

ALPINE COUNTY

Audit Report

COURT REVENUES

July 1, 2015, through June 30, 2019



BETTY T. YEE
California State Controller

October 2021



BETTY T. YEE
California State Controller

October 26, 2021

Craig Goodman, Interim Finance Director
Alpine County
P.O. Box 266
Markleeville, CA 96120

Ann Greth, Court Executive Officer
Superior Court of California, Alpine County
P.O. Box 518
Markleeville, CA 96120

Dear Mr. Goodman and Ms. Greth:

The State Controller's Office (SCO) audited the propriety of the court revenues remitted by Alpine County to the State Treasurer for the period of July 1, 2015, through June 30, 2019.

Our audit found that the county underremitted a net of \$58,573 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 \$57,811;
- Overremitted the State Court Facilities Construction Fund – Immediate and Critical Needs Account (ICNA) (Vehicle Code [VC] section 42007.1) by \$15,177;
- Overremitted the State Penalty Fund (VC section 40611) by \$6,010;
- Underremitted the State Court Facilities Construction Fund – ICNA (VC section 40611) by \$10,521;
- Underremitted the State Penalty Fund (Penal Code section 1464) by \$4,384;
- Underremitted the State DNA Identification Fund (GC section 76104.6) by \$157;
- Underremitted the State DNA Identification Fund (GC section 76104.7) by \$2,506;
- Underremitted the State Court Facilities Construction Fund – ICNA (GC section 70372[a]) by \$1,251;
- Underremitted the State Court Facilities Construction Fund (GC section 70372[a]) by \$1,878; and
- Underremitted the State General Fund (20% State Surcharge) (Penal Code section 1465.7) by \$1,252.

In addition, we found that the court made incorrect distributions related to DUI, domestic violence, proof of financial responsibility, fish and game, and health and safety violations.

The county should remit \$58,573 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, 2015, through June 30, 2019.

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://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 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 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 Accounting 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 any 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.

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.

Sincerely,

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

KT/ls

Craig Goodman, Interim Finance Director -3-
Ann Greth, Court Executive Officer

October 26, 2021

cc: Terry Woodrow, Chair
 Alpine 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
Sandeep Singh, Manager
 Local Government Policy Unit
 State Controller's Office
Jennifer Montecinos, Manager
 Tax Administration Section
 State Controller's Office

Contents

Audit Report

Summary	1
Background	1
Audit Authority.....	1
Objective, Scope, and Methodology	1
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
Appendix—Summary Schedule of Prior Audit Findings.....	A1
Attachment—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 Alpine County on the Report to State Controller of Remittance to State Treasurer (TC-31) for the period of July 1, 2015, through June 30, 2019.

Our audit found that the county underremitted a net of \$58,573 in state court revenues to the State Treasurer. In addition, we found that the court made incorrect distributions related to DUI, domestic violence, proof of financial responsibility, fish and game, and health and safety 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.

Audit Authority

We conducted this audit under the authority of GC section 68103, which requires the SCO to review 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.

The audit period was July 1, 2015, through June 30, 2019.

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 relevant criteria.
- We interviewed county personnel regarding the monthly TC-31 remittance process and the maintenance-of-effort calculation.
- We interviewed court personnel regarding the revenue distribution process and the case management system.
- 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.

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 maintenance-of-effort 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 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 found.
- 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 31 cases for eight 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.

¹ We were not able to identify the case population due to the inconsistent timing of when tickets are issued versus when they are paid, and the multitude of entities that remit collections to the county for remittance to the State.

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 \$58,573 in state court revenues to the State Treasurer as follows:

- Underremitted the State Trial Court Improvement and Modernization Fund (GC section 77205) by \$57,811;
- Overremitted the State Court Facilities Construction Fund – Immediate and Critical Needs Account (ICNA) (Vehicle Code [VC] section 42007.1) by \$15,177;
- Overremitted the State Penalty Fund (VC section 40611) by \$6,010;
- Underremitted the State Court Facilities Construction Fund – ICNA (VC section 40611) by \$10,521;
- Underremitted the State Penalty Fund (Penal Code [PC] section 1464) by \$4,384;
- Underremitted the State DNA Identification Fund (GC section 76104.6) by \$157;
- Underremitted the State DNA Identification Fund (GC section 76104.7) by \$2,506;
- Underremitted the State Court Facilities Construction Fund – ICNA (GC section 70372[a]) by \$1,251;
- Underremitted the State Court Facilities Construction Fund (GC section 70372[a]) by \$1,878; and
- Underremitted the State General Fund (20% State Surcharge) (PC section 1465.7) by \$1,252.

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 DUI, domestic violence, proof of financial responsibility, fish and game, and health and safety violations. These instances of noncompliance are non-monetary and described in the Findings and Recommendations section.

The county should remit \$58,573 to the State Treasurer.

**Follow-up on Prior
Audit Findings**

The county has satisfactorily resolved the findings noted in our prior audit, for the period of July 1, 2005, through June 30, 2012, issued May 29, 2013, with the exception of Finding 1 of this audit report. See the Appendix for a summary schedule of the prior audit findings.

**Views of
Responsible
Officials**

We issued a draft audit report on August 16, 2021. Ann Greth, Court Executive Officer, responded by letter dated August 31, 2021 (Attachment), agreeing with the audit results. We did not receive a response from the county.

Restricted Use

This audit report is solely for the information and use of Alpine County; Superior Court of California, Alpine County; the Judicial Council of California (JCC); 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.

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

October 26, 2021

Schedule—
Summary of Audit Findings Affecting Remittances to the State Treasurer
July 1, 2015, through June 30, 2019

Finding ¹	Fiscal Year				Total	Reference ²
	2015-16	2016-17	2017-18	2018-19		
Underremitted 50% excess of qualified revenues State Trial Court Improvement and Modernization Fund–GC §77205	\$ 14,579	\$ 15,231	\$ 15,394	\$ 12,607	\$ 57,811	Finding 1
Overremitted traffic violator school fees (TVS) State Court Facilities Construction Fund–Immediate and Critical Needs Account (ICNA)–TVS–VC §42007.1	(15,177)	-	-	-	(15,177)	Finding 2
Underremitted proof of correction fees State Penalty Fund–Proof of Correction–VC §40611 State Court Facilities Construction Fund–ICNA–Proof of Correction–VC §40611	- 2,850	(877) 2,502	(3,132) 3,132	(2,001) 2,037	(6,010) 10,521	Finding 3
Total	2,850	1,625	-	36	4,511	
Underremitted State’s portion of late penalties on traffic infractions State Penalty Fund–PC §1464 State DNA Identification Fund–GC §76104.6 State DNA Identification Fund–GC §76104.7 State Court Facilities Construction Fund–ICNA–GC §70372(a) State Court Facilities Construction Fund–GC §70372(a) State General Fund (20% state surcharge)–PC §1465.7	246 9 141 70 105 70	960 34 549 274 411 274	1,591 57 909 454 682 455	1,587 57 907 453 680 453	4,384 157 2,506 1,251 1,878 1,252	Finding 4
Total	641	2,502	4,148	4,137	11,428	
Net amount underremitted to the State Treasurer	\$ 2,893	\$ 19,358	\$ 19,542	\$ 16,780	\$ 58,573	

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
(repeat finding)**

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 \$57,811 during the audit period. The 50% excess of qualified revenues was incorrectly calculated because the county misinterpreted the required calculations and the court did not properly program its accounting system.

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 its Emergency Medical Services Fund (GC section 76104), Maddy Emergency Medical Services Fund (GC section 76000.5), Courthouse Construction Fund (GC section 76100; \$1 per traffic violator school [TVS] case), and Criminal Justice Facilities Construction Fund (GC section 76101; \$1 per TVS case) from the calculation of the TVS fee (VC section 42007) during the audit period.

Furthermore, the county incorrectly calculated qualified revenues for its portion of the State Penalty Fund. PC section 1464 levies a fine of \$10 per \$10 (or fraction) upon every fine, penalty, or forfeiture imposed or collected, of which 70% (or \$7 per every \$10) is distributed to the State, and 30% (or \$3 per every \$10) is distributed to the county. The county erroneously computed the qualified revenues by multiplying the total amount collected by 30% twice. The appropriate qualified revenues are determined by multiplying the total amount collected by 30%.

In addition, the county incorrectly calculated qualified revenues for its portion of the TVS fee. VC section 42007.1 levies an additional \$49 fee on every TVS fee; 51% of the \$49 is distributed to the State, and 49% (or \$24.01) is distributed to the county. The county erroneously computed the qualified revenues by multiplying the total amount collected by 49% twice. The appropriate qualified revenues are determined by multiplying the total amount collected by 49%. The county also did not include its General Fund (GC section 76000[c]) revenues in the qualified revenues calculation.

During our analysis of court collections, we found that the court did not remit the State's portion of late penalties on traffic infractions. This distribution error led to misstatements in the county's qualified revenue calculation.

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 \$115,622 for the audit period.

Qualified revenues were understated for the following reasons:

- The county underreported its portion of the State Penalty Fund (PC section 1464) and the TVS fee (VC section 42007.1), and excluded county General Fund (GC section 76000[c]) revenues from its revenue calculation for the audit period. These errors resulted in an understatement of \$38,145 in qualified revenues for the county's portion of the State Penalty Fund (PC section 1464) line item, an understatement of \$29,058 in qualified revenues for the county TVS fee (VC section 42007.1) line item, and an understatement of \$363 in qualified revenues for the county General Fund (GC section 76000) line item.
- The court understated qualified revenues by \$37,825 for the audit period because the county incorrectly excluded the revenues collected for its Emergency Medical Services Fund (GC section 76104) and Maddy Emergency Medical Services Fund (GC section 76000.5) from its calculation of TVS fees (VC section 42007).
- The court understated qualified revenues by \$3,655 for the audit period because the county incorrectly excluded the revenues collected for its Courthouse Construction Fund (GC section 76100; \$1 per TVS case) and its Criminal Justice Facilities Construction Fund (GC section 76101; \$1 per TVS case) from its calculation of the TVS fees (VC section 42007).
- As noted in Finding 4, the court did not remit the State's portion of late penalties on traffic infractions. This error resulted in an understatement of \$4,696 in qualified revenues for the county base fines (PC section 1463.001) line item and an understatement of \$1,880 in qualified revenues for the State Penalty Fund (PC section 1464) line item.

The following table shows the audit adjustments to qualified revenues:

	Fiscal Year				Total
	2015-16	2016-17	2017-18	2018-19	
Qualified revenues reported	\$ 116,156	\$ 119,869	\$ 115,921	\$ 93,967	\$ 445,913
Audit adjustments:					
PC § 1464 adjustment	10,162	10,100	10,197	7,686	38,145
VC § 42007.1 adjustment	7,740	7,540	7,568	6,210	29,058
GC § 76000(c) adjustment	96	97	64	106	363
GC §§ 76104 and 76000.5 adjustment	9,819	10,336	9,619	8,051	37,825
GC §§ 76100 and 76101 adjustment	973	949	952	781	3,655
Finding 4 understatement	369	1,440	2,387	2,380	6,576
Total	29,159	30,462	30,787	25,214	115,622
Adjusted qualified revenues	\$ 145,315	\$ 150,331	\$ 146,708	\$ 119,181	\$ 561,535

As a result of miscalculating the qualified revenues, the county underremitted the 50% excess of qualified revenues by \$57,811 for the audit period.

The following table shows the excess qualified revenues, and—by comparing the 50% excess amount due to the State and the county’s actual remittance—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
2015-16	\$ 145,315	\$ 58,757	\$ 86,558	\$ 43,279	\$ 28,700	\$ 14,579
2016-17	150,331	58,757	91,574	45,787	30,556	15,231
2017-18	146,708	58,757	87,951	43,976	28,582	15,394
2018-19	119,181	58,757	60,424	30,212	17,605	12,607
Total						\$ 57,811

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

As discussed in Finding 1 of our prior audit report dated May 29, 2013, the county overremitted the 50% excess of qualified revenues due to distribution errors related to State Penalty Fund (PC section 1464) and the Courthouse Construction Fund (GC section 76100). This is a repeat finding because the county did not correct the distribution errors, resulting in an underremittance of qualified revenues.

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 \$57,811 to the State Treasurer; and
- Report on the TC-31 an increase to the State Trial Court Improvement and Modernization Fund.

We also recommend that the court:

- Correct its accounting 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 the auditor’s findings relating to fine distributions and will correct the Court’s accounting system to ensure that revenues are properly distributed as outlined in the recommendations made in the auditor’s report. These corrections will be completed upon conversion of Alpine’s case management system which will take place in the next six to eight months. Until conversion is completed, distribution of fines previously imposed [is] being corrected. JCC testing sheets will be utilized by accounting staff periodically to verify the accuracy of the Court’s CMS distributions.

**FINDING 2—
Overremitted traffic
violator school fees**

During our reconciliation of TC-31 revenues, we found that the county overremitted TVS fees (VC section 42007.1) to the State, resulting in a net overremittance to the State of \$15,177. The error occurred because the county reported incorrect collected revenues.

We compared the actual revenues collected by the court to the revenues reported on the TC-31's by the county. During our reconciliation, we found that the county incorrectly remitted the county's portion of TVS fees (VC section 42007.1) to the State for the period of July 1, 2015, through June 30, 2016.

The incorrect distributions had the following effect:

Account Title	Underremitted/ (Overremitted)
State Court Facilities Construction Fund–ICNA–TVS–VC §42007.1	\$ (15,177)
County TVS Fee–VC §42007.1	\$ 15,177

VC section 42007.1 requires a \$49 fee to be collected on every TVS case. 51% of the \$49 fee must be deposited into the State Court Facilities Construction Fund – ICNA, established pursuant to GC section 70371.5.

Recommendation

We recommend that the county:

- Offset subsequent remittances to the State Treasurer by \$15,177 and report on the TC-31 a decrease to the State Court Facilities Construction Fund – ICNA; and
- Ensure that revenues are reported properly on its TC-31 remittances and reconcile to collection reports.

**FINDING 3—
Underremitted proof
of correction fees**

During our reconciliation of TC-31 revenues, we found that the county underremitted proof of correction fees (VC section 40611) to the State, resulting in a net underremittance to the State of \$4,511. The error occurred because the county reported incorrect collected revenues.

We compared the actual revenues collected by the court to the revenues reported by the county on its TC-31 forms. During our reconciliation, we found that the court collected a total of \$12,439 in proof of correction revenues (VC section 40611) that should have been remitted to the State. However, the county remitted only \$7,928 in proof of correction revenues (VC section 40611) to the State on the TC-31. In addition, we found that the county remitted the entire \$7,928 in proof of correction revenues (VC section 40611) to the State Penalty Fund instead of remitting the appropriate portion to the State Penalty Fund and the State Court Facilities Construction Fund – ICNA in accordance with VC section 40611.

The incorrect distributions had the following effect:

Account Title	Underremitted/ (Overremitted)
State Penalty Fund–Proof of Correction–VC §40611	\$ (6,010)
State Court Facilities Construction Fund–ICNA–Proof of Correction– VC §40611	<u>10,521</u>
Total	<u>\$ 4,511</u>
County General Fund–VC §40611	<u>\$ (4,511)</u>

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:

1. 33% to the county or city General Fund;
2. 34% to the State Treasury for deposit in the State Penalty Fund; and
3. 33% to the county’s General Fund.

The remainder of the fees on each citation are required to be deposited in the State Court Facilities Construction Fund – ICNA.

Recommendation

We recommend that the county:

- Remit \$4,511 to the State Treasurer and report on the TC-31 a decrease of \$6,010 to the State Penalty Fund–Proof of Correction (VC section 40611) and an increase of \$10,521 to the State Court Facilities Construction Fund–ICNA–Proof of Correction (VC section 40611); and
- Ensure that revenues are reported properly on its TC-31 remittances and reconcile to collection reports.

FINDING 4— Underremitted State’s portion of late penalties on traffic infractions

During our analysis of court collections, we found that the court did not remit the State’s portion of late penalties on traffic infractions, resulting in a net underremittance to the State of \$11,428. The error occurred because the court misinterpreted the distribution guidelines and incorrectly configured its accounting system.

During our analysis of court collections, we found that the court posted late fees into one county account instead of distributing the late fees to the following state and county funds:

- County base fines (PC section 1463.001);
- State Penalty Fund (PC section 1464);
- County Courthouse Construction Fund (GC section 76100);

- County Criminal Justice Facilities Construction Fund (GC section 76101);
- Emergency Medical Services Fund (GC section 76104);
- Maddy Emergency Medical Services Fund (GC section 76000.5);
- State DNA Identification Fund (GC section 76104.6);
- State DNA Identification Fund (GC section 76104.7);
- State Court Facilities Construction Fund – ICNA (GC section 70372[a]);
- State Court Facilities Construction Fund (GC section 70372[a]); and
- State General Fund (20% State Surcharge) (PC section 1465.7).

The distribution errors caused an understatement of \$4,696 (\$6,262 × 75%) to county base fines (PC section 1463.001) and an understatement of \$1,880 to the county’s portion of the State Penalty Fund (PC section 1464). These errors resulted in a total understatement of \$6,576, as discussed in Finding 1.

The incorrect distributions had the following effect:

Account Title	Underremitted/ (Overremitted)
State Penalty Fund–PC §1464	\$ 4,384
State DNA Identification Fund–GC §76104.6	157
State DNA Identification Fund–GC §76104.7	2,506
State Court Facilities Construction Fund–ICNA–GC §70372(a)	1,251
State Court Facilities Construction Fund–GC §70372(a)	1,878
State General Fund (20% state surcharge)–PC §1465.7	1,252
Total	\$ 11,428
County base fines–PC §1463.001	\$ 6,262
County State Penalty Fund–PC §1464	1,880
County Courthouse Construction Fund–GC §76100	1,253
County Criminal Justice Facilities Construction Fund–GC §76101	1,880
County Emergency Medical Services Fund–GC §76104	1,253
County Maddy Emergency Medical Services Fund–GC §76000.5	1,253
County DNA Identification Fund–GC §76104.6	469
County General Fund	(25,678)
Total	\$ (11,428)

VC section 40310 requires a late charge in the amount of 50% of the total initial penalty when a traffic penalty is not paid within 20 days following the mailing of a notice.

Recommendation

We recommend that the county remit \$11,428 to the State Treasurer and report on the TC-31 an increase to the following accounts:

- State Penalty Fund (PC section 1464): \$4,384;
- State DNA Identification Fund (GC section 76104.6): \$157;

- State DNA Identification Fund (GC section 76104.7): \$2,506;
- State Court Facilities Construction Fund – ICNA (GC section 70372[a]): \$1,251;
- State Court Facilities Construction Fund (GC section 70372[a]): \$1,878; and
- State General Fund – (20% State Surcharge) (PC section 1465.7): \$1,252.

We also recommend that the court:

- Correct its accounting 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 issued a Standing Order to no longer collect late fees on traffic matters effective May 15, 2019. Correct distribution of the late fees collected during the audit period will be remedied upon the County’s remittance to the State Treasurer and report on the TC-31 pursuant to the auditor’s recommendations. Late fees previously imposed and uncollected have been redistributed according to JCC revenue distribution guidelines.

FINDING 5— Incorrect distribution of revenues from DUI violations

During our testing of DUI violation cases, we found that the court did not properly distribute revenues to county base fines (PC section 1463.001) and the State Trial Court Improvement and Modernization Fund (GC section 68090.8; 2% automation). The error occurred because the court misinterpreted the distribution guidelines and incorrectly configured its accounting system.

We verified, on a sample basis, distributions made by the court using its accounting system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During our testing of FY 2015-16 cases, we found that the court did not distribute revenues to county base fines (PC section 1463.001). In addition, during our testing of FY 2018-19 cases, we found that the court did not distribute 2% of the Maddy Emergency Medical Services Fund (GC section 76000.5) revenues and State Court Facilities Construction Fund – ICNA (GC section 70372[a]) revenues to the State Trial Court Improvement and Modernization Fund (GC section 68090.8; 2% automation). Furthermore, for FY 2018-19 cases, we found that the court overremitted revenues to DUI special accounts (PC section 1463.14[a], PC section 1463.16, and PC section 1463.18), resulting in underremittances to county base fines (PC section 1463.001).

We performed an analysis of the DUI special account revenues 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 1463.001 requires base fines resulting from county arrests to be transferred to the proper funds of the county.

GC section 68090.8 requires the county treasurer to transmit 2% of all fines, penalties, and forfeitures collected in criminal cases into 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:

- Correct its accounting 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 the auditor's findings relating to fine distributions and will correct the Court's accounting system to ensure that revenues are properly distributed as outlined in the recommendations made in the auditor's report. These corrections will be completed upon conversion of Alpine's case management system which will take place in the next six to eight months. Until conversion is completed, distribution of fines previously imposed [is] being corrected. JCC testing sheets will be utilized by accounting staff periodically to verify the accuracy of the Court's CMS distributions.

FINDING 6— Incorrect distribution of revenues from domestic violence violations

During our testing of domestic violence violation cases, we found that the court did not properly distribute domestic violence fees (PC section 1203.097) and revenues to the State Trial Court Improvement and Modernization Fund (GC section 68090.8; 2% automation). In addition, the court did not consistently assess the Court Operations Assessment (PC section 1465.8) and Criminal Conviction Assessment (GC section 70373). The error occurred because the court misinterpreted the distribution guidelines and incorrectly configured its accounting system.

We verified, on a sample basis, distributions made by the court using its accounting system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During our testing, we found that the court distributed the entire \$500 domestic violence fee (PC section 1203.097) to the State instead of distributing one-third of the fee to the State and two-thirds to the county. In addition, the court did not consistently assess the Court Operations Assessment (PC section 1465.8) and Criminal Conviction Assessment (GC section 70373). Furthermore, we found that the court did not distribute 2% of the State Restitution Fine (PC section 1202.4[b]) revenues to the State Trial Court Improvement and Modernization Fund (GC section 68090.8; 2% automation).

PC section 1203.097(a)(5) requires that two-thirds of the domestic violence fee 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.

We performed an analysis of the domestic violence fee revenues 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 Treasurer.

PC section 1465.8 requires a \$40 assessment to be imposed on every conviction for a criminal offense, and be deposited into the Trial Court Trust Fund to assist in funding court operations.

GC section 70373 requires a \$30 assessment to be imposed for each misdemeanor or felony and a \$35 assessment to be imposed for each infraction, and be deposited into the State Court Facilities Construction Fund – ICNA.

GC section 68090.8 requires the county treasurer to transmit 2% of all fines, penalties, and forfeitures collected in criminal cases into the State Trial Court Improvement and Modernization Fund, to be used exclusively for paying the costs of automated systems for the trial courts.

Recommendation

We recommend that the court

- Correct its accounting 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 the auditor’s findings relating to fine distributions and will correct the Court’s accounting system to ensure that revenues are properly distributed as outlined in the recommendations made in the auditor’s report. These corrections will be completed upon conversion of Alpine’s case management system which will take place in the next six to eight months. Until conversion is completed, distribution of fines previously imposed [is] being corrected. JCC testing sheets will be utilized by accounting staff periodically to verify the accuracy of the Court’s CMS distributions.

FINDING 7— Incorrect distribution of revenues from proof of financial responsibility violations

During our testing of proof of financial responsibility violation cases, we found that the court did not properly distribute revenues to the State Trial Court Improvement and Modernization Fund (GC section 68090.8; 2% automation). The error occurred because the court misinterpreted the distribution guidelines and incorrectly configured its accounting system.

We verified, on a sample basis, distributions made by the court using its accounting 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 the Emergency Medical Air Transportation and Children's Coverage Fund (GC section 76000.10[c]) revenues to the State Trial Court Improvement and Modernization Fund (GC section 68090.8; 2% automation).

We performed an analysis of the State's General Fund (PC section 1463.22[c]) revenues 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 Treasurer.

GC section 68090.8 requires the county treasurer to transmit 2% of all fines, penalties, and forfeitures collected in criminal cases into the State Trial Court Improvement and Modernization Fund, to be used exclusively for paying the costs of automated systems for the trial courts.

Recommendation

We recommend that the court:

- Correct its accounting 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 the auditor's findings relating to fine distributions and will correct the Court's accounting system to ensure that revenues are properly distributed as outlined in the recommendations made in the auditor's report. These corrections will be completed upon conversion of Alpine's case management system which will take place in the next six to eight months. Until conversion is completed, distribution of fines previously imposed [is] being corrected. JCC testing sheets will be utilized by accounting staff periodically to verify the accuracy of the Court's CMS distributions.

FINDING 8— Incorrect distribution of revenues from fish and game violations

During our testing of fish and game violation cases, we found that the court incorrectly distributed base fines to county base fines (PC section 1463.001), and did not consistently assess the Secret Witness Penalty (Fish and Game Code [FGC] section 12021). The error occurred because the court misinterpreted the distribution guidelines and incorrectly configured its accounting system.

We verified, on a sample basis, distributions made by the court using its accounting system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During our testing of FY 2015-16 cases, we found that the court incorrectly distributed base fines to county base fines (PC section 1463.001) instead of distributing one-half of base fines to the State Fish and Game Preservation Fund (FGC section 13003) and one-half to the county. In addition, we found that the court did not consistently assess the Secret Witness Penalty (FGC section 12021).

We performed an analysis of fish and game revenues to determine the fiscal effect of the distribution error. Upon completion of our analysis, we found that, due to the low number of cases, the error did not have a material effect on the revenues remitted to the State Treasurer.

FGC section 13003 requires one-half of fines and forfeitures to be deposited in the Fish and Game Preservation Fund and one-half to be deposited to the county in which the offense was committed.

FGC section 12021 states that the courts shall impose an additional penalty of \$15 for a violation of the Fish and Game code to be deposited into the Fish and Game Preservation Fund.

Recommendation

We recommend that the court:

- Correct its accounting 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 the auditor's findings relating to fine distributions and will correct the Court's accounting system to ensure that revenues are properly distributed as outlined in the recommendations made in the auditor's report. These corrections will be completed upon conversion of Alpine's case management system which will take place in the next six to eight months. Until conversion is completed, distribution of fines previously imposed [is] being corrected. JCC testing sheets will be utilized by accounting staff periodically to verify the accuracy of the Court's CMS distributions.

FINDING 9— Incorrect distribution of revenues from health and safety violations

During our testing of health and safety violation cases, we found that the court did not properly distribute revenues to the State's General Fund (Health and Safety Code [HSC] section 11502), the county's General Fund (HSC section 11502), and the State Trial Court Improvement and Modernization Fund (GC section 68090.8; 2% automation). In addition, the court did not consistently assess the criminal laboratory analysis fee (HSC section 11372.5), Court Operations Assessment (PC section 1465.8), and Criminal Conviction Assessment (GC section 70373). The error occurred because the court misinterpreted the distribution guidelines and incorrectly configured its accounting system.

We verified, on a sample basis, distributions made by the court using its accounting 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 revenues to the State's General Fund (HSC section 11502) and the county's General Fund (HSC section 11502). In addition, the court did not consistently assess the criminal laboratory analysis fee (HSC section 11372.5), Court Operations Assessment (PC section 1465.8), and Criminal Conviction Assessment (GC section 70373). Furthermore, we found that the court did not

distribute 2% of the criminal laboratory analysis fee (HSC section 11372.5) or the drug program fee (HSC section 11372.7) revenues to the State Trial Court Improvement and Modernization Fund (GC section 68090.8; 2% Automation).

We performed an analysis of health and safety revenues to determine the fiscal effect of the distribution error. Upon completion of our analysis, we found that, due to the low number of cases, the error did not have a material effect on the revenues remitted to the State Treasurer.

HSC section 11502 requires fines received by the court under division 10 of the Health and Safety Code to be distributed in the following manner: 75% to the State Treasurer and 25% to the county or city, depending on where the offense occurred.

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

PC section 1465.8 requires a \$40 assessment to be imposed on every conviction for a criminal offense for deposit into the Trial Court Trust Fund to assist in funding court operations.

GC section 70373 requires a \$30 assessment to be imposed for each misdemeanor or felony and a \$35 assessment to be imposed for each infraction for deposit into the State Court Facilities Construction Fund – ICNA.

GC section 68090.8 requires the county treasurer to transmit 2% of all fines, penalties, and forfeitures collected in criminal cases into 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:

- Correct its accounting 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 the auditor's findings relating to fine distributions and will correct the Court's accounting system to ensure that revenues are properly distributed as outlined in the recommendations made in the auditor's report. These corrections will be completed upon conversion of Alpine's case management system which will take place in the next six to eight months. Until conversion is completed, distribution of fines previously imposed [is] being corrected. JCC testing sheets will be utilized by accounting staff periodically to verify the accuracy of the Court's CMS distributions.

**FINDING 10—
Incorrect priority of
installment payments**

During our testing of court cases, we found that the court did not properly distribute revenues in accordance with the order of priority stated in PC section 1203.1d (b). The error occurred because the court misinterpreted the distribution guidelines and incorrectly configured its accounting system.

We verified, on a sample basis, distributions made by the court using its accounting system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During our testing of cases, we found that the court incorrectly programmed “other reimbursable costs” as priority-three distributions instead of programming them as priority-four distributions.

We did not measure the effect of the error because it would be impractical and difficult to redistribute revenues on every case involving installment payments.

PC section 1203.1d, subdivision (b) requires the distribution of installment payments be made in the following order of priority:

1. Restitution orders to victims (PC section 1202.4[f]);
2. 20% State Surcharge (PC section 1465.7);
3. Fines, penalty assessments, restitution fines (PC section 1202.4[b]);
and
4. Other reimbursable costs.

Recommendation

We recommend that the court correct its accounting system to ensure that installment payments are distributed in accordance with the statutory priority requirements.

Court’s Response

The Court agrees with the auditor’s findings relating to fine distributions and will correct the Court’s accounting system to ensure that revenues are properly distributed as outlined in the recommendations made in the auditor’s report. These corrections will be completed upon conversion of Alpine’s case management system which will take place in the next six to eight months. Until conversion is completed, distribution of fines previously imposed [is] being corrected. JCC testing sheets will be utilized by accounting staff periodically to verify the accuracy of the Court’s CMS distributions.

Appendix— Summary Schedule of Prior Audit Findings

The following table shows the implementation status of Alpine County's corrective actions related to the findings contained in the county's prior audit report dated May 29, 2013.

Prior Audit Finding No.	Finding Title	Implementation Status
1	Underremitted 50% excess of qualified fines, fees, and penalties	Not implemented – see Finding 1
2	Underremitted state court facilities construction penalties from TVS bail	Fully implemented
3	Underremitted evidence of responsibility fines	Fully implemented

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



Post Office Box 518
Markleeville, CA 96120

THE SUPERIOR COURT OF CALIFORNIA
ALPINE COUNTY

Telephone 530.694.2113
FAX 530.694.2119

August 31, 2021

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

RE: Alpine County Superior Court Response to SCO Audit Findings dated August 16, 2021

Dear Chief Kurokawa,

The Court agrees with the auditor's findings relating to fine distributions and will correct the Court's accounting system to ensure that revenues are properly distributed as outlined in the recommendations made in the auditor's report. These corrections will be completed upon conversion of Alpine's case management system which will take place in the next six to eight months. Until conversion is completed, distribution of fines previously imposed are being corrected. JCC testing sheets will be utilized by accounting staff periodically to verify the accuracy of the Court's CMS distributions.

As to Finding 4 regarding distribution of late penalties on traffic infractions, the Court issued a Standing Order to no longer collect late fees on traffic matters effective May 15, 2019. Correct distribution of the late fees collected during the audit period will be remedied upon the County's remittance to the State Treasurer and report on the TC-31 pursuant to the auditor's recommendations. Late fees previously imposed and uncollected have been redistributed according to JCC revenue distribution guidelines.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Ann Greth".

Ann Greth
Court Executive Officer

Cc: Alpine County Finance Director Craig Goodman

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

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