

# **SUTTER COUNTY**

Audit Report

## **COURT REVENUES**

*July 1, 2010, through June 30, 2016*



**BETTY T. YEE**  
California State Controller

January 2019



**BETTY T. YEE**  
**California State Controller**

January 2, 2019

Dear County, Court, City, and College District Representatives:

The State Controller's Office audited Sutter County's court revenues for the period of July 1, 2010, through June 30, 2016.

Our audit found that \$30,741 in state court revenues was underremitted to the State Treasurer. Specifically, we found that Sutter County underremitted \$13,529 in state court revenues to the State Treasurer because it:

- Underremitted the 50% excess of qualified fines, fees, and penalties by \$2,994; and
- Underremitted the State Court Facilities Construction Fund by \$10,535.

In addition, we found that the following two entities underremitted \$17,212 in state parking surcharges to the State Treasurer via Sutter County:

- Yuba Community College District by \$10,202; and
- City of Yuba City by \$7,010.

Our audit also found that the following two entities underremitted \$3,480 in county parking surcharges to Sutter County:

- Yuba Community College District by \$3,407; and
- City of Yuba City by \$73.

The county should remit \$13,529 to the State Treasurer and any amounts received from Yuba Community College District and the City of Yuba City to the State Treasurer via the TC-31 (Report to State Controller of Remittance to State Treasurer), and include the Schedule of this audit report. On the TC-31, the county should specify the account name identified on the Schedule of this audit report and state that the amounts are related to the SCO audit period of July 1, 2010, through June 30, 2016.

The county should not combine audit finding remittances with current revenues on the TC-31. A separate TC-31 should be submitted for underremitted amounts for the audit period. For your convenience, the TC-31 and directions for submission to the State Treasurer's Office are located at [https://www.sco.ca.gov/ard\\_state\\_accounting.html](https://www.sco.ca.gov/ard_state_accounting.html).

The underremitted amounts are due no later than 30 days after receipt of this final audit report. The SCO will add a statutory one-and-a-half percent (1.5%) per month penalty on applicable delinquent amounts if payment is not received within 30 days of issuance of this final audit report.

Once the county has paid the underremitted amounts, the Tax Programs Unit (TPU) will calculate interest on the underremitted amounts and bill the applicable entities in accordance with Government Code sections 68085, 70353, and 70377.

Please mail a copy of the TC-31 and documentation supporting the corresponding adjustments to the attention of the following individual:

Tax Programs Unit Supervisor  
Local Government Programs and Services Division  
Bureau of Tax Administration and Government Compensation  
State Controller's Office  
Post Office Box 942850  
Sacramento, CA 94250

If you have questions regarding the audit findings, please contact Lisa Kurokawa, Chief, Compliance Audits Bureau, by telephone at (916) 327-3183, or by email at lkurokawa@sco.ca.gov.

If you have questions regarding payments, TC-31s, or interest and penalties, please contact Jennifer Montecinos, Supervisor, TPU, by telephone at (916) 322-7952.

Sincerely,

*Original signed by*

JIM L. SPANO, CPA  
Chief, Division of Audits

JLS/as

Attachment—Recipient Addresses

cc: Dan Flores, Chairman  
    Sutter County Board of Supervisors  
Grant Parks, Manager  
    Internal Audit Services  
    Judicial Council of California  
Julie Nauman, Executive Officer  
    California Victim Compensation Board  
Anita Lee, Senior Fiscal and Policy Analyst  
    Legislative Analyst's Office  
Don Lowrie, Fiscal Analyst  
    Local Government Policy Unit  
    State Controller's Office  
Jennifer Montecinos, Supervisor  
    Tax Programs Unit  
    State Controller's Office

## Recipient Addresses

---

Nathan Black, CPA, Auditor-Controller  
Auditor-Controller's Office, Sutter County  
463 2<sup>nd</sup> Street, Suite 124  
Yuba City, CA 95991

Mazie Brewington, Vice Chancellor,  
Administrative Services  
Yuba Community College District  
425 Plumas Boulevard, Suite 200  
Yuba City, CA 95991

Joe Aguilar, City Finance Director  
City of Live Oak  
9955 Live Oak Boulevard  
Live Oak, CA 95953

Stephanie Hansel, Court Executive Officer  
Superior Court of California, Sutter County  
1175 Civic Center Drive  
Yuba City, CA 95993

Spencer Morrision, City Treasurer  
City of Yuba City  
1201 Civic Center Boulevard  
Yuba City, CA 95993

Steve Harrah, CPA, Treasurer-Tax Collector  
Treasurer-Tax Collector's Office  
Sutter County  
463 2<sup>nd</sup> Street, Suite 112  
Yuba City, CA 95991

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# Audit Report

## Summary

The State Controller's Office (SCO) performed an audit to determine the propriety of court revenues remitted to the State of California by Sutter County on the Report to State Controller of Remittance to State Treasurer form (TC-31) for the period of July 1, 2010, through June 30, 2016.

Our audit found that \$30,741 in state court revenues was underremitted to the State Treasurer. Specifically, we found that Sutter County underremitted \$13,529 in state court revenues to the State Treasurer because it:

- Underremitted the 50% excess of qualified fines, fees, and penalties by \$2,994; and
- Underremitted the State Court Facilities Construction Fund by \$10,535.

In addition, we found that the following two entities underremitted \$17,212 in state parking surcharges to the State Treasurer via Sutter County:

- Yuba Community College District by \$10,202; and
- City of Yuba City by \$7,010.

Our audit also found that the following two entities underremitted \$3,480 in county parking surcharges to Sutter County:

- Yuba Community College District by \$3,407; and
- City of Yuba City by \$73.

## Background

State statutes govern the distribution of court revenues, which include fines, penalties, assessments, fees, restitutions, bail forfeitures, and parking surcharges. Whenever the State is entitled to a portion of such money, the court is required by Government Code (GC) section 68101 to deposit the State's portion of court revenues with the county treasurer as soon as practical and provide the county auditor with a monthly record of collections. This section further requires that the county auditor transmit the funds and a record of the money collected to the State Treasurer at least once a month.

GC section 68103 requires the SCO to review the reports and records to ensure that all fines and forfeitures have been transmitted. GC section 68104 authorizes the SCO to examine records maintained by the court. Furthermore, GC section 12410 provides the SCO with general audit authority to audit the disbursement of state money for correctness, legality, and sufficient provisions of law for payment.

## **Objective, Scope, and Methodology**

Our audit objective was to determine whether the county and court remitted all court revenues for the period of July 1, 2010, through June 30, 2016, to the State Treasurer, pursuant to the TC-31 process.

To achieve our objective, we performed the following procedures:

### General

- Gained an understanding of the county and court's revenue collection and reporting processes by interviewing key personnel, and reviewing documentation supporting the transaction flow;
- Scheduled monthly TC-31 remittances prepared by the county and the court showing court revenue distributions to the State; and
- Performed a review of the complete TC-31 remittance process for revenues collected and distributed by the county and the court.

### Cash Collections

- Scheduled monthly cash disbursements prepared by the county and the court showing court revenue distributions to the State, county, and cities for all fiscal years in the audit period;
- Performed analytical procedures using ratio analysis for state and county revenues to assess the reasonableness of the revenue distributions based on statutory requirements; and
- Recomputed the annual maintenance-of-effort (MOE) calculation for all fiscal years in the audit period to check the accuracy and completeness of the 50% excess of qualified fines, penalties, and assessments remitted to the State.

### Distribution Testing

- Scheduled parking surcharge revenues collected from entities that issue parking citations within the county to ensure that revenues were correct, complete, and remitted in accordance with State statutory requirements. Followed up with entities that did not remit the required parking surcharge and reviewed their distributions; and
- Performed a risk evaluation of the county and the court and identified violation types susceptible to errors due to statutory changes during the audit period. Based on the risk evaluation, judgmentally selected a non-statistical sample of 40 cases for eight violation types. Errors found were not projected to the intended population. Then, we:
  - Recomputed the sample case distributions and compared them to actual distributions; and
  - Calculated the total dollar amount of material underremittances to the State and county.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient appropriate evidence to



provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We did not audit the the financial statements of the county, the court, or the various agencies that issue parking citations. We considered the county and court's internal controls only to the extent necessary to plan the audit. We did not review the timeliness of any court revenue remittances that the county and court may be required to make under GC sections 70353 and 77201.1(b), included in the TC-31.

## **Conclusion**

Our audit found instances of noncompliance with the requirements outlined in the Objective, Scope, and Methodology section of this audit report. These instances are quantified in the accompanying Schedule and described in the Findings and Recommendations section of this audit report.

Our audit found that \$30,741 in state court revenues was underremitted to the State Treasurer as follows:

- Sutter County by \$13,529;
- Yuba Community College District by \$10,202; and
- City of Yuba City by \$7,010.

We also found that the following two entities underremitted \$3,480 in county parking surcharges to Sutter County:

- Yuba Community College District by \$3,407; and
- City of Yuba City by \$73.

The county should remit \$13,529 to the State Treasurer. In addition, Yuba Community College District and the City of Yuba City should remit \$10,202 and \$7,010, respectively, to the State Treasurer via Sutter County. The county is not responsible for collecting the underremitted state amounts from Yuba Community College District and the City of Yuba City, but is responsible for remitting amounts owed by these entities to the State Treasurer upon receipt.

The SCO's Tax Programs Unit will follow up with the county and these other entities that collect parking surcharges regarding the underremittances to the State Treasurer via Sutter County.

## **Follow-up on Prior Audit Findings**

The county has satisfactorily resolved the findings noted in our prior audit report, for the period of July 1, 2003, through June 30, 2010, issued July 2012.

**Views of  
Responsible  
Officials**

We issued a draft audit report on September 20, 2018. Nathan Black, Sutter County Auditor-Controller, responded by letter dated October 24, 2018 (Attachment A), agreeing with the audit results. In addition, Stephanie Hansel, Court Executive Officer, responded by letter dated September 26, 2018 (Attachment B), addressing court-related audit Findings 5 and 6.

Mazie Brewington, Vice Chancellor, Administrative Services of Yuba Community College District, responded by email on October 19, 2018, stating that she did not have a response to the draft report. However, she indicated that she thought the audit was “outdated.”

Robin Bertagna, Finance Director of the City of Yuba City, responded by letter dated November 26, 2018 (Attachment C), agreeing with the audit results.

The City of Live Oak did not respond to the draft report.

**Restricted Use**

This audit report is solely for the information and use of Sutter County; the Superior Court of California, Sutter County; Yuba Community College District; the City of Yuba City; the City of Live Oak; the Judicial Council of California; and the SCO; it is not intended and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this audit report, which is a matter of public record and is available on the SCO website at [www.sco.ca.gov](http://www.sco.ca.gov).

*Original signed by*

JIM L. SPANO, CPA  
Chief, Division of Audits

January 2, 2019

**Schedule—**  
**Summary of Audit Findings Affecting Remittances to the State Treasurer**  
**July 1, 2010, through June 30, 2016**

Finding <sup>1</sup>	Fiscal Year						Total	Reference <sup>2</sup>
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16		
<b>Underremitted the 50% excess of qualified fines, fees and penalties:</b>								
State Trial Court Improvement and Modernization Fund – GC §77205 - County	\$ 236	\$ 415	\$ 406	\$ 451	\$ 832	\$ 654	\$ 2,994	Finding 1
<b>Underremitted State Parking Surcharges to the State via Sutter County:</b>								
<u>Yuba Community College – Sutter Campus</u>								
State Court Facilities Construction Fund – GC §70372(b)	-	-	338	398	827	479	2,042	Finding 2
State Court Facilities Construction Fund – Immediate and Critical Needs Account (ICNA) – GC §70372(b)	-	-	675	795	1,653	957	4,080	Finding 2
State Trial Court Trust Fund – GC §76000.3(a)	-	-	675	795	1,653	957	4,080	Finding 2
<u>City of Yuba City</u>								
State Trial Court Trust Fund – GC §76000.3(a)	-	195	1,362	1,287	2,208	1,958	7,010	Finding 3
Total Parking Surcharges Underremitted to Sutter County	-	195	3,050	3,275	6,341	4,351	17,212	Finding 2, 3
<b>Underremitted to the State Court Facilities Construction Fund:</b>								
State Court Facilities Construction Fund – GC §70372(a)	-	-	4,271	2,872	1,988	1,404	10,535	Finding 5
Total Underremittances to the State Treasurer	\$ 236	\$ 610	\$ 7,727	\$ 6,598	\$ 9,161	\$ 6,409	\$ 30,741	

<sup>1</sup>The identification of state revenue account titles should be used to ensure proper recording when preparing the TC-31.

<sup>2</sup>See the Findings and Recommendations section.

# Findings and Recommendations

**FINDING 1—  
Underremitted 50%  
excess of qualified  
fines, fees, and  
penalties**

During our recalculation of the 50% excess of qualified fines, fees, and penalties, we found that Sutter County underremitted by \$2,994 to the State Treasurer for the audit period. The error occurred because the county incorrectly reported the \$2 parking revenue.

GC section 77205 requires the county to remit 50% of qualified revenues that exceed the amount specified in GC section 77201.1(b)(2), for fiscal year (FY) 1998-99 and each fiscal year thereafter, to the State Trial Court Improvement and Modernization Fund.

The following table calculates:

- The excess qualified revenues amount above the base; and
- The county underremittances to the State Treasurer, by comparing 50% of the excess qualified revenues amount above the base to actual county remittances:

Fiscal Year	Qualifying Revenues	Base Amount	Excess Amount above the Base	50% Excess Amount Due to the State	County Remittance to the State Treasurer	County Underremittance to the State Treasurer <sup>1</sup>
2010-11	\$ 726,267	\$ 678,681	\$ 47,586	\$ 23,793	\$ (23,557)	\$ 236
2011-12	920,994	678,681	242,313	121,157	(120,742)	415
2012-13	795,592	678,681	116,911	58,456	(58,049)	406
2013-14	813,688	678,681	135,007	67,504	(67,052)	452
2014-15	962,591	678,681	283,910	141,955	(141,123)	832
2015-16	716,185	678,681	37,504	18,752	(18,099)	653
Total						\$ 2,994

<sup>1</sup> Should be identified on the TC-31 as State Trial Court Improvement and Modernization Fund – GC § 77205.

Recommendation

We recommend that the county:

- Establish and implement procedures to properly report the parking revenues; and
- Remit \$2,994 to the State Treasurer and report an increase to the State Trial Court Improvement and Modernization Fund on the TC-31.

County’s Response

The county stated that it concurs with the finding and will implement the recommendation. In addition, the county indicated that it will remit the required amounts to the State Treasurer and implement procedures to ensure proper reporting of parking revenues.

**FINDING 2—  
Unremitted parking  
surcharges from  
Yuba Community  
College District**

During our inquiry of the entities that issue parking citations, we found that Yuba Community College District did not remit the required parking surcharges to either the State Treasurer or the county for FY 2012-13 through FY 2015-16.

Specifically, Yuba Community College District did not remit state parking surcharges to the State Treasurer by \$10,202, as follows:

- \$4,080 to the State Court Facilities Construction Fund – ICNA – GC section 70372(b);
- \$4,080 to the State Trial Court Trust Fund – GC section 76000.3; and
- \$2,042 to the State Court Facilities Construction Fund – GC section 70372(b).

In addition, Yuba Community College District did not remit county parking surcharges to Sutter County by \$3,407, as follows:

- \$2,720 to the County General Fund; and
- \$687 to the County Criminal Justice Facilities Fund.

The errors occurred because Yuba Community College District staff members were not familiar with the parking distribution requirements and did not remit any parking penalties from July 2012 through June 2016.

Vehicle Code (VC) section 40200.4 requires the processing agencies to deposit with the county treasurer all sums due the county from parking violations. GC section 76000(c) requires the county to deposit in the County Courthouse Construction Fund and County Criminal Justice Facilities Construction Fund the \$2.50 parking penalty from each parking fine or forfeiture collected. This section also requires \$1 of each \$2.50 parking penalty to be distributed to the County General Fund.

GC section 70372(b) requires the issuing agency to distribute a state surcharge of \$4.50 to the State Court Facilities Construction Fund for every parking fine or forfeiture beginning January 2009. GC section 76000.3 requires the issuing agency to distribute to the State Trial Court Trust Fund an additional state surcharge of \$3 for every parking fine or forfeiture beginning January 2011.

Recommendation

We recommend that Yuba Community College District:

- Establish and implement procedures to properly distribute parking revenues;
- Remit \$10,202 to Sutter County for subsequent remittance to the State Treasurer. On the TC-31, report an increase of \$4,080 in the State Trial Court Trust Fund, \$4,080 in the State Court Facilities Construction Fund – ICNA, and \$2,042 in the State Court Facilities Construction Fund; and

- Remit \$3,407 to Sutter County (for deposit of \$2,720 in the County General Fund and \$687 in the County Criminal Justice Facilities Fund).

We also recommend that Sutter County:

- Create a resolution to inform parking entities of how much to collect for the County Courthouse Construction Fund and the County Criminal Justice Facilities Construction Fund; and
- Remit to the State Treasurer any portion of the \$10,202 that it receives from Yuba Community College District.

#### County's Response

The county indicated that it will remit to the State Treasurer any underremitted amounts received from other agencies, and prepare a resolution to inform parking entities of the required collection amounts.

#### SCO Comment

The Yuba Community College District did not respond to the audit finding.

### **FINDING 3— Underremitted parking surcharges from the City of Yuba City**

During scheduling of parking surcharges collected, we found that the City of Yuba City underremitted state parking surcharges to the State Treasurer and underremitted county parking surcharges to Sutter County for FY 2011-12 through FY 2015-16.

Specifically, the City of Yuba City underremitted state parking surcharges to the State Treasurer by \$7,010, as follows:

- \$7,010 to the State Trial Court Trust Fund – GC section 76000.3

In addition, the City of Yuba City underremitted county parking surcharges to Sutter County by a net of \$73, as follows:

- (\$1,686) to the County General Fund; and
- \$1,759 to the County Criminal Justice Facilities Fund.

The errors occurred because the City of Yuba City staff were not aware of the \$3 increase in the parking distribution requirements from July 2011 through June 2016.

Vehicle Code (VC) section 40200.4 requires the processing agencies to deposit with the county treasurer all sums due the county from parking violations. GC section 76000(c) requires the county to deposit in the County Courthouse Construction Fund and County Criminal Justice Facilities Construction Fund the \$2.50 parking penalty from each parking fine or forfeiture collected. This section also requires \$1 of each \$2.50 parking penalty to be distributed to the County General Fund.

GC section 70372(b) requires the issuing agency to distribute a state surcharge of \$4.50 to the State Court Facilities Construction Fund for every parking fine or forfeiture beginning January 2009. GC section 76000.3 requires the issuing agencies to distribute to the State Trial Court Trust Fund an additional state surcharge of \$3 for every parking fine or forfeiture beginning January 2011.

#### Recommendation

We recommend that the City of Yuba City:

- Establish and implement procedures to properly distribute parking revenues;
- Remit \$7,010 to Sutter County for subsequent remittance to the State Treasurer. On the TC-31, report an increase of \$7,010 in the State Trial Court Trust Fund; and
- Remit \$73 to Sutter County (\$1,686 for withdrawal from the County General Fund and \$1,759 for deposit in the County Criminal Justice Facilities Fund).

We also recommend that Sutter County:

- Create a resolution to inform parking entities of how much to collect for the County Courthouse Construction Fund and the County Criminal Justice Facilities Construction Fund; and
- Remit to the State Treasurer any portion of the \$7,010 that it receives from the City of Yuba City.

#### City of Yuba City's Response

The city agreed that it underremitted state parking surcharges to the State Trial Court Trust Fund – GC section 76000.3. In addition, the city clarified that it remitted parking penalties; however, it was not aware of the \$3 increase in the statutorily required parking distribution.

#### County's Response

The county indicated that it will remit to the State Treasurer any underremitted amounts received from other agencies, and prepare a resolution to inform parking entities of the required collection amounts.

#### **FINDING 4— Incorrect distribution of parking surcharges from the City of Live Oak**

During scheduling of parking surcharges collected, we found that the City of Live Oak did not remit the proper state parking surcharge to the State Treasurer for FY 2010-11 through FY 2015-16. The error occurred because city personnel misinterpreted the required parking distribution. We did not quantify this error, as the underremittance is immaterial.

GC section 76000.3 requires the issuing agencies to distribute to the State Trial Court Trust Fund an additional state surcharge of \$3 for every parking fine or forfeiture beginning January 2011.

Recommendation

We recommend that:

- Sutter County create a resolution to inform parking entities of how much to collect for the County Courthouse Construction Fund and the County Criminal Justice Facilities Construction Fund; and
- The City of Live Oak adjust its parking distributions to remit the required amount with the State Trial Court Trust Fund.

County's Response

The county indicated that it will remit to the State Treasurer any underremitted amounts received from other agencies, and prepare a resolution to inform parking entities of the required collection amounts.

SCO Comment

The City of Live Oak did not respond to the audit finding.

**FINDING 5—  
Underremitted State  
Court Facilities  
Construction Funds  
from Sutter County**

During analysis of monthly cash statements, we found that Sutter County did not remit \$10,535 to the State Court Facilities Construction Fund, which is the amount in the County Courthouse Construction Fund on June 30, 2012.

Effective March 1, 2009, the responsibility for the court facilities within Sutter County was transferred to the State. GC section 70402(a) states that any amount in a County's Courthouse Construction Fund should be transferred to the State Facilities Construction Fund following the date of the last transfer of court facilities from the county to the Judicial Council, if there is no outstanding bond indebtedness.

Recommendation

We recommend that:

- Sutter County remit \$10,535 to the State Treasurer. On the TC-31, report an increase of \$10,535 in the State Court Facilities Construction Fund; and
- The Sutter County Superior Court include any County Courthouse Construction Fund penalties collected in the State Court Facilities Construction Fund when remitting to Sutter County.

County's Response

The county stated that it concurs with the finding and will implement the recommendation. In addition, the county indicated that it will remit the required amounts to the State Treasurer.



Court's Response

The Court reports all County Courthouse Construction Fund penalties it collects to Sutter County in a county-designated general ledger account on a monthly basis. The court had no control over how Sutter County reported Court-collected County Courthouse Construction Fund penalties to the State.

**FINDING 6—  
Incorrect distribution  
of base fines by Sutter  
County Superior  
Court**

During testing of uninsured motorist cases, we found that the Sutter County Superior Court distributed only 76% of the base fines resulting from city arrests on uninsured motorists to the cities for the period of July 2011 through June 2016. Penal Code (PC) 1463.001 states that base fines resulting from a city arrest are to be split between the county and the city and that the county is to receive an amount equal to the percentage listed in PC section 1463.002, which is 17% for Sutter County. Therefore, the cities in Sutter County should receive 83% of the base fine resulting from city arrests.

The error occurred because Sutter County Superior Court personnel misinterpreted the required distribution. We did not quantify this error, as the underremittance is immaterial and the calculation is complex.

Recommendation

We recommend that the Sutter County Superior Court update its system to properly distribute the base fines resulting from city arrests on uninsured motorists.

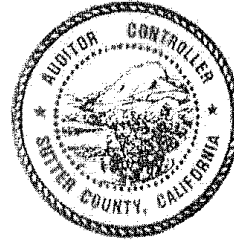
Court's Response

The Court agrees with the audit finding and recommendation. In May 2016, the Court migrated to a new case management system and tested all distributions, including base fines resulting from city arrests on uninsured motorists, to ensure that the distributions are correct.

**Attachment A—  
County's Response to Draft Audit Report**

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COUNTY OF SUTTER



NATHAN M. BLACK, CPA

AUDITOR-CONTROLLER

October 24, 2018

Ms. Betty T. Yee  
California State Controller  
300 Capitol Mall, Suite 1850  
Sacramento, Ca. 95814

Dear Ms. Yee,

The County of Sutter welcomes the opportunity to respond to the California State Controller's (SCO) draft report, titled "Sutter County Audit Report, Court Revenues, July 1, 2010 through June 30, 2016".

We concur with the findings for the County of Sutter and will implement the recommendations. For findings 1 and 5, we will remit the required amounts to the State Treasurer and implement procedures to ensure proper reporting of parking revenues. For findings 2, 3, and 4, we will remit to the State Treasurer any under remitted amounts received from other agencies and prepare a resolution to inform parking entities on required collection amounts. In fact, Interdepartmental discussion has already begun regarding preparation of the resolution.

Lastly, on page 3, in the conclusion section, we believe the first bullet should say "Sutter", and on page 9, we believe the first bullet should say "City of Yuba City" instead of "Yuba Community College District".

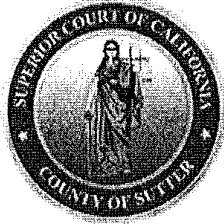
Please do not hesitate to contact me if you have questions.

Sincerely,

Nathan M. Black, CPA  
Auditor-Controller

**Attachment B—  
Superior Court’s Response to Draft Audit Report**

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## SUPERIOR COURT OF CALIFORNIA COUNTY OF SUTTER

1175 Civic Center Blvd., Yuba City, CA 95993  
(530) 822-3301 FAX: (530) 822-3501

STEPHANIE M. HANSEL  
COURT EXECUTIVE OFFICER

September 26, 2018

Lisa Kurokawa, Chief  
Compliance Audits Bureau  
State Controller's Office, Division of Audits  
Post Office Box 942850  
Sacramento, CA 94250

Ms. Kurokawa,

Sutter Superior Court is in receipt of your draft audit report dated September 20, 2018. The following are the Court's responses to the audit findings that only relate to the Court.

### **FINDING 5 – Underremitted State Court Facilities Construction Funds from Sutter County**

During testing, we found that Sutter County did not remit \$10,535 to the State Court Facilities Construction Fund, which is the amount in the County Courthouse Construction Fund on June 30, 2012.

Effective March 1, 2009, the responsibility for the court facilities within Sutter County was transferred to the State. GC section 70402(a) states that any amount in a County's Courthouse Construction Fund should be transferred to the State Facilities Construction Fund following the date of the last transfer of court facilities from the county to the Judicial Council, if there is no outstanding bond indebtedness.

### Recommendation

We recommend that:

- Sutter County remit \$10,535 to the State Treasurer. On the TC-31, report an increase of \$10,535 in the State Court Facilities Construction Fund; and
- The Sutter County Superior Court include any County Courthouse Construction Fund penalties collected in the State Court Facilities Construction Fund when remitting to Sutter County.

**Court Response:**

The Court reports all County Courthouse Construction Fund penalties it collects to Sutter County in a county-designated general ledger account on a monthly basis. The Court has no control over how Sutter County reports Court-collected County Courthouse Construction Fund penalties to the State.

**FINDING 6 – Incorrect distribution of base fines by Sutter County Superior Court**

During testing, we found that the Sutter County Superior Court distributed only 76% of the base fines resulting from city arrests on uninsured motorists to the cities for the period July 2011 through June 2016. Penal Code 1463.001 states that base fines resulting from a city arrest are to be split between the county and the city and that the county is to receive an amount equal to the percentage listed in PC section 1463.002, which is 17% for Sutter County. Therefore, the cities in Sutter County should receive 83% of the base fine resulting from city arrests.

The error occurred because Sutter County Superior Court personnel misinterpreted the required distribution. We did not quantify this error, as the underremittance is immaterial and the calculation is complex.

Recommendation

We recommend that the Sutter County Superior Court update its system to properly distribute the base fines resulting from city arrests on uninsured motorists.

**Court Response:**

The Court agrees with the audit finding and recommendation. In May 2016, the Court migrated to a new case management system and tested all distributions, including base fines resulting from city arrests on uninsured motorists, to ensure that the distributions are correct.

Sincerely,

A handwritten signature in black ink, reading "Stephanie M. Hansel". The signature is written in a cursive style with a large, prominent "S" at the beginning.

Stephanie M. Hansel  
Court Executive Officer

**Attachment C—  
City of Yuba City's Response to Draft Audit Report**

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1201 Civic Center Blvd. • Yuba City  
California 95993 Phone (530) 822-4618  
• Fax (530) 822-4694

November 26, 2018

Lisa Kurokawa, Chief  
Compliance Audits Bureau  
State Controller's Office, Division of Audits  
PO Box 942850  
Sacramento, CA 94250

Dear Chief Kurokawa:

I have reviewed the September 20, 2018 letter concerning audit results for the County of Sutter court revenues audit and agree that the City of Yuba City underremitted state parking surcharges to the State Trial Court Trust Fund – GC section 76000.3.

Per your recent conversation with Spencer Morrison, Accounting Manager, we have updated our processes to reflect the most current uniform ball amounts. We do wish to clarify the statement on page 8, Finding 3, paragraph 4, that the City of Yuba City *did* remit parking penalties, however were not aware of the \$3.00 increase as discussed in the finding. We also request that such audit findings be reviewed with the City's Finance Department before the Controller's office finalizes the audit and sends penalty letters.

The City will await the invoice for the underremitted amount of \$7,083. Please contact Spencer Morrison at 530-822-4803 or smorrison@yubacity.net if you have any questions or need any further information.

Sincerely,

Robin Bertagna  
Finance Director

Accounting/Budget  
(530) 822-6196

Accounts Receivable  
(530) 822-4711

Accounts Payable  
530) 822-4817

Payroll  
(530) 822-4616

Business License  
(530) 822-4619

Water/Sewer Bills  
(530) 822-4618



**State Controller's Office  
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