

# **Receipts And Disbursements**

## CHAPTER III

### RECEIPTS AND DISBURSEMENTS

#### A. INTRODUCTION

This chapter focuses on financial management relating to receipts and disbursements. Topics include:

- Change funds;
- General over-the-counter receipts;
- Mail receipts;
- Lockbox receipts;
- Installment and partial payments;
- Other types of payments;
- Receipt form;
- Accounting for receipts;
- Disbursements and remittances; and
- Accounting for disbursements.

Remember, from the previous chapter, that the financial management checks and balances in an office should show:

- they have collected all the money or other property to which they were entitled;
- money collected was properly remitted to the appropriate party;
- all money and other property is properly managed; and
- all money and other property is properly expended, properly accounted for, and properly reported.

For a simple analogy, consider the paycheck you receive. You probably make sure the amount is correct (i.e. you received the full amount to which you are entitled). You probably also manage that money by keeping up with it and protecting it. In other words, you probably do not leave cash just laying around, nor do you leave blank checks just anywhere. You probably also make sure creditors get the right amount at the right time, and keep up with what you have left after bills are paid and where it is. Financial management in a justice court, county clerk's office, or district clerk's office is similar—it is just done on a larger scale.

When it comes to receipts and disbursements, a good audit trail (who did what and when they did it) is a must. Remember, without it, those who do their jobs right cannot be protected. And those who do their jobs wrong often cannot be identified with any degree of certainty.

## **B. CHANGE FUNDS**

(The materials on pages III-3 through III-5 were adapted from the *Justice of the Peace Manual (1994)* - a Texas Comptroller of Public Accounts publication.)

### **1. Introduction**

Change funds are used for the purpose of making change for customers. There should be a separate change fund for each person taking in money and issuing receipts. Change funds should be maintained at the lowest practical level—generally what is needed for daily operations. To determine the amount needed:

- analyze prior transactions;
- check with the county auditor and/or county treasurer for guidance; and
- check with other justices of the peace, county clerks, or district clerks.

Change funds are provided for in Local Government Code, Section 130.902 (*see Appendix - page 46*), which provides that the commissioners court may set aside from the general fund an amount approved by the county auditor for use as a change fund by any county or district official who collects public funds. Section 130.902 also provides that:

- the fund may be used only to make change in connection with collections that are due and payable to the county, the state, or another political subdivision of the state that are often made by the official;
- the bond of an official who receives a change fund must cover the official's responsibility for the correct accounting and disposition of the fund;
- a change fund may not be used to make loans or advances or to cash checks or warrants of any kind; and
- on the recommendation of the county auditor, the commissioners court may increase or decrease the change fund at any time.

It is recommended that signs be posted in the office indicating:

- checks and money orders will be accepted for the amount of payment only;
- checks will not be cashed;
- any currency denominations that will not be accepted; and

- when paying in cash, the payor have as close to the exact amount as possible.

## **2. Creating a Change Fund**

- a. After the commissioners court authorizes the change fund and the amount is approved by the county auditor, the official should receive the amount from the county treasurer, count it to verify the amount, and then sign for the receipt of it.
- b. The official will then turn over money to each individual responsible for operating a fund, have him/her count it to verify the amount, and then sign a receipt for the amount received.
- c. Each fund should be maintained in a simple, secured location. Generally, only the responsible individual should be allowed access to the fund.

## **3. Managing a Change Fund**

The individual responsible for operating a fund must:

- a. Count and verify the change fund at the beginning of each day. The amount should be consistent from day to day.
- b. Make change as necessary. When making change, always count the change until you come up with the same amount twice.
- c. 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.
- d. Periodically review the adequacy of the change fund amount and make adjustments as needed.

## **4. Control of Change Funds**

- a. Maintain each fund at the lowest practical level (\$50 - \$200 per cashier is usually adequate).
- b. Under no circumstances should the fund be:

- 1) commingled with personal funds;
  - 2) used to make advances to officials or employees; or
  - 3) used to cash personal checks.
- c. Unannounced reconciliations or audits of cash receipts and change funds should be made on an irregular basis to help ensure the integrity of the fund.
- d. The fund should be appropriately secured at all times, during the day and night.

## C. GENERAL OVER-THE-COUNTER RECEIPTS

### 1. Introduction

The most basic method for receiving payments is over-the-counter. The following procedures are general in nature, but detailed enough to be adapted for use in most offices. Each office should adapt the procedures to fit its specific situation. In addition to the internal control considerations previously discussed, following sound procedures also helps an office present a good image to the public.

The procedures are broken down into four areas:

- Getting started;
- Opening up;
- Basic operations; and
- Closing out.

### 2. Getting Started

There are some basic things that should be covered before an office and employee begins receiving money over-the-counter. Many of them are common sense, but often get overlooked in the fast pace of day-to-day operations.

- a. Develop written procedures. The procedures should:
  - 1) be comprehensive;
  - 2) be dated (i.e. indicate their effective date); and
  - 3) periodically be reviewed and updated (at least annually).
- b. Appropriately bond cashiers. Whether employees are bonded individually, as part of an entire office, or as part of the county as a whole varies. The important thing is that employees are properly bonded.
  - 1) only bonded employees should receive and/or handle money; and
  - 2) the adequacy of bond amounts should periodically be reviewed (at least annually) and any necessary changes made.

- c. Provide a physically secure place for cashiers. Cashiers should have a feeling of safety as they do their jobs. Each county should take reasonable steps to ensure a safe working environment for employees by:

- 1) providing appropriate physical barriers and restrictions between cashiers and the public;
- 2) using signs to show restrictions (e.g., only employees beyond this point); and
- 3) providing cashiers with some sort of panic button or similar device.

Providing a physically secure place for cashiers would be a good use of the Courthouse Security Fund provided for in the Code of Criminal Procedure, Article 102.017 (*see Appendix - page 13*). The money in that fund comes from a \$5 fee on felony convictions, a \$3 fee on misdemeanor convictions in district courts and county courts, and a \$4 fee on convictions in justice courts. The fund is administered by and under the direction of the commissioners court.

- d. Adequately train cashiers. To best represent the office and the county, cashiers should be trained in a wide range of areas, including:

- 1) court operations;
- 2) county operations in general;
- 3) dealing with people;
- 4) handling money;
- 5) security issues;
- 6) types of collections:
  - a) cash;
  - b) money orders and cashiers checks;
  - c) credit cards; and
  - d) any other applicable types of collections;
- 7) determining the proper amounts to be collected; and
- 8) forms to be used and how to use them.

- e. Have a fireproof place (preferably a safe) to lock up money and any unissued receipts overnight. Money should not only be safeguarded during the day, but also overnight and at other times the office is closed.



- f. Explain to cashiers that no commingling of money is acceptable. This would include:
- 1) commingling personal money with office money;
  - 2) cashing personal checks;
  - 3) using office money to make personal change; or
  - 4) using personal money to make office change.
- g. Post signs indicating certain court policies. Individuals should not be surprised about certain office policies when they are ready to make a payment. The signs should be posted even if notification is also made via other methods (e.g., letters, citations, etc.). In this situation, the signs reinforce the policies and make the job of the cashiers somewhat easier. The signs should:
- 1) state the methods of payment accepted and not accepted;
  - 2) state any currency denominations not accepted;
  - 3) indicate that someone paying in cash should have as close to the exact amount owed as possible; and
  - 4) instruct payors to obtain a receipt as proof of payment.
- h. Obtain an adequate supply of pre-printed, hard-copy, chronologically numbered receipts. Using chronologically numbered and controlled receipts is a significant component of a sound system of receiving payments. Even if the office issues computer-generated receipts, hard-copy receipts are needed for those instances when the computer goes down.
- 1) if computer-generated receipts are used, they should also be chronologically numbered (the number is usually affixed as the transaction occurs);
  - 2) restrict the ability to set or reset the computer-generated receipt numbers;
  - 3) receipts should display the name of the county and county office;
  - 4) receipts should have at least three parts (it is okay for one part to be electronic):
    - a) one part for the person making the payment;
    - b) one part for the office issuing the receipt; and
    - c) one part for the county auditor (or county treasurer if there is no county auditor);

- i. Distribute the pre-printed, hard-copy, chronologically numbered receipts to the cashiers.
  - 1) explain to them their responsibilities concerning the receipts and what steps to take when they are aware of any problems;
  - 2) have them count all the receipts being distributed to them; and
  - 3) have them sign something indicating specifically what receipts they received (i.e. receipt numbers xxx - xxx).
  
- j. Periodically reconcile all receipts. It is important to periodically account for all receipts—not just the issued ones, but the unissued ones as well. The idea is to make sure that all unissued receipts are in fact unissued and accounted for. In other words, making sure that someone has not been issuing receipts out of sequence and taking the money.
  
- k. Provide each cashier with a separate cash box, drawer, or register. It is usually impossible to properly affix responsibility for over-the-counter errors or irregularities when two or more people work out of the same box, drawer, or register. For example, if Carol and Bob work out of the same cash drawer and \$50 dollars is missing at the end of a day, it is virtually impossible to appropriately pinpoint responsibility for who made the mistake or took the money. The problem is compounded as the number of people who work out of a single box, drawer, or register increases. Even if a single register is used that requires each cashier to key in a unique user number before processing a transaction, responsibility for missing money still cannot be properly pinpointed. This is because someone can take out more money or put in less money than they should. Here again, it would not be possible to affix responsibility to a specific cashier. It is recommended that the following procedures be implemented:
  - 1) provide each cashier with their own key;
  - 2) explain to each cashier their responsibility for the key and the box, drawer, or register;
  - 3) make sure another key is kept by someone higher in authority and is only used as needed and in the presence of at least two people; and

- 4) make sure the boxes, drawers, or registers are compartmentalized to keep currency and coin denominations separate. Using compartmentalized boxes, drawers, or registers reduces the chances of giving someone the wrong change.
1. Distribute a change fund to each cashier. Since each cashier needs their own box, drawer, or register, they need their own change fund as well.
    - 1) maintain the change fund at the lowest practical level—generally what is needed for daily operations;
    - 2) \$50—\$200 per change fund will be adequate in most instances;
    - 3) have cashiers count and sign for the money they receive; and
    - 4) periodically review the adequacy of the change fund amount (occasionally, determine how often coins and currency exchanges are needed) and make appropriate adjustments.

*(The total amount of change funds for a justice court, county clerk's office, or district clerk's office has to be set aside from the general fund by the commissioners court and has to be approved by the county auditor. On the recommendation of the county auditor, the commissioners court may increase or decrease the fund at any time.)*

LGC §130.902

- m. Make sure cashiers do not also handle mail receipts. If, due to a limited staff size, a cashier does have to handle mail receipts, mail should be handled at a time when the cashier is not handling over-the-counter receipts and when the cashier does not have access to his/her cash box, drawer, or register.

### **3. Opening Up**

This area focuses on those things that should be done by a cashier each day before he/she begins handling transactions.

- a. Obtain change fund and unissued receipts.
  - 1) the fund and receipts should have been locked up in a secure place overnight; and

- 2) if obtaining a fund and receipts provides a cashier access to another cashier's fund or receipts, at least two people should be present when the funds and receipts are obtained.
- b. Count and verify the change fund amount. It is important to verify that the beginning amount is correct. For example, if someone took money out of a change fund during the night, and the amount was not checked before starting to handle transactions the following day, the assumption would be that something happened during the day's transactions, not before the day's transactions started. A cashier could be unnecessarily suspected of wrongdoing.
- 1) indicate on the Cashier Reconciliation Form that the beginning change fund amount is correct and was verified; or
  - 2) if the amount is incorrect:
    - a) list the amount missing;
    - b) if possible, indicate specifically what is missing (i.e. the number of dimes, quarters, one dollar bills, five dollar bills, etc.); and
    - c) make appropriate notification as required by the official.
- c. Count and verify unissued receipts. It is also important to verify that the unissued receipts that are supposed to be there are in fact there. For example, if someone took unissued receipts during the night, and that was not checked before starting to handle transactions the following day, the assumption might be that the responsible cashier issued the receipts and pocketed the money. Remember, a good audit trail shows who did what, when they did it, and how much was involved.
- 1) indicate on the Cashier Reconciliation Form that the unissued receipts that are supposed to be there are in fact there; or
  - 2) if any receipts are missing:
    - a) list, by number, the receipts missing; and
    - b) make appropriate notification as required by the official.

- d. Put change fund and receipts in working location. The working location should be a box, drawer, or register that can be adequately secured.
- e. Make sure items needed to handle over-the-counter receipts are present and in good working condition. A cashier should have what they need to do the job before the first person comes in to make a payment. Items needed may include:
  - 1) calculator;
  - 2) date stamp (changed to current date);
  - 3) ink pads;
  - 4) restrictive endorsement stamp;
  - 5) payee stamp;
  - 6) court costs, fees, and fine schedule(s);
  - 7) pens and paper; and
  - 8) any information to be disseminated to persons making payments.
- f. If applicable, get computer “up and running.” This would include:
  - 1) turning the computer on and logging on;
  - 2) making sure needed applications are working; and
  - 3) making notifications and adjustments for any items not working.

#### **4. Basic Operations**

Below are the procedures a cashier should follow each day there is cashiering activity. Remember, the procedures should be adjusted to fit the circumstances of a particular office.

- a. Be professional and courteous to each person. Each cashier represents both the office and the county.
- b. Make sure the amount being paid is correct. The documents or information to check to make sure the amount being paid is correct include:
  - 1) a court judgment;
  - 2) court costs, fees, or fine schedules;
  - 3) a payout agreement; and/or
  - 4) an applicable law.

- c. Prepare and issue a receipt for each intake of money.
- 1) information on a receipt should normally include:
    - a) the date;
    - b) the docket, case, or account number;
    - c) the amount received;
    - d) the name of the person making the payment;
    - e) what the money is being received for;
    - f) the method of payment (e.g., cash, check, money order) and, if applicable, the number of the check or money order;
    - g) the name of the county and identification of the office (e.g., Justice Court, Precinct 1, County Clerk's Office, or District Clerk's Office);
    - h) additional information as needed; and
    - i) the signature of the person issuing the receipt;
  - 2) for hand-prepared receipts:
    - a) fill out the necessary information on the receipt before signing it;
    - b) make sure the payment is received and the amount is correct before entering the amount on the receipt. *(If checks are accepted, make sure they are completely filled out, the amount is correct, and they are signed);* and
    - c) if a hand-prepared receipt is being prepared because the computer is down and the system requires that a computer-generated receipt be issued later, appropriately cross-reference and attach the receipts;
  - 3) when making change, count it until the same amount is arrived at twice;
  - 4) keep the payment received in view until the receipt is issued and the payor is satisfied;
  - 5) restrictively endorse checks and money orders;
  - 6) put the payment in the box, drawer, or register; and
  - 7) appropriately place any paperwork and/or documents (e.g., receipt copies, payout agreement, files).
- d. Lock up money and receipts (both issued and unissued) if the immediate work area is left for any reason, including:
- 1) breaks;
  - 2) lunch;
  - 3) appointments; or

- 4) meetings.
- e. Establish a procedure for making coin and currency exchanges. When doing so:
  - 1) double-count what you give up; and
  - 2) double-count what you receive.
- f. For high volume operations, have a system in place to remove excess cash during the day. Doing so reduces security problems and should allow for more rapid deposits.
  - 1) make the renewals at predetermined times or levels; and
  - 2) amounts removed should be signed for, or if that is not possible, counted by both the cashier and the person receiving the cash.
- g. Retain all voided receipts. When voided receipts occur:
  - 1) clearly mark “VOID” on the receipt copies;
  - 2) do not alter the receipt in any way; and
  - 3) if the payor’s copy is missing, attach something explaining why.
- h. Make sure automated systems provide a clear audit trail (i.e. who did what, when they did it, and how much was involved).
  - 1) utilize a multi-level access structure that permits changes to only be made by authorized personnel; and
  - 2) ensure the system traces changes and shows who made them.

*(Financial management information should not be able to be changed on a computer without a clear audit trail. For example, if someone can reduce the amount the computer system shows as owing on a case—say from \$400 to \$200, it would be easier for someone to steal \$200 than would otherwise be the case.)*

- i. If someone performs a cash count on the cashier, the cashier should never leave the person performing the count alone with the money and receipts. The cashier should:

- 1) watch carefully what the person does;
- 2) sign the cash count form indicating the date and time; and
- 3) indicate on the form if he/she disagrees with the count, and if so, in what way.

## 5. Closing Out

The following procedures for closing out are based on the use of the sample Cashier Reconciliation Form shown on page III-18. The procedures can easily be adapted to use with other reconciliation forms.

- a. Each cashier should initially balance out his/her own cash box, drawer, or register. If a cashier turns in money to someone without counting it and something is missing, it is difficult to prove who is at fault.
- b. Each cashier should balance out each day he/she has any cashiering activity.
- c. To balance out, a cashier should:
  - 1) go to the designated location for balancing out. The location should:
    - a) generally not be in the public's view; or
    - b) be so isolated the cashier is completely alone;
  - 2) separate the money and checks/money orders and any other applicable documents (e.g., credit card slips);
  - 3) further separate the currency and coins into denominations;
  - 4) count the currency and coins by denomination, entering the individual denomination totals and the overall total in the "Cash and Currency" section of the Cashier Reconciliation Form. The overall total should also be entered in the "Recap" section of the Cashier Reconciliation Form.
  - 5) rubber-band (or otherwise secure) the currency together in descending denomination size and put coins in an appropriate envelope or container;
  - 6) list the individual checks and money orders with amounts and the overall total in the "Checks/Money Orders" section of the Cashier Reconciliation Form, and



- a) run an adding machine tape of the checks and money orders and write "Checks/Money Orders" on the top of the tape;
  - b) attach the tape to the checks and money orders; and
  - c) enter the overall total in the "Recap" section of the Cashier Reconciliation Form;
- 7) add the "Cash and Currency" total in the "Recap" section to the "Checks/Money Orders" total in the "Recap" section to arrive at the "Total Monies on Hand" in the "Recap" section;
  - 8) replenish the change fund (counting the amount twice) and enter the change fund amount in the "Recap" section. *(The change fund amount should generally remain constant from day to day.);*
  - 9) subtract the "Less Change Fund Amount" in the "Recap" section from the "Total Monies on Hand" amount in the "Recap" section to arrive at "Total Monies on Hand (Excluding Change Fund Amount)";
  - 10) put the copies of the receipts issued in numerically chronological order and enter the beginning receipt number and ending receipt number in the "Receipts To Account For" section of the Cashier Reconciliation Form. *(The form has space for three batches of receipts if needed.);*
  - 11) enter the total amount of the receipts issued in the "Receipts To Account For" section of the Cashier Reconciliation Form; and
    - a) run an adding machine tape of the receipts and write "Receipts" on the top of the tape;
    - b) attach the tape to the receipts; and
    - c) enter the total amount of the receipts issued in the "Recap" section of the Cashier Reconciliation Form;
  - 12) subtract the total of "Receipts To Account For" from "Total Monies on Hand (Excluding Change Fund Amount)" and enter the amount in the space provided in the Cashier Reconciliation Form. The amount should be zero. A positive number represents an overage. A negative number represents a shortage;

- 13) if there is an overage or shortage, repeat steps 4) through 12) and compare individual receipt amounts to check and money order amounts. If a mistake was made doing the reconciliation and there is not an overage or a shortage, correct the form. If there continues to be an overage or a shortage, continue to the next step;
  - 14) verify unissued receipts are all present (in unbroken series)  
*(If any are missing, indicate this in the "Additional Information" section of the Cashier Reconciliation Form, listing the missing receipt numbers.);*
  - 15) enter the date and time and sign the Cashier Reconciliation Form; and
  - 16) make a copy of the Cashier Reconciliation Form and forward the form, receipts, and payments to the appropriate individuals for verification and remittance or deposit preparation and bookkeeping.
- d. Return the cash box, drawer, or register (along with the change fund) to the appropriate location for safekeeping.

**CASHIER RECONCILIATION FORM**  
 County of \_\_\_\_\_, Office of \_\_\_\_\_  
 For the Date of \_\_\_\_\_

CASH AND CURRENCY		RECAP	
<b>Denomination</b>	<b>Amount</b>	<b>Cash and Currency</b>	
.01	_____	<b>Checks / Money Orders</b>	_____
.05	_____		
.10	_____	<b>Total Monies on Hand</b>	_____
.25	_____		
.50	_____	<b>Less Change Fund Amount</b>	_____
1.00	_____		
2.00	_____	<b>Total Monies on Hand</b>	_____
5.00	_____	<b>(Excluding Change Fund Amount)</b>	_____
10.00	_____		
20.00	_____	<b>Receipts To Account For</b>	_____
50.00	_____		
100.00	_____	<b>Overage (Shortage)</b>	_____
<b>Total</b>	_____		_____

RECEIPTS TO ACCOUNT FOR		
<b>Beginning Receipt No.</b>	<b>Ending Receipt No.</b>	<b>Batch Total</b>
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>Total</b>		_____

CHECKS / MONEY ORDERS					
<b>Source</b>	<b>Amount</b>	<b>Source</b>	<b>Amount</b>	<b>Source</b>	<b>Amount</b>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
				<b>Total</b>	_____

ADDITIONAL INFORMATION	
Beginning change fund amount verified _____	Unissued receipts verified _____
_____	_____
_____	_____
_____	_____

\_\_\_\_\_  
 Signature / Date / Time

## **D. MAIL RECEIPTS**

(The materials on pages III-19 through page III-27 were adapted from *City and County Financial Management (1994)* - a Texas Comptroller of Public Accounts publication.)

### **1. Introduction**

Proper management of mail collections is particularly important because the person making payment is not present, and no receipt is issued at the time of collection. To make matters worse, many people send cash through the mail. The goals concerning mail collections are to establish a clear audit trail, and to ensure and document the proper handling of mail collections. The collections should be processed correctly and timely. This means mail payments should be processed daily.

How well an office is run can often be gauged by how the office handles mail receipts. If they are handled properly and timely, then the rest of the office is usually in pretty good shape. However, if mail is not handled properly, odds are high there are problems in other areas of office operations. In other words, if an area in which the involved party is not present (as with mail collections) is in good shape, the probability is that other areas (where the involved parties generally are present) are in good shape, also.

### **2. General Guidelines**

These general guidelines should help ensure an office has addressed the important issues related to mail receipts. They also provide the framework around which basic procedures can be developed.

#### **a. Getting Mail from the Post Office**

- 1) consult with the post office to determine the most efficient and effective way to have mail addressed;
- 2) make a conscious effort to help ensure that those who send payments and correspondence via the mail are aware of how the mail should be addressed;
- 3) determine if there is a specific time(s) when mail is supposed to be delivered to the office or picked up by someone from the office;

- 4) if mail is picked up by someone from the office, make sure a specific individual is designated to do so, and that there is a backup when one is needed;
- 5) determine if it will be beneficial to have mail delivered or picked up more than once a day;
- 6) on a sample basis, compare postmark dates with the delivery dates and take appropriate actions if delays are unreasonable;
- 7) have a specific contact at the post office to talk to when problems and/or questions arise;
- 8) if applicable, monitor the performance of the individual(s) assigned to pick up the mail to ensure it is being done when it is supposed to be done;
- 9) use a “date received” stamp to indicate when mail is received in the office (*If envelopes are discarded, the stamp needs to be applied directly to the correspondence.*);
- 10) on a sample basis, periodically check to make sure the receipt date is being indicated on mail received;
- 11) advise employees that personal mail is not to be sent to them at the office; and
- 12) establish procedures for handling overnight and express mail.

b. Getting Mail to the Appropriate Office

- 1) if mail is not delivered directly to or picked up by an individual office, make sure there is a person in the county designated to distribute mail;
- 2) make sure there is a backup person designated if the person who regularly distributes the mail is absent or otherwise unable to do it;
- 3) make sure specific times for mail distribution have been determined;

- 4) if mail is received more than once a day from the post office, determine whether it will be beneficial to distribute more than once a day to the offices;
- 5) make sure someone monitors the performance of the individuals designated to distribute mail to ensure it is done when it is supposed to be done and that it is distributed properly;
- 6) have a procedure for who to contact and when to contact them when deliveries are not being made timely and correctly;
- 7) use a “date received” stamp to indicate when mail is received in the office (*If envelopes are discarded, the stamp needs to be applied directly to the correspondence.*);
- 8) on a sample basis, periodically check to make sure the receipt date is being indicated on mail received; and
- 9) determine whether any type of mail needs to be specifically identified or numbered and then logged so it can be tracked.

c. Handling Mail within an Office

- 1) if there is more than one section within an office, establish a procedure for accurately distributing mail to the various sections;
- 2) have a procedure to identify mail that should receive priority treatment;
- 3) establish a maximum time limit to process priority mail or to notify the sender that his/her correspondence is being processed;
- 4) establish a maximum time limit to process all other mail or to notify the sender that his correspondence is being processed;
- 5) stress to employees the importance of good procedures for handling mail;
- 6) develop written procedures for handling mail;
- 7) make sure the procedures are up-to-date and cover all duties and responsibilities;

- 8) periodically review and update the procedures;
- 9) document in writing the reason for any change in procedures;
- 10) promptly notify employees of all changes;
- 11) make sure the duties and responsibilities concerning mail are well defined;
- 12) consider periodically rotating duties and responsibilities for handling mail;
- 13) require everyone who processes mail to take vacations;
- 14) make sure the work of someone on vacation is performed by someone else during their absence;
- 15) make sure employees are properly bonded;
- 16) periodically review the adequacy of the bond(s);
- 17) make sure employees are performing their duties properly;
- 18) make sure employees are adequately trained;
- 19) periodically review training needs;
- 20) stay current on processing mail;
- 21) open and process mail daily;
- 22) try to have the mail opened by someone other than those taking over-the-counter receipts;
- 23) have the person opening the mail prepare a record of the cash and checks received;
- 24) make sure the bank deposit or remittance is prepared by someone other than the person opening the mail;
- 25) immediately, restrictively endorse checks received through the mail;
- 26) advise individuals to never send currency through the mail;
- 27) instruct individuals to make sure checks are properly and completely filled out before being mailed;
- 28) make sure a receipt is prepared for all payments received by mail; and
- 29) deposit or remit mail receipts daily.

d. Interest Earnings

- 1) analyze mail pick-up or delivery times to determine if adjustments can be made to receive mail sooner and thus have more rapid deposits/remittances;
- 2) process mail promptly (at least daily) upon receipt so money received can be deposited as soon as possible;
- 3) where applicable, prepare and mail billings or payment notices as soon as possible;
- 4) use interest-bearing accounts when possible;
- 5) determine the possible net additional interest earnings (after deducting any additional costs that would be incurred) that could result from more frequent bank deposits; and
- 6) determine the possible net additional interest earnings to the county (after deducting any additional costs that would be incurred ) that could result from more frequent remittances to the county treasurer.

*(For example, from monthly to twice a month or weekly, or for some offices from weekly to daily. The treasurer almost always receives a higher rate of return. Criminal case collections generally have to be deposited with the county treasurer within three business days. However, in counties with a population of 50,000 or more, the commissioners court can extend the time up to seven business days. If the county population is less than 50,000, the time can be extended by the commissioners court up to thirty calendar days. For collections not related to criminal cases, money has to be remitted to the county treasurer within seven business days. Here again, for counties with a population of less than 50,000, the*

CCP Art. 103.004

LGC §113.022



*commissioners court can extend the time up to thirty calendar days.)*

e. Checking the System to See if It Is Working

- 1) develop a quality review system to routinely check some of the mail received to see how it was handled;
- 2) document the quality reviews;
- 3) make sure the quality review system includes checking the accuracy, timeliness, and documentation of the work done;
- 4) if processing the mail results in contact with some of the senders by telephone, contact some of them to see how professional, courteous, helpful and timely the employee was who contacted them;
- 5) include performance relating to mail handling on employee evaluations;
- 6) follow up complaints (verbal or written) to find out specifically what the complaint is, what caused it, and if there is anything that can be done to improve or remedy the situation;
- 7) if the county has a county auditor, make sure internal audits are periodically conducted, as required by law (refer to Chapter I);
- 8) make sure some of the audit work is done on a “surprise” basis;
- 9) ask the county auditor to periodically include the following in his/her audit work:
  - a) safety of money received in the mail;
  - b) how timely mail is processed;
  - c) how accurately mail is processed;
  - d) how efficiently mail is processed; and
- 10) implement auditor recommendations relating to mail.

### 3. Basic Procedures

The following procedures are general in nature and can be adapted for use in most offices. Each office should adapt the procedures to fit their specific situation.

#### a. General

- 1) the daily mail should be picked up by the designated mail cashier or should be delivered to the cashier unopened;
- 2) all mail should be opened by one person and all checks and currency removed prior to further distribution of the mail; and
- 3) if possible, the person opening the mail should not be the same person who handles other types (i.e. non-mail) of cash receipts. *(If it is the same person, have this person process the mail receipts at a time that is exclusively dedicated to handling mail receipts and in a part of the office that is different from where other cash receipts are handled.)*

#### b. Mail Cashier

- 1) open all mail addressed to the office;
- 2) sort out mail intended for others, retaining all that contain currency or checks. Forward other mail to appropriate parties;
- 3) restrictively endorse all checks immediately (i.e. "For Deposit Only, Account # \_\_\_\_\_");
- 4) list all payments received on the Daily Mail Collection Report (see sample on page III-28) in sufficient detail to identify the person who sent the payment, the amount received, and for what it was received;
- 5) total all currency and checks and compare that amount to the total on the Daily Mail Collection Report. Find and correct any errors. Sign and date the report;

- 6) forward the mail collections and the Daily Mail Collection Report to the cash receipts cashier;
- 7) forward a copy of the Daily Mail Collection Report to the accounting department; and
- 8) retain a copy of the report.

c. Cash Receipts Cashier

- 1) receive the mail collections and Daily Mail Collection Report from the mail cashier;
- 2) verify that the amount received equals the amount shown on the Daily Mail Collection Report. If not, investigate discrepancies;
- 3) prepare receipts (whether they are mailed will depend upon office policy). Enter receipt number on the Daily Mail Collection Report;
- 4) prepare bank deposit or remittance to county treasurer;
- 5) make deposit or remittance;
- 6) forward the Daily Mail Collection Report and deposit slip or remittance receipt to accounting department for bookkeeping entries; and
- 7) retain a copy of the report.

d. Accounting Department

- 1) receive a copy of the Daily Mail Collection Report from the mail cashier;
- 2) receive the Daily Mail Collection Report and deposit slip or remittance receipt from the cash receipts cashier;
- 3) verify that the amount shown on the copy of the Daily Mail Collection Report received from the mail cashier is the same as the amount shown on the Daily Mail Collection Report received from the cash receipts cashier;

- 4) verify that the amount shown on the Daily Mail Collection Report equals the amount on the deposit slip or remittance receipt;  
and
- 5) make appropriate bookkeeping entries and file paperwork.



## **E. LOCKBOX RECEIPTS**

### **1. Introduction**

Some offices only accept payments when the office is open. Other offices provide a mechanism for payments to be made when the office is closed. Those offices that do provide for after-hours payments generally do so via some sort of lock or drop box.

Similar to mail collections, proper management of lockbox collections is important because the person making payment is not present when the payment is physically received by the office. Additionally, lockbox payments are even more likely to be made in cash than payments received in the mail. The goals concerning lockbox collections are to establish a clear audit trail and to ensure and document the proper handling of lockbox collections. Lockbox collections should be processed correctly and timely. Lockbox collections should be processed daily.

### **2. Basic Procedures**

Lockbox procedures are very similar to the procedures for mail receipts. The following procedures are general in nature and can be adapted for use in most offices. Each office should adapt the procedures to fit their specific situation.

#### **a. General**

- 1) prospective lockbox users should be advised of the importance of properly identifying who the payments are from and what they are for in order to get proper credit. Any applicable documents should be included with payments and reference numbers (e.g., criminal case numbers) should be written on checks and money orders (*Some offices provide envelopes to payors, writing the appropriate reference number on the envelopes before giving them to the payors.*);
- 2) the box should be opened and emptied daily;
- 3) the box should be delivered to the lockbox cashier unopened, or alternatively, should be opened in the presence of two people and the contents delivered directly to the lockbox cashier; and

- 4) if possible, the person opening the lockbox should not be the same person who handles other cash receipts. *(If it is the same person, have this person process the lockbox receipts at a time that is exclusively dedicated to handling lockbox receipts and in a part of the office that is different from where other cash receipts are handled.)*

b. Lockbox Cashier

- 1) open the lockbox or receive lockbox contents *(The box should be opened in an open area, not in an enclosed office.)*;
- 2) restrictively endorse all checks immediately (i.e. “For Deposit Only, Account # \_\_\_\_\_”);
- 3) list all payments received on the Daily Lockbox Collection Report (see sample on page III-32) in sufficient detail to identify the person who sent the payment, the amount received, and for what it was received;
- 4) total all currency and checks and compare that amount to the total on the Daily Lockbox Collection Report. Find and correct any errors. Sign and date the report;
- 5) forward the lockbox collections and Daily Lockbox Collection Report to the cash receipts cashier;
- 6) forward a copy of the Daily Lockbox Collection Report to the accounting department; and
- 7) retain a copy of the report.

c. Cash Receipts Cashier

- 1) receive the lockbox collections and Daily Lockbox Collection Report from the lockbox cashier;
- 2) verify that the amount received equals the amount shown on the Daily Lockbox Collection Report. If not, investigate any discrepancies;
- 3) prepare receipts (whether they are mailed will depend on office policy). Enter receipt numbers on the Daily Lockbox Collection Report;
- 4) prepare bank deposit or remittance to county treasurer;
- 5) make deposit or remittance;
- 6) forward the Daily Lockbox Collection Report and deposit slip or remittance receipt to the accounting department for bookkeeping entries; and
- 7) retain a copy of the report.

d. Accounting Department

- 1) receive a copy of the Daily Lockbox Collection Report from the lockbox cashier;
- 2) receive the Daily Lockbox Collection Report and deposit slip or remittance receipt from the cash receipts cashier;
- 3) verify that the amount shown on the copy of the Daily Lockbox Collection Report received from the lockbox cashier is the same as the amount shown on the Daily Lockbox Collection Report received from the cash receipts cashier;
- 4) verify that the amount shown on the Daily Lockbox Collection Report equals the amount on the deposit slip or remittance receipt; and
- 5) make appropriate bookkeeping entries and file paperwork.





## F. INSTALLMENT PAYMENTS

### 1. Introduction

Most offices either currently receive installment payments or will at some time in the future in criminal cases. For example, the judge may direct the defendant to pay:

- the entire fine, fees, and costs when sentence is pronounced;
- the entire fine, fees, and costs at some later date; or
- a specified portion of the fine, fees, and costs at designated intervals.

In addition to establishing a clear audit trail and properly handling payments, the goals concerning installment payments include ensuring that payments are made timely and that there is prompt follow up on missed payments.

### 2. Basic Procedures

The following procedures are general in nature and can be adapted for use in most offices. Each office should adapt the procedures to fit their specific situation.

- a. Have a written description of the circumstances under which installment payments are usually allowed in criminal cases.  
*(Even though the decision rests with the judge, it is best to have a written description of when installment payments are generally allowed. This indirectly causes 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 installment agreements are used.)*
- b. There should be a written agreement whenever installment payments are allowed in criminal cases.
  - 1) the agreement should clearly spell out the terms of the agreement, including payment amounts, dates, and location of office where payments are to be made;
  - 2) the agreement should be signed by someone representing the office (e.g., the judge) and the payor; and

3) a copy of the signed agreement should be given to the payor.

c. There should be an efficient way to monitor payments and when defaults occur.

*[Some offices have computer software specifically designed to simplify the installment payment process. In the absence of an automated method, a manual system will be needed. One easy manual method is to use a copy of the installment agreement with pre-printed columns on the back of the agreement. A minimum of four columns are needed—date paid, receipt number, amount paid, and balance. A separate sheet or index card will work as well. The advantage of using the back of the agreement is that all necessary reference information is in one place and files do not normally have to be pulled to see what the payment requirements are. If a manual system is used:*

- simply file the installment agreement, index cards, or separate sheets in a file folder, cabinet or box, based on due dates (or due dates plus a grace period), depending on how your office operates;*
- each day pull the installment agreements that are delinquent and follow up on them;*
- as payments are made, enter the appropriate information in the columns on the back of the agreement and file the agreement under the next payment due date or in the permanent file if paid in full;*
- ensure that payments and other appropriate information are also entered in the regular bookkeeping system and records; and*
- consider maintaining a list of individuals with an installment agreement. If an individual receives an installment agreement in another matter(s), this will enable the terms to be more appropriately set (e.g., the same due dates for payments).*

d. Maintain a control total for all outstanding amounts owed and periodically check to ensure the amount is correct.

*(An office should be able to tell at any point in time the total amount owed, and who owes what amount.)*

e. Consider maintaining a list of individuals who default on payments, and check that list before entering into new agreements.

## **G. OTHER TYPES OF PAYMENTS**

### **1. Introduction**

Many offices receive payments other than via cash, check, or money order (e.g., by credit card or electronically). By offering additional methods of payment, this provides additional convenience to taxpayers and generally increases revenue.

### **2. General Guidelines**

Offices should ensure that the following steps are taken before accepting payments via methods other than cash, checks, or money orders:

- contracts with outside vendors have been reviewed and approved by the county attorney and signed by the appropriate parties;
- the county auditor and the county treasurer have been involved in establishing appropriate procedures for handling, depositing, and remitting payments;
- everyone in the office who will be involved in handling, depositing, or remitting payments has comprehensive, written procedures covering these functions and responsibilities;
- appropriate safeguarding procedures are in place (e.g., to safeguard Western Union checks or to protect payors' credit card information from being improperly disseminated); and
- documentation and paperwork provides a clear audit trail (i.e. who did what, when they did it, and how much was involved).

## **H. RECEIPT FORM**

### **1. Introduction**

Each office should have a process which ensures that all money received is properly processed, deposited, and accounted for. A proper receipt form is essential. For internal control purposes, the receipts must be chronologically numbered. Remember, even if computer-generated receipts are used, hardcopy receipts are needed for those instances when the computer goes down.

Code of Criminal Procedure, Article 103.010 (*see Appendix - page 19*) requires two-part receipts in criminal cases. However, better internal control can be achieved using three-part receipts (for all intakes of money, not just in criminal cases) as follows:

- one part (the original) for the person making the payment;
- one part for the county auditor (or the county treasurer if the county does not have a county auditor); and
- one part to be retained by the office issuing the receipt.

One of the copies can be electronic. In some offices a four-part receipt is used with two parts being retained by the office instead of one.

For accounting and auditing purposes, the receipt should provide space for the following information:

- date;
- reference number (e.g. case number);
- who the money is being received from;
- method of payment (e.g. cash, check, money order, credit card);
- indication of whether the payment is a full or partial payment;
- total amount received;
- what the money is being received for;
- name of the official;
- signature or initials of the individual preparing the receipt; and
- any other relevant information.

### **2. Sample Format**

No particular format is required by law. A sample format is shown on the following page. Each office should adapt the format to meet their specific needs.

OFFICIAL RECEIPT		No. _____
County of _____		
Office of _____		
Date _____	Reference No. _____	
		<u>Description</u> <u>Amount</u>
Received From	_____	
Received For	_____	**
Mode of Payment	Cash ___ Check * _____	
	Money Order * _____	
	Other _____	
Description of Payment	Full _____ Partial _____	
		<u>Total Amount</u> _____
Comments:		
_____		
_____		
_____		
_____		
_____		
Received By		

*\* If a check or money order is received, it is recommended the number be entered here.*

*\*\* This space can be used to break down the various types of collections, such as fines, specific costs and fees, and other.*

## **I. ACCOUNTING FOR RECEIPTS**

### **1. Introduction**

Each office needs an effective and efficient method for recording financial transactions. Officials are responsible for ensuring that sound bookkeeping procedures are followed in their respective offices. This includes making sure that those responsible for the bookkeeping function are qualified and trained, and that access to accounting records is appropriately restricted. There should be a good audit trail from the time money is received until it is disbursed or remitted.

### **2. The Receipts Journal**

(The materials on the rest of this page and the top of page III-39 were adapted from the *Justice of the Peace Manual (1994)* - a Texas Comptroller of Public Accounts publication.)

A receipts journal should be used to chronologically account for individual receipts issued. The journal enables an office to:

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

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

- the date of the transaction;
- the name of the person making the payment;
- a reference number (e.g., a docket, case, or file number);
- the 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 and court costs/fees by type).

Many offices have an automated financial management system that prepares receipts, journalizes transactions, makes subsidiary entries, and prepares various financial reports. However, if an office does not have such a system, a receipts journal should be maintained manually. Entries to the journal should be made from the receipt copies maintained by the office.

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. Preferably, entries should be made by someone not receiving payments, preparing bank deposits, or approving disbursements.

Some offices with manual bookkeeping systems maintain two receipts journals—one for criminal cases and one for civil cases and other receipts. Other offices maintain only one receipts journal, separating criminal and civil case collections across the page.

A sample receipts journal for criminal case collections in a justice court is shown on page III-52. A description of the individual columns are:

#### FINES

- Parks & Wildlife - *finer collected for Parks and Wildlife Code offenses, of which 85 percent must be remitted to the state;*
- Weight - *finer collected for offenses involving a vehicle having a single axle weight, tandem axle weight, or gross weight that is more than 5,000 pounds heavier than the allowable weight, of which 50 percent has to be sent to the state unless the offense occurred within 20 miles of an international border;*
- Safety Belt/Seat - *finer collected for Child Safety Seat Systems and certain Safety Belt offenses, of which 50 percent must be sent to the state;*
- Other Title 7 - *finer collected for offenses under Title 7 of the Transportation Code, which can only be used for specified purposes; and*
- Other - *other finer that are retained by the county.*



#### STATE COURT COSTS AND FEES

- CCC - *Consolidated court costs, of which 90 percent must be remitted to the state;*
- JRF - *Juror reimbursement fees, of which 90 percent must be remitted to the state;*
- JSF - *Judicial support fees, of which 85 percent must be remitted to the state;*
- STF - *State traffic fines, of which 95 percent must be remitted to the state;*
- TPF - *Time payment fees, of which 50 percent must be sent to the state;*
- FTA - *Failure to appear/pay/satisfy a judgment administrative fees, of which two-thirds must be remitted to the state; and*
- AF - *Arrest fees, of which 20 percent must be remitted to the state if the service is performed by a state peace officer.*

#### LOCAL COURT COSTS AND FEES

- CS - *Child safety court costs, which are retained locally;*
- TFC - *Traffic court costs, which are retained locally;*
- CHS - *Courthouse security court costs, which are retained locally;*
- JCT - *Justice court technology court costs, which are retained locally;*
- JCM - *Juvenile case manager court costs, which are retained locally;*
- AF - *Arrest fees for services performed by local peace officers, which are retained locally; and*
- Other - *Any other court costs and fees, which are retained locally.*

#### OTHER

- Special Expense - *the special expense provided for in cases under Code of Criminal Procedure, Article 45.051 (Suspension of Sentence and Deferral of Final Disposition), which is retained locally;*
- Bonds - *the amount received for bonds; and*
- Misc. - *any other receipts received by the office.*

The sample journal format can be adapted to meet the specific needs of most justice of the peace, county clerk, and district clerk offices that maintain their accounting records manually. The columns just need to be tailored to the specific receipts received by a particular office. The detail maintained in accounting for receipts will be based on several factors, including the county budget, accounting system, number of restricted revenues, county auditor requirements, and external reporting requirements.

### 3. Sample Cash Receipts Journal Operations

Below is an example of how a cash receipts journal can be used. Assume the following transactions were recorded in the cash receipts journal for a justice of the peace office during the month of March. The small number of transactions is for illustrative purposes only. The entries are shown on page III-53.

March 3: \$206.00 was collected from Nancy Noshow for failure to appear. Docket No. 06-301. Receipt No. 1246 was issued.

March 6: \$161.00 was collected from Lack Control for disorderly conduct. Docket No. 06-302. Receipt No. 1247 was issued.

March 10: \$161.00 was collected from Bobby Bottle for public intoxication. Docket No. 06-303. Receipt No. 1248 was issued.

March 12: \$236.00 was collected from Randy Risk for failure to maintain financial responsibility. Docket No. 06-304. Receipt No. 1249 was issued.

March 14: \$181.00 was collected from Frank Fish for a Parks & Wildlife Code violation. Docket No. 06-305. Receipt No. 1250 was issued.

March 17: \$71.00 was collected from Marilyn Meter for a parking violation. Docket No. 06-306. Receipt No. 1251 was issued.

March 19: \$194.00 was collected from Randall Rush for speeding. The time payment fee was included. Docket No. 06-307. Receipt No. 1252 was issued.

March 21: \$144.00 was collected from Lonnie Lately for an expired motor vehicle inspection certificate. Docket No. 05-308. Receipt No. 1253 was issued.

March 26: \$104.00 was collected from Carol Course who requested to take a driving safety course for a speeding violation. Docket No. 06-309. Receipt No. 1254 was issued.

March 28: \$141.00 was collected from Mike Motorcycle for no motorcycle protective headgear. Docket No. 06-310. Receipt No. 1255 was issued.

March 31: \$200.00 was collected from Justin Case for a cash bond. Docket 06-311. Receipt No. 1256 was issued.

March 31: \$194.00 was collected from Betty Belt for a child passenger safety system offense. Docket 06-312. Receipt No. 1257 was issued.

#### **4. Chart of Accounts**

Counties generally develop their financial management system around a standard classification system, commonly referred to as a chart of accounts.

A chart of accounts is simply a county's structure of funds, functions, departments, assets, liabilities, fund balances (equity), revenues, expenses, and expenditures, and a numbering system to reflect that structure. A county's chart of accounts should be used consistently throughout the budget, accounting records, and reports.

In justice of the peace, county clerk, and district clerk offices, the emphasis is primarily on codes for receipts/revenues (expenditures are handled centrally by the county). Thus, receipts/revenues may need to be maintained by using a code number in addition to a title or name.

For example, codes can easily be added to the individual receipts/revenues in the sample receipts journal for criminal case collections in a justice court, as follows:

##### **FINES (301-310)**

- Parks & Wildlife 301
- Weight 302
- Safety Belt/Seat 303
- Title 7 304
- Other 305

##### **STATE COURT COSTS AND FEES (311-320)**

- CCC 311
- JRF 312
- JSF 313
- STF 314
- TPF 315
- FTA 316
- AF 317

#### LOCAL COURT COSTS AND FEES (321-330)

■ CS	321
■ TFC	322
■ CHS	323
■ JCT	324
■ JCM	325
■ AF	326
■ Other	327

#### OTHER (331-340)

■ Special Expense	331
■ Bonds	332
■ Miscellaneous	333

The codes can easily be added to the receipts journal, as shown on Page III-54. Additional numbers can also be required to indicate the fund the receipts/revenues are to be credited to and/or to indicate the office that received them.

### **5. Specific Collections**

As previously indicated, the accounting detail maintained for receipts/revenues is based on several factors. For example, state court costs and fees are generally required by law to be accounted for separately. Some local court costs, fees, and/or fines may be required by law to be accounted for separately and/or may be restricted in how the money is used. And some specific receipts/revenues may still be accounted for separately for current and future budget purposes even though there are no restrictions as to how the money is used and no legal requirements exist for separate accounting.

The following information on court costs, fees, fines, and other types of receipts/revenues is intended to assist counties in determining the level of detail needed in accounting for receipts/revenues in individual offices. The information should not be considered exhaustive.

Name	Reference	Amount	State Share	Local Share	Use of Money Locally
Expungement Fee	Alcoholic Beverage Code §106.12; Code of Criminal Procedure, Articles 45.0216, 45.055; Health and Safety Code §161.255	\$30	0%	100%	Used to defray the cost of notifying state agencies of orders of expunction
Alternative dispute resolution fee	Civil Practices & Remedies Code §152.004	Not to exceed \$15 additional filing fee in civil cases in district and county courts (excluding delinquent tax suits; Property Code Chapter 21 condemnation proceedings; and Health and Safety Code, Title 7, Subtitle C proceedings)	0%	100%	Used to establish and maintain an alternative dispute resolution system
Alternative dispute resolution fee	Civil Practices & Remedies Code §152.005	Not to exceed \$5 additional filing fee in civil cases filed in justice courts (excluding delinquent tax suits and eviction proceedings)	0%	100%	Used to establish and maintain an alternative dispute resolution system
Restitution installment fee	Code of Criminal Procedure, Article 42.037(g)(1)	\$12	50%	50%	Used for costs incurred in collecting restitution paid in installments
Appealed cases deferred special expense	Code of Criminal Procedure, Articles 42.111, 45.051	Not to exceed the amount of the fine assessed	0%	100%	No restrictions
Jury trial failure to appear costs	Code of Criminal Procedure, Article 45.026	Costs incurred to impanel a jury	0%	100%	No restrictions

Name	Reference	Amount	State Share	Local Share	Use of Money Locally
Suspension of sentence and deferral of final disposition special expense	Code of Criminal Procedure, Article 45.051	Not to exceed the amount of the fine assessed	0%	100%	No restrictions
Fee for requesting a driving safety course (mandatory courses)	Code of Criminal Procedure, Article 45.0511(f)(1)	Not to exceed \$10	0%	100%	Used to cover the cost of administering Article 45.0511
Fee for requesting a driving safety course (permissive courses)	Code of Criminal Procedure, Article 45.0511(f)(2)	Not to exceed the maximum amount of the fine for the offense	0%	100%	No restrictions
Fee for requesting a teen court program	Code of Criminal Procedure, Article 45.052(e)	Not to exceed \$10	0%	100%	Used to cover the cost of administering Article 45.052
Teen court program fee	Code of Criminal Procedure, Article 45.052(g)	\$10	0%	100%	Used by the teen court program
Jury and failure to timely withdraw jury trial request fees	Code of Criminal Procedure, Article 102.004	\$3 in justice courts; \$20 in county-level and district courts	0%	100%	No restrictions
Juror reimbursement fee	Code of Criminal Procedure, Article 102.0045	\$4	90%	10%	No restrictions
Clerk's fee	Code of Criminal Procedure, Article 102.005(a)	\$40	0%	100%	No restrictions
Records management fee in criminal cases	Code of Criminal Procedure, Article 102.005(f)	\$25	0%	100%	Used for records management and preservation purposes, as required by Chapter 203, Local Government Code
Prosecutor's fee	Code of Criminal Procedure, Article 102.008	\$25	0%	100%	No restrictions
Arrest and warrant fees when service performed by a state peace officer	Code of Criminal Procedure, Article 102.011	\$5, \$50, depending on the service performed	20%	80%	No restrictions
Fees for services of local peace officers	Code of Criminal Procedure, Article 102.011	Various (e.g., \$5, \$35, \$50)	0%	100%	No restrictions

Name	Reference	Amount	State Share	Local Share	Use of Money Locally
Child safety court costs	Code of Criminal Procedure, Article 102.014	\$20	0%	100%	Used for a school crossing guard program if the county operates ones. If not, no restrictions.
Breath alcohol testing court cost in counties that maintain a certified breath alcohol testing program, but do not use the services of a certified technical supervisor employed by DPS	Code of Criminal Procedure, Article 102.016	\$22.50 of each consolidated court cost for conviction of Penal Code, Chapter 49 offenses, other than class c misdemeanors	0%	100%	Used to defray the costs of maintaining and supporting a certified alcohol breath testing program
Courthouse security fee	Code of Criminal Procedure, Article 102.017	\$5 for felonies; \$3 for misdemeanors in district and county courts; \$4 in justice courts	0%	100%	Used for the purpose of providing security services for buildings housing a district, county, or justice court
Juvenile case manager court cost	Code of Criminal Procedure, Article 102.0174	Not to exceed \$5 if commissioners court has passed order	0%	100%	Used to finance the salary and benefits of a juvenile case manager
Juvenile delinquency prevention fee	Code of Criminal Procedure, Article 102.0171; Family Code §54.0461	\$5	0%	100%	Used to repair graffiti damage, provide educational and intervention programs, provide rewards, and fund certain youth-related programs
Justice court technology fee	Code of Criminal Procedure, Article 102.0173	\$4	0%	100%	Used to finance the purchase of technological enhancements for a justice court
Visual recording fee	Code of Criminal Procedure, Article 102.018	\$15	0%	100%	No restrictions
Cost of evaluation court cost	Code of Criminal Procedure, Article 102.018	Cost of an evaluation	0%	100%	No restrictions
EMS trauma fund court cost	Code of Criminal Procedure, Article 102.0185	\$100	90%	10%	No restrictions

Name	Reference	Amount	State Share	Local Share	Use of Money Locally
Child abuse prevention court cost	Code of Criminal Procedure, Article 102.0186	\$100	0%	100%	Used to fund child abuse programs in the county
Transaction administrative fee	Code of Criminal Procedure, Article 102.072	Not to exceed \$2	0%	100%	No restrictions
DNA testing court cost	Code of Criminal Procedure, Article 102.020	\$50 for certain misdemeanors; \$250 for certain felonies	90%	10%	No restrictions
Parent contributing to nonattendance fines	Education Code §25.093	Varies	0%	100%	50% to the school district or juvenile justice education program; 50% no restrictions
Juvenile probation diversion fees	Family Code §54.0411	\$20	90%	10%	No restrictions
Countywide records management fee in civil cases collected by district clerks	Government Code §§51.317(b)(4); 51.317(c)(1)	\$5	0%	100%	Used for records management and preservation purposes, as required by Chapter 203, Local Government Code
District clerk records management fee in civil cases	Government Code §§51.317(b)(4); 51.317(c)(2)	\$5	0%	100%	Used for records management and preservation services performed by the district clerk when a case or document is filed in records of the district clerk
Basic filing fee in civil cases in district court (other than records management and preservation fees)	Government Code §51.317	Varies	0%	100%	No restrictions
Court reporter service fee	Government Code §51.601	\$15	0%	100%	Used to assist in the payment of court reporter-related services



Name	Reference	Amount	State Share	Local Share	Use of Money Locally
Additional court costs and fees in county-level courts	Government Code §§51.702, 51.703, 51.704	<u>Constitutional County Courts</u> - additional \$40 civil filing fee - additional \$15 criminal court cost <u>Statutory County Courts</u> - additional \$40 civil filing fee - additional \$15 criminal court cost <u>Statutory Probate Courts</u> - additional \$40 civil filing fee	Generally 100%  See italicized note at right	Generally 0%  See italicized note at right	Generally not applicable  <i>The exception is the \$15 criminal court cost in statutory county courts in counties not participating under §51.702. In those statutory county courts, the \$15 court cost is retained locally with no restrictions as to how the money is used</i>
Family protection fee	Government Code §51.961	Not to exceed \$30	50%	50%	Used to fund family violence and child abuse prevention, intervention, family strengthening, mental health, counseling, legal, and marriage preservation services
Countywide records management fee in civil cases collected by county clerks	Local Government Code §§118.052(3)(G), 118.0546, 118.0645	\$5	0%	100%	Used for records management and preservation purposes, as required by Chapter 203, Local Government Code
Additional filing fee in original probate actions	Local Government Code §118.052(2)(A)(vi)	\$5 (or less if fee produces more revenue than is needed)	0%	100%	Used for continuing education of the judge and staff of the probate court or to fund required compensation for the presiding judge of the statutory probate courts
Basic filing fees in civil cases in county-level courts (other than records management and preservation fee and additional fee in original probate actions)	Local Government Code §118.052	Varies	0%	100%	No restrictions

Name	Reference	Amount	State Share	Local Share	Use of Money Locally
Basic filing fee in civil cases in justice courts	Local Government Code §118.121(1)(A)	\$15	0%	100%	No restrictions
Basic filing fee in civil cases in small claims courts	Local Government Code §118.121(1)(B)	\$10	0%	100%	No restrictions
Consolidated court cost	Local Government Code §133.102	\$133 for felonies; \$83 for class a/b misdemeanors; \$40 for class c misdemeanors	90%	10%	No restrictions
Time payment fee	Local Government Code §133.103	\$25	50%	50%	20% of local share used for improving the efficiency of the administration of justice; 80% of local share no restrictions
Judicial support fee (criminal)	Local Government Code §133.105	\$4	80%	15%	Used to promote the efficient operation of the courts and the investigation, prosecution, and enforcement of offenses
Consolidated and additional filing fees in civil cases in district courts	Local Government Code §§133.151, 133.152	\$40 for judicial fund	100%	0%	Not applicable
		\$5 for basic civil legal services for indigents (in divorce and other family law matters)	95%	5%	No restrictions
		\$10 for basic civil legal services for indigents (for other than divorce and other family law matters)	95%	5%	No restrictions
Additional filing fee for basic civil legal services for indigents in county and justice courts	Local Government Code §133.153	\$5 in statutory and constitutional county courts; \$2 in justice courts	95%	5%	No restrictions

Name	Reference	Amount	State Share	Local Share	Use of Money Locally
Additional filing fee in civil case in district and county courts for judicial support	Local Government Code §133.154	\$37	100%	0%	Not applicable
Law library fee	Local Government Code §323.023	Not to exceed \$35 additional filing fee in civil cases in district and county courts (excluding delinquent tax suits)	0%	100%	Used for law library purposes
Water safety offense fines where arrest is made by a marine safety enforcement officer other than a game warden	Parks & Wildlife Code §31.128	Varies	60%	40%	No restrictions
Other Parks & Wildlife Code offense fines	Parks & Wildlife Code §§12.107, 31.128	Varies	85% in justice courts; 80% in county courts	15% in justice courts; 20% in county courts	No restrictions
Traffic court cost	Transportation Code §542.403	\$3	0%	100%	No restrictions
State traffic fine	Transportation Code §542.4031	\$30	95%	5%	Generally restricted to roads and bridges and enforcing highway laws
Expired motor vehicle registration fee	Transportation Code §502.407	Not to exceed \$10	0%	100%	No restrictions
Expired driver's license dismissal fee	Transportation Code §521.026	Not to exceed \$10	0%	100%	No restrictions
Fines from child passenger safety seat system and certain safety belt offenses	Transportation Code §§545.412, 545.413(b)	\$100 - \$200	50%	50%	Generally restricted to roads and bridges and enforcing highway laws
Expired inspection certificate dismissal fee	Transportation Code §548.605	Not to exceed \$10	0%	100%	No restrictions

Name	Reference	Amount	State Share	Local Share	Use of Money Locally
Fines from certain weight offenses of more than 5,000 pounds that did not occur within 20 miles of an international border	Transportation Code §621.506	Generally \$300 - \$1,000	50%	50%	Generally restricted to roads and bridges and enforcing highway laws
Other Transportation Code, Title 7 offense fines	Transportation Code §542.402(a)	Varies	0%	100%	Generally restricted to roads and bridges and enforcing highway laws
Failure to appear or pay or satisfy a judgment fee	Transportation Code, Chapter 706	\$30	Two-thirds (\$20)	One-third (\$10)	\$6 - goes to OmniBase Services, Inc. \$4 - no restrictions

## **J. DISBURSEMENTS AND REMITTANCES**

### **1. Introduction**

In addition to properly safeguarding and accounting for money received, it is important to make sure the money gets to the right destination and gets there timely. In this handbook, the term “remittance” is used to refer to turning money into the county treasurer and the term “disbursement” is used to refer to making payments (e.g., to the state or for out-of-county service of citations).

Making payments (disbursements) and turning in money (remittances) promptly and accurately is an important responsibility of county officials and a way for them to show their accountability to the public.

### **2. Rapid Deposit Laws**

Texas law spells out when justices of the peace, county clerks, and district clerks have to remit county money to the county treasurer.

#### **a. Criminal case collections**

Code of Criminal Procedure, Article 103.004 (*see Appendix - page 19*) requires collections in criminal cases (specifically recognizances, bail bonds, fines, forfeitures, judgments, jury fees, and other obligations recovered in the name of the state under any provision of Chapters 101-104 of the Code of Criminal Procedure) to be deposited in the county treasury not later than the next business day after the date the money is collected. If it is not possible to deposit the money by that date, then the money must be deposited no later than the third business day after the date it is collected.

Article 103.004 also allows the commissioners court to extend that time period. The commissioners court can extend the time period to not later than the seventh business day after the money is collected. And in counties with a population of less than 50,000, the commissioners court may extend the time period to not later than the 30<sup>th</sup> day after the date the money is collected.

b. Other collections

Other collections of county money are generally covered by Local Government Code, Section 113.022 (*see Appendix - page 38*). This section requires money to be deposited with the county treasurer on or before the next regular business day after the date the money is received. If this deadline is not met, the money must be deposited on or before the seventh business day after the day the funds are received. Here again, in counties with a population of less than 50,000, the commissioners court may extend the time period, but it may not be extended beyond 30 days after the date the money is received.

### 3. Basic Procedures

The following procedures should help ensure that an office has addressed the important issues relating to disbursement and remittances. They are general in nature and can be adapted for use in most offices. Each office should adapt the procedures to fit their specific situation. Justices of the peace, county clerks, and district clerks should develop their procedures in consultation with the county auditor and county treasurer.

- a. Unless remittances are made to the county treasurer daily, each office should maintain a bank account(s) with a county depository or subdepository.
- b. A receipt should be obtained for all remittances.
- c. All deposits and disbursements should be processed through the account(s) maintained at the county depository or subdepository. Disbursements should not be made in cash.

*(Refunds should also be made by issuing a check. If the money has already been turned into the county treasurer, the refund should not be made by the individual office. Rather, it should be made centrally by the county—as a regular claim against the county. That is, it is approved by the commissioners court and the check is signed by both the county auditor and county treasurer.)*

- d. All checks should be sequentially pre-numbered and used in order.

- e. Checks should be preprinted with the name of the county and the office.
- f. All unused checks should be safeguarded and periodically accounted for.
- g. A checkbook with sufficient room on the stub for an adequate description of the disbursement should be used.
- h. Checks should not be pre-signed.
- i. Checks should not be made out to “cash” or “bearer.”
- j. Voided checks should be clearly marked as “void” and accounted for. They should be kept with the checkbook and later placed in the reconciliation envelope or folder. Do not destroy voided checks.
- k. Authorized check signatures should be kept to a minimum.
- l. If a “stamp” or “check signing” device is used, it should be appropriately safeguarded and access appropriately restricted.
- m. Checks should be prepared only when:
  - 1) supporting documentation is present and has been verified;
  - 2) all figures have been double-checked; and
  - 3) there is an adequate balance in the account.
- n. The payee line should be completed by the person preparing the checks, not the person signing them.
- o. Checks should be signed by someone not keeping the books or preparing the checks.
- p. Checks should be mailed without allowing them to be returned to the person who approves them or does the bookkeeping for them.
- q. Checks should be appropriately entered in the office’s bookkeeping system.

## **K. ACCOUNTING FOR DISBURSEMENTS**

### **1. Introduction**

Each office not only needs an effective and efficient method for recording receipts and revenues, it also needs one for keeping up with and recording disbursements and remittances. Proper accounting for disbursements helps complete the cycle of having a good audit trail from the time money is received until it is disbursed or remitted.

### **2. The Disbursements Journal**

(The materials on the rest of this page and the top of page III-59 were adapted from the *Justice of the Peace Manual (1994)* - a Texas Comptroller of Public Accounts publication.)

A disbursements journal should be used to account for all disbursements from an office. The journal enables an office to:

- properly keep track of and account for each disbursement/remittance made;
- properly separate and account for the different types of disbursements/remittances;
- group disbursements/remittances in order to easily figure the total disbursements/remittances for each type;
- balance daily, weekly, and monthly reports; and
- leave a good audit trail for internal and external auditors.

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

- the date of the transaction;
- the name of the payee and, where necessary, what the payment is for;
- a reference number (i.e. the check number);
- an actual column to keep up with the total amount disbursed;
- several individual columns indicating what the disbursement is for (e.g., Parks and Wildlife or County Treasurer); and
- a memorandum column to add any additional information needed (e.g., the reason for a refund).



If an office does not have an automated system of accounting for disbursements, a disbursements journal should be maintained manually. Entries to the journal should be made from the checks and applicable supporting documentation. Daily entries should be verified for mathematical accuracy and should periodically be reviewed by someone other than the person making them.

If an office makes only a few disbursements each month, a journal is normally not needed: in this situation, the checks, supporting documentation, and reports are usually sufficient. The decision not to maintain a disbursements journal should be made after consulting with the county auditor.

A sample disbursements journal for a justice court is shown on page III-61.

### **3. Sample Cash Disbursements Journal Operations**

Below is an example of how a cash disbursements journal can be used. Assume the following two transactions were recorded in the cash disbursements journal for a justice of the peace office during the month of January. The limited number of transactions is for sample purposes only (there will normally be many more monthly transactions in a justice court). The entries are based on the receipts in the sample cash receipts journal on page III-53. Assume money is remitted to the county treasurer only once a month, at the end of the month. In actual practice, many offices remit more frequently because they are required by law to do so. This helps increase overall interest income for the county, and/or relieves offices of safekeeping responsibilities. The entries are shown on page III-62.

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March 31: Check No. 345 in the amount of \$102.00 was issued to Parks and Wildlife, representing 85 percent of the fine revenue received for Parks and Wildlife Code violations during the month ( $\$120.00 \times 85\% = \$102.00$ ).

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March 31: Check No. 346 in the amount of \$1,691.00 was issued to the County Treasurer for the March remittance. The \$1,691.00 is comprised of the following:

<u>Fines</u>	
County share of Parks and Wildlife Code	
fines (\$120.00 x 15%)	\$18.00
Other Title 7	405.00
Safety Belt/Seat fines	100.00
(50% due to the state)	
Other	<u>350.00</u>
Total fines	873.00
<u>State Court Costs and Fees</u>	
CCC	400.00
JRF	40.00
JSF	40.00
STF	150.00
TPF	25.00
AF	<u>30.00</u>
Total state court costs and fees	685.00
<u>Local Court Costs and Fees</u>	
TFC	15.00
CHS	44.00
JCT	44.00
AF	20.00
Other	<u>10.00</u>
Total local court costs and fees	<u>133.00</u>
<b>Monthly Total</b>	<b><u>\$1,691.00</u></b>