



STATE OF TENNESSEE
 COMPTROLLER OF THE TREASURY
 DEPARTMENT OF AUDIT
 DIVISION OF LOCAL GOVERNMENT AUDIT

SEXUAL OFFENDER REGISTRATION FEES

*Accounting for Fees for Administrative Costs (fees)
 Received under Tennessee Code Annotated §40-39-201 et
 seq., Updated for April 2014 Legislative Changes*

Sexual Offender Registration (SOR) - Verification, Identification, and Enforcement Administration

T.C.A. § 40-39-204(b)

State statutes governing the sexual offender registry require all sexual offenders to pay annual administrative costs not to exceed one hundred fifty dollars (\$150). One hundred dollars (\$100) of which shall be retained by the designated law enforcement agency to be used for the purchase of equipment, to defray personnel and maintenance costs, and any other expenses incurred as a result of the implementation of the requirements of the *Tennessee Sexual Offender and Violent Sexual Offender Registration, Verification and Tracking Act of 2004* as codified in T.C.A. Title 40, Chapter 39. The remaining fifty dollars (\$50) shall be submitted by the registering agency to the Tennessee Bureau of Investigation (TBI) for maintenance, upkeep and employment costs, as well as any other expenses incurred.

Community Notification Systems

T.C.A. § 40-39-217(a)

Legislation passed in 2014 permits counties, municipalities and metropolitan governments, by a two-thirds (2/3) vote of the legislative body, to establish a community notification system. At the time the system is established, the respective legislative bodies may enact a notification fee of not more than fifty dollars (\$50) per year from each offender for the purpose of defraying the costs of community notification. The notification fee shall be collected at the same time as the one hundred fifty (\$150) administrative fee collected pursuant to T.C.A. § 40-39-204(b).

Scope

This document discusses some of accounting and reporting issues impacted by State statutes for sexual offender registration fees.

Additional Questions?

General Contact Information:

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Local Government Audit Resources:

<http://www.comptroller.tn.gov/la/LGSlocalGovernment.asp>

Accounting, Collecting and Reporting for Fees

SOR fees may be accounted for in one of two ways:

(1) General Fund

If the fees are accounted for in the general fund, separate revenue accounts must be established to account for both administrative fees (T.C.A. § 40-39-204) and community notification fees (T.C.A. § 40-39-217). Expenditures may be allocated or a reasonable composite cost may be calculated, as long as the local government maintains the documentation to support the cost and the basis for allocation is reasonable. In accordance with GASB reporting standards, any excess fees remaining at the end of the year will result in a restriction of fund balance.

(2) Special Revenue Fund

If the fees are accounted for in a separate special revenue fund, separate revenue accounts must be established as described above and only eligible expenditures should be recorded in the fund. Unspent fees remaining at the end of the year will result in a restriction of fund balance.

Collection and Receipt of Fees

Our office has received several questions

regarding which department is responsible for collecting the fees, and the collection procedures to be followed. The law requires that the law enforcement agency having jurisdiction must have a secure connection to the registry database in order to enter registry data. However, this law does not mandate special collection procedures. Therefore, the local government should follow normal operating procedures when collecting these fees. Should the governing body or the chief financial officer consider that a deviation from standard procedures is necessary, the alternative collection procedures must be constructed so that they comply with state and local laws and regulations and any additional requirements of the Comptroller's Office.

For local governments that collect fees under both T.C.A. § 40-39-204(b) and T.C.A. § 40-39-217(a), one receipt may be issued for the entire \$200. The receipt should clearly identify the different amounts and corresponding types of fees being collected. The revenue should be recorded in the local government's accounting records to identify the restricted nature of the amounts. Amounts collected on behalf of TBI should not be recorded as revenue, but rather as a liability until the amounts are remitted by the local government to TBI.

Illustration: Potential SOR Fees Received by Local Governments

Statute	Description	Amount	TCA Restrictions
T.C.A. § 40-39-204(b)	Administrative Fee	\$ 150	\$ 100 – “. . . shall be retained by the designated law enforcement agency to be used for the purchase of equipment, to defray personnel and maintenance costs and any other expenses incurred as a result of the implementation of this part.” \$ 50 – “. . . submitted by the registering agency to the TBI . . .”
T.C.A. § 40-39-217(a)	Notification Fee	\$ 50	“. . . for the purpose of defraying the costs of the community notification.”