

CONTRA COSTA COUNTY

Audit Report

COURT REVENUES

July 1, 2016, through June 30, 2020



BETTY T. YEE
California State Controller

April 2022



BETTY T. YEE
California State Controller

April 26, 2022

Robert Campbell, Auditor-Controller
Contra Costa County
625 Court Street
Martinez, CA 94553

Kate Bieker, Court Executive Officer
Superior Court of California,
Contra Costa County
725 Court Street
Martinez, CA 94553

Dear Mr. Campbell and Ms. Bieker:

The State Controller's Office (SCO) audited the propriety of the court revenues remitted by Contra Costa County to the State Treasurer for the period of July 1, 2016, through June 30, 2020.

Our audit found that the county underremitted a net of \$1,280,968 in state court revenues to the State Treasurer because it:

- Underremitted the State Trial Court Improvement and Modernization Fund (Government Code [GC] section 77205) by \$1,280,968;
- Underremitted the State Trial Court Improvement and Modernization Fund (GC section 68090.8) by \$19,186;
- Overremitted the Immediate and Critical Needs Account of the State Court Facilities Construction Fund (GC section 70372[a]) by \$7,674; and
- Overremitted the State Court Facilities Construction Fund (GC section 70372[a]) by \$11,512.

In addition, we found that the court made incorrect distributions related to proof of correction, proof of financial responsibility, and red light violations.

The county made a payment of \$1,280,968 in March 2022.

The county disputes certain facts related to the conclusions and recommendations contained in this audit report. The SCO has an informal audit review process for resolving disputes. To request a review, the county should submit a written request for a review, along with supporting documents and information pertinent to the disputed issue, within 60 days of receiving this final audit report. The review request should be submitted to Shawn Silva, Chief Counsel, State Controller's Office, Post Office Box 942850, Sacramento, California 94250. In addition, please provide a copy of the request letter to Lisa Kurokawa, Chief, Compliance Audits Bureau, State Controller's Office, Division of Audits, Post Office Box 942850, Sacramento, California 94250.

Robert Campbell, Auditor-Controller
Kate Bieker, Court Executive Officer

-1-

April 26, 2022

If you have questions regarding the audit findings, please contact Ms. Kurokawa by telephone at (916) 327-3138, or by email at lkurokawa@sco.ca.gov.

Sincerely,

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

KT/as

Attachment

cc: Karen Mitchoff, Chair
 Contra Costa County Board of Supervisors
Grant Parks, 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
Jennifer Montecinos, Manager
 Tax Programs Unit
 State Controller's Office
Sandeep Singh, Manager
 Local Government Policy Unit
 State Controller's Office
Shawn Silva, Chief Counsel
 State Controller's Office

Contents

Audit Report

Summary	1
Background	1
Audit Authority.....	1
Objective, Scope, and Methodology	2
Conclusion	3
Follow-up on Prior Audit Findings.....	4
Views of Responsible Officials.....	4
Restricted Use	4
Schedule—Summary of Audit Findings Affecting Remittances to the State Treasurer	5
Findings and Recommendations.....	6
Attachment A—County’s Response to Draft Audit Report	
Attachment B—Superior Court’s Response to Draft Audit Report	

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 Contra Costa County on the Report to State Controller of Remittance to State Treasurer (TC-31) for the period of July 1, 2016, through June 30, 2020.

Our audit found that the county underremitted a net of \$1,280,968 in state court revenues to the State Treasurer because it:

- Underremitted the State Trial Court Improvement and Modernization Fund (Government Code [GC] section 77205) by \$1,280,968;
- Underremitted the State Trial Court Improvement and Modernization Fund (GC section 68090.8) by \$19,186;
- Overremitted the Immediate and Critical Needs Account of the State Court Facilities Construction Fund (GC section 70372[a]) by \$7,674; and
- Overremitted the State Court Facilities Construction Fund (GC section 70372[a]) by \$11,512.

In addition, we found that the court made incorrect distributions related to proof of correction, proof of financial responsibility, and red light 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 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

Objective, Scope, and Methodology

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.

Our audit objective was to determine the propriety of the court revenues remitted to the State Treasurer pursuant to the TC-31 process.

The audit period was July 1, 2016, through June 30, 2020.

To achieve our objective, we performed the following procedures.

General

- We gained an understanding of the county and 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 the MOE calculation.
- We interviewed court personnel regarding the revenue distribution process and the case management system.
- We reviewed documents supporting the transaction flow.
- We scheduled the 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 court.

Cash Collections

- We 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.
- 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% excess of qualified revenues remitted to the State.

Distribution Testing

- We assessed the priority of installment payments by haphazardly selecting a non-statistical sample of two installment payments to verify priority. No errors were identified.
- 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 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 46 cases for 13 violation types.¹ Then, we:
 - Recomputed the sample case distributions and compared them to the actual distributions; and
 - Calculated the total dollar amount of significant underremittances and overremittances to the State and county.

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

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.

We did not audit the financial statements of the county, the court, or the various agencies that issue parking citations. We did not review 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

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 \$1,280,968 in state court revenues to the State Treasurer because it:

- Underremitted the State Trial Court Improvement and Modernization Fund (GC section 77205) by \$1,280,968;
- Underremitted the State Trial Court Improvement and Modernization Fund (GC section 68090.8) by \$19,186;
- Overremitted the Immediate and Critical Needs Account (GC section 70372[a]) by \$7,674; and
- Overremitted the State Court Facilities Construction Fund (GC section 70372[a]) by \$11,512.

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

In addition, we found that the court made incorrect distributions related to proof of correction, proof of financial responsibility, and red light violations. These instances of noncompliance are non-monetary and are

¹ 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.

described in the Findings and Recommendations section of this audit report.

The county made a payment of \$1,280,968 in March 2022.

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, 2008, through June 30, 2014, issued December 31, 2015.

Views of Responsible Officials

We issued a draft audit report on March 15, 2022. Robert Campbell, Auditor-Controller, responded by letter dated March 24, 2022, agreeing with the audit results with the exception of Finding 1. In addition, Kate Bieker, Court Executive Officer, responded by letter dated March 17, 2022, agreeing with the audit results. The county and court's responses are included as Attachments A and B of this audit report.

Restricted Use

This audit report is solely for the information and use of Contra Costa County; Superior Court of California, Contra Costa County; 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 audit report, which is a matter of public record and is available on the SCO website at www.sco.ca.gov.

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

April 26, 2022

Schedule— Summary of Audit Findings Affecting Remittances to the State Treasurer July 1, 2016, through June 30, 2020

Finding ¹	Fiscal Year				Total	Reference ²
	2016-17	2017-18	2018-19	2019-20		
Underremitted 50% excess of qualified revenues State Trial Court Improvement and Modernization Fund – GC §77205	\$ 355,929	\$ 330,644	\$ 325,690	\$ 268,705	\$ 1,280,968	Finding 1
Incorrect distributions to the State Trial Court Improvement and Modernization Fund (GC section 68090.8) State Trial Court Improvement and Modernization Fund – GC §68090.8				19,186	19,186	
State Court Facilities Construction Fund – Immediate and Critical Needs Account – GC §70372(a)				(7,674)	(7,674)	
State Court Facilities Construction Fund – GC §70372(a)				(11,512)	(11,512)	
Total	-	-	-	-	-	Finding 2
Net amount underremitted to the State Treasurer	<u>\$ 355,929</u>	<u>\$ 330,644</u>	<u>\$ 325,690</u>	<u>\$ 268,705</u>	<u>\$ 1,280,968</u>	

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 the
50% excess of
qualified revenues**

During our recalculation of the 50% excess of qualified revenues, we found that the county 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 \$1,280,968 during the audit period. The 50% excess of qualified revenues was incorrectly calculated because the county misinterpreted the required calculations.

For the audit period, the county provided support for its calculation of the 50% excess of qualified revenues. We reviewed the county’s calculation and reconciled the qualified revenues to revenue collection reports provided by the court. We noted that the county incorrectly excluded revenues collected for city base fines (Vehicle Code [VC] section 42007[c]), the Emergency Medical Services Fund (GC section 76104), and the Maddy Emergency Medical Services Fund (GC section 76000.5) from its calculation of the traffic violator school (TVS) fee (VC section 42007) during the audit period.

We recalculated the county’s qualified revenues based on actual court revenues collected for each fiscal year of the audit period. After our recalculation, we found that the county had understated qualified revenues by a net of \$2,561,937 for the audit period. The incorrect qualified revenues resulted in the county underremitting the 50% excess of qualified revenues by \$1,280,968 for the audit period.

Qualified revenues were understated for the following reasons:

- The county understated qualified revenues by \$1,453,268 for the audit period because it incorrectly excluded revenues collected for city base fines [VC section 42007(c)] from its calculation of TVS fees (VC section 42007); and
- The county understated qualified revenues by \$1,108,669 for the audit period because it incorrectly excluded revenues collected for the Emergency Medical Services Fund (GC section 76104) and the Maddy Emergency Medical Services Fund (GC section 76000.5) from its calculation of the TVS fees (VC section 42007).

The following table shows the audit adjustments to qualified revenues:

	Fiscal Year				Totals
	2016-17	2017-18	2018-19	2019-20	
Qualified revenues reported	\$ 5,533,065	\$ 4,983,807	\$ 4,861,444	\$ 4,880,197	\$ 20,258,513
Audit adjustments:					
VC section 42007(c) adjustment	420,294	372,983	359,624	300,367	1,453,268
GC sections 76104 and 76000.5 adjustments	291,563	288,306	291,756	237,044	1,108,669
Total	711,857	661,289	651,380	537,411	2,561,937
Adjusted qualified revenues	\$ 6,244,922	\$ 5,645,096	\$ 5,512,824	\$ 5,417,608	\$ 22,820,450

The incorrect qualified revenues resulted in the county underremitting the 50% excess of qualified revenues by \$1,280,968 for the audit period.

The following table shows the excess qualified revenues amount above the base; and—by comparing 50% of the excess qualified revenues amount above the base to actual county 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
2016-17	\$ 6,244,922	\$ 4,486,486	\$1,758,436	\$ 879,218	\$ (523,289)	\$ 355,929
2017-18	5,645,096	4,486,486	1,158,610	579,305	(248,661)	330,644
2018-19	5,512,824	4,486,486	1,026,338	513,169	(187,479)	325,690
2019-20	5,417,608	4,486,486	931,122	465,561	(196,856)	268,705
Total						\$ 1,280,968

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

GC section 77205 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 \$1,280,968 to the State Treasurer and report on the TC-31 an increase to the State Trial Court Improvement and Modernization Fund, and
- Ensure that the proper accounts are included in the calculation of each line item on the 50-50 Excess Split Revenue Computation Form.

County’s Response

While the County does not dispute the State Controller’s Office (SCO) application of the governing statutes, the County disagrees with the premise of those statutes and therefore appeals this finding. The SCO states that the County under-remitted qualified revenues related to Traffic Violator School (TVS) court cases: Emergency Medical Services Fund (GC section 76104), Maddy Emergency Medical Services Fund (GC section 76000.5), and City base fines (VC section 42007[c]). These revenues are all appropriately distributed to non-County General Fund accounts. Were the County to include these restricted TVS revenues in the 50% excess calculation, the County would be required to pay the State Treasurer for monies that simply passed through but neither increased nor benefited the County General Fund. The only source available for this payment is unrestricted locally generated funds. Note that Contra Costa County established its Maddy Emergency Medical

Services Fund in June 1988, well before the State assumed financial responsibility of the courts with the 1997 Trial Court Funding Act.

While the County does not agree with the finding of under-remittance, the County sent a payment of \$1,280,968 to the State Treasurer for all findings during the audit period to avoid any additional penalties.

The County also questions the SCO's application of Vehicle Code section 42007 in the 50% calculation. On December 31, 1994, VC 42007 stipulated that approximately 66%, not 77%, of revenues derived from fees collected under the section be deposited in the General Fund, with 11% deposited in the State Courthouse Construction Fund, and the remaining 23% deposited either in a county general fund or local courthouse construction or criminal justice facility construction funds. Based on the same rationale as our first appeal, we disagree that the State General Fund, either now or in 1997, should be credited with 77% under this section because the State General Fund acted merely as a pass-through for the State Courthouse Construction Fund.

SCO Comment

The finding and recommendation remain unchanged. As stated in Finding 1, GC section 77205 requires the county to remit 50% of the qualified revenues that exceed the amount specified in GC section 77201.1(b)(2) for FY 1998-99, and each fiscal year thereafter, to the State Trial Court Improvement and Modernization Fund. GC section 77205 also specifies that the qualified revenues are based on what would have been deposited in the State's General Fund pursuant to how the applicable sections read as of December 31, 1997.

In its annual memorandum, the JCC provides instructions for counties to calculate the amount of excess revenues that are required to be remitted to the State. The instructions during the audit period stated that the VC section 42007 TVS fees should not be reduced by distributions to the Maddy Emergency Medical Services Fund, Courthouse Construction Fund, Criminal Justice Facilities Construction Fund, or to the cities.

The JCC clarified the instructions further in its June 15, 2020, memorandum. In this memorandum, the JCC explicitly requires that the total amount collected for TVS fees be included as qualified revenues.

FINDING 2— Incorrect distributions to the State Trial Court Improvement and Modernization Fund

During our testing of FY 2019-20 child seat bail forfeiture, fish and game, proof of financial responsibility, and regular speeding violation cases, we found that the court did not properly distribute revenues to the State Trial Court Improvement and Modernization Fund (2% State Automation Fee – GC section 68090.8). The error occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system.

We verified, on a sample basis, distributions made by the court using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During our testing, we found that the court did not properly distribute 2% of the State Court Facilities Construction Fund (GC section 70372[a]) and Immediate

and Critical Needs Account (GC section 70372[a]) revenues to the State Trial Court Modernization and Improvement Fund (GC section 68090.8).

The incorrect distributions had the following effect:

Account Title	Underremitted/ (Overremitted)
State Trial Court Improvement and Modernization Fund (2% Automation) – GC §68090.8	\$ 19,186
State Court Facilities Construction Fund – Immediate and Critical Needs Account – GC §70372(a)	(7,674)
State Court Facilities Construction Fund – GC §70372(a)	(11,512)
Total	<u>\$ -</u>

GC section 68090.8 requires the county treasurer 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.

Recommendation

We recommend that the county report on the TC-31:

- An increase of \$19,186 to the State Trial Court Improvement and Modernization Fund (2% State Automation Fee – GC section 68090.8);
- A decrease of \$7,674 to the Immediate and Critical Needs Account of the State Court Facilities Construction Fund (GC section 70372[a]); and
- A decrease of \$11,512 to the State Court Facilities Construction Fund (GC section 70372[a]).

We also recommend that the court:

- Correct its case management system 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 agreed with the finding and corrected its case management system.

**FINDING 3—
Incorrect distribution
of revenues from
proof of correction
violations**

During our testing of FY 2019-20 proof of correction cases, we found that the court did not properly distribute proof of correction fees (VC section 40611). The error occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system.

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

testing of city cases, we found that the court incorrectly distributed 33.3% of the first \$10.00 of the proof of correction fee (VC section 40611) to the city's general fund, 33.3% to the county's general fund, and 33.4% to the State Penalty Fund (Proof of Correction – VC section 40611). The court should have distributed 33% of the first \$10.00 of the proof of correction fee (VC section 40611) to the city's general fund, 33% to the county's general fund, and 34% to the State Penalty Fund (Proof of Correction) (VC section 40611).

In addition, during our testing of county cases, we found that the court incorrectly distributed 66.6% of the first \$10.00 of the Proof of Correction Fee (VC section 40611) to the county's general fund and 33.4% to the State Penalty Fund (Proof of Correction – VC section 40611). The court should have distributed 66% of the first \$10.00 of the proof of correction fee (VC section 40611) to the county's general fund and 34% to the State Penalty Fund (Proof of Correction – VC section 40611).

We performed an analysis of the Proof of Correction Fee (VC section 40611) 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 effect on the revenues remitted to the State.

VC section 40611 requires a \$25 transaction fee upon proof of correction of an alleged violation of VC section 12500, VC section 12951, VC section 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.

The remainder of the fees collected on each citation are required to be deposited in the Immediate and Critical Needs Account.

Recommendation

We recommend that the court:

- Correct its case management system 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 agrees with this finding and has updated the proof of corrections fee schedule in its traffic case management system with the correct percentage distributions to the appropriate city, county, and state funds.

**FINDING 4—
Incorrect distribution
of revenues from
proof of financial
responsibility
violations**

During our testing of FY 2016-17 proof of financial responsibility cases, we found that the court did not properly distribute revenues to the State Trial Court Improvement and Modernization Fund (2% Automation – GC section 68090.8). The error occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system. The error was corrected in August 2019 when the court implemented a new case management system.

We verified, on a sample basis, distributions made by the court using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During our testing, we found that the court did not distribute 2% of revenues for the State General Fund (Penal Code [PC] section 1463.22[c]), the State Motor Vehicle Fund (PC section 1463.22[b]), and the county’s special uninsured motorists accounts (PC section 1463.22[a]) to the State Trial Court Modernization and Improvement Fund (GC section 68090.8).

We performed an analysis of the revenues collected by the court for the State General Fund (PC section 1463.22[c]), the State Motor Vehicle Fund (PC section 1463.22[b]), and the county’s special uninsured motorists accounts (PC section 1463.22[a]) to determine the fiscal effect of the distribution errors. Upon completion of our analysis, we found that the errors did not have a material effect on the revenues remitted to the State.

GC section 68090.8 requires the county treasurer 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.

Recommendation

We recommend that the court continue to monitor its accounting system to ensure that revenues are distributed in accordance with statutory requirements.

Court’s Response

The Court agrees with this finding. The audit report noted that the distribution error was corrected when the Court implemented a new case management system in August 2019, so no further corrective action has been taken.

**FINDING 5—
Incorrect distribution
of revenues from red
light violations**

During our testing of FY 2016-17 red light violation cases, we found that the court did not properly distribute revenues to the county’s red light allocation fund (PC section 1463.11). The error occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system. The error was corrected in August 2019 when the court implemented a new case management system.

We verified, on a sample basis, distributions made by the court using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During our testing, we found that the court did not distribute 30% of the revenues collected for the Emergency Medical Air Transportation and Children’s

Coverage Fund (GC section 76000.10[c]) to the county's red light allocation fund (PC section 1463.11).

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

PC section 1463.11 requires that the first 30% of red-light violation base fines, state penalties, and county penalties (PC sections 1463 and 1464, and GC section 76000, respectively) collected be distributed to the general fund of the county or city where the violation occurred.

Recommendation

We recommend that the court continue to monitor its accounting system to ensure that revenues are distributed in accordance with statutory requirements.

Court's Response

The Court agrees with this finding. The audit report noted that the distribution error was corrected when the Court implemented a new case management system in August 2019, so no further corrective action has been taken.

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

Office of the Auditor-Controller
Contra Costa

Robert R. Campbell
Auditor-Controller

625 Court Street
Martinez, California 94553-
1282 Phone (925) 608-
9300



Harjit S. Nahal
Assistant Auditor-
Controller

TRANSMITTED VIA EMAIL

March 23, 2022

Lisa Kurokawa, Chief, Compliance Audit Bureau
State Controller's Office Division of Audits
PO Box 942850
Sacramento, CA 94250
lkurokawa@sco.ca.gov

Dear Ms. Kurokawa:

The County has reviewed the draft audit report of Contra Costa County's court revenues prepared by your Office for the period of July 1, 2016 through June 30, 2020, received on March 15, 2022. Below are our responses to the audit findings and recommendations.

Finding 1 – Under-remitted the 50% excess of qualified revenue

State's Recommendation: The County should remit \$1,335,865 to the State Treasurer and report on the TC-31 an increase to the State Trial Court Improvement and Modernization Fund. Also, the County should take care to include all the qualified revenues for the calculation in accordance with Judicial Council of California's forms and instructions.

County's Response: While the County does not dispute the State Controller's Office (SCO) application of the governing statutes, the County disagrees with the premise of those statutes and therefore appeals this finding. The SCO states that the County under-remitted qualified revenues related to Traffic Violator School (TVS) court cases: Emergency Medical Services Fund (GC section 76104), Maddy Emergency Medical Services Fund (GC section 76000.5), and City base fines (VC section 42007[c]). These revenues are all appropriately distributed to non-County General Fund accounts. Were the County to include these restricted TVS revenues in the 50% excess calculation, the County would be required to pay the State Treasurer for monies that simply passed through but neither increased nor benefited the County General Fund. The only source available for this payment is unrestricted locally generated funds. Note that Contra Costa County established its Maddy Emergency Medical Services Fund in June 1988, well before the State assumed financial responsibility of the courts with the 1997 Trial Court Funding Act.

While the County does not agree with the finding of under-remittance, the County sent a payment of \$1,280,968 to the State Treasurer for all findings during the audit period to avoid any additional penalties.

The County also questions the SCO's application of Vehicle Code section 42007 in the 50% calculation. On December 31, 1994, VC 42007 stipulated that approximately 66%, not 77%, of revenues derived from fees collected under the section be deposited in the General Fund, with 11% deposited in the State Courthouse Construction Fund, and the remaining 23% deposited either in a county general fund or local

courthouse construction or criminal justice facility construction funds. Based on the same rationale as our first appeal, we disagree that the State General Fund, either now or in 1997, should be credited with 77% under this section because the State General Fund acted merely as a pass-through for the State Courthouse Construction Fund.

Finding 2 – Incorrect distribution of child seat bail forfeiture, fish and game, proof of financial responsibilities, and regular speeding violations

State’s Recommendation: The Court should correct its case management system to ensure that revenues are distributed in accordance with statutory requirements and periodically verify the accuracy of its distributions using the Judicial Council of California’s testing sheets.

County’s Response: The County defers to the Contra Costa County Superior Court for response.

Finding 3 – Incorrect distribution of proof of correction violations

State’s Recommendation: The Court should correct its case management system to ensure that revenues are distributed in accordance with statutory requirements. The Court should also periodically verify the accuracy of its distributions using the Judicial Council of California’s testing sheets.

County’s Response: The County defers to the Contra Costa County Superior Court for response.

Finding 4 – Incorrect distribution of proof of financial responsibilities violations

State’s Recommendation: The Court should continue to monitor its accounting system to ensure that 2% of all fines, penalties, and forfeitures is distributed to the State Trial Court Modernization and Improvement Fund (GC section 68090.8) in accordance with statutory requirements.

County’s Response: The County defers to the Contra Costa County Superior Court for response.

Finding 5 – Incorrect distribution of red light violations

State’s Recommendation: The Court should continue to monitor its accounting system to ensure that the first 30% of red-light violation base fines, state penalties, and county penalties (PC sections 1463 and 1464, and GC section 76000, respectively) collected is distributed to the general fund of the county or city where the violation occurred in accordance with statutory requirements.

County’s Response: The County defers to the Contra Costa County Superior Court for response.


ROBERT R. CAMPBELL
County Auditor-Controller

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

Superior Court of California

COUNTY OF CONTRA COSTA
725 COURT STREET
P.O. BOX 911
MARTINEZ, CA 94553-0091



March 17, 2022

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

Dear Ms. Kurokawa:

The Superior Court of California, County of Contra Costa (Court) has reviewed the draft Contra Costa County Audit Report of Court Revenues for July 1, 2016 through June 30, 2020 and is responding to the following court findings:

Finding 2 – Incorrect distributions to the State Trial Court Improvement and Modernization Fund

The Court agrees with this finding and has corrected its traffic case management system to distribute 2 percent of State Court Facilities Construction Fund penalties to the 2 Percent Automation Fund for general traffic, proof of financial responsibility, child seat, and fish and game fee schedules.

Finding 3 – Incorrect distribution of revenues from proof of correction violations

The Court agrees with this finding and has updated the proof of corrections fee schedule in its traffic case management system with the correct percentage distributions to the appropriate city, county, and state funds.

Finding 4 – Incorrect distribution of revenues from proof of financial responsibility violations

The Court agrees with this finding. The audit report noted that the distribution error was corrected when the Court implemented a new case management system in August 2019, so no further corrective action has been taken.

Finding 5 – Incorrect distribution of revenues from red light violations

The Court agrees with this finding. The audit report noted that the distribution error was corrected when the Court implemented a new case management system in August 2019, so no further corrective action has been taken.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kate Bieker".

Kate Bieker
Court Executive Officer

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250**

<http://www.sco.ca.gov>