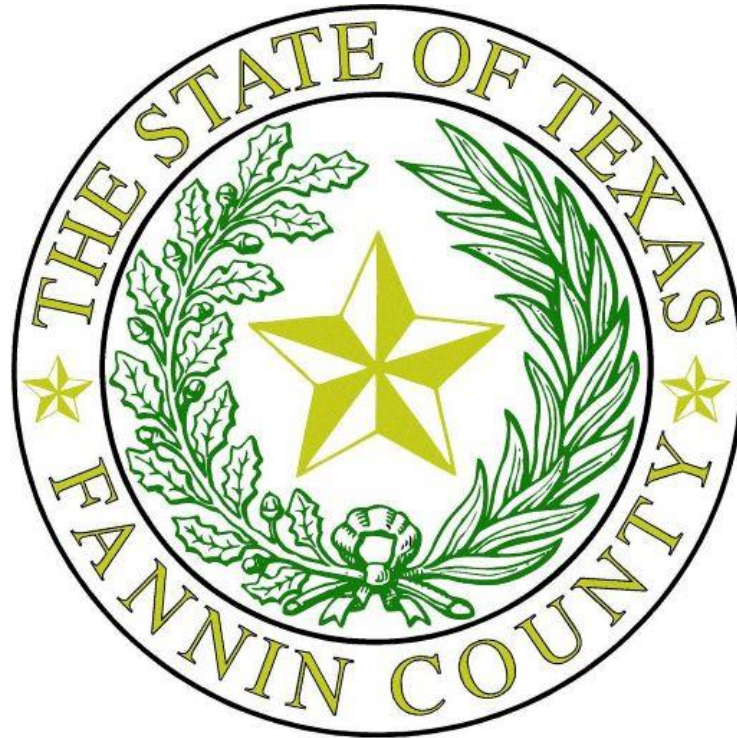


FANNIN COUNTY INTERNAL AUDITOR'S REPORT

Justice of the Peace Precinct 2

October 1, 2024 - September 30, 2025



May 14th, 2026
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May 14th, 2026

Honorable Judge Paul Ivy
Honorable Commissioners Court of Fannin County

Internal Auditor's Report – Review of Financial and System Controls of the Fannin County Justice of the Peace Precinct 2.

INTRODUCTION

The Auditors Office conducted an internal audit of the Fannin County Justice of the Peace Precinct 2, in accordance with Local Government Code §115. The internal audit covered the period October 1, 2024 through September 30, 2025.

The mission of the Fannin County Auditor's Office is to provide responsible and progressive leadership by:

- Complying with applicable laws and regulations
- Safeguarding and monitoring County assets through sound fiscal policies
- Assessing risk and establishing adequate internal controls
- Accurately recording and reporting financial transactions
- Ensuring timely and accurate processing of payments to employees and vendors
- Demonstrating honesty, fairness, and professionalism
- Providing services with integrity
- Partnering with departments to resolve County issues
- Utilizing efficient and effective technology
- Providing technical support and training for information systems
- Maintaining accountability to the citizens of the County
- Remaining responsive to elected officials and department heads

Audit Objectives

- Ensure compliance with statutory requirements
- Evaluate internal controls
- Verify accuracy and completeness of reporting
- Review controls over safeguarding of assets

Scope

The audit included a review of internal controls, financial records, and administrative procedures related to revenue collections, deposits, disbursements, and investments. This included examination of books, accounts, reports, and records of the Justice of the Peace Precinct 2.

Procedures Performed

- Observed the office and interviewed clerk and judge for proper internal controls.
 - Performed audit analysis on numerous routine functions of the Justice of Peace
 - Reviewed the Judge’s bond to ensure compliance with GC 27.001
 - Reviewed the Chief Clerk’s bond and notary bond to ensure compliance with GC 27.002 and GC 27.056
 - Reviewed educational hours to ensure compliance with GC 27.005
 - Reviewed a sample of daily deposits to ensure that amounts deposited agreed with the daily reports and were deposited on a timely basis in compliance with LGC 113.022.
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BACKGROUND

The Justice of the Peace serves as the presiding officer of the Justice Court in each county precinct, serving a four-year term. They hold jurisdiction over Class C misdemeanors, small claims, and civil controversies not exceeding \$20,000. Other responsibilities include issuing arrest and search warrants, conducting magistrate duties, and performing wedding ceremonies. Furthermore, the office holds responsibility for all administrative and financial record-keeping, as well as submitting necessary fee and expense reports. The Justice of the Peace for Precinct 2 consist of Chief Deputy Dawn Williams and Judge Paul Thomas Ivy.

EXAMINATION METHODOLOGY

Audit procedures included sampling, observation, and reliance on verbal and written representations from Justice of the Peace Precinct 2 office.

Because sampling techniques were used, not all material weaknesses or errors may have been identified. Unless otherwise noted, management representations were deemed reliable.

COMMENTS, RECOMMENDATIONS & FINDINGS

1. Court Costs, Fines and Fees

The Texas Justice Court Training Center publishes a ‘Fines Fees and Cost desk book’ whenever there is a legislative update. The desk book shows the fees to be assessed for misdemeanor offenses, including specific costs not assessed upon conviction, but assessed under appropriate circumstances. The report also provides the statute that supports the amount of court costs, fines and fees reflected on fines and fees chart. A few of the fees the auditor’s office reviewed were the Time Payment fee, Criminal-Local Consolidated Fee, the Local &

State Consolidated Civil Fees. These fees and court costs for Texas Justice of the Peace cases are also primarily established under Chapters 133, 134, and 135 of the Texas Local Government Code. We randomly reviewed 30 cases to test for compliance for each type of fee. The analysis determined if the appropriate fee was applied to the case and that the correct amounts for court costs, fines and fees were collected by the Justice of Peace office.

Local Consolidated Fee - Sec. 134.103 - For non-jailable misdemeanor convictions (like traffic tickets or city ordinance violations), Texas Local Government Code § 134.103 sets the \$14.00 Local Consolidated Fee, paid upon conviction of a fine-only misdemeanor. This fee is divided among several local accounts to support the county's infrastructure and specific programs. The breakdown of this fee: Courthouse Security Fund (35%) — \$4.90, Local Youth Diversion Fund (35.7143%) — \$5.00, Justice Court Assistance and Technology Fund (28.5714%) — \$4.00, & County Jury Fund (0.7143%) — \$0.10. Five out of 30 cases examined were found to have incorrect amounts charge for the Local Consolidated Fee. The incorrect amounts were only found on non-traffic criminal cases which suggest that this type of case the fee breakdown has not been hard coded in Odyssey.

Local & State Consolidated Civil Fee - Texas Local Government Code § 133.102 and Section 133.151 establish the state-level consolidated fees for both criminal convictions (e.g., the \$62 state fee) and civil filings (\$21). When you file a debt claim case in a Texas Justice Court, the total standard filing fee is typically \$54.00. This total is composed of: \$33.00 Local Consolidated Civil Fee, paid upon filing a new debt claim or other civil suit & a \$21.00 State Consolidated Civil Fee. The local consolidated civil fee is broken down into several local funds the Justice Court Support Fund: 75.7576% (\$25.00), County Dispute Resolution Fund: 15.1515% (\$5.00) & Language Access Fund: 9.0909% (\$3.00). All 30 cases examined were in compliance.

Service of Citation fee - Fees for specific services performed by officers (like serving a warrant or making an arrest) are governed by Article 102.011 of the Texas Code of Criminal Procedure. This fee usually ranges from \$75.00 to \$100.00. All 30 cases examined were in compliance.

Time Payment Fee - Effective January 1, 2020, CCP §102.030 stipulates that a person convicted of a felony or misdemeanor who pays any part of a fine, court cost, or restitution on or after the 31st day after the judgment is entered must be assessed a \$15 Time Payment fee. Collected fees are deposited into a separate account for improving collection of court costs, fines, or restitution, and for enhancing the efficiency of the administration of justice. The Time Payment Fee is only assessed upon a conviction. Judges have the statutory authority to waive or reduce court costs, including reimbursement fees like the Time Payment Fee, if they determine a defendant is indigent or unable to pay without undue hardship. A compliance audit was conducted on a sample of cases that have a balance past 31 days to verify accurate assessment of this fee. All cases reviewed revealed that this fee is not being charged on cases that have a balance past the 31st day. There is currently a total of 1,235 cases that have outstanding balances since 1/1/2020. This could potentially result in a significant loss of revenue if the time payment fee is not collected as these cases are paid.

Recommendation:

Time Payment Reimbursement Fee - In order to be compliant with CCP §102.030, Odyssey should be hard coded to automatically assess this fee when a payment for fines and court costs are not received by the 31st day after judgment. The Time Payment Reimbursement Fee (Article 102.030) was officially established within the

Texas Code of Criminal Procedure on January 1, 2020. This fee could be added to all unpaid cases from January 1, 2020 to present.

Local Consolidated Fee - To hard code Odyssey to allocate this fee on correctly on criminal non traffic cases.

2. Continued Education Requirements

Texas Justices of the Peace (JPs) must complete 80 hours of education during their first year in office and 20 hours of continuing education annually thereafter. These requirements are established by the Texas Court of Criminal Appeals and primarily administered by the Texas Justice Court Training Center (TJCTC).

First-Year Requirements

- Total Hours: 80 hours of instruction.
- Magstration Training: All new JPs must complete an 8-hour magstration duties course within 90 days of taking office.
- Structure: The 80 hours are typically divided into three separate training stages/seminars.
- Required Modules: New judges must complete specific self-paced modules, including the New Judge Toolkit and Legal Research modules.

Annual Requirements (Year Two and Beyond)

Once the first year is complete, JPs enter "experienced judge" status and must meet the following annual standards:

- Total Hours: 20 hours of judicial education each academic year (Sept. 1 – Aug. 31).
- In-Person Requirement: At least 10 hours must be completed through in-person training.
- Topic Specifics: At least 10 hours must focus on civil law topics.
- Online Flexibility: Judges may earn up to 10 hours through approved online learning.

Attorney vs. Non-Attorney Judges

While the total hour requirement is the same, there is a minor difference in where hours can be sourced:

- Non-Attorney Judges: Must obtain at least 10 of their 20 hours directly from TJCTC.
- Attorney Judges: May source their hours from any approved training entity, though the 10-hour in-person and 10-hour civil topic requirements still apply

Comments:

Honorable Judge Paul Ivy is in compliance with education requirements of the Justice of Peace.

2. Safeguarding of Assets

Physical security includes all measures taken to protect collections from loss. To ensure safety, funds are secured in a locked drawer deposited. During this audit, a surprise cash count at the Justice of the Peace

Precinct 2 office confirmed that all collections were fully accounted for. Current controls are effective, as staff utilize a lockable drawer that remains secured when not in use.

To ensure effective cash management, the following internal controls are maintained:

- **Weekly Deposits:** To minimize loss risk and maximize investment potential, the Justice of the Peace, Precinct 2 maintains a weekly deposit policy. Each week, the till balance and transaction reports (including credit cards) are delivered to the Auditor’s office for reconciliation. Following this, the revenue is transferred to the Treasurer for deposit.
- **Reconciliations:** To identify discrepancies and prevent the misuse of funds, the Justice of the Peace performs its own daily reconciliations. These reconciliations are submitted to the Auditor’s Office weekly for review.

3. Deferred Disposition (Adjudication)

Under Texas Code of Criminal Procedure §45.051, a judge has the authority to postpone final judgment in misdemeanor cases where the defendant pleads guilty or no contest. Instead of an immediate conviction, the court can place the individual on a probationary period lasting up to 180 days.

During this time, the judge may require the defendant to pay a fee that does not exceed the maximum statutory fine for the offense. While this fine is typically collected during the probation period, the judge may waive it if the defendant demonstrates sufficient justification. If paid, these funds are credited toward the official fine for the crime. Per internal court protocols, all related paperwork—specifically the judge’s signed Order for Deferred Disposition is digitally archived in Odyssey. The auditor’s office reviewed 50 deferred disposition cases that were completed during the audit period. There were two deferred disposition completed cases out of 50 reviewed that did not have the signed Order for Deferred Disposition in the Odyssey file.

Findings:

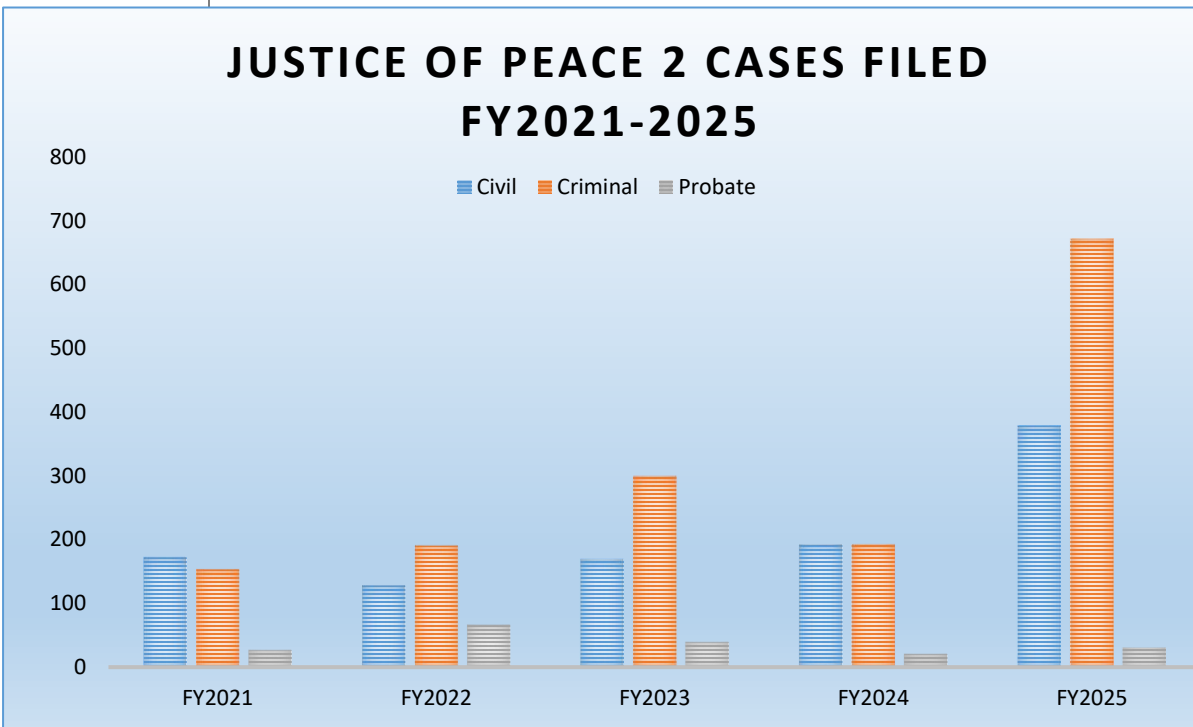
A sample of 50 cases was tested for the audit period. All but two (96% accuracy) in the sample tested had all related paperwork archived in Odyssey.

4. Statistical Analysis

Cases Filed: A five-year statistical analysis was performed on the cases filed through Justice of the Peace, Precinct 2 from FY2021 through FY2025. The data for the analysis was obtained from the Odyssey Case Filing Statistics Report. The date range used for the report was October 1, 2021 through September 30, 2025. The largest number of case types filed have mostly been criminal cases (Traffic and Non-Traffic Misdemeanors), fluctuating from 153 in FY2021 to 671 in FY2025 a 339% increase. The second-highest number of case types filed was for civil cases, which increased from 172 in FY2021 to 379 in FY2025 a 120% increase. The total amount of cases filed from FY2021 to FY 2025 has increased significantly from 351 in FY2021 to 1080 in FY2025 a 207% increase. The following charts reflects the number of cases filed during the past five-fiscal years:

Cases Filed Summary Chart

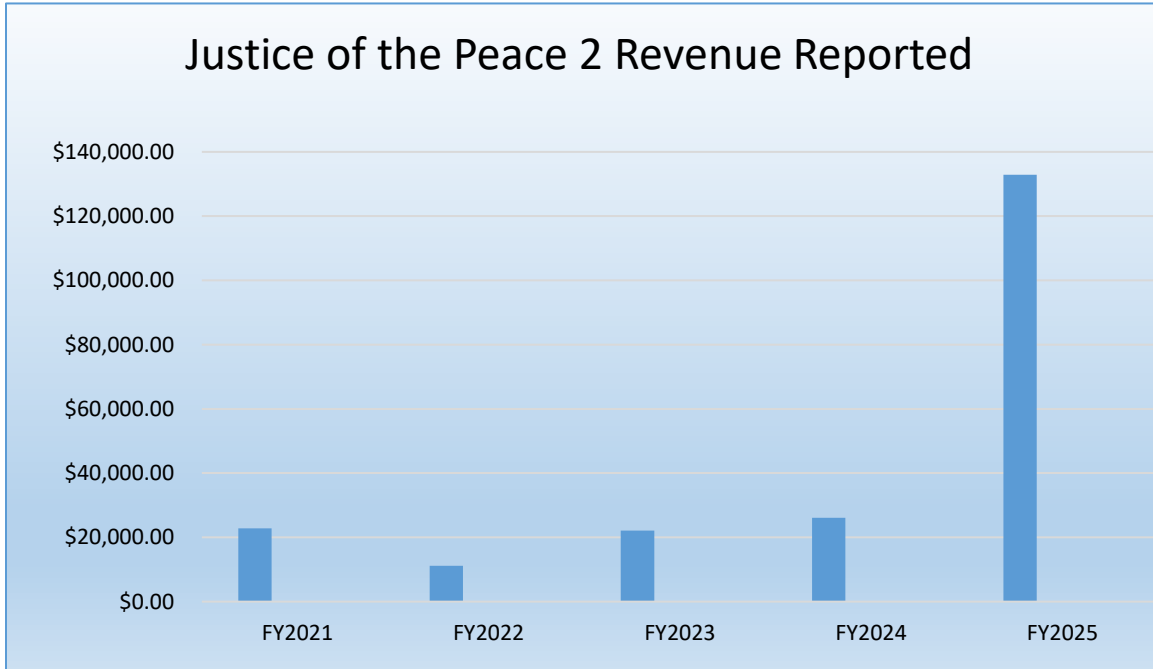
	<i>Civil</i>	<i>Criminal</i>	<i>Probate</i>	<i>Total</i>
<i>FY2021</i>	172	153	26	351
<i>FY2022</i>	128	190	66	384
<i>FY2023</i>	169	299	39	507
<i>FY2024</i>	192	192	20	404
<i>FY2025</i>	379	671	30	1080
<i>Total</i>	1040	1505	181	2726



Revenue: A five-year statistical analysis was performed on the revenue collected by Justice of the Peace, Precinct 2 from FY2021 through FY2025. The annual revenue total increased from \$22,823 in FY2021 to \$132,862.68 in FY2025 a 482% increase. The following charts reflects revenue collected by the Justice of the Peace, Precinct 2 during the fiscal five-year analysis:

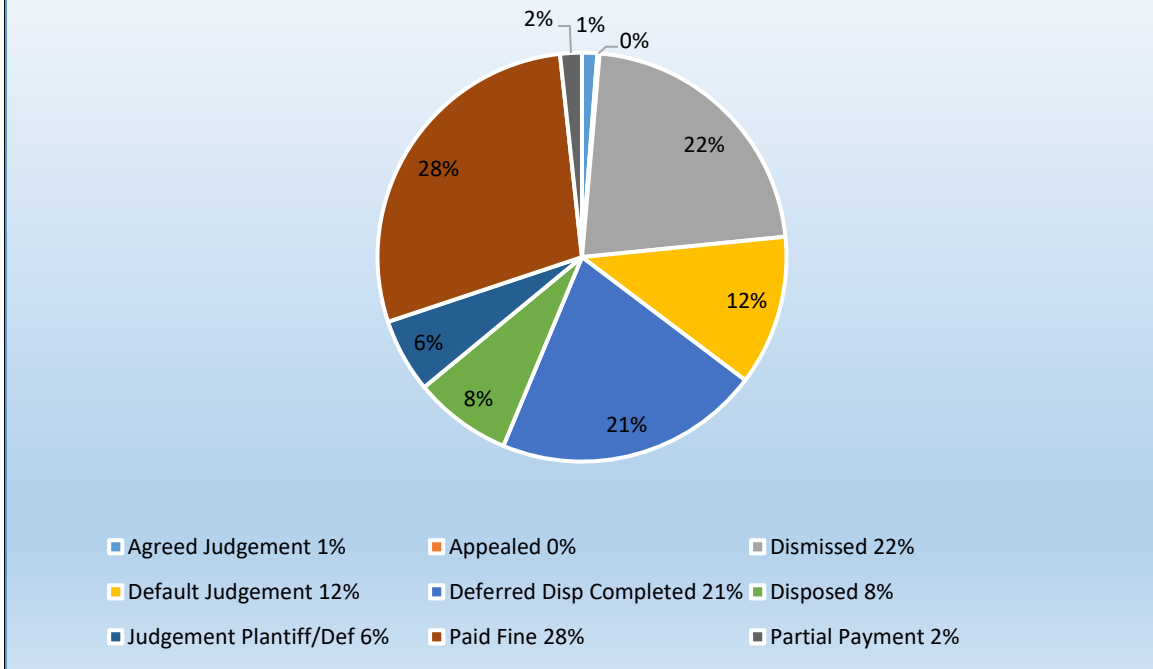
Revenue Summary Table

<i>Fiscal Year</i>	<i>Total Reported Revenue</i>	<i>Change From Prior Year</i>
<i>FY2021</i>	\$22,823.00	-55%
<i>FY2022</i>	\$11,160.50	-51%
<i>FY2023</i>	\$22,161.50	+99%
<i>FY2024</i>	\$26,142.00	+18%
<i>FY2025</i>	\$132,862.68	+408%



Final Judgement: For FY2025 - 581 cases reach a disposition status. Below is a breakdown of the type of closure for each case. The most common statistical closure was the fine was paid with 28% of the cases closed with this status.

Justice of Peace 2 - Statistical Closure



5. CCP §103.0031 Collection Contracts

Texas Code of Criminal Procedure §103.0031 authorizes counties and municipalities to contract with private attorneys or vendors to collect unpaid fines, fees, court costs, forfeited bonds, and restitution. It allows for an additional 30% collection fee on debts 60 plus days past due and applies to criminal/civil offenses, excluding commercial bail bonds.

Comments:

A sample of 20 cases was tested for compliance with CCP §103.0031. All cases reviewed were in compliance.

6. Administrative Dismissals

In a Texas Justice of the Peace court, "administrative dismissals or compliance dismissals" typically refer to the court's authority to dismiss certain misdemeanor charges once a defendant proves they have corrected a specific violation. While these statutes technically grant the authority to the judge, many courts—including Justice of the Peace and Municipal courts—issue Standing Orders that authorize the court clerk to process these dismissals directly upon receipt of proof and the fee. Certain charges can be administratively dismissed if the defendant proves they resolved the violation within the statutory deadline—typically 20 working days. Once the defendant provides this proof and pays the required administrative fee, the clerk may dismiss the case directly,

without needing approval from the Judge or the Assistant District Attorney. Below is a summary outlining the typical fee amounts and requirements for dismissal.

Violation Type	Typical Admin Fee	Core Requirement for Dismissal
Expired Registration	\$20.00	Renew within 20 working days; must pay the 20% late penalty to the tax office.
Expired Driver's License	\$20.00	Show proof of renewal within 20 working days.
Fail to Display License	\$10.00	Provide proof that you had a valid license at the actual time of the stop.
Defective Equipment	\$10.00	Present proof that the defect (e.g., broken tail light) was repaired before your first appearance.
Expired Inspection	\$20.00	Correct within 20 working days (only if expired less than 60 days).
Change of Address	\$20.00	Show proof that you updated your address with the DPS within 20 working days.
No Insurance (FMFR)	\$0.00	Usually dismissed with no fee if you provide proof that valid insurance was in effect at the time of the citation.

A sample of administrative dismissals was tested for correct dismissal proof uploaded to Odyssey and fee compliance with applicable statutes.

Comment:

No discrepancies were noted in the review of administrative dismissals.

7. Completeness and Accuracy

To verify the accuracy and completeness of data entry, Internal Audit examined a sample of 50 cases from FY2025. The Code of Criminal Procedure Art. 45A.053 mandates the clerk keep a docket with the style/file number of the action, the nature of the offense, the defendant's plea, and dates of warrants, trial dates, verdicts, judgement and whether an appeal was taken. This involves tracing information from hard copy citations filed with the Justice of the Peace Clerk to their final entry in the Odyssey system and tracking subsequent events as the case progresses.

Comment:

No material discrepancies were noted.

CLOSING REMARKS

As the audit did not include a full examination of all transactions, there is a possibility that errors or irregularities were not detected. Responsibility for financial accuracy and internal controls remains with the Justice of the Peace Precinct 2 Office.

Overall, the Justice of the Peace Precinct 2 demonstrated sound financial practices with few recommendations for improvement. We appreciate the cooperation and professionalism extended during this audit.

This report is intended solely for the Justice of the Peace Precinct 2 Office and Commissioners Court. Please contact the Auditor's Office with any questions