

# **FRESNO COUNTY**

Audit Report

## **COURT REVENUES**

*July 1, 2011, through June 30, 2016*



**BETTY T. YEE**  
California State Controller

May 2020



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

May 11, 2020

Dear County, Court, City, School, State, and College Representatives:

The State Controller's Office (SCO) audited Fresno County's court revenues for the period of July 1, 2011, through June 30, 2016.

Our audit found that the county underremitted a net of \$547,594 in state court revenues to the State Treasurer because it:

- Underremitted to the State Trial Court Improvement and Modernization Fund (Government Code [GC] section 77205) by \$859,005;
- Overremitted to the State Emergency Medical Air Transportation Act Fund (GC section 76000.10) by \$307,668;
- Overremitted to the State Domestic Violence Restraining Order Reimbursement Fund (Penal Code [PC] section 1203.097) by \$1,872; and
- Overremitted to the State Domestic Violence Training and Education Fund (PC section 1203.097) by \$1,871.

In addition, we found that the county understated traffic violator school fee qualified revenues. We also found that the court underremitted the 2% state automation fee, incorrectly collected \$1 for the Courthouse Construction Fund on Traffic Violation School cases, and did not impose administrative screening or citation processing fees.

We also identified deficiencies that are not significant to our audit objective, but warrant the attention of management. Specifically, we found that the City of Fresno, California State University Fresno, and State Center Community College District imposed and collected incorrect county parking surcharges during the period of January 1, 2011, through February 28, 2016. In addition, we found that the following entities imposed and collected incorrect county parking surcharges for the audit period: City of Clovis, City of Coalinga, City of Firebaugh, City of Fowler, City of Huron, City of Kerman, City of Kingsburg, City of Mendota, City of Orange Cove, City of Parlier, City of Reedley, City of San Joaquin, City of Sanger, City of Selma, Clovis Unified School District, and the California Department of Parks and Recreation.

The county should remit \$547,594 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, 2011, 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 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 at [https://sco.ca.gov/ard\\_trialcourt\\_manual\\_guidelines.html](https://sco.ca.gov/ard_trialcourt_manual_guidelines.html).

The underremitted amounts are due no later than 30 days after receipt of this audit report. The SCO will add a statutory one-and-a-half percent (1.5%) per month penalty on the applicable delinquent amounts if payment is not received within 30 days of issuance of this 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 GC 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 payments, TC-31s, or interest and penalties, please contact Jennifer Montecinos, Manager, Tax Administration Section, by telephone at (916) 324-5961, or by email at [lgpsdtaxaccounting@sco.ca.gov](mailto:lgpsdtaxaccounting@sco.ca.gov).

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

Sincerely,

*Original signed by*

JIM L. SPANO, CPA  
Chief, Division of Audits

JLS/as

Attachment—Recipient Addresses

cc: Buddy Mendes, Chairman

Fresno County Board of Supervisors

Megan Marks, Accounting and Financial Division Chief

Fresno County

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

Lacey Baysinger, Tax Programs Unit Supervisor

Local Government Programs and Services Division

State Controller's Office

Sandeep Singh, Manager

Local Government Policy Unit

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State Controller's Office

Jennifer Montecinos, Manager

Tax Administration Section

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## Recipient Addresses

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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 Fresno County on the Report to State Controller of Remittance to State Treasurer (TC-31) for the period of July 1, 2011, through June 30, 2016.

Our audit found that the county underremitted a net of \$547,594 in state court revenues to the State Treasurer because it:

- Underremitted to the State Trial Court Improvement and Modernization Fund (Government Code [GC] section 77205) by \$859,005;
- Overremitted to the State Emergency Medical Air Transportation Act Fund (GC section 76000.10) by \$307,668;
- Overremitted to the State Domestic Violence Restraining Order Reimbursement Fund (Penal Code [PC] section 1203.097) by \$1,872; and
- Overremitted to the State Domestic Violence Training and Education Fund (PC section 1203.097) by \$1,871.

In addition, we found that the county understated traffic violator school (TVS) fee qualified revenues. We also found that the court underremitted the 2% state automation fee, incorrectly collected \$1 for the Courthouse Construction Fund on TVS cases, and did not impose administrative screening or citation processing fees.

We also identified deficiencies that are not significant to our audit objective, but warrant the attention of management. Specifically, we found that the City of Fresno, California State University Fresno, and State Center Community College District imposed and collected incorrect county parking surcharges from January 1, 2011, through February 28, 2016. In addition, we found that the following entities imposed and collected incorrect county parking surcharges for the audit period: City of Clovis, City of Coalinga, City of Firebaugh, City of Fowler, City of Huron, City of Kerman, City of Kingsburg, City of Mendota, City of Orange Cove, City of Parlier, City of Reedley, City of San Joaquin, City of Sanger, City of Selma, Clovis Unified School District, and the California Department of Parks and Recreation.

## 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.



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 to the State Treasurer pursuant to the TC-31 process.

The audit period was July 1, 2011, through June 30, 2016.

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 verify the accuracy and completeness of the 50% excess of qualified revenues 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. Contacted entities that did not remit the required parking surcharges and reviewed their required distributions;
- Performed a risk evaluation of the county and court and identified violation types that are prone to errors due to their complexity and/or statutory changes during the audit period. Based on the risk evaluation, haphazardly selected a non-statistical sample of 37 cases for eight violation types. 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.

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 considered the county and court's internal controls only to the extent necessary to plan the audit. 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 a net of \$547,594 in state court revenues was underremitted to the State Treasurer as follows:

- Underremitted to the State Trial Court Improvement and Modernization Fund (GC section 77205) by \$859,005;
- Overremitted to the State Emergency Medical Air Transportation Act Fund (GC section 76000.10) by \$307,668;
- Overremitted to the State Domestic Violence Restraining Order Reimbursement Fund (PC section 1203.097) by \$1,872; and
- Overremitted to the State Domestic Violence Training and Education Fund (PC section 1203.097) by \$1,871.

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 county understated TVS qualified revenues. We also found that the court underremitted the 2% state automation fee, incorrectly collected \$1 for the Courthouse Construction Fund on TVS cases, and did not impose administrative screening or citation processing fees. These instances of noncompliance are non-monetary and described in the Findings and Recommendations section.

We also identified deficiencies that are not significant to our audit objective, but warrant the attention of management. Specifically, we found that the City of Fresno, California State University Fresno, and State Center Community College District imposed and collected incorrect county parking surcharges from January 1, 2011, through February 28, 2016. In addition, we found that the following entities imposed and collected incorrect county parking surcharges for the audit period: City of

Clovis, City of Coalinga, City of Firebaugh, City of Fowler, City of Huron, City of Kerman, City of Kingsburg, City of Mendota, City of Orange Cove, City of Parlier, City of Reedley, City of San Joaquin, City of Sanger, City of Selma, Clovis Unified School District, and the California Department of Parks and Recreation. These instances of noncompliance are non-monetary and described in the Observations and Recommendations section.

The county should remit \$547,594 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, 2005, through June 30, 2011, issued October 23, 2013.

### **Views of Responsible Officials**

We issued a draft report on April 8, 2020. Oscar J. Garcia, Auditor-Controller, responded by letter dated April 21, 2020 (Attachment A), agreeing in general with the audit results. Queenie Hill, Chief Financial Officer, Superior Court of California, Fresno County, responded by email dated April 20, 2020, agreeing with the audit results. Thomas Gaffery, Deputy City Manager, City of Fresno, responded by letter dated April 8, 2020 (Attachment B), disagreeing with Observation 1.

The County of Fresno and the City of Fresno's complete responses are included as attachments to this audit report.

### **Restricted Use**

This audit report is solely for the information and use of Fresno County; the Superior Court of California, Fresno County; the City of Clovis; the City of Coalinga; the City of Firebaugh; the City of Fowler; the City of Fresno; the City of Huron; the City of Kerman; the City of Kingsburg; the City of Mendota; the City of Orange Cove; the City of Parlier; the City of Reedley; the City of San Joaquin; the City of Sanger; the City of Selma; Clovis Unified School District; California State University, Fresno; the California Department of Parks and Recreation; State Center Community College District; the Judicial Council of California; and 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](http://www.sco.ca.gov).

*Original signed by*

JIM L. SPANO, CPA  
Chief, Division of Audits

May 11, 2020

## Schedule— Summary of Audit Findings Affecting Remittances to the State Treasurer July 1, 2011, through June 30, 2016

Finding <sup>1</sup>	Fiscal Year					Total	Reference <sup>2</sup>
	2011-12	2012-13	2013-14	2014-15	2015-16		
<b>Underremitted 50% excess of qualified revenues</b>							
State Trial Court Improvement and Modernization Fund – GC §77205	\$ 221,122	\$ 207,943	\$ 179,076	\$ 132,308	\$ 118,556	\$ 859,005	Finding 1
<b>Overremitted emergency medical air transportation penalties for traffic violator school cases</b>							
State Emergency Medical Air Transportation Act Fund – GC §76000.10	(88,476)	(89,376)	(78,884)	(50,932)	-	(307,668)	Finding 3
<b>Overremitted domestic violence fees</b>							
State Domestic Violence Restraining Order Reimbursement Fund – PC §1203.097	(1,277)	(357)	(66)	(68)	(104)	(1,872)	
State Domestic Violence Training and Education Fund – PC §1203.097	(1,277)	(357)	(66)	(67)	(104)	(1,871)	
	(2,554)	(714)	(132)	(135)	(208)	(3,743)	Finding 5
<b>Total amount underremitted to the State Treasurer</b>	<b>\$ 130,092</b>	<b>\$ 117,853</b>	<b>\$ 100,060</b>	<b>\$ 81,241</b>	<b>\$ 118,348</b>	<b>\$ 547,594</b>	

<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  
revenues**

During testing of the 50% excess of qualified revenues calculation, we found that the county underremitted \$859,005 for the audit period.

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 the fiscal year (FY) 1998-99, and each fiscal year thereafter, to the State Trial Court Improvement and Modernization Fund.

The following table shows:

- The excess of qualified revenues 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 the State <sup>1</sup>	County Remittance to the State Treasurer	County Underremittance to the State Treasurer <sup>2</sup>
2011-12	\$ 6,872,703	\$ 3,695,633	\$ 3,177,070	\$ 1,588,535	\$ (1,367,413)	\$ 221,122
2012-13	6,872,299	3,695,633	3,176,666	1,588,333	(1,380,390)	207,943
2013-14	5,773,707	3,695,633	2,078,074	1,039,037	(859,961)	179,076
2014-15	5,323,322	3,695,633	1,627,689	813,845	(681,537)	132,308
2015-16	5,431,632	3,695,633	1,735,999	868,000	(749,444)	118,556
Total						<u>\$ 859,005</u>

<sup>1</sup>Differences due to rounding.

<sup>2</sup>Should be identified on the TC-31 as State Trial Court Improvement and Modernization Fund – GC §77205

The error occurred because the county understated qualified revenues by \$1,718,010. The actual adjustment is \$859,005, representing 50% of the understated qualified revenues. The \$859,005 is calculated as follows:

- Overstatement of \$21,624 in TVS fees due to the county’s incorrect calculation of TVS bail as discussed in Finding 2;
- Understatement of \$930,793 in TVS fees due to the county incorrectly excluding revenues collected for city base fines [Vehicle Code (VC) section 42007(c)] as discussed in Finding 2;
- Understatement of \$571,937 in TVS fees due to the county incorrectly excluding revenues collected for the Emergency Medical Services Fund (GC section 76104) as discussed in Finding 2; and
- Understatement of \$236,904 in TVS fees by the county as discussed in Finding 3.

Recommendation

We recommend that the county remit \$859,005 to the State Treasurer and report on the TC-31 an increase to the State Trial Court Improvement and Modernization Fund.

County's Response

The County agrees to remit payments as required, once the final Audit Report is issued.

**FINDING 2—  
Understated TVS  
qualified revenues**

During analysis of the 50% excess of qualified revenues calculations, we found that the county understated net TVS revenues by \$1,481,106 for the audit period. The understated revenues resulted from the county's miscalculation of qualified revenues and its omission of the TVS related portion of emergency medical services funds and city base fines.

Concerning the miscalculation, the county computed qualified revenues using 77% of TVS fees (VC section 42007) and then adding the \$1 collected per case for the Criminal Justice Facilities Construction Fund. Qualified revenues should have been calculated by adding the \$1 collected per case for the Criminal Justice Facilities Construction Fund to the TVS bail (VC section 42007), and then applying 77% to the total.

We also found that the county excluded revenues collected for the Emergency Medical Services Fund (GC section 76104) and city base fines (VC section 42007[c]) on TVS cases from the qualified revenues calculation.

The errors occurred because the court did not establish a separate account for Emergency Medical Services penalties collected on TVS cases. In addition, the county misinterpreted the requirements for calculating qualified revenues disbursed to cities.

GC section 77205 requires 77% of TVS bail to be reported as qualified revenues in accordance with VC section 42007, as it read on December 31, 1997. The remaining revenues (23%) are required to be deposited in the county's General Fund less the \$1 per case distributed to the Criminal Justice Facilities Construction Fund and the Courthouse Construction Fund.

The Judicial Council of California's qualified revenues calculation form instructions require that the TVS-related portion of emergency medical services penalties and distributions to cities be included as part of the qualified revenues.

The net understated revenues of \$1,481,106 is calculated as follows:

- Overstatement of \$21,624 in TVS fees due to the county incorrectly calculating TVS bail;
- Understatement of \$930,793 in TVS fees due to the county incorrectly excluding revenues collected for city base fines (VC section 42007[c]) on TVS cases; and
- Understatement of \$571,937 in TVS fees due to the county incorrectly excluding revenues collected for the Emergency Medical Services Fund (GC section 76104).

Recommendation

We recommend that the county identify and compute qualified TVS revenues in accordance with statutory requirements and the Judicial Council of California's instructions for calculating the 50% excess of qualified revenues.

We also recommend that the court establish a separate account for the Emergency Medical Services Fund (GC section 76104) revenues collected on TVS cases.

County's Response

The County understands the manner in which the understatement of TVS fees due to excluding city base fines was calculated. Nevertheless, the County maintains its previously communicated position that retroactive application of this section is inappropriate.

The County has already applied measures to remedy the overstatement of TVS Bail fees, as of the June 30, 2018 50% MOE remittance. The County has gained an understanding of how the Court is remitting its Emergency Medical Services (EMS) related TVS fees and adjustments were made as of the December 2019 remittance, utilizing the same methodology employed during the audit, in order to correctly calculate future 50% MOE remittances until the Court can make updates to its system.

The County will look back and calculate any under remittance on 50% MOE payments made in these areas for the fiscal years ending June 30, 2017 through June 30, 2019 and work with the State to remit corrected amounts.

Court's Response

The court agrees with the finding.

**FINDING 3—  
Overremitted  
emergency medical  
air transportation  
penalties for TVS  
cases**

During testing of TVS cases, we found that the court overremitted emergency medical air transportation penalties on TVS cases for the audit period. The court did not convert emergency medical air transportation penalties to a TVS fee for traffic violations in which the violator elected to attend traffic school. The error occurred because court staff misinterpreted the required distributions.

VC section 42007(a), requires the clerk of the court to collect a fee from every person who is ordered or permitted to attend a TVS pursuant to VC section 41501 or 42005.

The incorrect distributions for TVS cases resulted in the misreporting of revenues for the State Trial Court Improvement and Modernization Fund in the MOE calculation. A net total of \$236,904 (\$307,668 x 0.77) should have been included in the MOE calculation (see Finding 1).

The incorrect distribution had the following effect:

Account Title	Underremitted/ (Overremitted)
State Emergency Medical Air Transportation Act Fund – GC §76000.10	\$ (307,668)
County General Fund	\$ 307,668

Recommendation

We recommend that the county offset subsequent remittances to the State Treasurer by \$307,668 and report on the TC-31 decreases of \$307,668 to the State Emergency Medical Air Transportation Act Fund. We also recommend that the county make the corresponding account adjustments.

County’s Response

The County will offset future remittances as required.

Court’s Response

The court agrees with the finding.

**FINDING 4—  
Underremitted the  
2% state automation  
fee**

During testing of driving-under-the-influence (DUI) cases, we found that the court did not deduct the 2% state automation fee from the DUI Lab Account (PC section 1463.14), DUI Program Account (PC section 1463.16), DUI Indemnity Allocation (PC section 1463.18), and Alcohol Abuse Education and Prevention Penalty (PC section 1463.25) from July 2011 through March 2015. The error occurred because the court’s old case management system was unable to deduct the 2% state automation fee from certain accounts and staff were unaware of the issue. The error was corrected in April 2015 when the court implemented a new case management system.

GC section 68090.8 requires that a 2% state automation fee be deducted from all fines, penalties, forfeitures and restitutions, and placed into the State Trial Court Improvement and Modernization Fund.

We did not measure the fiscal effect of this error because the amount did not appear significant, due to the balances in affected accounts.

Recommendation

We recommend that the court continue to monitor its accounting system to ensure that the 2% state automation fee is distributed in accordance with statutory requirements.

Court’s Response

The court agrees with the finding.



**FINDING 5—  
Overremitted  
domestic violence fees**

During analysis of court collections, we found that the court overremitted domestic violence fees to the State Treasurer by \$3,743. The court incorrectly remitted 56% of domestic violence fees collected, instead of the required one-third. The error occurred because court staff misinterpreted the required distributions.

PC section 1203.097(a)(5) requires that two-thirds of domestic violence fees collected be posted to the county’s Domestic Violence Fund and the remaining one-third be remitted to the State Treasurer. Furthermore, the remaining one-third should be split evenly between the State Domestic Violence Restraining Order Reimbursement Fund and the State Domestic Violence Training and Education Fund. In addition, beginning January 1, 2013, domestic violence fees were increased to a minimum of \$500.

The incorrect distributions had the following effect:

Account Title	Underremitted/ (Overremitted)
State Domestic Violence Restraining Order Reimbursement Fund	
– PC §1203.097	\$ (1,872)
State Domestic Violence Training and Education Fund	
– PC §1203.097	(1,871)
Total	(3,743)
County Domestic Violence Fund	\$ 3,743

Recommendation

We recommend that the county offset subsequent remittances to the State Treasurer by \$3,743 and report on the TC-31 decreases of \$1,872 to the State Domestic Violence Restraining Order Reimbursement Fund and \$1,871 to the State Domestic Violence Training and Education Fund. We also recommend that the court take steps to ensure that domestic violence fees are distributed in accordance with statutory requirements.

County’s Response

The County will offset future remittances as required.

Court’s Response

The court agrees with the finding.

**FINDING 6—  
Incorrect collection  
for the Courthouse  
Construction Fund on  
TVS Cases**

During testing of TVS cases, we found that the court collected \$1 for the Courthouse Construction Fund on each TVS case although responsibility for the court facilities has already transferred to the Judicial Council of California. The court completed its transfer of court facilities on August 10, 2009. In addition, there is no outstanding bonded indebtedness and on May 11, 2010, the Fresno County Board of Supervisors adopted a resolution stating that the penalty assessed for the Courthouse Construction Fund may no longer be levied and collected. Therefore, the county is not authorized to collect the \$1 for the Courthouse Construction

Fund. The error occurred because court staff misinterpreted the required distributions.

VC section 42007(b)(1) requires \$1 to be deposited in each fund established in accordance with GC section 76100 or 76101.

We did not measure the error because it is not a distribution error that results in overremitted funds to the State Treasurer. Rather, the court overcharged the defendants on each case, meaning that the excess revenues collected are actually owed to the defendants. However, we believe that it would be impractical and difficult for the court to return the overcharged amounts to each defendant.

#### Recommendation

We recommend that the court update its case management system and cease collecting \$1 for the Courthouse Construction Fund on each TVS case.

#### Court's Response

The court agrees with the finding.

### **FINDING 7— Failure to impose administrative screening and citation processing fees**

During analysis of the 50% excess of qualified revenues calculations, we found that the court did not impose administrative screening fees or citation processing fees during the audit period. The error occurred because court staff were unaware of the required fees.

PC section 1463.07 requires a \$25 administrative screening fee from each person arrested and released on his or her recognizance upon conviction for any criminal offense, other than an infraction. The section also requires a \$10 citation processing fee from each person cited and released by any peace officer in the field or at a jail facility upon conviction of any criminal offense, other than an infraction.

The failure to impose administrative screening and citation processing fees caused deposits in the county General Fund to be understated. In addition, the inappropriate distribution of fees affected the revenues reported to the State Trial Court Improvement and Modernization Fund under the MOE formula pursuant to GC section 77205.

#### Recommendation

We recommend that the court include administrative screening and citation processing fees in sentencing guidelines used by its judicial officers, and update its case management system to assess these fees.

#### Court's Response

The court agrees with the finding.

# Observations and Recommendations

## **OBSERVATION 1— Incorrect distribution of county parking surcharges**

During scheduling of parking surcharges, we found that the City of Fresno, California State University Fresno, and State Center Community College District imposed and collected incorrect county parking surcharges. From January 1, 2011, through February 28, 2016, the parking entities collected a \$1.00 county surcharge for each parking fine, distributing \$0.60 to the County Criminal Justice Facilities Construction Fund and \$0.40 to the County General Fund. The parking entities should have collected \$2.50 for the County Criminal Justice Facilities Construction Fund and transferred \$1.00 to the County General Fund for each parking fine.

### **Cause**

The error occurred because the parking entities misinterpreted the required parking surcharge distributions.

### **Criteria**

VC section 40200.4 requires 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 a \$2.50 parking surcharge in both the County Courthouse Construction Fund and the County Criminal Justice Facilities Construction Fund from each parking fine collected. For each parking fine, \$1.00 should be transferred from each fund to the County General Fund. No funds should be collected for the County Courthouse Construction Fund, as responsibility for the county's court facilities has transferred to the Judicial Council of California and the county has disestablished the fund.

### **Effect**

The parking entities did not collect and distribute required county parking surcharges.

### **Recommendation**

We recommend that the aforementioned parking entities impose, collect, and remit the correct county parking surcharges. The parking entities should collect \$2.50 for the County Criminal Justice Facilities Construction Fund and transfer \$1.00 to the County General Fund for each parking fine.

### **City of Fresno's Response**

City staff took one exception with the contents of the draft report... Page 12 of the draft report state[d] that incorrect distribution of county parking surcharges could result in an unknown overpayment by the public. The City did not overcharge or undercharge penalties through citations. Parking citation rates are solely based on the City of Fresno Master Fee Schedule, annually approved by the City Council.

SCO's Comment

We reiterate that the City of Fresno should impose, collect, and remit the correct county parking surcharges. As such, the city should collect \$2.50 in county surcharges for each parking fine, distributing \$1.50 to the County Criminal Justice Facilities Construction Fund and \$1.00 to the County General Fund.

**OBSERVATION 2—  
Incorrect distribution  
of county parking  
surcharges**

During scheduling of parking surcharges, we found that the following entities imposed and collected incorrect county parking surcharges for the audit period: City of Clovis, City of Coalinga, City of Firebaugh, City of Fowler, City of Huron, City of Kerman, City of Kingsburg, City of Mendota, City of Orange Cove, City of Parlier, City of Reedley, City of San Joaquin, City of Sanger, City of Selma, Clovis Unified School District, and the California Department of Parks and Recreation. The parking entities collected a \$2.50 county surcharge for each parking fine, distributing \$1.50 to the County Courthouse Construction Fund and \$1.00 to the County General Fund. The parking entities should not have collected the \$2.50 parking surcharge, as the county had already transferred responsibility for its court facilities to the Judicial Council of California and disestablished the fund.

**Cause**

The error occurred because the parking entities misinterpreted the required parking distributions.

**Criteria**

VC section 40200.4 requires processing agencies to deposit with the County Treasurer all sums due to the county from parking violations.

GC section 76000(c) requires the county to deposit a \$2.50 parking surcharge in both the County Courthouse Construction Fund and the County Criminal Justice Facilities Construction Fund from each parking fine collected. For each parking fine, \$1.00 should be transferred from each fund to the County General Fund. No funds should be collected for the County Courthouse Construction Fund, as responsibility for the county's court facilities has transferred to the Judicial Council of California and the county has disestablished the fund.

On May 11, 2010, the Fresno County Board of Supervisors adopted a resolution stating that the penalty assessed for the County Courthouse Construction Fund may no longer be levied and collected. On June 21, 2016, the Fresno County Board of Supervisors adopted a resolution that disestablished the County Courthouse Construction Fund.

**Effect**

We did not measure the error because it is not a distribution error that results in overremitted funds to the State Treasurer. Rather, the parking entities overcharged the defendants on each case, meaning that the excess

revenues collected are actually owed to the defendants. However, we believe that it would be impractical and difficult for the court to return the overcharged amounts to each defendant.

Recommendation

We recommend that the aforementioned parking entities impose, collect, and remit the correct county parking surcharges. The parking entities should collect \$2.50 for the County Criminal Justice Facilities Construction Fund and transfer \$1.00 to the County General Fund for each parking fine.

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

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## County of Fresno

**Oscar J. Garcia, CPA**  
Auditor-Controller/Treasurer-Tax Collector

April 21, 2020

Lisa Kurokawa  
Chief Compliance Audits Bureau  
State Controller's Office  
Division of Audits  
PO Box 942850  
Sacramento, CA 94250-5874

Dear Ms. Kurokawa,

The County is generally in agreement with the findings identified in the State Controller's Office draft Audit Report of Court Revenues of the County of Fresno for the period of July 1, 2011 through June 30, 2016.

The net amount of \$547,594 due will be remitted to the State on a separate TC-31 Report, after the final Audit Report is filed.

Following this letter is the County's response to each finding applicable to the County, as identified in the draft Audit Report.

If you have any questions or concerns, please do not hesitate to contact Megan Marks, Accounting and Financial Division Chief by phone at 559-600-1643 or by email to [mmarks@fresnocountyca.gov](mailto:mmarks@fresnocountyca.gov).

Sincerely,

Oscar J. Garcia, CPA  
Auditor-Controller/Treasurer-Tax Collector

[Attachment]

**Finding 1 – Underremitted 50% excess of qualified revenues**

County Response:

The County agrees to remit payments as required, once the final Audit Report is issued.

**Finding 2 – Understated TVS qualified revenues**

County Response:

The County understands the manner in which the understatement of TVS fees due to excluding city base fines was calculated. Nevertheless, the County maintains its previously communicated position that retroactive application of this section is inappropriate.

The County has already applied measures to remedy the overstatement of TVS Bail fees, as of the June 30, 2018 50% MOE remittance. The County has gained an understanding of how the Court is remitting its Emergency Medical Services (EMS) related TVS fees and adjustments were made as of the December 2019 remittance, utilizing the same methodology employed during the audit, in order to correctly calculate future 50% MOE remittances until the Court can make updates to its system.

The County will look back and calculate any under remittance on 50% MOE payments made in these areas for the fiscal years ending June 30, 2017 through June 30, 2019 and work with the State to remit corrected amounts.

**Finding 3 – Overremitted emergency medical air transportation penalties for TVS cases.**

County Response:

The County will offset future remittances as required.

**Finding 5 – Overremitted domestic violence fees.**

County Response:

The County will offset future remittances as required.



**Attachment B—  
City of Fresno's Response to Draft Audit Report**

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2600 Fresno Street, Room 4019  
Fresno, CA 93721  
(559) 621-PARK  
[www.fresno.gov/parking](http://www.fresno.gov/parking)

Planning and Development Department | Parking Division

**Jennifer K. Clark, AICP, HDFP**  
Director

April 8, 2020

Lisa Kurokawa  
Compliance Audits Bureau  
State Controller's Office  
Division of Audits  
Post Office Box 942850  
Sacramento, CA 94250  
***Via email only to [lkurokawa@sco.ca.gov](mailto:lkurokawa@sco.ca.gov)***

Dear Ms. Kurokawa:

This letter is in response to the draft findings in the State Controller's Office draft audit dated April 2020 regarding Fresno County parking surcharges.

The City of Fresno was included in Observation 1: Incorrect distribution of county parking surcharges, page 11, of the draft report. The City of Fresno took corrective action in 2016, when the City was first notified of County of Fresno Board of Supervisors resolution 15-547.

City staff took one exception with the contents of the draft report. The City treats these surcharges paid to the County as an expense. Page 12 of the draft report stated that incorrect distribution of county parking surcharges could result in an unknown overpayment by the public. The City did not overcharge or undercharge penalties through citations. Parking citation rates are solely based on the City of Fresno Master Fee Schedule, annually approved by the City Council.

If you have any questions or would like to discuss further, I can be reached at 559.621.8796 or [thomas.gaffery@fresno.gov](mailto:thomas.gaffery@fresno.gov).

Best regards,

A handwritten signature in black ink, appearing to read "T. Gaffery".

Thomas W. Gaffery IV, MBA  
Deputy City Manager

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

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