling fee is 10 percent of the Consolidated Fee, State Judicial Support Fee, and the State Jury Reimbursement Fee; and a five percent of the State Traffic Fine.

Under Section 133.058 of the Local Government Code, the city may retain 10 percent of any collected fee reported timely. This is a general statute that would govern any fee that does not explicitly provide for a handling fee, unless the statute provides for a higher percentage.

If a city fails to report timely, the city must remit 100 percent of the court costs collected, including handling fees and interest. Sec. 133.055, L.G.C.

4. Record Keeping

Although courts are not required to have a separate bank account for the court costs, separate records must be kept of collected funds. Costs to be remitted to the State as well as certain local court costs are dedicated and cannot be co-mingled with the city's general revenue.

5. Remitting Electronically

Some cities are required to remit court cost and fees electronically. If \$250,000 or more in court costs and fees are remitted to the CPA in a state fiscal year (September through August), payments of \$10,000 or more must be made by electronic funds transfer in the following fiscal year. When a city is affected by this rule, the CPA must notify the city no less than 60 days before the first payment is required to be made. Sec, 404.095, G.C., and Sec. 3.9, Part I, Title 34, T.A.C. Although a non-qualifying city may not be required to remit electronically, it may voluntarily remit in this manner, but the reporting must still be done manually.

6. Allocation and Proration

When judges allow defendants to pay fine and court costs through an installment plan, clerks must ensure proper reporting and remittance of the court costs and fees. The CPA requires courts to allocate money collected first to court costs and fees, then to fines. They rely on Attorney General Opinion M-1076 (1972). This opinion was reaffirmed in February 2004, in Opinion GA-0147, holding that money collected by a court must be allocated to all court costs before the fine.

When a court collects all the costs during one quarter even though they were paid by installments, the clerk reports all the costs on that quarter's report. If the court collects only part of the costs in a reporting quarter, the court must prorate the costs collected among all the court costs, including the local court costs, and report the State's portion on the quarterly report. If the court does not prorate and report, the city must forfeit its handling fees.

To prorate, the court should use the following formula:

$$\frac{\text{Amount collected}}{\text{Total costs/fees}} = \text{Percentage to apply to each cost/fee}$$

The following is an example of how to use the formula: a defendant convicted of the offense of speeding is assessed a fine of \$175 and court costs of \$92.00, but only pays \$46.00.

$$\frac{\$46.00}{\$92.00} = 50\% \text{ to each cost/fee}$$

50%	x	40.00	CF	=	20.00
50%	x	30.00	STF	=	15.00
50%	x	6.00	SJRF	=	3.00
50%	x	4.00	SJSF	=	2.00
50%	x	2.00	IDF	=	1.00
50%	x	5.00	AF	=	2.50
50%	x	3.00	TFC	=	1.50
50%	x	2.00	TPDF	=	1.00
50%	x	92.00		=	46.00

In the example, the arrest fee and the traffic fund fee, which stays with the city, are included in the proration. If the court assesses other local fees such as the \$3 building security fee or the \$50 warrant fee, the proration must also include those fees.

7. Community Service Credit

A judge may require a defendant to discharge fines and court costs by performing community service. If the offense occurs on or after January 1, 2004, the court credits no less than \$50 toward the fine for every eight hours of community service performed. The judge may grant more than \$50 for every eight hours of community service performed, but may not grant less than the \$50. Art. 45.049, C.C.P.

If a defendant discharges the total amount due the court, including fine and court costs, by community service, the court does not have to remit to the CPA money that it did not collect. If the defendant discharges only part of the total amount due by community service and pays money for part of the judgment, the community service credit goes first to the fine and then to court costs. Any money collected must be credited and allocated first to court costs. Tex. Atty. Gen. Op. M-1076 (1972).

8. Jail-Time Credit

A judge must credit a defendant for time served in jail from the time of arrest to conviction and for time served after conviction. Art. 45.041(c), C.C.P. The rate of credit is not less than \$50 for a period of time specified in the judgment. "Period of time" is defined to mean not less than eight hours or more than 24 hours. Arts. 45.041 and 45.048, C.C.P.

As custodians of the records, court clerks are responsible for properly recording jail-time credit. Jail-time credit may either discharge the total fine and costs owed, or just satisfy a portion of the fine and costs. If a defendant does not pay any money to the court because the defendant had sufficient jail-time credit for both fine and court costs, the CPA does not require the court to remit court costs that were not collected in money. However, if the jail credit does not discharge the total amount owed by the defendant, any actual money collected must be credited first to court costs. Tex. Atty. Gen. Op. M-1076 (1972).

9. Cash Bond Forfeiture for Fine and Costs

A judge may enter a judgment of conviction and forfeit a cash bond to satisfy a defendant's fine and costs if the defendant, who posted a cash bond and entered a written and signed plea of nolo contendere and a waiver of jury trial, fails to appear. Art. 45.044, C.C.P. The court must immediately notify the defendant in writing of the judgment, stating that the forfeiture satisfies the defendant's fine and costs.

The defendant has a right to request a new trial not later than the 10th day after the date of the judgment. If the defendant does not request a new trial, the judgment becomes final.

Since there is a conviction, court costs must be paid to the State. When the defendant has been in jail, the defendant must be given jail credit if applicable. If the credit satisfies all of the fine and costs, the court must refund the bond. If the jail credit does not completely satisfy the fine and costs, any money retained by the court from the bond would be allocated to the court costs first.

10. Court Costs for Deferred Disposition

When deferred disposition is granted by the judge under Article 45.051 of the Code of Criminal Procedure, the judge may immediately collect court costs. Art. 45.051(a), C.C.P. As an alternative, the judge may allow a defendant to enter into an agreement for payment of court costs in installments during the defendant's period of probation, require the defendant to discharge the payment of the court costs by performing community service, or require both payment of the court costs in installments and performance of community service. Art. 45.051(a-1), C.C.P.

If the defendant complies, the court must dismiss the case. If the court ordered a special expense fee, this fee is a local fee and may be used for any lawful purpose designated by the city. If the defendant fails to comply with the terms of the deferral, the court imposes a fine and converts any monies paid toward the special expense fee into payment for the fine. The court collects court costs once in a deferral.

11. Court Costs for Driving Safety Course

Court costs must be collected when the court grants the request to take a driving safety course under Article 45.0511 of the Code of Criminal Procedure. The court may also collect a non-refundable \$10 administrative fee. Art. 45.0511(f), C.C.P. If a driving safety course is granted under Subsection (d) of Article 45.0511 (the discretionary provision), the court may, under Subsection (f)(2) of 45.0511, assess a special non-refundable expense fee not to exceed the maximum possible amount of the fine that could have been imposed.

If the defendant complies, the court must dismiss the case. The administrative fee paid by the defendant stays with the city, while the costs are appropriately remitted to the State. If the defendant fails to comply, the court imposes a fine and the defendant is not entitled to a refund of the administrative fee.

12. Court Costs on Appeals

When a defendant files an appeal bond, all further proceedings in a case cease. Art. 45.044, C.C.P. In a non-record court when a conviction is appealed, the municipal court judgment is nullified. Therefore, the municipal court does not collect court costs (or the fine). If the defendant is convicted in county court, the county court collects the costs and reports them to the CPA.

In a record court, if the county court affirms the judgment, the municipal court collects the fine and costs and reports the costs. Art. 44.0281, C.C.P.

If a city has contracted with DPS and a defendant has been submitted under the Failure to Appear Program (OmniBase), upon appeal, if the defendant wants to renew his or her driver's license, the defendant must pay the \$30 fee to the municipal court. This is the only exception to paying court costs on appeal. Sec. 706.005(a)(1), T.C.

13. Waiver of Fine and Costs

Judges may waive court costs in three instances:

- when teen court is granted;

- when the court determines that a defendant was a child at the time of the offense and has defaulted in payment of a fine and/or costs and that performing community service would be an undue hardship; and
- when the court determines that a defendant has defaulted in payment of a fine and/or costs and that the defendant is indigent and performing community service would be an undue hardship. Arts. 45.052 and 45.0491, C.C.P.

If a judge waives court costs, the court should document its findings in the order of waiver. When teen court is granted and the judge waives the fees and costs, the court should have an order waiving the costs and/or fees.

14. Legislative Changes

Court costs are subject to change each legislative session. Changes apply to offenses that occur on or after the date that the changes go into effect. According to Section 51.607 of the Government Code, notwithstanding the effective date of a legislative act, court costs and fees do not affect courts until January 1st of the year following the legislative session. Therefore, courts have to keep court costs charts from prior years in order to know the correct amount to collect for past offenses. County and district courts have express direction to calculate costs based on the costs in effect on the date of conviction; while municipal and justice courts continue to calculate costs based on the costs that were in effect on the date of the offense.

Appendix B includes the court costs chart in effect for offenses committed on or after September 1, 2015. For older court costs charts back to 1999, visit the TMCEC website.

B. Current Court Costs

Seemingly, every time the Legislature meets, they change the court costs. The state court costs discussed here are the current costs required to be collected.

1. Consolidated Fee

The consolidated fee of \$40 is collected upon conviction for fine-only misdemeanor offenses other than pedestrian or parking offenses. Sec. 133.102, L.G.C. If reported timely, the court can keep a 10 percent handling fee.

This fee consolidates the following individual court costs:

- | | |
|--|--|
| • Abused Children’s Counseling | • Operator’s and Chauffeur’s License |
| • Crime Stoppers Assistance | • Criminal Justice Planning |
| • Breath Alcohol Testing | • Juvenile Crime and Delinquency |
| • Bill Blackwood Law Enforcement Management Institute | • Fugitive Apprehension |
| • Law Enforcement Officers Standards and Education Standards | • Correctional Management Institute |
| • Comprehensive Rehabilitation | • Fair Defense Account |
| • Judicial and Court Personnel Training Fund | • Law Enforcement Officers Standards and Education |

2. State Traffic Fine

The State Traffic Fine is a \$30 court cost collected upon conviction of Subtitle C, Rules of the Road, Transportation Code offenses. This includes parking and pedestrian offenses. The city keeps a five percent handling fee if it is reported and remitted timely to the CPA. Sec. 542.4031, T.C.

3. State Juror Reimbursement Fee

The \$4 State Juror Reimbursement Fee went into effect September 1, 2005. It is collected upon conviction of all fine-only offenses except pedestrian and parking offenses. The city keeps a 10 percent handling fee if reported and remitted timely. Art. 102.0045, C.C.P.

4. State Judicial Support Fee

The State Judicial Support Fee went into effect December 1, 2005. It is collected upon conviction of all fine-only offenses except pedestrian and parking offenses. In 2007, the amount of this fee increased from \$4 to \$6, effective January 1, 2008. The city keeps a 10 percent handling fee if reported and remitted timely. Sec. 133.105, L.G.C.

The city treasurer must deposit the 10 percent (60 cent) handling fee into the general fund of the municipality to promote the efficient operation of the municipal court and the investigation, prosecution, and enforcement of offenses that are within the jurisdiction of the court.

5. Indigent Defense Representation Fee

The court is required to collect a \$2 fee to be used to fund indigent defense representation through the fair defense account established under Section 71.058 of the Government Code. The fee is collected on all fine-only offenses except parking and pedestrian offenses starting January 1, 2008. The city keeps a 10 percent handling fee. Sec. 133.107, L.G.C.

6. State Moving Violation Fee

Starting January 1, 2010, a cost of 10 cents was instituted and imposed on all moving violations. The city gets to keep 10 percent, or one cent. The portion remitted to the State is deposited in the Civil Justice Data Repository Fund. Sec. 102.121, G.C. and Art. 102.022, C.C.P.

7. Truancy Prevention and Diversion Fund

Effective January 1, 2014, courts are required to collect a \$2 fee to be known as the Truancy Prevention and Diversion Fund. The cost applies to all fine-only offenses except parking and pedestrian offenses. The city must remit the entire fee to the State to appropriate the money to the Criminal Justice Division of the Governor's Office for distribution to local governmental entities for truancy prevention and intervention services. However, the city (or the custodian of funds) may retain 50 percent of the money collected for the purpose of operating or establishing a juvenile case manager program, if the county or municipality has established or is attempting to establish a juvenile case manager program.

This fee will be collected by all municipal courts and is in addition to the juvenile case manager fee discussed below. No city ordinance is necessary to collect this fund; it is a base state court cost. Article 102.015 of the Code of Criminal Procedure makes clear that this fund is subject to audit by the CPA. In conjunction with laws regulating when costs are calculated and collected, this cost will be collected on conviction or deferral of all fine-only offenses, other than parking and pedestrian, that are committed on or after January 1, 2014.

8. Child Safety Seat Court Cost Repealed

A 15 cent court cost was imposed on convictions for child safety seats violations under Section 545.412 of the Transportation Code beginning January 1, 2010. The purpose of the cost was to fund the purchase of child safety seats for needy families. While the law was well-intentioned, it was ineffective, as the administrative costs were higher than the revenue derived from the court cost. Section 102.122 of the Government Code was repealed effective September 28, 2011.

Q. 134. May a city pass an ordinance to collect court costs without authorization by state law? _____

Q. 135. For the purpose of collecting consolidated court costs, how is "conviction" defined? _____

Q. 136. When must a city submit a report on court costs to the State? _____

Q. 137. If the city keeps the court costs in an interest bearing account, what happens to the interest? _____

Q. 138. If the city does not report timely, what happens to the handling fee? _____

Q. 139. Even if the court deposits court costs into the city treasury, what type of records is the court required to keep? _____

Q. 140. When is a city required to remit court costs electronically? _____

True or False

Q. 141. When the court collects only part of the fine and costs, the clerk may allocate all of the money to the fine. _____

Q. 142. Courts may choose to wait until all court costs are collected before remitting them to the State. _____

Q. 143. When a court prorates court costs and fees, the costs and fees owed to the State must be paid before the costs and fees retained by the city. _____

Q. 144. If a defendant discharges a fine and costs by community service, the city must pay the court costs from the city's general revenue fund. _____

Q. 145. A defendant cannot discharge court costs by jail credit. _____

Q. 146. Courts may grant deferred disposition and allow defendants to pay court costs during the deferral. _____

Q. 147. If a defendant is granted a driving safety course, the defendant must pay court costs. _____

Q. 148. What happens to municipal court proceedings when a defendant files an appeal bond with the court? _____

Q. 149. When a case is appealed, must the court collect the court costs? _____

Q. 150. When may a judge waive court costs and the fine? _____

Q. 151. When the Legislature changes court costs, when do the changes apply? _____

Q. 152. What must a city do if its court does not collect any court costs or fees during a calendar quarter? _____

True or False

Q. 153. The Consolidated Fee is collected on all Class C misdemeanor convictions. _____

Q. 154. The court keeps a 10 percent handling fee on the Consolidated Fee if remitted and reported timely. _____

Q. 155. The State Traffic Fine is collected on all traffic convictions. _____

Q. 156. The court keeps a 10 percent handling fee on the State Traffic Fine. _____

Q. 157. The State Juror Reimbursement Fee is collected on all Class C misdemeanor convictions. _____

Q. 158. The 60 cents retained by the city from the State Judicial Support Fee must be used to promote the efficient operation of the municipal court and the investigation, prosecution, and enforcement of offenses that are within the jurisdiction of the court.

Q. 159. Only cities that have a juvenile case manager program must collect the \$2 Truancy Prevention and Diversion Fund. _____

PART 4 LOCAL COURT COSTS

A. State Court Costs Retained by the City

1. Child Safety Fund

a. Parking Offenses

If a parking offense is charged under a city ordinance in a city with a population greater than 850,000, the governing body shall require the assessment of a two to five dollar fee for the Child Safety Fund upon conviction. If a parking offense is charged under a city ordinance in a city with a population fewer than 850,000, the court may collect a court cost not to exceed five dollars upon conviction if the governing body orders the collection of the fund. Art. 102.014, C.C.P.

b. School-Crossing Zone

Article 102.014(c) of the Code of Criminal Procedure provides that the court must assess a \$25 fee for the Child Safety Fund for any offense under Subtitle C of the Transportation Code committed in a school-crossing zone. Chs. 541-600, T.C.

School crossing zone is defined in Section 541.302 of the Transportation Code as “a reduced-speed zone designated on a street by a local authority to facilitate safe crossing of the street by children going to or leaving a public or private elementary or secondary school during the time the reduced speed limit applies.” In order for the court to assess \$25 for offenses committed in the school-crossing zone, the Subtitle C offense must have occurred during the time that the reduced speed limit is in effect.

c. Passing a School Bus

Article 102.014(c) also provides that the court is required to assess \$25 for the Child Safety Fund for the offense of passing a school bus. Sec. 545.066, T.C.

d. Parental Offense

Courts must also collect \$20 for the Child Safety Fund for the following offenses:

- parent contributing to nonattendance (Sec. 25.093, E.C.).

e. How Fund is Administered

Administration of the Child Safety Fund depends on the size of the city. If a city has a population greater than 850,000, it must deposit the money in the Municipal Child Safety Fund established in the treasury, for the purpose of providing school crossing guard services. Ch. 106, L.G.C. The city may contract with one or more school districts to provide school-crossing guard services and may also provide services to an area of the city that is not a part of the school district. The employment, training, equipping, and location of school crossing guards by a political subdivision are a government function. The city is required to determine the number of school crossing guards needed by the city and then provide for the use of school crossing guards to facilitate the safe crossing of streets by children going to or leaving public, parochial, private, elementary, and secondary schools. The city must also consider the recommendations of schools and traffic safety experts when determining the need for school crossing guards. Ch. 343, L.G.C.

After contracting with a school district, the city may deduct from the fund the administrative cost of contracting for the services and distributing the funds to the school districts, but this may not exceed 10 percent of the fund. After paying the expenses of the school crossing guard services, any remaining money in the fund may be used for programs designed to enhance child safety, health, or nutrition; including child abuse intervention and prevention, and drug and alcohol abuse prevention. Art. 102.014(f), C.C.P.

Prior to September 1, 2009, if a city had a population of less than 850,000, the money collected for the Child Safety Fund had to be used for any existing school crossing guard program. If the city did not operate such a program or if the money exceeded the amount necessary to fund it, the city could deposit the additional money in an interest-bearing account or expend it for programs designed to enhance child safety, health, or nutrition; including child abuse prevention and intervention, and drug and alcohol abuse prevention. Since 2009, the city may expend the additional money on programs designed to “enhance public safety and security.” Art. 102.014, C.C.P.

2. Local Traffic Fund

Section 542.403 of the Transportation Code provides that a person shall pay a \$3 court cost upon conviction of a Rules of the Road offense under Subtitle C of the Transportation Code. Although the courts commonly call this the “traffic fund,” the statute does not give it that name and refers to it as just a court cost. The city must deposit this money in the municipal treasury.

Courts must also be careful not to assess the three-dollar cost on traffic offenses outside of Subtitle C, of Title 7, including failure to maintain financial responsibility, driver’s license offenses, registration offenses, and commercial driver’s license offenses.

3. Arrest Fee

Courts must collect a \$5 arrest fee upon conviction when a peace officer issues a written notice to appear (citation) for a violation of a traffic law, municipal ordinance, or penal law of this state, or makes a warrantless arrest. Art. 102.011(a), C.C.P.

If a charge is initiated by a formal charging instrument (complaint), the arrest fee may not be collected. Also, when a peace officer files a charge by complaint and obtains a warrant of arrest, the court may not collect the arrest fee. Likewise, the arrest fee may not be collected for the offenses of failure to appear or violation of promise to appear since these charges are initiated by complaint and a warrant is issued.

If a city officer issued the citation or made the warrantless arrest, the city keeps the arrest fee. If a peace officer with statewide authority, such as a DPS officer, issued the citation, 20 percent (\$1) must be reported to the State the last day of the month following the quarter in which it was collected. The statute does not require the arrest fee be used for a specific purpose, and it may be deposited into the general revenue fund.

4. Warrant Fees

a. Warrant Fee

The Warrant Fee is collected when a peace officer performs certain services. Article 102.011(a)(2) of the Code of Criminal Procedure requires a \$50 warrant fee be collected upon conviction if a warrant, *capias*, or *capias pro fine* is processed or executed by a peace officer.

A warrant, *capias*, or *capias pro fine* is executed if the officer serves the warrant by arresting the defendant. As the statute does not define processing, the judge must determine what he or she will consider as processing. Some processes that a peace officer might conduct are telephone calls to the defendant, courtesy letters, or entering the warrant into the local police department computer. Regardless of what the judge accepts as processing, documentation of the processing by a peace officer must be provided to the judge before he or she may assess the fee.

If a law enforcement agency other than the agency of the court's jurisdiction that processed the warrant, *capias*, or *capias pro fine* executes it, that agency may request the \$50 fee. The request must be made within 15 days after the arrest. If that agency fails to request the fee, it is still required to be collected, but is paid into the issuing city's treasury. If a peace officer employed by the city from which the warrant, *capias*, or *capias pro fine* was issued executes or processes the warrant, the \$50 would be collected and paid into the city treasury. If a peace officer with statewide authority executes or processes the warrant, 20 percent (\$10) must be remitted to the State the last day of the month following the quarter in which it was collected. If the warrant is executed or processed but there is no conviction, no fee may be assessed or collected.

Likewise, if a warrant, *capias*, or *capias pro fine* is not processed or served by a peace officer, the court may not assess the fee. For instance, when the warrant is given to a private collection agency to process, the fee may not be collected because a collection agency does not employ peace officers. However, if the court gives the warrant to the local police department for some type of processing before sending the warrant to the collection agency, the court may assess the fee.

The statute does not require that this fee be used for any specific purpose. It may be placed in the city's general revenue fund and used for any lawful purpose.

b. Special Expense Fee

Article 45.203 of the Code of Criminal Procedure says that cities must by ordinance prescribe rules, not inconsistent with state law, as may be proper to enforce the collection of fines. This statute also provides authority to adopt an ordinance for the collection of a special expense fee

not to exceed \$25 for the issuance and service of a warrant of arrest for the offenses of failure to appear (Sec. 38.10, P.C.) and violate promise to appear (Sec. 543.009, T.C.).

This statute requires the warrant of arrest to be *executed*; just processing it does not count. The fee may not be collected if a defendant voluntarily surrenders to the court or appears after a courtesy letter from the court or peace officer. The statute requires that the fee be deposited into the municipal treasury. Some cities pay the fee to peace officers who serve the warrant outside their regular duty hours. Attorney General Opinion JM-462 (1986) addresses this issue. The opinion says in part that members of a regular police force may legally serve arrest warrants outside of their regular hours, but may not receive the warrant fee as compensation for such service. Cities must compensate officers as they otherwise would for overtime. Cities should visit with their city attorney regarding the payment of any fees to peace officers.

5. Fees Assessed upon Dismissal of Cases

a. For Driving Safety Course

In addition to the \$10 administrative fee charged when granting a driving safety course (or amount of the fine charged when granting a discretionary driving safety course), courts may charge a fee for obtaining a copy of the defendant's driving record from DPS when the defendant requests to take a driving safety course. The fee is based on the cost of using the state electronic internet portal (formerly Texas Online). If the court collects the fee, the court must send the money to the CPA quarterly.

b. For Teen Court

The judge may assess an optional fee not to exceed \$10 when a defendant requests to participate in a teen court program. This fee is retained by the city. Art. 45.052, C.C.P.

The court may assess another \$10 fee to cover the cost of administering the teen court. This fee is paid to the teen court program, but the program must account to the court for the receipt and disbursement of the fee.

If the court is located in a county on the Texas-Louisiana border, it may assess two \$20 fees instead of the \$10 fees. The \$20 fees apply to the counties of Bowie, Camp, Cass, Delta, Franklin, Gregg, Harrison, Hopkins, Lamar, Marion, Morris, Panola, Red River, Rusk, Smith, Titus, Upshur, and Wood. Sec. 2056.002, G.C.

Article 45.052(g) of the Code of Criminal Procedure provides that a justice or municipal court may exempt a defendant from the requirement to pay court costs or other fees that are imposed by another statute. Thus, judges have authority to waive court costs and fees when granting a defendant the right to participate in a teen court program.

c. For Remedying Certain Defects

Statutes provide discretion for judges to collect fees in certain instances if a defendant remedies particular defects. Although none of the statutes say where the fees are deposited, they do not require the money to be sent to the State. Generally, most cities deposit the fees in the general revenue account.

It is a defense to prosecution to the offense of failure to present a driver's license if the person charged produces in court a driver's license that is issued to the person appropriate for the type of vehicle operated and valid at the time of the arrest for the offense. This requires a prosecutor's

motion before the judge may dismiss this charge. After a judge receives a motion from a prosecutor and dismisses the charge, the judge may assess a fee not to exceed \$10. Sec. 521.025(f), T.C.

Some courts mistakenly assess fees when dismissing the charge of failure to maintain financial responsibility. Although the court is required to dismiss the charge if the defendant had valid insurance or other proof of financial responsibility at the time of the arrest, there is no authority to assess a fee when dismissing the charge. For a discussion of these compliance dismissals or “probation-related” dismissals, see the *Traffic Law* chapter of the Level II Study Guide.

6. Additional Fees that May Be Assessed at Trial

The court is required to assess certain fees for services of a peace officer. These fees are paid by the defendant upon conviction and can be used by the municipality for any legal purpose. Other fees are required to be assessed depending on the type of trial requested or the actions of the defendant.

a. For Summoning a Defendant

When a peace officer serves a summons on a defendant, upon conviction, the court must collect \$35 for the officer’s services. Art. 102.011(a)(4), C.C.P. A summons may be served by delivering a copy to the defendant personally, by leaving it at the defendant’s house or usual place of abode with some person of suitable age, or by mailing it to the defendant’s last known address. Arts. 23.03 and 15.03(b), C.C.P.

b. For Summoning a Witness

When a peace officer summons a witness by serving a subpoena and the defendant is convicted, the defendant must pay \$5 for the services of the peace officer. Art. 102.011(a)(3), C.C.P.

c. Jury Fees

When a peace officer summons a jury and the defendant is convicted, the defendant must pay \$5 for the services of a peace officer. Art. 102.011(a)(7), C.C.P. Municipal courts must assess a jury fee of \$3 upon conviction by a jury, and this may apply even to a defendant who withdraws a request for a jury trial not earlier than 24 hours before the time of the trial. Art. 102.004, C.C.P.

d. For Summoning the Parents of a Juvenile

When a peace officer summons the parents of a juvenile to appear with their child in court, upon conviction, the court must assess a fee of \$35. Art. 102.011(a)(4), C.C.P.

e. Cost of Peace Officer Overtime when Testifying

Defendants must pay the costs of overtime paid to a peace officer for time spent testifying at or traveling to or from trial. Art. 102.011(i), C.C.P. Since the costs are for time spent testifying in the case, no overtime may be assessed if the officer did not testify. The amount collected varies depending on the officer’s salary and the amount of time spent testifying.

Clerks should work with police departments to make sure the judge has information about officers’ salaries so that the judge may assess this cost. The court should have an affidavit for the officer to sign after testifying so that the court has documentation of the officer’s time and the cost to assess.

f. Travel Costs to Convey Prisoner or Execute Process

Article 102.011(b) of the Code of Criminal Procedure requires defendants convicted of a misdemeanor or felony to pay all necessary and reasonable expenses for meals and lodging incurred by peace officers when performing the following services:

- conveying a prisoner after conviction to the county jail;
- conveying a prisoner arrested on a warrant or capias issued in another county to the court or jail of the county; or
- traveling to execute criminal process, summon or attach a witness, or execute process not otherwise described by Article 102.011, C.C.P.

7. Failure to Appear for Jury Trial

A municipal court may order a defendant who does not waive a jury trial and fails to appear for trial to pay the costs incurred for impaneling the jury. Art. 45.026, C.C.P. The court may release a defendant from the obligation to pay for good cause. If the court requires the defendant to pay the costs, the order may be enforced as contempt under Section 21.002(c) of the Government Code. Because a defendant may present a reason for not appearing for a jury trial, the court should set the issue for a show cause hearing to give the defendant an opportunity to present his or her reason.

The amount of this cost will vary depending upon the costs incurred by the court. The clerk should do an analysis of the costs for summoning a jury and have it available for the judge, so that the judge may assess the cost. Some possible costs include:

- cost of jury summons (paper and printing costs);
- cost of envelopes and stamps; and
- time spent preparing jury summons, handling requests for exemptions before trial, and managing the jury on the day of trial.

8. Expunction Fees

A defendant who petitions the municipal court for an expunction must pay a \$30 fee when filing the petition with the municipal court. This fee is to be used to defray the cost of notifying state agencies of orders of expunction. Expunctions are discussed in detail in the *Children and Minors* chapter of the Level II Study Guide.

True or False

160. The municipal court in a city with a population greater than 850,000 is required to assess a fee of \$8 on parking convictions, depending on the amount set by city council. ____
161. The municipal court in a city with a population less than 850,000 is required to collect a fee of up to \$5 on parking convictions if the city orders the collection. ____
162. A city with a population of less than 850,000 is not required to order the collection of the parking fee for the Child Safety Fund. ____
163. When a defendant is convicted of a Subtitle C offense in a school-crossing zone, the defendant is required to pay \$25 for the Child Safety Fund. ____

164. A defendant convicted of passing a school bus does not have to pay \$25 to the Child Safety Fund unless the offense occurs within a school-crossing zone. ____
165. A school-crossing zone is a reduced speed zone to facilitate the safe crossing of students in public schools only. ____
166. Someone convicted of the offense of parent contributing to nonattendance does not have to pay the \$20 for the Child Safety Fund. ____
167. A city with a population greater than 850,000 is required to use the Child Safety Fund for the purpose of providing school crossing guard services. ____
168. A city with a population of less than 850,000 must use the money collected for the Child Safety Fund for a school crossing guard program if the city operates one. ____
169. The \$3 Traffic Fund court cost must be collected on all traffic convictions. ____
170. The court must deposit money collected for the Traffic Fund into the city treasury. ____
171. The court is required to assess the \$5 arrest fee when a defendant is convicted after a warrantless arrest. ____
172. The court is required to assess the \$5 arrest fee when a defendant is convicted after being issued a citation. ____
173. If a defendant is convicted of the offense of failure to appear, the court is required to assess the \$5 arrest fee. ____
174. When a city police officer issues a citation and there is a conviction, the city must pay the arrest fee to the State. ____
175. If a peace officer with statewide authority issues the citation and files it in municipal court, the city may keep all of the \$5 arrest fee. ____
176. The warrant fee may be collected only when a peace officer executes or processes the warrant, capias, or capias pro fine. ____
177. If an agency, other than the one issuing the warrant, executes the warrant, that agency may request the \$50 fee. ____
178. When a peace officer with statewide authority arrests a person, the court is required to remit \$10 of the warrant fee to the State upon conviction. ____
179. If a city wants to collect a fee not to exceed \$25 for failure to appear warrants, the city must adopt an ordinance authorizing the collection of the fee. ____
180. Cities may pay peace officers the \$25 special expense fee for serving warrants outside their regular duty hours. ____
181. The \$10 collected when a court grants a driving safety course must be deposited into the city treasury. ____
182. When a defendant fails to complete a driving safety course, the court is required to refund the \$10 fee or allow the defendant to apply the fee to the fine. ____
183. If the court collects a \$10 fee to be paid to the teen court program, the program does not have to account to the court for how it uses the money. ____
184. Judges have authority to waive court costs and fees when a defendant participates in a teen court program. ____

185. If a judge allows a defendant to reimburse a victim by paying in installments, the court can require the defendant to pay a \$12 fee. _____
186. When a peace officer serves a summons on a defendant, how much must the defendant pay if he or she is convicted? _____
187. When a peace officer serves a subpoena, how much must a defendant pay if he or she is convicted? _____
188. When a peace officer summons a jury, how much must a defendant pay if he or she is convicted? _____
189. What must a child pay for the peace officer's service of the summons to his or her parent?

190. What is the amount of the jury fee the court must assess when a defendant is convicted by a jury? _____

True or False

191. When an officer testifies during regular duty hours, the defendant, if convicted, must pay the costs of the officer's time testifying in court. _____
192. When an off-duty peace officer appears at the trial but does not testify, the court may not assess the costs of the peace officer appearing for the trial. _____
193. To assess the costs of an officer testifying, the judge may guess at the amount if the peace officer has not provided information to the court of his or her salary. _____
194. If a defendant fails to appear for a jury trial and the court assesses a cost for impaneling the jury, how may the defendant be released from paying these costs? _____

195. What are some items that a clerk may consider when preparing an analysis for costs incurred for summoning and impaneling a jury? _____

196. What cost must a petitioner pay when requesting an expunction from municipal court? _____

197. What cost may a municipal judge assess when a city police officer travels to serve municipal court warrants or capiases? _____

B. Local Fees Created by Ordinance

The Legislature has provided authority for cities to adopt ordinances to collect some fees. If a city does not adopt the appropriate ordinances, it cannot collect the fees.

There are fees that are added to cases as the result of the actions of defendants. The following information lists fees that courts have authority to, and must, in some situations, collect. Included with each fee is an explanation of the fee, reporting requirements, and if it is a dedicated fee, the specific purpose for which the city must use the money collected.

1. Juvenile Case Manager Fee

Article 102.0174 of the Code of Criminal Procedure provides city councils authority to create a juvenile case manager fund and may require a defendant convicted of a fine-only misdemeanor offense to pay a Juvenile Case Manager Fee not to exceed \$5. Prior to a 2011 amendment, a city could collect and accumulate these funds prior to the establishment of the position and the hiring of a juvenile case manager. Article 102.0174 was amended, effective September 1, 2011, to prohibit a local government from collecting the juvenile case manager fee if they do not employ a juvenile case manager.

The fee collected under Article 102.0174 (the juvenile case manager fee) is distinct from the Truancy Prevention and Diversion Fund fee collected per Article 102.015 of the Code of Criminal Procedure.

2. Building Security Fee

Article 102.017 of the Code of Criminal Procedure provides authority for cities to create a \$3 Building Security Fee. After the city adopts an ordinance to establish the fund, the court must assess the fee upon all convictions.

The money collected under this fund is dedicated to providing security services for municipal courts. It may be used only for security personnel, services, and items related to buildings that house the operations of municipal courts, including:

- the purchase or repair of x-ray machines and conveying systems;
- handheld metal detectors;
- walk-through metal detectors;
- identification cards and systems;
- electronic locking and surveillance equipment;
- bailiffs, deputy sheriffs, deputy constables, or contract security personnel during times when they are providing appropriate security services;
- signage;
- confiscated weapon inventory and tracking systems;
- locks, chains, alarms, or similar security devices;
- the purchase or repair of bullet-proof glass; and
- continuing education on security for court personnel and security personnel.

The list of approved uses for this fund also includes warrant officers and related equipment. Sec. 102.107(d-1)(12).

Attorney General Opinion JC-0014 (1999) states that given the legislative history and the express terms of Article 102.017(d), security items that may be purchased are limited to the items in Article 102.017. However, in 1999, the Legislature amended Article 102.017 and added

the word “including.” The Code Construction Act (Ch. 311, G.C.) says that the word “including” is a term of enlargement and not of limitation or exclusive enumeration, and use of the term does not create a presumption that components not expressed are excluded. Hence, the purchase of security items is not limited to the list, but must be specifically for court security.

3. Technology Fee

Article 102.0172 of the Code of Criminal Procedure provides authority for a governing body of a municipality to adopt an ordinance to establish a technology fund. The ordinance creates a fee in an amount not to exceed \$4 to be collected upon all convictions.

The fund must be dedicated to finance the purchase and maintenance of technological enhancements for the municipal court, including:

- computer systems;
- computer networks;
- computer hardware;
- computer software;
- imaging systems;
- electronic kiosks;
- electronic ticket writers; and
- docket management systems.

The fund is to be administered by or under the direction of the governing body of the municipality. Again, the Code Construction Act (Ch. 311, G.C.) defines “include” and “including” as terms of enlargement and not of limitation or exclusive enumeration. Hence, the purchase of technological enhancements is not limited to the list of items described above.

True or False

198. The Juvenile Case Manager Fee can be used to finance a juvenile case manager or a teen court coordinator. ____
199. The Building Security Fee must be established by ordinance before the municipal court may collect it. ____
200. The purpose of the Building Security Fee is to provide all city buildings with security. ____
201. The city must use the Building Security Fee to purchase security items for the court. ____
202. The Technology Fee may only be assessed if the city establishes the fund by ordinance. ____
203. The Technology Fee may not be less than \$4. ____
204. The Technology Fee may be used to pay for maintenance of court technology. ____

PART 5

FINES AND COSTS DIVIDED BETWEEN STATE AND CITY

Some of the fines and costs collected by the municipal court are divided between the State and the city. In these instances, if a court prorates court costs because of a partial payment, the State's portion does not take precedence over the city's portion.

A. Restitution Fee

If the court orders reimbursement to a victim to be made in specified installments, the court may require the defendant to pay a one-time restitution fee of \$12. Six dollars of the restitution fee is retained by the city and the other half must be remitted to the State for the Crime Victims Compensation Fund. Art. 42.037(g), C.C.P.

B. Time Payment Fee

Municipal courts are required to collect a \$25 fee from a defendant who pays any part of the fine, court costs, or restitution on or after the 31st day after the date on which a judgment is entered assessing the fine, costs, or restitution. The fee is to be deposited in the municipal treasury. Sec. 133.103, L.G.C.

Each quarter, treasury custodians are required to send 50 percent of the time payment fee to the CPA. The other 50 percent is retained by the city. The city is required to use 10 percent of the fee (\$2.50) for improving the efficiency of the administration of justice. The other \$10 may be used by the city for any lawful purpose.

C. Fines for Unsecured Child

The court must send 50 percent of the fines collected under Sections 545.412 (child passenger safety seat offenses) and 545.413(b) (unsecured child under 17) of the Transportation Code to the State at the end of the city's fiscal year. This is a separate form available from the CPA. The portion sent to the State is to be credited to the tertiary care fund for trauma centers.

D. Over Gross Weight Violations

On conviction of an offense involving operating or loading overweight vehicles under Section 621.506 of the Transportation Code, the court is required to remit the court costs and 50 percent of the fine to the Comptroller unless the offense occurred within 20 miles of an international border, in which event, the entire amount may be retained by the city. The city must use the money for road maintenance. Sec. 621.506(g), T.C. The statute does not say how frequently the fine money must be remitted. The Comptroller's Office has set the reporting cycle to coincide with the quarterly cycle for the basic court costs and fees.

E. Excess Motor Carrier Fines

Only certain cities may enforce excess motor carrier violations under Chapter 644 of the Transportation Code and those cities may only keep part of the revenue generated. To enforce these types of violations, municipal police officers must be certified by DPS. Police officers of any of the following municipalities are eligible to apply for the certification:

- a municipality with a population of 50,000 or more;
- a municipality with a population of 25,000 or more, any part of which is located in a county with a population of 500,000 or more;

- a municipality with a population of less than 25,000 any part of which is located in Harris County and contains or is adjacent to an international port;
- a municipality with a population of at least 34,000 that is located in a county that borders two or more states;
- a municipality in any county bordering Mexico;
- a municipality with a population of less than 5,000, that is located adjacent to a bay connected to the Gulf of Mexico and in a county adjacent to Harris County;
- a municipality that is located within 25 miles of an international port and in a county that does not contain a highway that is part of the national system of interstate and defense highways that is adjacent to Harris County; or
- a municipality with a population of less than 8,500 that is the county seat and contains a highway that is part of the national system of interstate and defense highways.

In each fiscal year, a municipality may keep fines from the enforcement of Chapter 644 in an amount not to exceed 110 percent of the municipality's actual expenses for enforcement of Chapter 644 in the preceding fiscal year, as determined by the CPA after reviewing the most recent municipal audit conducted under Section 103.001 of the Local Government Code. If there are no actual expenses for enforcement of Chapter 644 in the most recent municipal audit, a municipality may retain fines in an amount not to exceed 110 percent of the amount the CPA estimates would be the municipality's actual expenses for enforcement of Chapter 644 during the year. The municipality must send to the CPA the amount of the fines that exceeds the limit imposed by the CPA. Sec. 644.102, T.C.

Cities that participate in the enforcement of excess motor carrier violations must complete a worksheet provided by the CPA used to calculate the costs of enforcement. To get information regarding this worksheet, the court should call the Local Government Assistance Division of the State Comptroller's Office toll free at 800.531.5441.

205. If the court orders a defendant to pay a victim restitution in installment payments, what is the amount of the restitution fee that the court may require? _____

206. How must the court account for the restitution fee? _____

207. When is a time payment fee required to be collected? _____

208. How is the time payment fee disbursed? _____

True or False

209. When a city is not within 20 miles of an international border, the city must remit to the State 50 percent of the fines collected for over gross weight violations. ____

210. When a city enforces excess motor carrier violations, the city may keep fines from these offenses as long as the amount does not exceed 110 percent of the city's actual expenses for enforcement in the preceding fiscal year. ____

PART 6 FINES

A. Disposition of Traffic Fines

Section 542.401 of the Transportation Code requires cities to expend fine money collected for convictions of Title 7 of the Transportation Code offenses for:

- construction and maintenance of roads, bridges, and culverts; and
- enforcement of laws regulating the use of highways by motor vehicles.

Because courts collect fines for offenses in many different statutes, clerks should keep a separate accounting of fine money collected under Title 7, since statutes require cities to budget this money for certain uses. This type of information needs to be reported to the city accounting department and the person responsible for preparing the budget.

B. Excess Highway Fines

The excess fines law is found Subtitle C, Section 542.402(b) of the Transportation Code. For cities with a population of fewer than 5,000, the Legislature restricts the amount of revenue that may be retained from offenses under Title 7 (Chs. 501-750) of the Transportation Code. The law basically keeps small cities from collecting too large a portion of their budget from traffic fines.

The law reads, “In each year, a municipality having a population of less than 5,000 may retain, from fines collected from violations of this title and from special expenses collected under Article 45.051, Code of Criminal Procedure, in cases in which a violation of this title is alleged, an amount equal to 30 percent of the municipality’s revenue for the preceding fiscal year from all sources other than federal funds and bond proceeds.” The restriction applies to not only the fines collected for offenses charged under Title 7, but also to the special expenses collected under Article 45.051 of the Code of Criminal Procedure when deferred is granted for Title 7 violations. Sec. 542.402, T.C.

To determine if a city falls within this restriction, the city must look to the most recent federal decennial census. If the city population is now 5,000 or more, but was under 5,000 when the census was taken, the law would apply. However, if the city’s population is now under 5,000 but the census shows the population 5,000 or more, the law would not apply.

Then the city’s previous year’s revenues are totaled, and federal funds and bond proceeds are subtracted. When the fines and special expenses for offenses charged under Title 7 reach 20 percent, the court must file a report with the CPA. Failure to report may cause the city to pay for an audit conducted by the CPA. The report must be submitted to the CPA within 120 days after a city’s fiscal year ends. The report must include a copy of the city’s financial statement that is prepared for that fiscal year and filed as required by the Local Government Code, Chapter 103, and show the total amount collected from Title 7 offense fines and special expenses.

The city may keep all the traffic fines and special expenses under Article 45.051 collected for offenses under Title 7 up to 30 percent of its total revenue in the preceding fiscal year. Federal funds and bond sale proceeds do not count in figuring total revenue.

When fines and special expenses for offenses charged under Title 7 equal 30 percent of the budget, all but \$1 of each fine or special expense collected for Title 7 offenses must be remitted

to the State. The city keeps the \$1 as a service fee and remits the revenue with the other quarterly reports.

C. Fines for Parent Contributing to Nonattendance

If a parent is convicted of the offense of parent contributing to nonattendance, one half of the fine must be paid to the school district in which the child attends school, the open enrollment charter school the child attends, or the juvenile justice alternative education program that the child has been ordered to attend. The other half of the fine goes into the city's general fund. Sec. 25.093, E.C.

D. Collection Improvement Programs

Cities with a population of 100,000 or greater are required to develop and maintain a program to improve the collection of court costs, fees, and fines imposed in criminal cases. Art. 103.0033, C.C.P.

The program must consist of the following:

- a component that conforms with a model developed by OCA that is designed to improve in-house collections; and
- a component designed to improve collection balances more than 60 days past due, which may be implemented by entering into a contract with a private attorney or public or private vendor in accordance with Article 103.0031 of the Code of Criminal Procedure.

The Office of Court Administration may use case dispositions, population, revenue data, or other appropriate measures to develop a prioritized implementation schedule for programs. Each city shall at least annually submit to OCA a written report that includes updated information regarding the program. The report must be in a form approved by OCA. The OCA is required to periodically audit cities to verify the information reported and confirm that the city is conforming with the requirements of the program. Art. 103.0033, C.C.P.

Section 133.058(e) of the Local Government Code provides that a city may not retain court cost handling fees if the city is not conforming with its collection improvement program.

True or False

211. The Transportation Code requires all cities to allocate fine money collected for traffic convictions in a certain manner in the city's budget. ____
212. Cities with a population under 5,000 must pay the State all but \$1 of the fines and special expenses under Article 45.0511 of the Code of Criminal Procedure collected for offenses under Title 7 of the Transportation Code after fines and special expenses reach 30 percent of their budget. ____
213. When a parent is convicted of contributing to nonattendance, the city must pay the fine to the school district. ____
214. Cities with a population of 100,000 or greater are required to develop and maintain a program to improve the collection of court costs, fees, and fines. ____
215. The city is required to submit annually a written report about its collection program to the Attorney General's Office. ____

216. If a city does not conform with its collection program, the city cannot retain its 10 percent handling fee or 50 percent of the time payment fee. _____

**APPENDIX A
INTERNAL CONTROL CHECKLIST**

	<u>Yes</u>	<u>No</u>	<u>NA</u>	<u>Comments</u>
<u>Procedures Manual</u>				
1. Is there a procedures manual for the office?	_____	_____	_____	_____
2. Does the manual cover all duties and responsibilities?	_____	_____	_____	_____
3. At a minimum, does the manual include the following:				
a) organizational chart?	_____	_____	_____	_____
b) list of employee positions, including job requirements and responsibilities?	_____	_____	_____	_____
c) description of each function in the court from start to finish?	_____	_____	_____	_____
d) description and sample of each form and document used in the court?	_____	_____	_____	_____
e) description of collecting, processing, and depositing, or remitting payments?	_____	_____	_____	_____
f) description of the bookkeeping system to be used and how it is to be maintained?	_____	_____	_____	_____
g) description of the reports to be completed, who is to complete them, how to complete them, and where and when to send them?	_____	_____	_____	_____
h) internal controls within the office?	_____	_____	_____	_____
i) any other information useful in efficiently and effectively carrying out the duties and responsibilities of the municipal court?	_____	_____	_____	_____
4. Where possible, are flowcharts used in addition to narrative descriptions to enhance readability and understanding of the procedures?	_____	_____	_____	_____
5. Have appropriate staff within the city been consulted to ensure procedures related to financial management are sound and practical?	_____	_____	_____	_____

- | | | | | | |
|-----|--|-------|-------|-------|-------|
| 6. | Were the following consulted: | | | | |
| | a) treasurer's office? | _____ | _____ | _____ | _____ |
| | b) accounting department? | _____ | _____ | _____ | _____ |
| | c) internal audit office? | _____ | _____ | _____ | _____ |
| 7. | Is there a review process for written/amended procedures to ensure correctness, consistency, and completeness? | _____ | _____ | _____ | _____ |
| 8. | Were legal aspects of the manual reviewed by the city attorney's office? | _____ | _____ | _____ | _____ |
| 9. | Is each municipal court employee given a copy of the manual? | _____ | _____ | _____ | _____ |
| 10. | Is the manual reviewed and updated: | | | | |
| | a) whenever there are changes to laws, regulations, policies, or procedures? | _____ | _____ | _____ | _____ |
| | b) at least annually? | _____ | _____ | _____ | _____ |

General Internal Control

- | | | | | | |
|-----|---|-------|-------|-------|-------|
| 11. | Are the basic functions of (a) authorization or approval of transactions, (b) recording of transactions, and (c) custody of assets performed by three different people? | _____ | _____ | _____ | _____ |
| 12. | Are duties periodically rotated? | _____ | _____ | _____ | _____ |
| 13. | Is the amount of supervision adequate? | _____ | _____ | _____ | _____ |
| 14. | Is there an adequate amount of double-checking of work? | _____ | _____ | _____ | _____ |
| 15. | Is everyone required to take vacations? | _____ | _____ | _____ | _____ |
| 16. | Is the work of persons on vacation performed by someone else during their absence? | _____ | _____ | _____ | _____ |
| 17. | Are employees appropriately bonded? | _____ | _____ | _____ | _____ |
| 18. | Is the adequacy of bonds periodically reviewed? | _____ | _____ | _____ | _____ |
| 19. | Are employees performing their duties adequately? | _____ | _____ | _____ | _____ |
| 20. | Are they adequately trained? | _____ | _____ | _____ | _____ |
| 21. | Are training needs periodically assessed? | _____ | _____ | _____ | _____ |
| 22. | Is the workload current? | _____ | _____ | _____ | _____ |

- | | | | | |
|--|-------|-------|-------|-------|
| 23. Is staffing adequate? | _____ | _____ | _____ | _____ |
| 24. Is there an inventory of all tangible court assets? | _____ | _____ | _____ | _____ |
| 25. Is the inventory up-to-date? | _____ | _____ | _____ | _____ |
| 26. Is responsibility for the assets fixed? | _____ | _____ | _____ | _____ |
| 27. Is the inventory periodically reviewed and the assets accounted for? | _____ | _____ | _____ | _____ |
| 28. Are staff positions filled with the most qualified and competent persons possible? | _____ | _____ | _____ | _____ |
| 29. Is information given on applications and resumes verified? | _____ | _____ | _____ | _____ |
| 30. Are references given on applications and resumes checked? | _____ | _____ | _____ | _____ |
| 31. Do personnel clearly understand what is expected of them? | _____ | _____ | _____ | _____ |
| 32. Do personnel understand how their duties fit in with the duties of others in the court? | _____ | _____ | _____ | _____ |
| 33. Do personnel understand how the functions and responsibilities of the municipal court fit in with the functions and responsibilities of other offices in the city? | _____ | _____ | _____ | _____ |

Bank Accounts

- | | | | | |
|---|-------|-------|-------|-------|
| 34. Are only the minimum number of bank accounts maintained? | _____ | _____ | _____ | _____ |
| 35. Are any bank accounts appropriately authorized by the city? | _____ | _____ | _____ | _____ |
| 36. Are bank accounts only at a financial institution that the city has a contract with? | _____ | _____ | _____ | _____ |
| 37. Are balances appropriately safeguarded via provisions in the depository contract and FDIC coverage? | _____ | _____ | _____ | _____ |

Petty Cash and Change Funds

- | | | | | |
|--|-------|-------|-------|-------|
| 38. Does the court have a petty cash fund? | _____ | _____ | _____ | _____ |
| 39. If the court has to have a petty cash fund, is it kept separate from change fund(s)? | _____ | _____ | _____ | _____ |

- | | | | | |
|---|-------|-------|-------|-------|
| 40. Are any change funds appropriately authorized by the city? | _____ | _____ | _____ | _____ |
| 41. Has the individual responsible for a change fund signed for the amount received? | _____ | _____ | _____ | _____ |
| 42. Are change funds maintained in a secure location? | _____ | _____ | _____ | _____ |
| 43. Is access to a change fund limited to the individual responsible for it? | _____ | _____ | _____ | _____ |
| 44. Are change fund amounts counted and verified at the beginning and end of each work day? | _____ | _____ | _____ | _____ |
| 45. Are change funds maintained at the lowest practical level? | _____ | _____ | _____ | _____ |
| 46. Are change funds prevented from: | | | | |
| a) being commingled with personal funds? | _____ | _____ | _____ | _____ |
| b) being used to make advances to officials or employees? | _____ | _____ | _____ | _____ |
| c) being used to cash personal checks? | _____ | _____ | _____ | _____ |
| 47. Are unannounced reconciliations or audits of change funds made on an irregular basis? | _____ | _____ | _____ | _____ |
| 48. Are signs posted in the court stating that: | | | | |
| a) checks (if accepted) and money orders will be received for amount of payment only? | _____ | _____ | _____ | _____ |
| b) checks will not be cashed? | _____ | _____ | _____ | _____ |
| c) when paying in cash, please have as close to the exact amount as possible? | _____ | _____ | _____ | _____ |

Receipts

- | | | | | |
|---|-------|-------|-------|-------|
| 49. Are all receipts prenumbered? | _____ | _____ | _____ | _____ |
| 50. If the court generally uses computer-generated receipts, are regular prenumbered, hardcopy receipts available for when there are computer problems? | _____ | _____ | _____ | _____ |
| 51. Are receipts adequately controlled? | _____ | _____ | _____ | _____ |
| 52. Are hardcopy receipts ordered centrally by the city and distributed to the court periodically as needed? | _____ | _____ | _____ | _____ |

53. When receipts are distributed, does the person receiving them count and make sure that all that are supposed to be there are in fact there? _____
54. Does the person receiving receipts sign for them indicating responsibility? _____
55. Do receipts have at least three parts:
- a) the original for the payee? _____
 - b) a copy for the appropriate city office? _____
 - c) a copy for the court? _____
56. Does the receipt contain space for the following:
- a) date? _____
 - b) docket number? _____
 - c) amount received? _____
 - d) who the money is being received from? _____
 - e) what the money is being received for? _____
 - f) method of payment and check number when applicable? _____
 - g) signature or initials of individual preparing it? _____
 - h) any other relevant information? _____
57. Are all receipts (both issued and unissued) periodically accounted for? _____

General Over-the-Counter Payments

58. Does each person receiving payments have a separate cash box or drawer? _____
59. Is the change fund amount verified each day before handling transactions? _____
60. Is the change fund amount consistent from day to day? _____
61. Is a receipt prepared and given to each person making payment? _____
62. Are all receipts dated and signed or initialed by the person issuing them? _____

- | | | | | |
|---|-------|-------|-------|-------|
| 63. Are checks and money orders promptly and restrictively endorsed with the words "For Deposit Only" and the account number? | _____ | _____ | _____ | _____ |
| 64. Is strict control maintained over access to cash? | _____ | _____ | _____ | _____ |
| 65. Are money and receipts locked up when not in use? | _____ | _____ | _____ | _____ |
| 66. Do individuals responsible for a cash box or drawer refrain from leaving them unattended? | _____ | _____ | _____ | _____ |
| 67. Do individuals responsible for a cash box or drawer never allow anyone access to their box or drawer except under their direct supervision? | _____ | _____ | _____ | _____ |
| 68. Are transactions handled one at a time? | _____ | _____ | _____ | _____ |
| 69. Is money and paperwork from one transaction put away before starting another one? | _____ | _____ | _____ | _____ |
| 70. Is money received not put away until change is made and the receipt is given? | _____ | _____ | _____ | _____ |
| 71. Are currency, coins, and checks always arranged in a box or drawer in a consistent manner? | _____ | _____ | _____ | _____ |
| 72. Is all cash and currency counted in the presence of the person making payment? | _____ | _____ | _____ | _____ |
| 73. In making change, is the amount counted until the same amount is arrived at least twice? | _____ | _____ | _____ | _____ |
| 74. Does each individual receiving payments balance out his or her box or drawer daily? | _____ | _____ | _____ | _____ |
| 75. Is the balancing out verified and approved by someone else not receiving money in the presence of the individual who balanced out? | _____ | _____ | _____ | _____ |
| 76. Are receipts deposited in the bank or remitted to the city treasurer daily? | _____ | _____ | _____ | _____ |
| 77. Are receipt copies forwarded timely to appropriate personnel for accounting and auditing purposes? | _____ | _____ | _____ | _____ |

Payments Made After Hours

- | | | | | |
|---|-------|-------|-------|-------|
| 78. Does the city avoid having the police department accept municipal court payments? | _____ | _____ | _____ | _____ |
| 79. If the police department does accept municipal court payments: | | | | |

- | | | | | | |
|----|---|-------|-------|-------|-------|
| a) | does the person receiving payments issue a receipt to each payor? | _____ | _____ | _____ | _____ |
| b) | does the person receiving payments somehow indicate to the payor that the municipal court will contact them with any questions or problems and that making payment at the police department does not constitute complete acceptance or satisfaction by the municipal court? | _____ | _____ | _____ | _____ |
| c) | are checks and money orders promptly restrictively endorsed with the words "For Deposit Only" and the account number? | _____ | _____ | _____ | _____ |
| d) | is a daily collection report prepared by the police department and forwarded to the appropriate office in the city? | _____ | _____ | _____ | _____ |
| e) | does the daily collection report include the: | | | | |
| | • date? | _____ | _____ | _____ | _____ |
| | • name of payor? | _____ | _____ | _____ | _____ |
| | • amount received? | _____ | _____ | _____ | _____ |
| | • method of payment and check number when applicable? | _____ | _____ | _____ | _____ |
| | • purpose of payment? | _____ | _____ | _____ | _____ |
| | • accounting information? | _____ | _____ | _____ | _____ |
| | • cause number? | _____ | _____ | _____ | _____ |
| f) | is the report signed or initialed and dated by the person preparing it? | _____ | _____ | _____ | _____ |
| g) | is a copy of the collections report and one copy of the receipts forwarded to the court for entering in the accounting records and files? | _____ | _____ | _____ | _____ |
| h) | is one copy of the receipts retained by the police department or forwarded to the city auditor based on city policy? | _____ | _____ | _____ | _____ |
| i) | if the municipal court does not maintain a bank account, are payments remitted to the city treasurer on a daily basis? | _____ | _____ | _____ | _____ |
| j) | if the municipal court does maintain a bank account, are payments forwarded | | | | |

to the court on a daily basis and daily bank deposits made?

80. If some sort of drop or lock box is used to receive payments after a municipal court is closed:

a) is the box opened and emptied daily?

b) is the box opened by someone who is not handling other monies?

c) if the person opening the box also has responsibilities for other monies, is the box opened at a time of the day and in a location when other monies are not being handled?

d) is the box opened out in the open, not in an enclosed office?

e) does the person opening the box restrictively endorse all checks and money orders with the words "For Deposit Only" and the account number?

f) does the person opening the box prepare a daily drop/lock box collections report and forward it to the appropriate city office?

g) does the daily drop/lock box collections report include the:

- date?

- name of payor?

- amount received?

- method of payment and check number when applicable?

- purpose of payment?

- accounting information?

- cause number?

h) is the report signed or initialed and dated by the person preparing it?

i) are the payments and report forwarded to the appropriate individual for preparation of the receipts?

- j) does the individual verify that the amount received matches the amount on the report? _____
- k) are receipts deposited to the bank daily or remitted to the treasurer daily? _____
- l) are receipt copies forwarded to appropriate personnel for accounting and auditing purposes? _____

Mail Payments

- 81. Is mail opened daily? _____
- 82. Is mail opened by someone who is not handling other monies? _____
- 83. If the person opening the mail also has to have responsibilities for other monies, is mail opened at a time of the day and in a location where other monies are not being handled? _____
- 84. Is mail opened out in the open, not in an enclosed office? _____
- 85. Does the person opening the mail:
 - a) separate all money from other correspondence? _____
 - b) restrictively endorse all checks and money orders with the words "For Deposit Only" and the account number? _____
 - c) prepare a daily mail collections report? _____
- 86. Does the daily mail collections report include the:
 - a) date? _____
 - b) name of payor? _____
 - c) amount received? _____
 - d) method of payment and check number when applicable? _____
 - e) purpose of the payment? _____
 - f) accounting information? _____
- 87. Is the daily mail collections report signed or initialed and dated by the person preparing it? _____

- 88. Are the payments and the report forwarded to the appropriate individual for preparation of the receipts? _____
- 89. Does the individual verify that the amount received matches the amount on the report? _____
- 90. Are payments deposited in the bank daily or remitted to the city treasurer daily? _____
- 91. Are receipt copies forwarded to appropriate personnel for accounting and auditing purposes? _____

Installment Payments

- 92. Is there a written description of under what circumstances installment or partial payments can generally occur? _____
- 93. Is there a written installment agreement anytime payouts are used? _____
- 94. Does the agreement clearly spell out the terms of the agreement, including payment amounts and dates? _____
- 95. Is the agreement signed and dated by both the judge and the defendant? _____
- 96. Is a copy of the signed agreement given to the defendant? _____
- 97. Is there an efficient way to keep up with payments and indicate past due amounts? _____
- 98. Are delinquents payments followed up on? _____
- 99. Does the office maintain a list of individuals who did not adhere to an agreement so that can be taken into account if they are ever considered for another agreement? _____
- 100. Is there a control total for all outstanding amounts? _____
- 101. Is the control total periodically compared to subsidiary records? _____

Jail Credits

- 102. Is there appropriate documentation for the defendant to spend time in jail (i.e., a commitment

- b) by what date the work has to be completed? _____
115. Has the court verified that the entity or organization:
- a) is a governmental entity or nonprofit organization that provides services to the general public that enhance social welfare and the general well-being of the community? _____
- b) agrees to supervise the defendant's work and report on the work to the judge? _____
116. Has it been verified that the judge did not order the defendant to perform more than 16 hours per week of community service unless the judge has determined it will not work a hardship on the defendant or the defendant's dependents? _____
117. If the judge has ordered more than 16 hours in a week, has the judge indicated in writing why it will not work a hardship on the defendant or the defendant's dependents? _____
118. Is a copy of the order given to the defendant? _____
119. Is a copy of the judge's order and a form sent to the entity or organization? _____
120. Does the form provide space for the entity or organization to indicate whether or not the work was performed as specified in the judge's order? _____
121. Do entities or organizations specifically indicate how many hours defendants work? _____
122. Does the form provide space for the entity or organization to enter any additional comments about defendants it feels are warranted? _____
123. Are forms signed and dated by appropriate entity or organization representatives? _____
124. Are orders kept in some sort of tickler system so they can be timely pulled and followed up on if not received back when due? _____
125. When completed forms are received back from entities or organizations, does the appropriate individual in the court verify the amount and enter the credit in the accounting and other

- | | | | | | |
|------|---|-------|-------|-------|-------|
| | records and file the form with the case records? | _____ | _____ | _____ | _____ |
| 126. | Does the individual in the court entering the credit in the accounting records sign or initial and date the form? | _____ | _____ | _____ | _____ |
| 127. | Does the court determine if there are any additional amounts owed, and if so, follow appropriate procedures to satisfy any balance? | _____ | _____ | _____ | _____ |

Forfeiture of Cash Bonds

- | | | | | | |
|------|--|-------|-------|-------|-------|
| 128. | Does the defendant sign and receive appropriate paperwork? | _____ | _____ | _____ | _____ |
| 129. | Is a receipt issued to the person posting the bond when payment is made? | _____ | _____ | _____ | _____ |
| 130. | Is it indicated on the receipt that payment is for a cash bond? | _____ | _____ | _____ | _____ |
| 131. | Is money adequately safeguarded until deposited or remitted? | _____ | _____ | _____ | _____ |
| 132. | If part or all of the bond is refunded to the defendant, is any interest earned on the refunded amount returned to the defendant as well? | _____ | _____ | _____ | _____ |
| 133. | Are receipt copies forwarded to appropriate personnel for accounting and auditing purposes? | _____ | _____ | _____ | _____ |
| 134. | If a defendant fails to appear, are the appropriate procedures in Chapters 22 (appearance bond) or 45, C.C.P. followed? | _____ | _____ | _____ | _____ |
| 135. | If the bond is collected under Article 45.044. C.C.P., and the money has already been remitted to the city treasurer, is appropriate paperwork forwarded to the treasurer, indicating that the bond amount should now be applied to court costs, fees, and fine and how much to apply to each? | _____ | _____ | _____ | _____ |
| 136. | If the bond is collected under Article 45.044. C.C.P., and the money has been kept in a cash bond account in the court, is the appropriate amount remitted to the city treasurer, indicating how much should be applied to court costs, fees, and fine? | _____ | _____ | _____ | _____ |

137. If the court is using the bond forfeiture provisions of Chapter 22 and the money has already been remitted to the city treasurer, is appropriate paperwork forwarded to the treasurer, indicating the amount that should be applied as general revenue for the city? _____
138. If the court is using the bond forfeiture provisions of Chapter 22 and the money has been kept in a cash bond account in the court, is the appropriate amount remitted to the city treasurer, indicating the amount that should be applied as general revenue for the city? _____

Receipts Journal

139. Is a receipts journal used to chronologically account for individual receipts issued? _____
140. Is the receipts journal maintained on a daily basis? _____
141. Does the receipts journal include:
- a) date of transactions? _____
 - b) names of payors? _____
 - c) docket numbers? _____
 - d) receipt numbers? _____
 - e) an actual column to keep up with the total amount received? _____
 - f) individual columns indicating what the money is received for (e.g., fines, fees by type, court costs by type)? _____
142. Are entries to the receipts journal made from the receipt copies maintained by the court? _____
143. Are entries verified for mathematical accuracy? _____
144. Are entries periodically reviewed by someone other than the person making them, comparing the entries with appropriate source documents? _____
145. Are entries made by someone not receiving payments, preparing bank deposits, or approving disbursements? _____

Disbursements

If the court maintains a bank account:

- 146. Are all disbursements by check? _____
- 147. Are all checks prenumbered? _____
- 148. Are all checks preprinted with the name of the city and indicate “municipal court”? _____
- 149. Are all unused checks accounted for and adequately safeguarded? _____
- 150. Does the checkbook contain sufficient room on the stubs for adequate descriptions of disbursements? _____
- 151. Are checks prepared only when supporting documentation is present and after such is verified? _____
- 152. Is the payee line on checks completed by the person preparing the checks, not the person signing them? _____
- 153. Are checks prevented from being made out to “cash” or “bearer”)? _____
- 154. Are checks prepared and delivered timely? _____
- 155. Are checks signed by someone not keeping the books or preparing the checks? _____
- 156. Are authorized check signatures kept to a minimum? _____
- 157. If a stamp or check-signing device is used, is it appropriately safeguarded? _____
- 158. Are checks prevented from being presigned? _____
- 159. Are checks issued without allowing them to be returned to the person who approves them or does the bookkeeping for them? _____
- 160. Are all voided checks clearly marked “void” and kept with the checkbook and later placed in the reconciliation envelope or folder? _____
- 161. Has a determination been made as to whether a disbursements journal is needed (based on number of disbursements per month)? _____
- 162. If it is determined that a journal is needed:

- | | | | | | |
|----|---|-------|-------|-------|-------|
| a) | is it used to chronologically account for all disbursements? | _____ | _____ | _____ | _____ |
| b) | is it maintained on a daily basis? | _____ | _____ | _____ | _____ |
| c) | does it include: | | | | |
| | • date of transaction? | _____ | _____ | _____ | _____ |
| | • name of payee? | _____ | _____ | _____ | _____ |
| | • check number? | _____ | _____ | _____ | _____ |
| | • an actual column to keep up with total amounts disbursed? | _____ | _____ | _____ | _____ |
| | • several individual columns indicating what the disbursements are for? | _____ | _____ | _____ | _____ |
| d) | are entries to the journal made from check copies or check stubs? | _____ | _____ | _____ | _____ |

Unclaimed Funds

- | | | | | | |
|------|---|-------|-------|-------|-------|
| 163. | When someone identifies money that he or she does not know who paid it or what it was for, does he or she document in writing what was found, where it was found, and how it was found? | _____ | _____ | _____ | _____ |
| 164. | Does he or she sign the documentation? | _____ | _____ | _____ | _____ |
| 165. | Does the person identifying the money communicate it to appropriate personnel within the court and city? | _____ | _____ | _____ | _____ |
| 166. | Is a thorough analysis made to try and determine who the money belongs to? | _____ | _____ | _____ | _____ |
| 167. | If it can be determined who the money belongs to, is it turned in to the city treasurer and are steps initiated to get it to the rightful owner? | _____ | _____ | _____ | _____ |
| 168. | If it cannot be determined who the money belongs to, is it turned in to the city treasurer for contacting the Unclaimed Property Section in the Comptroller's Office? | _____ | _____ | _____ | _____ |

Daily Balancing

- | | | | | | |
|------|----------------------------------|-------|-------|-------|-------|
| 169. | Are receipts balanced out daily? | _____ | _____ | _____ | _____ |
|------|----------------------------------|-------|-------|-------|-------|

- | | | | | | |
|------|---|-------|-------|-------|-------|
| 170. | Is each person receiving money initially responsible for balancing out his or her cash box or drawer? | _____ | _____ | _____ | _____ |
| 171. | Does each person receiving money fill out a daily reconciliation form? | _____ | _____ | _____ | _____ |
| 172. | Does the individual preparing the form sign or initial and date it? | _____ | _____ | _____ | _____ |
| 173. | Is the reconciliation verified and approved by someone else in the presence of the person preparing it? | _____ | _____ | _____ | _____ |
| 174. | Does the person approving the reconciliation also sign or initial and date the form? | _____ | _____ | _____ | _____ |
| 175. | When doing a reconciliation, does the person check to see that the total amount of money in the cash box or drawer less the amount of the change fund equals the total amount shown on the receipts issued for the day? | _____ | _____ | _____ | _____ |
| 176. | Are any overages or shortages clearly shown on the reconciliation form? | _____ | _____ | _____ | _____ |

Remittance of Collections

- | | | | | | |
|------|---|-------|-------|-------|-------|
| 177. | If the municipal court maintains a bank account: | | | | |
| | a) are remittances made to the city treasurer on a consistent basis? | _____ | _____ | _____ | _____ |
| | b) in determining the frequency of remittances, has size of the city and court and the amount of money involved been taken into consideration? | _____ | _____ | _____ | _____ |
| | c) are remittances made no less frequently than monthly? | _____ | _____ | _____ | _____ |
| | d) are remittances made by check? | _____ | _____ | _____ | _____ |
| 178. | If the municipal court does not maintain a bank account, are remittances made to the city treasurer on a daily basis? | _____ | _____ | _____ | _____ |
| 179. | Is a remittance form showing what the money is for included with the remittance? | _____ | _____ | _____ | _____ |
| 180. | Is the breakdown on the remittance form detailed enough so that the treasurer will know what fund(s) and account(s) to deposit the money into and how to complete any applicable related reports? | _____ | _____ | _____ | _____ |

- | | | | | | |
|------|--|-------|-------|-------|-------|
| 181. | Is the remittance form signed by an appropriate individual in the court? | _____ | _____ | _____ | _____ |
| 182. | Is a receipt obtained from the treasurer showing the amount remitted? | _____ | _____ | _____ | _____ |
| 183. | If a receipt cannot be obtained, does the treasurer sign and date the remittance form indicating agreement with the amount? Is a copy made and kept for the court? | _____ | _____ | _____ | _____ |

Bank Account Reconciliation

- | | | | | | |
|------|---|-------|-------|-------|-------|
| 184. | Are bank statements reconciled promptly upon receipt? | _____ | _____ | _____ | _____ |
| 185. | Are bank reconciliations performed by someone who is not responsible for writing, recording, or signing checks? | _____ | _____ | _____ | _____ |
| 186. | Does the person who reconciles the bank statements receive those statements unopened from the bank? | _____ | _____ | _____ | _____ |
| 187. | Are reconciliations done correctly? | _____ | _____ | _____ | _____ |
| 188. | Are completed reconciliations signed or initialed and dated by the person doing them? | _____ | _____ | _____ | _____ |
| 189. | Are reconciliations reviewed and approved by someone other than the person doing them? | _____ | _____ | _____ | _____ |

Monthly Reporting

- | | | | | | |
|------|---|-------|-------|-------|-------|
| 190. | Is a financial report showing the court's financial position and results of operations prepared each month? | _____ | _____ | _____ | _____ |
| 191. | Does the report show the beginning balance the court was responsible for at the beginning of the month? | _____ | _____ | _____ | _____ |
| 192. | Does the beginning balance include the following: | | | | |
| | a) all change funds? | _____ | _____ | _____ | _____ |
| | b) all bank account book balances? | _____ | _____ | _____ | _____ |
| | c) any other funds under the control of the court? | _____ | _____ | _____ | _____ |
| 193. | Does the report show a detailed breakdown of receipts? | _____ | _____ | _____ | _____ |

- | | | | | | |
|------|---|-------|-------|-------|-------|
| 194. | Does the report show a detailed breakdown of disbursements/remittances? | _____ | _____ | _____ | _____ |
| 195. | Does the report show an ending balance? | _____ | _____ | _____ | _____ |
| 196. | Does the ending balance include the following: | | | | |
| | a) all change funds? | _____ | _____ | _____ | _____ |
| | b) all bank account book balances? | _____ | _____ | _____ | _____ |
| | c) any other funds under the control of the court? | _____ | _____ | _____ | _____ |
| 197. | Is the report signed and dated by the person preparing it? | _____ | _____ | _____ | _____ |
| 198. | Is the report reviewed and approved by appropriate court personnel? | _____ | _____ | _____ | _____ |
| 199. | Is the report signed and dated by the person approving it? | _____ | _____ | _____ | _____ |
| 200. | Is the report turned in based on city policy? | _____ | _____ | _____ | _____ |

Computer System Selection Process

- | | | | | | |
|------|--|-------|-------|-------|-------|
| 201. | Is there a computer system selection process for the court? | _____ | _____ | _____ | _____ |
| 202. | Does the process include the following steps: | | | | |
| | a) becoming familiar with computer systems and their capabilities? | _____ | _____ | _____ | _____ |
| | b) deciding the need and ability to automate? | _____ | _____ | _____ | _____ |
| | c) defining hardware and software needs? | _____ | _____ | _____ | _____ |
| | d) developing a request for proposals? | _____ | _____ | _____ | _____ |
| | e) accepting and evaluating bids/proposals? | _____ | _____ | _____ | _____ |
| | f) selecting the system? | _____ | _____ | _____ | _____ |
| 203. | Does the step on becoming familiar with computer systems and their capabilities include the following: | | | | |
| | a) reading and studying books and periodicals? | _____ | _____ | _____ | _____ |
| | b) visiting and reviewing computer systems already owned by the city? | _____ | _____ | _____ | _____ |

- | | | | | | |
|------|--|-------|-------|-------|-------|
| c) | visiting and reviewing computer systems operated by other municipal courts? | _____ | _____ | _____ | _____ |
| d) | visiting computer system displays at conferences, seminars, and meetings? | _____ | _____ | _____ | _____ |
| e) | identifying people knowledgeable about computer systems and discussing computer systems with them? | _____ | _____ | _____ | _____ |
| f) | developing a file on computer system information and capabilities? | _____ | _____ | _____ | _____ |
| 204. | Does the step on deciding the need and ability to automate include the following: | | | | |
| a) | determining the specific objectives of the court? | _____ | _____ | _____ | _____ |
| b) | flowcharting and writing out what is done, how it is done, when it is done, and who does it? | _____ | _____ | _____ | _____ |
| c) | analyzing in detail the flow of documents and reports along with their format and contents? | _____ | _____ | _____ | _____ |
| d) | determining how long each phase of the court's operation takes? | _____ | _____ | _____ | _____ |
| e) | determining how much each phase of the court's operation costs? | _____ | _____ | _____ | _____ |
| f) | anticipating the court's future workload? | _____ | _____ | _____ | _____ |
| g) | determining which phases of the court's operation lend themselves to automation? | _____ | _____ | _____ | _____ |
| h) | identifying what capabilities automation may bring that the court currently does not have? | _____ | _____ | _____ | _____ |
| i) | listing the pros and cons of automation? | _____ | _____ | _____ | _____ |
| j) | determining if automation will be feasible with current personnel? | _____ | _____ | _____ | _____ |
| k) | determining if additional personnel will be needed? | _____ | _____ | _____ | _____ |
| l) | determining what training will be necessary? | _____ | _____ | _____ | _____ |
| m) | making an initial decision of whether automation is financially possible? | _____ | _____ | _____ | _____ |

	n) determining what changes can be made in present operations as a result of reviewing operations?	_____	_____	_____	_____
205.	Are hardware and software needs determined jointly?	_____	_____	_____	_____
206.	Does the step on defining hardware components and software package needs include the following:				
	a) identifying specifically, and in detail, what the court wants a computer system to do?	_____	_____	_____	_____
	b) evaluating the different types of computer systems and related software?	_____	_____	_____	_____
	c) deciding on the type of computer system needed and the related software?	_____	_____	_____	_____
	d) deciding on the type of hardware and software packages needed?	_____	_____	_____	_____
207.	Are specifications prepared by the person or department responsible for the purchasing function within the city?	_____	_____	_____	_____
208.	Does the municipal court have input concerning the content of the specifications?	_____	_____	_____	_____
209.	Are the criteria used for evaluating bids/proposals determined prior to the time bids/proposals are received?	_____	_____	_____	_____
210.	Is the relative importance of evaluation criteria predetermined?	_____	_____	_____	_____
211.	In evaluating bids/proposals, does the criteria used to make the evaluation include the following:				
	a) costs, both current and future?	_____	_____	_____	_____
	b) reputation of the vendor?	_____	_____	_____	_____
	c) experience of the vendor?	_____	_____	_____	_____
	d) training provided by the vendor?	_____	_____	_____	_____
	e) service of the vendor?	_____	_____	_____	_____
	f) expected reliability of the hardware?	_____	_____	_____	_____
	g) terms of the proposed contract?	_____	_____	_____	_____
	h) specifics concerning the hardware (e.g., capacity, speed, computability, expandability)?	_____	_____	_____	_____

- i) specifics concerning the software (e.g., what it will do and ease of use)? _____
- j) software/hardware security? _____

Auditing

- 212. Is the court audited annually by an independent CPA? _____
- 213. Is the office audited periodically by city internal auditors? _____
- 214. Is some audit work done each quarter? _____
- 215. Does audit work include the following:
 - a) surprise cash counts? _____
 - b) reviewing bank reconciliations? _____
 - c) accounting for all receipts? _____
 - d) auditing receipts for proper amount collected, deposited, or remitted and correct bookkeeping? _____
 - e) confirming amounts paid (or the fact that nothing was paid) with defendants? _____
 - f) reviewing reports? _____
- 216. Are appropriate audit recommendations implemented? _____
- 217. Are the appropriate recommendations implemented timely? _____

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APPENDIX B

COURT COSTS

For conviction of offenses committed on or after September 1, 2015

OFFENSE/DESCRIPTION	State CF	State JSF	State IDF	State JRF	State TPDF	State STF	Local TFC	Local CS	Total
Municipal Ordinance									
• Parking (authorized by Section 542.202 or Chapter 682, Transportation Code)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	*1	*1
• Pedestrian	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
• Other city ordinances not categorized above	40.00	6.00	2.00	4.00	2.00	N/A	N/A	N/A	54.00
State Law									
✘ Transportation Code, Rules of the Road (Chapters 541-600)									
• Parking and Pedestrian (in school crossing zone)	N/A	N/A	N/A	N/A	N/A	30.00	3.00	25.00	58.00
• Parking and Pedestrian (outside school crossing zone)	N/A	N/A	N/A	N/A	N/A	30.00	3.00	N/A	33.00
• Passing a School Bus (Section 545.066)	40.00	6.00	2.00	4.00	2.00	30.00	3.00	25.00	112.10 ^{*2}
• Other Rules of the Road offense in a school crossing zone	40.00	6.00	2.00	4.00	2.00	30.00	3.00	25.00	112.00 ^{*2}
• Other Rules of the Road offense outside a school crossing zone	40.00	6.00	2.00	4.00	2.00	30.00	3.00	N/A	87.00 ^{*2}
✘ Parking and Pedestrian Offense (not under the Rules of the Road)									
• Parking and Pedestrian Offense (not under the Rules of the Road)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
✘ Education Code									
• Parent Contributing to Nonattendance (Section 25.093)	40.00	6.00	2.00	4.00	2.00	N/A	N/A	20.00	74.00
✘ All other fine-only misdemeanors not mentioned above									
• All other fine-only misdemeanors not mentioned above	40.00	6.00	2.00	4.00	2.00	N/A	N/A	N/A	54.00 ^{*2}

For the purpose of assessing, imposing, and collecting most court costs and fees, a person is considered to have been convicted if, pursuant to Section 133.101 of the Local Government Code or the specific statute authorizing the court cost, either: a judgment, sentence or both are imposed on the person; or the person receives a DSC, deferred disposition, or some other deferral (see Articles 45.051-45.053 of the Code of Criminal Procedure). In contrast, this expanded definition of conviction does not appear in the statute establishing the Juror Reimbursement Fee.

***1 Additional Child Safety Fund costs:**

- \$2-\$5 court cost for cities with population greater than 850,000 that have adopted appropriate ordinance, regulation, or order (mandatory).
- Up to \$5 court cost for cities with population less than 850,000 that have adopted appropriate ordinance, regulation, or order (optional).

***2 MVF:** Add 10¢ court cost on all moving violations. Moving violations are found in Title 37, Section 15.89(b) of the Texas Administrative Code. Note that some moving violations are in codes other than the Transportation Code. Because passing a school bus is a moving violation, the 10¢ has already been calculated into the total.

Abbreviation	Name of Cost/Fee	Legal Reference	Applies To	Portion Remitted, Retained
CF	Consolidated Fee	Section 133.102, Local Government Code	All but parking and pedestrian offenses	90% State, 10% City If timely remitted on quarterly report
JSF	Judicial Support Fee	Section 133.105, Local Government Code	All but parking and pedestrian offenses	90% State, 10% City If timely remitted on quarterly report <ul style="list-style-type: none"> Portion retained by city must be used to promote the efficient operation of the court and the investigation, prosecution, and enforcement of offenses within the court's jurisdiction.
IDF	Indigent Defense Fund	Section 133.107, Local Government Code	All but parking and pedestrian offenses	90% State, 10% City If timely remitted on quarterly report
JRF	Juror Reimbursement Fee	Article 102.0045, Code of Criminal Procedure	All but parking and pedestrian offenses	90% State, 10% City If timely remitted on quarterly report
TPDF	Truancy Prevention and Diversion Fund	Article 102.015, Code of Criminal Procedure	All but parking and pedestrian offenses	50% State, 50% City <ul style="list-style-type: none"> If city is operating, establishing, or attempting to establish a JCM program; otherwise 100% to State Remitted on quarterly report Must be used to operate or establish a JCM program
STF	State Traffic Fine	Section 542.4031, Transportation Code	Rules of the Road offenses (Chapters 541-600, Transportation Code)	95% State, 5% City If timely remitted on quarterly report
TFC	Local Traffic Fee	Section 542.403, Transportation Code	Rules of the Road offenses (Chapters 541-600, Transportation Code)	100% City
CS	Child Safety Fund	Article 102.014, Code of Criminal Procedure	Rules of the Road offenses occurring in a school crossing zone; passing a school bus; parent contributing to nonattendance; some city ordinance parking violations	100% City <ul style="list-style-type: none"> Must be deposited in municipal child safety trust fund in municipalities with population greater than 850,000 For others, shall first fund school crossing guard program with excess expended for programs designed to enhance public safety and security
MVF	Moving Violation Fee	Article 102.022, Code of Criminal Procedure	Moving violations (Title 37, Section 15.89(b) of the Texas Administrative Code)	90% State, 10% City If timely remitted on quarterly report

FEES (add the following whenever they apply):

- ✦ The following fees are collected upon conviction for **services performed by a peace officer** (Article 102.011 of the Code of Criminal Procedure and Section 133.104 of the Local Government Code):
 - \$5 arrest fee for issuing a written notice to appear in court following the defendant's violation of a traffic law, municipal ordinance, penal law, or for making an arrest without a warrant; when service is performed by a peace officer employed by the State, 20% is sent to the State on the quarterly report.
 - \$50 warrant fee for executing or processing an issued arrest warrant, *capias*, or *capias pro fine*; when service is performed by a peace officer employed by the State, 20% is sent to the State on the quarterly report; when service is performed by another agency, that agency can request the amount of the fee.
 - \$5 for serving a subpoena.
 - \$5 for summoning a jury.
 - \$35 for serving any other writ (includes summons for a defendant or a child's parent).
 - Other costs: costs for peace officer's time testifying off duty or mileage for certain transports.
- ✦ Fees created by city ordinance
 - **Juvenile Case Manager Fee:** up to \$5 on every conviction if governing body has passed required ordinance establishing a juvenile case manager fund and has hired a juvenile case manager; to be used only to finance the salary, benefits, training, travel expenses, office supplies, and other necessary expenses of the juvenile case manager. Once those costs are paid, funds may be used to implement programs directly related to the juvenile case manager (Article 102.0174 of the Code of Criminal Procedure).
 - **Municipal Court Building Security Fund:** \$3 on every conviction if governing body has passed required ordinance establishing building security fund; to be used only for security personnel, services, and items related to buildings that house the operation of the municipal court (Article 102.017 of the Code of Criminal Procedure).
 - **Municipal Court Technology Fund:** up to \$4 on every conviction if governing body has passed required ordinance establishing the municipal court technology fund; to be used only to finance the purchase of or to maintain technological enhancements for the municipal court (Article 102.0172 of the Code of Criminal Procedure).
 - **Special Expense Fee:** up to \$25 for execution of a warrant for failure to appear or violation of promise to appear if governing body has passed required ordinance (Article 45.203 of the Code of Criminal Procedure).
- ✦ **Jury Fees**
 - \$3.00 fee collected upon conviction when a case is tried before a jury or when the defendant requested a jury trial and then withdrew the request within 24 hours of the trial setting (Article 102.004 of the Code of Criminal Procedure).
 - Actual costs incurred for impanelling a jury when the defendant fails to appear for a jury trial (Article 45.026 of the Code of Criminal Procedure).
- ✦ **Time Payment Fee:** \$25 fee on conviction if defendant pays any part of the fine, court costs, fees, or restitution on or after the 31st day after the date judgment is entered; 50% is remitted to the State on the quarterly report; 50% stays with the city; \$2.50 of that shall be used for the purpose of improving the efficiency of the administration of justice and the city shall prioritize the needs of the judicial officer who collected the fee (Section 133.103 of the Local Government Code).
- ✦ **Restitution Fee:** \$12 optional fee if defendant pays restitution in installments; 50% remitted to the State for the crime victims' compensation fund (Article 42.037 of the Code of Criminal Procedure).
- ✦ Contractual enforcement options:
 - **OmniBase Fee:** \$30 for failure to appear or failure to satisfy a judgment for any fine-only offense if city has contracted with the Department of Public Safety to deny renewal of driver's licenses; 66% is sent to the State on the quarterly report; 33% is retained by the city out of which OmniBase is paid (Sections 706.006 and 706.007 of the Transportation Code).
 - **Scofflaw Fee:** \$20 optional fee for failure to appear or satisfy a judgment on an outstanding warrant for violation of a traffic law if the city has contracted with the Department of Motor Vehicles to deny renewal of vehicle registration; entire fee goes to the county tax-assessor (Section 702.003 of the Transportation Code).
 - **Third Party Collection Fee:** 30% of the unpaid fines, fees, costs, restitution, or forfeited bonds if the city has a contract with a third party collections agency and the amount is more than 60 days past due or more than 60 days have elapsed since the defendant's failure to appear (Article 103.0031 of the Code of Criminal Procedure).

ANSWERS TO QUESTIONS

PART 1

- Q. 1. False.
- Q. 2. True.
- Q. 3. False.
- Q. 4. False.
- Q. 5. True.
- Q. 6. True.
- Q. 7. The treasurer's office, the accounting department, and the internal auditor's office.
- Q. 8. Let the municipal court employees do it themselves. They know better than anyone else what they do and how they do it.
- Q. 9. At least annually.
- Q. 10. True.
- Q. 11. True.
- Q. 12. True.
- Q. 13. False.
- Q. 14. True.
- Q. 15. False (it is easier).
- Q. 16. True.
- Q. 17. False.
- Q. 18. True.
- Q. 19. False.
- Q. 20. True.
- Q. 21. True.
- Q. 22. True.
- Q. 23. The decline in the public's perception of and confidence in government.
- Q. 24. Expected benefit.
- Q. 25. Protect those people who do their job and do it right.
- Q. 26. The three basic functions that should, if at all possible, be performed by three different people in a municipal court are:
- authorization (approval) of transactions;
 - recording of transactions; and
 - custody of assets (cash and other property).
- Q. 27. Three other means that take on added importance in helping assure reliable internal control when a strict separation of duties cannot be maintained due to a limited staff size are:
- rotation of duties among personnel;
 - more strict supervision;
 - special double-checking of work;
 - enforced vacations;

- additional training to improve quality of work; and
 - more frequent internal audits.
- Q. 28. That no person should handle a transaction from beginning to end.
- Q. 29. Receipts and checks.
- Q. 30. In a municipal court, three of the tasks that sound procedures should provide for include:
- use and control of prenumbered forms/documents;
 - cross-referencing of documents;
 - periodic reconciliation of subsidiary records to control totals;
 - proper authorization of transactions;
 - effective, timely reporting of transactions;
 - safeguarding of assets;
 - appropriate flow of documents;
 - reasonable amount of checking the work of others; and
 - bonding of all employees with access to cash and other valuables.
- Q. 31. Annually.
- Q. 32. False.
- Q. 33. True.
- Q. 34. True.
- Q. 35. True.
- Q. 36. False.
- Q. 37. True.
- Q. 38. It will somehow enhance overall city operations (e.g., better safeguarding of money or more efficient handling of court operations).
- Q. 39. Not also someone who has recordkeeping or custodial functions.
- Q. 40. It makes it even more difficult to appropriately divide duties.
- Q. 41. A sum of money set aside for making small cash purchases on a contingency basis.
- Q. 42. The purpose of making change for customers.
- Q. 43. Each individual receiving money and issuing receipts.
- Q. 44. It is helpful to have signs posted in a municipal court stating
- checks and money orders will be accepted for amount of payment only;
 - checks will not be cashed;
 - any currency denominations that will not be accepted; and
 - when paying in cash, please have as close to the exact amount as possible.
- Q. 45. False.
- Q. 46. False.
- Q. 47. False.
- Q. 48. True.
- Q. 49. True.

- Q. 50. False.
- Q. 51. True.
- Q. 52. False.
- Q. 53. False.
- Q. 54. False.
- Q. 55. True.
- Q. 56. Regular prenumbered, hardcopy receipts.
- Q. 57. Centrally by the city and distributed to the municipal court as needed.
- Q. 58. Each time a payment is received.
- Q. 59. Three; original; two.
- Q. 60. Eight things a receipt form should provide adequate space for include
- date;
 - docket number;
 - amount received;
 - who the money is being received from;
 - what the money is being received for;
 - method of payment and check number when applicable;
 - signature or initials of individual preparing the receipt; and
 - any other information relevant in the circumstances.
- Q. 61. Because the payee is not present and no receipt is issued at the time of payment.
- Q. 62. Mail should be opened at a time of the day and in a location where other monies are not being handled.
- Q. 63. Possible benefits to accepting credit card payments are:
- decreasing outstanding amounts owed;
 - reducing the number of defendants on installment agreements;
 - increasing taxpayer service by providing a convenient way to make payment; and
 - reducing administrative costs of the municipal court.
- Q. 64. Ensuring that payments are made timely and that missed payments are promptly followed up on.
- Q. 65. The terms of the agreement, including payment amounts and dates.
- Q. 66. True.
- Q. 67. True.
- Q. 68. False.
- Q. 69. False.
- Q. 70. False.
- Q. 71. True.
- Q. 72. True.
- Q. 73. True.
- Q. 74. True.

- Q. 75. False.
- Q. 76. True.
- Q. 77. True.
- Q. 78. True.
- Q. 79. False.
- Q. 80. True.
- Q. 81. True.
- Q. 82. True.
- Q. 83. False.
- Q. 84. True.
- Q. 85. True.
- Q. 86. True.
- Q. 87. True.
- Q. 88. True.
- Q. 89. True.
- Q. 90. True.
- Q. 91. False.
- Q. 92. True.
- Q. 93. False.
- Q. 94. Returned to the defendant as well.
- Q. 95. The paperwork should:
- indicate to the treasurer that the bond amount should now be applied to court costs, fees, and fines and how much to apply to each; and
 - indicate the amount to be refunded to the defendant if the defendant is entitled to jail-time credit.
- Q. 96. As general revenue for the city.
- Q. 97. True.
- Q. 98. False (on a daily basis).
- Q. 99. False.
- Q. 100. True.
- Q. 101. False.
- Q. 102. False.
- Q. 103. At least three things a receipts journal enables a municipal court to do are:
- properly keep track of and account for each receipt issued;
 - properly separate and account for the different types of monies collected;
 - group types of collections in order to easily figure the total collections for each type;
 - balance daily, weekly, and monthly reports;
 - help reconcile the monthly bank statement; and
 - leave a good audit trail for internal and external auditors.

- Q. 104. A person not keeping the books or preparing the check, with authorized check signatures kept to a minimum.
- Q. 105. True.
- Q. 106. False.
- Q. 107. True.
- Q. 108. False (each person should balance their own).
- Q. 109. False.
- Q. 110. The total amount of money in the cash box or drawer less the amount of the change fund.
- Q. 111. True.
- Q. 112. True.
- Q. 113. False (at least once a month if the court maintains its own account; daily if the court does not).
- Q. 114. False
- Q. 115. True.
- Q. 116. False.
- Q. 117. What fund(s) and account(s) to deposit the money into and how to complete any applicable related reports (e.g., state court costs and fees quarterly report).
- Q. 118. Someone who is not responsible for writing, recording, or signing checks.
- Q. 119. True.
- Q. 120. True.
- Q. 121. Examining information and operations for mathematical accuracy, legality, and propriety. It is a process of determining whether all transactions are properly recorded in the accounts and appropriately reflected in statements and reports.
- Q. 122. Objectives of auditing include assuring that:
- the court has collected all the money they are supposed to;
 - money collected was properly remitted to the appropriate party;
 - property is properly managed;
 - money and other property is properly accounted for, properly reported, and adequately safeguarded; and
 - operations conform to laws, rules, and prescribed procedures.
- Q. 123. Examples of the type of audit work that should be done in a municipal court are:
- conducting surprise cash counts;
 - reviewing bank reconciliations;
 - accounting for all receipts;
 - auditing receipts for proper amount collected, deposited, or remitted and correct bookkeeping;
 - confirming amounts paid (or the fact that nothing was paid) with defendants; and
 - reviewing reports.
- Q. 124. Items an auditor may want to examine during the course of an audit are:

- procedures manual, including any internal control procedures used in the court;
- bookkeeping system, including reports, ledgers, and journals;
- docket books;
- monthly bank reconciliations for each bank account, including canceled checks and bank statements for the period covered by the audit;
- fixed assets assigned to the court;
- change funds, receipts (issued and unissued), and monies collected; and
- office files and related correspondence.

Q. 125. True.

Q. 126. False (that is an external audit).

Q. 127. False (it is recommended it be conducted by an independent person).

Q. 128. True.

Q. 129. False.

Q. 130. True.

PART 2

Q. 131. True.

Q. 132. False.

Q. 133. True.

PART 3

Q. 134. No.

Q. 135. For the purpose of collecting consolidated court costs, Section 133.101 of the Local Government Code defines conviction as:

- a judgment, a sentence, or both a judgment and a sentence are imposed on the person;
- the person receives community supervision, deferred adjudication, or deferred disposition; or
- the court defers final disposition of the case or imposition of the judgment and sentence.

Q. 136. Court cost reports must be filed with the State by the last day of the month following each calendar quarter.

Q. 137. The city may keep the interest if it reports timely.

Q. 138. Cities may not keep the handling fee but must remit it to the State.

Q. 139. Courts are required to keep separate records of the funds.

Q. 140. If \$250,000 or more in court costs and fees are remitted to the Comptroller in a state fiscal year (September through August), payments of \$10,000 or more must be made by electronic funds transfer in the following fiscal year. If a city is affected by this rule, the Comptroller must notify the city no less than 60 days before the first payment is required to be made. Sec. 404.095, G.C. and Sec. 3.9, Part I, Title 34, T.A.C. Acity

may not be required to remit electronically, but may voluntarily remit in this manner. The reporting is always manual.

- Q. 141. False (money collected goes first to costs).
- Q. 142. False.
- Q. 143. False (collected money is prorated among all costs).
- Q. 144. False.
- Q. 145. False.
- Q. 146. True.
- Q. 147. True.
- Q. 148. All proceedings in municipal court cease.
- Q. 149. No, because the conviction is not final—it is appealed.
- Q. 150. A judge may waive the fine and costs when a defendant defaults in payment of a fine, is indigent or was a child at the time of the offense, and performing community service would be an undue hardship, or when the defendant receives a deferral and completes a teen court program.
- Q. 151. If the new legislation imposes a new or changes an existing cost or fee, the cost or fee does not take effect until January 1st of the year following the legislative session.
- Q. 152. The treasurer must still file a report with the Comptroller and report that no fees were collected.
- Q. 153. False (on all fine-only offenses other than parking and pedestrian).
- Q. 154. True.
- Q. 155. False (on all Rules of the Road offenses).
- Q. 156. False (the city keeps five percent).
- Q. 157. False (on all fine-only offenses other than parking and pedestrian).
- Q. 158. True.
- Q. 159. False (every municipal court must collect the \$2 cost; having a juvenile case manager program only affects whether the city gets to retain any of the cost).

PART 4

- Q. 160. False.
- Q. 161. False.
- Q. 162. True.
- Q. 163. True.
- Q. 164. False.
- Q. 165. False.
- Q. 166. False.
- Q. 167. True.
- Q. 168. True.
- Q. 169. False (on all Rules of the Road offenses).
- Q. 170. True.
- Q. 171. True.

- Q. 172. True.
- Q. 173. False (the offense of failure to appear is initiated by complaint, not by citation).
- Q. 174. False.
- Q. 175. False (the court must send \$1 to the State).
- Q. 176. True.
- Q. 177. True.
- Q. 178. True.
- Q. 179. True.
- Q. 180. False (the fee should go into the city's general revenue fund).
- Q. 181. True.
- Q. 182. False.
- Q. 183. False.
- Q. 184. True.
- Q. 185. True.
- Q. 186. Thirty-five dollars.
- Q. 187. Five dollars.
- Q. 188. Five dollars.
- Q. 189. Thirty-five dollars.
- Q. 190. Three dollars.
- Q. 191. False.
- Q. 192. True.
- Q. 193. False.
- Q. 194. For good cause at a show cause hearing.
- Q. 195. Some items that a clerk may want to consider when preparing the analysis are costs of jury summons (paper and printing costs); costs of envelopes and stamps; and clerks' salaries.
- Q. 196. Thirty dollars.
- Q. 197. The judge may assess all necessary and reasonable expenses for meals and lodging incurred by peace officer and 29 cents a mile for travel.
- Q. 198. False (only a juvenile case manager).
- Q. 199. True.
- Q. 200. False.
- Q. 201. True.
- Q. 202. True.
- Q. 203. False (it is an amount not to exceed \$4).
- Q. 204. True.

PART 5

- Q. 205. Twelve dollars.

- Q. 206. The court must deposit \$6 in the city's general revenue fund and remit \$6 to the State for the Crime Victim's Compensation Fund.
- Q. 207. The time payment fee is due from a defendant who pays any part of the fine, court costs, or restitution on or after the 31st day after the date on which a judgment is entered.
- Q. 208. Each quarter, the city must send 50 percent of the time payment fee to the State Comptroller. The other 50 percent is retained by the city. The city is required to use 10 percent of the fee (\$2.50) for improving the efficiency of the administration of justice. The other 40 percent (\$10) may be used by the city for any lawful purpose.
- Q. 209. True.
- Q. 210. True.

PART 6

- Q. 211. True.
- Q. 212. True.
- Q. 213. False (the city must pay one-half of the fine to the school district).
- Q. 214. True.
- Q. 215. False.
- Q. 216. False.