

NAPA COUNTY

Audit Report

COURT REVENUES

July 1, 2018, through June 30, 2022



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

February 2025



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

February 3, 2025

Ms. Tracy A. Schulze, Auditor-Controller
Napa County
1195 Third Street, Suite B-10
Napa, CA 94559

Mr. Robert Fleshman, Court Executive Officer
Superior Court of California, Napa County
825 Brown Street
Napa, CA 94559

Dear Auditor-Controller Schulze and Mr. Fleshman:

The State Controller's Office (SCO) audited Napa County's (the county) court revenues for the period of July 1, 2018, through June 30, 2022.

Our audit found that the county underremitted a net of \$42,756 in state court revenues to the State Treasurer because it:

- Underremitted the State Trial Court Improvement and Modernization Fund (Government Code section 77205) by \$47,546;
- Overremitted the State's Domestic Violence Restraining Order Reimbursement Fund (Penal Code section 1203.097) by \$3,271; and
- Overremitted the State's Domestic Violence Training and Education Fund (Penal Code section 1203.097) by \$1,519.

In addition, we found that the Superior Court of California, Napa County made incorrect distributions related to red-light traffic violator school, red-light, and health and safety violations.

We also identified an instance of noncompliance that is not significant to our audit objective, but warrants the attention of management. Specifically, we found that the Superior Court of California, Napa County made incorrect distributions related to proof of correction violations.

Ms. Tracy A. Schulze and Mr. Robert Fleshman

February 3, 2025

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The county should remit \$42,756 to the State Treasurer via the Report to State Controller of Remittance to State Treasurer (TC-31), 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, 2018, through June 30, 2022.

The county should not combine audit finding remittances with current revenues on the TC-31. A separate TC-31 should be submitted for the underremitted amounts for the audit period. For your convenience, the TC-31 and directions for submission to the State Treasurer's Office are located on the SCO website at www.sco.ca.gov/ard_trialcourt_manual_guidelines.html.

The underremitted amounts are due no later than 30 days after receipt of this final audit report. The SCO will add a statutory 1.5% per month penalty on the 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 will calculate interest on the underremitted amounts and bill the county 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
Bureau of Tax, Administration, and Government Compensation
Local Government Programs and Services Division
State Controller's Office
Post Office Box 942850
Sacramento, CA 94250

If you have questions regarding payments, TC-31s, or interest and penalties, please contact Jennifer Montecinos, Manager, Tax Administration Section, by telephone at 916-324-5961, or email at lgpsdtaxaccounting@sco.ca.gov.

If you have any questions regarding the audit findings, please contact Lisa Kurokawa, Chief, Compliance Audits Bureau, by telephone at 916-327-3138, or email at lkurokawa@sco.ca.gov. Thank you.

Sincerely,

Original signed by

Kimberly A. Tarvin, CPA
Chief, Division of Audits

Ms. Tracy A. Schulze and Mr. Robert Fleshman

February 3, 2025

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KAT/am

Copy: The Honorable Joelle Gallagher, Chair
Napa County Board of Supervisors
Joe Meyer, Manager
Internal Audit Services
Judicial Council of California
Lynda Gledhill, Executive Officer
California Victim Compensation Board
Anita Lee, Senior Fiscal and Policy Analyst
Legislative Analyst's Office
Sandeep Singh, Manager
Local Government Policy Unit
State Controller's Office
Jennifer Montecinos, Manager
Tax Administration Section
State Controller's Office

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Audit Report

Summary

The State Controller's Office (SCO) audited the propriety of court revenues remitted to the State of California by Napa County (the county) on the Report to State Controller of Remittance to State Treasurer (TC-31) for the period of July 1, 2018, through June 30, 2022.

Our audit found that the county underremitted a net of \$42,756 in state court revenues to the State Treasurer.

In addition, we found that the Superior Court of California, Napa County (the court) made incorrect distributions related to red-light with traffic violator school (TVS), red-light, and health and safety violations.

We also identified an instance of noncompliance that is not significant to our audit objective, but warrants the attention of management. Specifically, we found that the court made incorrect distributions related to proof of correction violations.

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 receive 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 is 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.

The SCO publishes the *Trial Court Revenue Distribution Guidelines (Distribution Guidelines)* to provide direction on the distribution of fines, fees, forfeitures, penalties, and assessments. The Distribution Guidelines group code sections that share similar exceptions, conditions, or distributions into a series of nine tables.

The Judicial Council of California (JCC) provides forms and worksheets to ensure the proper calculation and distribution of fines, fees, forfeitures, penalties, and assessments. The guidance includes forms used to compute the annual maintenance-of-effort (MOE) calculation and worksheets to verify the more complex revenue distributions.

Audit Authority

We conducted this audit under the authority of GC section 68103, which requires the SCO to review the county's reports and records to ensure that all fines and forfeitures have been transmitted. In addition, 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 superintend the fiscal concerns of the State.

Objective, Scope, and Methodology

Our audit objective was to determine the propriety of the court revenues remitted to the State Treasurer pursuant to the TC-31 process during the period of July 1, 2018, through June 30, 2022. To achieve our objective, we performed the following procedures.

General

- We gained an understanding of the county and the court's revenue collection and reporting processes, and of the criteria that were significant to our audit objective.
- We interviewed county personnel regarding the monthly TC-31 remittance process and MOE calculation.
- We interviewed county and court personnel regarding the revenue distribution process and the case management system (CMS).
- We reviewed documents supporting the transaction flow.
- We scheduled monthly TC-31 remittances prepared by the county and the court showing court revenue distributions to the State.
- We performed a review of the complete TC-31 remittance process for revenues collected and distributed by the county and the court.
- We assessed the reliability of data from the CMS based on interviews and our review of documents supporting the transaction flow. We determined that the data was sufficiently reliable for purposes of this report.

Cash Collections

- We scheduled monthly cash disbursements prepared by the county and the court showing court revenue distributions to the State, the county, and cities for all fiscal years in the audit period.
- We performed analytical procedures using ratio analysis for state and county revenues to assess the reasonableness of the revenue distributions based on statutory requirements.
- We recomputed the annual MOE calculation for all fiscal years in the audit period to verify the accuracy and completeness of the 50% of qualified revenues remitted to the State.

Distribution Testing

- We assessed the priority of installment payments by haphazardly selecting a non-statistical sample of four installment payments to verify priority. Errors found were not projected to the intended (total) population.
- We 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. No errors were identified.

- We performed a risk evaluation of the county and the court, and identified violation types that are prone to errors due to either their complexity or statutory changes during the audit period.

Based on the risk evaluation, we haphazardly selected a non-statistical sample of 45 cases for 11 violation types. We were not able to identify the case population due to the inconsistent timing of when tickets were issued versus when they were paid, and the multitude of entities that remit collections to the county for remittance to the State. We tested the sample as follows:

- We recomputed the sample case distributions and compared them to the actual distributions.
- We calculated the total dollar amount of significant underremittances and overremittances to the State and the county.

Errors found were not projected to the intended (total) population.

We did not review any court revenue remittances that the county and the court may be required to make under GC sections 70353 and 77201.1(b), included in the TC-31.

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

Conclusion

As a result of performing the audit procedures, we found instances of noncompliance with the requirements described in our audit objective. Specifically, we found that the county underremitted a net of \$42,756 in state court revenues to the State Treasurer because it:

- Underremitted the State Trial Court Improvement and Modernization Fund (GC section 77205) by \$47,546;
- Overremitted the State's Domestic Violence Restraining Order Reimbursement Fund (Penal Code (PC) section 1203.097) by \$3,271; and
- Overremitted the State's Domestic Violence Training and Education Fund (PC section 1203.097) by \$1,519.

These instances of noncompliance are quantified in the Schedule and described in the Findings and Recommendations section.

In addition, we found that the court made incorrect distributions related to red-light traffic violator school, red-light, and health and safety violations. These instances of noncompliance are non-monetary; they are described in the Findings and Recommendations section.

We also identified an instance of noncompliance that is not significant to our audit objective, but warrants the attention of management. Specifically, we found that the court made incorrect distributions related to proof of correction violations. This instance of noncompliance is non-monetary; it is described in the Observation and Recommendation section.

The county should remit \$42,756 to the State Treasurer.

**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, 2012, through June 30, 2016, issued on February 7, 2019. The implementation status of corrective actions is described in the Appendix.

**Views of
Responsible
Officials**

We discussed our audit results with county and court representatives during an exit conference conducted on November 26, 2024. At the exit conference, the county and court representatives agreed with the audit results. This audit report includes county and court responses as Attachments A and B.

Restricted Use

This report is solely for the information and use of the county, the court, the JCC, and the SCO; it is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record and is available on the SCO website at www.sco.ca.gov.

Original signed by

Kimberly A. Tarvin, CPA
Chief, Division of Audits

February 3, 2025

Schedule—
Summary of Audit Findings Affecting Remittances to the State Treasurer
July 1, 2018, through June 30, 2022

The following table provides a summary of the audit findings affecting remittances to the State Treasurer.

Finding ¹	Fiscal Year				Total	Reference ²
	2018-19	2019-20	2020-21	2021-22		
Underremitted 50% excess of qualified revenues						
State Trial Court Improvement and Modernization Fund – GC §77205	\$ 47,546	\$ -	\$ -	\$ -	\$ 47,546	Finding 1
Incorrect distribution of domestic violence fees						
State Domestic Violence Restraining Order Reimbursement Fund – PC §1203.097	(1,037)	(1,076)	(336)	(822)	(3,271)	
State Domestic Violence Training and Education Fund – PC §1203.097	(322)	(705)	(271)	(221)	(1,519)	
Total	(1,359)	(1,781)	(607)	(1,043)	(4,790)	Finding 2
Net amount underremitted to the State Treasurer	\$ 46,187	\$ (1,781)	\$ (607)	\$ (1,043)	\$ 42,756	

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

²See the Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Underremitted 50% excess of qualified revenues

During our recalculation of the 50% excess of qualified revenues, we found that the county had used incorrect qualified revenue amounts in its calculation for each fiscal year. These errors resulted in the county underremitting the 50% excess of qualified revenues by \$47,546 during the audit period. The 50% excess of qualified revenues was incorrectly calculated because the county misinterpreted the required calculations.

The county provided support for its calculation of the 50% excess of qualified revenues during the audit period. We reviewed the county's calculation and reconciled the qualified revenues to revenue collection reports provided by the court.

We recalculated the county's qualified revenues based on actual court revenues collected for each fiscal year. After our recalculation, we found that the county had understated qualified revenues by \$390,315 for the audit period.

The county understated qualified revenues for the following reasons:

- It incorrectly excluded revenues collected for city base fines (Vehicle Code [VC] section 42007[c]) from its calculation of the TVS fee (VC section 42007) line item, resulting in an understatement of \$96,536.
- It incorrectly excluded revenues collected for the county's Courthouse Construction Fund (GC section 76100; \$1 per TVS case) and Criminal Justice Facilities Construction Fund (GC section 76101; \$1 per TVS case) from its calculation of the TVS fee (VC section 42007) line item, resulting in an understatement of \$11,678.
- It incorrectly excluded revenues collected on TVS cases for the county's Emergency Medical Services Fund (GC section 76104) and Maddy Emergency Medical Services Fund (GC section 76000.5) from its calculation of the TVS fee (VC section 42007) line item, resulting in an understatement of \$116,782.
- It incorrectly reported the amounts collected for the county base fines (PC section 1463.001) in its calculation of the county base fines line item, resulting in an understatement of \$165,319.

The following table shows the audit adjustments to qualified revenues:

	Fiscal Year				Totals
	2018-19	2019-20	2020-21	2021-22	
Qualified revenues reported	\$ 679,273	\$ 532,811	\$ 453,245	\$ 516,111	\$ 2,181,440
Audit adjustments:					
VC §42007(c) understatement	31,164	21,221	10,854	33,297	96,536
GC §76100, §76101 understatement	4,521	2,807	1,615	2,735	11,678
GC §76104, §76000.5 understatement	45,214	28,072	16,151	27,345	116,782
PC §1463.001 understatement	54,087	34,423	47,182	29,627	165,319
Total	134,986	86,523	75,802	93,004	390,315
Adjusted qualified revenues	\$ 814,259	\$ 619,334	\$ 529,047	\$ 609,115	\$ 2,571,755

As a result of miscalculating the qualified revenues, the county underremitted the 50% excess of qualified revenues by \$47,546 for the audit period.

The following table shows the excess qualified revenues, and—by comparing the 50% excess amount due to the State to the county’s actual remittances—the county’s underremittance to the State Treasurer.

Fiscal Year	Qualifying Revenues	Base Amount	Excess Amount Above the Base	50% Excess Amount Due the State	County Remittance to the State Treasurer	County Underremittance to the State Treasurer ¹
2018-19	\$ 814,259	\$ 719,168	\$ 95,091	\$ 47,546	\$ -	\$ 47,546
2019-20	619,334	719,168	(99,834)	-	-	-
2020-21	529,047	719,168	(190,121)	-	-	-
2021-22	609,115	719,168	(110,053)	-	-	-
Total						\$ 47,546

¹Should be identified on the TC-31 as State Trial Court Improvement and Modernization Fund – GC section 77205

GC section 77205(a) requires the county to remit 50% of the 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.

Recommendation

We recommend that the county:

- Remit \$47,546 to the State Treasurer and report on the TC-31 form an increase to the State Trial Court Improvement and Modernization Fund; and
- Ensure that the proper accounts are included in the calculations of each line item on the 50-50 Excess Split Revenue Computation Form.

We also recommend that the court establish separate accounts for revenues collected on TVS cases for the county’s Courthouse Construction Fund (GC section 76100; \$1 per TVS case), Criminal Justice Facilities Construction Fund (GC section 76101; \$1 per TVS case), Emergency Medical Services Fund (GC section 76104), and Maddy Emergency Medical Services Fund (GC section 76000.5).

County’s Response

The Auditor-Controller agrees with this finding. The 50% excess of qualified revenues was incorrectly calculated partially due to the county's misinterpretation of the required calculations and because the relevant fee codes were consolidated in the Court billing system. Going forward, the County will follow the methodology identified in this audit to comply with GC section 77205 and utilize the Court’s updated month-end report template and new fee codes to perform this calculation accordingly.

The Auditor-Controller will remit the under remittance of \$47,546 and offset this payment by the overpayment of \$4,790 noted in Finding 2.

Court’s Response

Court agrees with the finding and will implement the following changes:

- Court will update our month-end report template so that each fee code is in a unique row. This will allow us to more accurately report all applicable line items on the ROR [Report of Revenues] and 50-50 report [50-50 Excess Split Revenue Computation Form]. Court will create a new fee code in our [CMS] specifically for the TVS distribution of the GC 76101 \$1.00 distribution. **Status:** Court updated CMS with the new fee code for all traffic school distributions effective 11/01/2024. The GC 76100 charge is no longer imposed or collected in Napa, therefore no new code will be created for this item.
- Court will create new fee codes in our CMS specifically for the TVS distribution of the GC76104 and GC 76000.5 distributions. **Status:** Court updated CMS with the new fee codes for all traffic school distributions effective 11/01/2024.
- By separating all fee codes on individual line items, as stated in first bullet point above, the court will be able to calculate 75% of the county base fines for county and city agencies per PC 1463.00.1 on both the ROR and 50-50 reports.
- The Court and County will reassess all fee codes applicable to the ROR and 50-50 reporting lines to ensure all collections are reflected on the reports on their appropriate lines.

Court will update configuration in its CMS for the items above and update calculations for the ROR and 50-50 reports by 12/31/2024. **Status:** Complete, effective for Q2 reporting FY 2024/25.

**FINDING 2—
Incorrect distribution
of domestic violence
fees**

During our analysis of court collections, we found that the court had not properly distributed the domestic violence fee, resulting in an

overmittance to the State of \$4,790. The error occurred because the court misinterpreted the *Distribution Guidelines*.

We analyzed distributions made by the court, as documented in its collection reports. We found that the court had incorrectly distributed 38% of the domestic violence fee to the State’s Domestic Violence Restraining Order Reimbursement Fund (PC section 1203.097) and the State’s Domestic Violence Training and Education Fund (PC section 1203.097) instead of distributing the required one-third to the State.

The incorrect distributions had the following effect:

Account Title	Underremitted/ (Overremitted)
State Domestic Violence Restraining Order Reimbursement Fund – PC §1203.097	\$ (3,271)
State Domestic Violence Training and Education Fund – PC §1203.097	(1,519)
Total	\$ (4,790)
 County's Domestic Violence Programs Special Fund – PC §1203.097	 \$ 4,790

PC section 1203.097(a)(5) requires that two-thirds of the domestic violence fee collected be posted to the county’s domestic violence programs special fund. This section further requires that the remaining one-third be split evenly between the State’s Domestic Violence Restraining Order Reimbursement Fund (one-sixth) and the State’s Domestic Violence Training and Education Fund (one-sixth).

Recommendation

We recommend that the county reduce subsequent remittances to the State Treasurer by \$4,790 and report on the TC-31 a decrease to the following accounts:

- The State’s Domestic Violence Restraining Order Reimbursement Fund: \$(3,271); and
- The State’s Domestic Violence Training and Education Fund: \$(1,519).

We also recommend that the court periodically verify the accuracy of its distributions using the JCC’s testing sheets.

Court’s Response

The Court reviewed CMS distributions and found the distribution split to be correct. Court determined that some cases, prior to the audit period, distributed incorrectly in our former CMS. Some of these defendants are making progress payments, and therefore are appearing in the

distribution from the audit time period. All of the cases from the audit period, up through current date are calculating in our CMS correctly. **Status:** Court will continue to receive progress payments from the calculations in our former CMS. Court and County (Auditor-Controller's Office) will work together to true-up distributions to the correct agencies, as needed, on a quarterly basis.

**FINDING 3—
Incorrect distribution
of revenues from red-
light TVS violations**

During our testing of red-light TVS violation cases, we found that the court had not properly distributed the related revenues. The error occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its CMS.

We verified, on a sample basis, distributions made by the court using its CMS. For each sample case, we recomputed the distributions and compared them to the actual distributions.

In six of six cases tested, we found the following errors:

- For two FY 2018-19 city cases, one FY 2019-20 city case, and two FY 2021-22 city cases, we found that the TVS fee (VC section 42007) was overstated and the revenues collected for the county's Emergency Medical Services Fund (GC section 76104) and city base fines (VC section 42007[c]) were understated.
- For a FY 2020-21 county case, we found that the TVS fee (VC section 42007) was overstated and the revenues collected for the county's Emergency Medical Services Fund (GC section 76104) were understated.

We performed an analysis of the red-light allocation fund (VC section 42007.3) revenues collected by the court to determine the fiscal effect of the distribution errors. Upon completion of our analysis, we found that the errors did not have a material impact on the revenues remitted to the State.

VC section 42007(a)(1) requires the court to collect a fee, in an amount equal to the total bail set forth on the uniform countywide bail schedule, from every person ordered or permitted to attend traffic violator school pursuant to VC section 41501 or 42005. As defined by this section, the total bail includes all assessments, surcharges, and penalty amounts.

VC section 42007(b)(2) requires counties with an established Maddy Emergency Medical Services Fund to collect \$2 for every \$7 pursuant to GC section 76000 and to collect \$2 for every \$10 pursuant to GC section 76000.5, to be deposited in the Emergency Medical Services Fund.

Recommendation

We recommend that the court correct its CMS to ensure that revenues are distributed in accordance with statutory requirements and periodically verify the accuracy of its distributions using the JCC's testing sheets.

Court's Response

The Court reviewed CMS distributions and found the EMS [Emergency Medical Services] distribution to be incorrect. Court agrees with finding. **Status:** Court updated CMS with correct distribution on 9/16/2024.

**FINDING 4—
Incorrect distribution of
revenues from red-
light violations**

During our testing of red-light violation cases, we found that the court had not properly distributed the related revenues. The error occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its CMS.

We verified, on a sample basis, distributions made by the court using its CMS. For each sample case, we recomputed the distributions and compared them to the actual distributions.

In four of four cases tested, we found the following errors:

- For one FY 2018-19 county case, we found that the court had not distributed 2% of the county base fines (PC section 1463.001) to the State Trial Court Improvement and Modernization Fund (GC section 68090.8).
- For one FY 2018-19 city case and two FY 2021-22 city cases, we found that the court had not distributed 2% of the county base fines (PC section 1463.001) and city base fines (PC section 1463.002) to the State Trial Court Improvement and Modernization Fund (GC section 68090.8).

We performed an analysis of the red-light allocation fund (PC section 1463.11) revenues collected by the court to determine the fiscal effect of the distribution errors. Upon completion of our analysis, we found that the errors did not have a material impact on the revenues remitted to the State.

GC section 68090.8(b) requires the county treasurer, prior to making any other required distribution, to transmit 2% of all fines, penalties, and forfeitures collected in criminal cases to the State Trial Court Improvement and Modernization Fund to be used exclusively to pay the costs of automated systems for the trial courts.

Court's Response

The Court reviewed CMS distributions and found the distribution split to be incorrect. During our review of this finding, we discovered "Invalid Fee Codes" in the distribution calculations in our CMS. It appears that sometime between the time the system was initially configured and the time we started using the system, certain fee codes in the system were changed or inactivated, making them invalid. These codes were all of the city share codes for the 2% Automation inside the red-light distribution. . . . Court agrees with finding. **Status:** Court updated CMS with correct distribution on 9/6/2024.

**FINDING 5—
Failure to assess the
criminal laboratory
analysis fee**

During our testing of health and safety violation cases, we found that the court had not assessed the criminal laboratory analysis fee (Health and Safety Code [HSC] section 11372.5). The error occurred because the court did not consistently order the fee.

We verified, on a sample basis, distributions made by the court using its CMS. For each sample case, we recomputed the distributions and compared them to the actual distributions. In all four cases tested, we found that the court had not assessed the criminal laboratory analysis fee (HSC section 11372.5).

We did not determine the effect of the error because it cannot be reversed, as the court cannot retroactively pursue collection from defendants.

HSC section 11372.5(a) requires defendants convicted of violating specific Health and Safety Code sections regulating controlled substances to pay a \$50 criminal laboratory analysis fee for each separate offense, and requires the court to increase the total fine as necessary to include the increment.

Recommendation

We recommend that the court:

- Ensure that the criminal laboratory analysis fee (HSC section 11372.5) is ordered on applicable health and safety violation cases; and
- Periodically verify the accuracy of its distributions using the JCC's testing sheets.

Court's Response

The Court reviewed CMS distributions and agrees that this fee was not always ordered as specified by statute. Court and County divisions (Probation, District Attorney, Public Defender) will put processes in place to ensure that the Criminal Lab Fee is being ordered on the applicable offenses per statute. **Status:** Changes to these processes, including updates to local forms (CR-80 [Felony Probation Order] and CR-82 [Misdemeanor Probation Order]), is scheduled to be complete by 01/31/2025.

Observation and Recommendation

**OBSERVATION—
Incorrect distribution
of revenues from proof
of correction violations**

During our testing of proof of correction cases, we found that the court had not properly distributed the related revenues. The error occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its CMS.

We verified, on a sample basis, distributions made by the court using its CMS. For each sample case, we recomputed the distributions and compared them to the actual distributions.

In two of four cases tested, we found distribution errors. For one FY 2018-19 city case and one FY 2021-22 city case, we found that the court had incorrectly distributed 66% of the first \$10 of the transaction fee to the county instead of distributing 33% of the \$10 to the county and 33% to the city.

We did not quantify the errors because they have no impact on court revenues remitted to the State Treasurer.

VC section 40611 requires a \$25 transaction fee upon proof of correction of an alleged violation of VC sections 12500, 12951, or 40610; or upon submission of evidence of financial responsibility pursuant to VC section 16028(e). For each citation, \$10 should be allocated as follows:

- 33% to the general fund of the local government entity within whose jurisdiction the citation was issued;
- 34% to the State Treasury for deposit in the State Penalty Fund; and
- 33% to the county's general fund.

This section further requires that the remainder of the fees collected on each citation be deposited in the State Court Facilities Construction Fund.

Recommendation

We recommend that the court correct its CMS to ensure that revenues are distributed in accordance with statutory requirements and periodically verify the accuracy of its distributions using the JCC's testing sheets.

Appendix— Summary of Prior Audit Findings

The following table shows the implementation status of Napa County's corrective actions related to the findings contained in our prior audit report dated February 7, 2019.

Prior Audit Finding	Status
Finding 1— Overremitted 50% excess of qualified fines, fees, and penalties	Fully implemented
Finding 2— Underremitted the 2% state automation fee	Fully implemented
Finding 3— Incorrect distribution of red-light traffic violator school bail	Fully implemented
Finding 4— Incorrect distribution of Health and Safety Code bail bond forfeitures	Fully implemented

**Attachment A—
Napa County's Response to Audit Results**



A Tradition of Stewardship
A Commitment to Service

Auditor-Controller

1195 Third Street - Room B10
Napa, CA 94559
www.countyofnapa.org

Main: (707) 253-4551
Fax: (707) 226-9065

Tracy A. Schulze
Auditor-Controller

December 4, 2024

Kimberly Tarvin, Division Chief
State Controller's Office
Division of Audits
PO Box 942850
Sacramento, CA 94250-5874

Re: Napa County Court Revenue Audit S23-CRV-0010
July 1, 2018 through June 30, 2022

Dear Ms. Tarvin,

Please find the Napa County Auditor-Controller responses for the Napa County Revenue Audit for collections July 1, 2018 through June 30, 2022.

Finding 1 – Underremitted the 50% excess of qualified revenues

County Response: The Auditor-Controller agrees with this finding. The 50% excess of qualified revenues was incorrectly calculated partially due to the county's misinterpretation of the required calculations and because the relevant fee codes were consolidated in the Court billing system. Going forward, the County will follow the methodology identified in this audit to comply with GC section 77205 and utilize the Court's updated month-end report template and new fee codes to perform this calculation accordingly.

The Auditor-Controller will remit the under remittance of \$47,546 and offset this payment by the overpayment of \$4,790 noted in Finding 2.

Responses to **Findings 2-5** will be provided by the Napa County Superior Courts. The Auditor-Controller concurs with the Court's responses and will assist as needed.

The Auditor-Controller's Office would like to thank the State Controller's Office – Division of Audits for their expertise and assistance during this audit.

Sincerely,

A handwritten signature in blue ink that reads "Tracy A. Schulze".

Tracy A. Schulze
Auditor-Controller

Cc: Robert E. Fleshman, Court Executive Officer

**Attachment B—
Superior Court of California, Napa County’s Response to
Audit Results**



Superior Court of California County of Napa

Judges
Cynthia P. Smith
Scott R. L. Young
Mark S. Boessenecker
Ella Ortiz
Joseph J. Solga
Robert Stamps
Kecia N. Lind

Commissioner
Douglas C. Skelton

Court Executive Officer
Robert E. Fleshman

Telephone
(707) 299-1100

Historic Courthouse
825 Brown Street
Napa, CA 94559-3031
FAX: (707) 299-1250

Criminal Courthouse
1111 Third Street
Napa, CA 94559-3001
FAX: (707) 253-4673

Juvenile Courthouse
2350 Old Sonoma Road
Napa, CA 94559-3703
(site address only –
no mail delivery)

December 4, 2024

Kimberly Tarvin, Division Chief
State Controller's Office
Division of Audits
PO Box 942850
Sacramento, CA 94250-5874

Re: Napa County Audit S23-CRV-0010

Dear Ms. Tarvin,

Please find the Napa Superior Court responses for the above-referenced Court Revenues audit findings.

Finding 1 – Underremitted the 50% excess of qualified revenues

Court Response: Court agrees with the finding and will implement the following changes:

- Court will update our month-end report template so that each fee code is in a unique row. This will allow us to more accurately report all applicable line items on the ROR and 50-50 report. Court will create a new fee code in our case management system (CMS) specifically for the TVS distribution of the GC 76101 \$1.00 distribution. **Status:** Court updated CMS with the new fee code for all traffic school distributions effective 11/01/2024.
 - Note: The GC76100 charge is no longer imposed or collected in Napa, therefore no new code will be created for this item.
- Court will create new fee codes in our CMS specifically for the TVS distribution of the GC76104 and GC 76000.5 distributions. **Status:** Court updated CMS with the new fee codes for all traffic school distributions effective 11/01/2024.
- By separating all fee codes on individual line items, as stated in first bullet point above, the court will be able to calculate 75% of the county base fines for county and city agencies per PC 1463.00.1 on both the ROR and 50-50 reports.
- The Court and County will reassess all fee codes applicable to the ROR and 50-50 reporting lines to ensure all collections are reflected on the reports on their appropriate lines.

Court will update configuration in its CMS for the items above and update calculations for the ROR and 50-50 reports by 12/31/2024. **Status:** Complete, effective for Q2 reporting FY 2024/25.

Finding 2 – Incorrect distribution of domestic violence fees

Court Response: The Court reviewed CMS distributions and found the distribution split to be correct. Court determined that some cases, prior to the audit period, distributed incorrectly in our former CMS. Some of these defendants are making progress payments, and therefore are appearing in the distribution from the audit time period. All of the cases from the audit period, up through current date are calculating in our CMS correctly. **Status:** Court will continue to receive progress payments from the calculations in our former CMS. Court and County (Auditor-Controller's Office) will work together to true-up distributions to the correct agencies, as needed, on a quarterly basis.

Finding 3 – Incorrect distribution of red-light TVS violations

Court Response: The Court reviewed CMS distributions and found the EMS distribution to be incorrect. Court agrees with finding, **Status:** Court updated CMS with correct distribution on 9/16/2024.

Finding 4 – Incorrect distribution of red-light violations

Court Response: The Court reviewed CMS distributions and found the distribution split to be incorrect. During our review of this finding, we discovered 'Invalid Fee Codes' in the distribution calculations in our CMS. It appears that sometime between the time the system was initially configured and the time we started using the system, certain fee codes in the system were changed or inactivated, making them invalid. These codes were all of the city share codes for the 2% Automation inside the red light distribution. See attached "Red Light Invalid PA Fee Codes.pdf". Court agrees with finding. **Status:** Court updated CMS with correct distribution on 9/6/2024.

Finding 5 – Failure to assess the criminal laboratory analysis fee

Court Response: The Court reviewed CMS distributions and agrees that this fee was not always ordered as specified by statute. Court and County divisions (Probation, District Attorney, Public Defender) will put processes in place to ensure that the Criminal Lab Fee is being ordered on the applicable offenses per statute. **Status:** Changes to these processes, including updates to local forms (CR-80, and CR-82), is scheduled to be complete by 01/31/2025.

The Napa Superior Court would like to thank your staff, Chun (Justin) Yeung and Chris Ryan, for their professionalism and assistance working with us through this audit process.

Sincerely,



Robert E. Fleshman
Court Executive Officer

CC:

Hon. Cynthia Smith, Presiding Judge
Hon. Scott Young, Assistant Presiding Judge
Tracy Schulze, Auditor-Controller, County of Napa

**State Controller's Office
Division of Audits
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Sacramento, CA 94250**

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