

Partial and Close Interest Account

Procedures:

Responsible Action
District/Juvenile Courts
Clerk

PARTIAL RELEASE OF MONEY FROM AN INTEREST BEARING ACCOUNT

1. If a partial release of monies being held in an interest bearing account is ordered by a court, determine whether the order states that the amount specified to be released includes interest or is strictly principal. If an order does not state otherwise, all monies released prior to the final release will be treated as principal.
2. Contact the AOC Finance Department to determine any account balance and/or amount of accrued interest to date.
3. The check shall not be issued until the IRS Form 1099-INT information is obtained.
4. Create a new Interest Bearing Trust Agreement form with case information, authorized clerk signature and partial disbursement information. Delete out "Final Disposition" and type "Partial Disbursement", and print 3 copies of the form. Partial disbursement information should include:
 - a. Amount to be released and to whom;
 - b. Authorizing signature;
 - c. Designation of principal and interest amounts, if applicable;
 - d. Name, address and Social Security number of person responsible for taxes on interest, if applicable; and
 - e. Other necessary comments.
5. Retain a copy of the new revised form with disbursement information entered.
6. Forward the original of the new revised Interest Bearing Trust Agreement to the AOC Finance Department along with a copy of the court order releasing the funds.
7. Add the interest into the computer, if applicable.
 - a. Receipt the money in the cashier menu using the option "NONMONETARY". This will not affect the deposit. Monies will be transferred electronically by AOC Finance.

8. Issue check(s) to the court ordered recipient(s) from the local court trust account for the amount(s) ordered.

CLOSING AN INTEREST BEARING ACCOUNT

1. When settlement is reached and the funds are ordered to be released, the court shall contact AOC Finance for the final account balance with interest.
2. Complete the final disposition portion of the original Interest Bearing Trust Agreement. Include the following information:
 - a. Ending account balance (principal plus interest);
 - b. Amount to be released and to whom;
 - c. Authorizing signature;
 - d. Name, address and Social Security number of person responsible for taxes on interest;
 - e. Other necessary comments.
3. Scan the original form with disposition information entered, to the “N” drive (the name of the pdf should be the case number). The form should not be scanned to CORIS because the final disposition portion of the form contains the Social Security number.
4. Email a copy of the original Interest Bearing Trust Agreement to the AOC Finance Department, along with a copy of the court order releasing the funds. Once the form has been scanned and emailed to AOC finance, the hard copy should be shredded.
5. Retain a copy of the original form with disposition information entered.
6. Forward the original Interest Bearing Trust Agreement to the AOC Finance Department, with a copy of the court order releasing the funds.
7. Add the interest into the computer, if applicable.
 - a. Adjust the Interest Bearing Trust account receivable up by the amount of the accrued interest.
 - b. Receipt the interest to the Interest Bearing Trust account in the non-monetary field.
 - c. Make a note in the case history stating that this money is for interest earned on the IBA.
6. Issue check(s) to the court ordered recipient(s) from the local court trust account for the amount ordered to be distributed.

AOC Finance

7. Act as liaison between each local court and the Depository Bank.
8. Verify completeness and accuracy of the Interest Bearing Trust Agreement.
9. Receive, deposit and post the administrative fees.
10. Upon receipt of the Interest Bearing Trust Agreement, transfer the net amount to be held in trust from the local court trust account to the Central Court Interest Bearing Account.

11. Maintain records of the balance for each Interest Bearing Trust Agreement by court, case number and litigant name(s).
12. Track multiple deposits and payments along with accrued interest.
13. Furnish local courts with final payout amount and accrued interest, upon request.
14. When a partial disbursement is ordered, transfer the required funds from the Central Court Interest Bearing Account into the local court trust account.
15. When the final disposition order is received, transfer the total amount being held in trust, plus interest, from the Central Court Interest Bearing Account into the local court trust account.
16. Prepare and send IRS Form1099-INT to parties responsible for payment of taxes on interest paid out during the calendar year.