

YUBA COUNTY

Audit Report

COURT REVENUES

July 1, 2016, through June 30, 2020



BETTY T. YEE
California State Controller

October 2022



BETTY T. YEE
California State Controller

October 14, 2022

Dear County, Court, City, and District Representatives:

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

Our audit found that a net of \$20,155 in state court revenues was overremitted to the State Treasurer. Specifically, we found that the county overremitted \$27,412 in state court revenues to the State Treasurer because it:

- Overremitted the State Trial Court Improvement and Modernization Fund (Government Code section [GC] 77205) by \$18,413; and
- Overremitted the State Court Facilities Construction Fund (GC section 70402[a]) by \$8,999.

We also found that the Yuba Community College District underremitted \$7,257 in parking surcharges to State Treasurer via Yuba County because it underremitted the State Trial Court Trust Fund (GC section 76000.3) by \$7,257. The county is not responsible for collecting the underremitted state amount from the Yuba Community College District, but is responsible for remitting the amounts owed by the district to the State Treasurer upon receipt.

In addition, we found that the court made incorrect distributions related to the prioritization of installment payments.

The county should remit any amounts received from the Yuba Community College District 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 amount is related to the SCO audit period of July 1, 2016, through June 30, 2020.

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 amount is due no later than 30 days after receipt of this final audit report. The SCO will add a statutory 1.5% per month penalty on the applicable delinquent amount if payment is not received within 30 days of issuance of this final audit report.

Once the county has paid the underremitted amount, the Tax Programs Unit will calculate interest on the underremitted amount and bill the county and applicable entities 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
Bureau of Tax, Administration, and Government Compensation
Local Government Programs and Services Division
State Controller's Office
Post Office Box 942850
Sacramento, CA 94250

The county should reduce subsequent remittances to the State Treasurer by \$27,412.

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.

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/ac

Attachment—Recipient Addresses

cc: The Honorable Randy Fletcher, Chair
 Yuba 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

Recipient Addresses

The Honorable Richard Eberle, CPA,
Yuba County Auditor-Controller
915 8th Street, Suite 105
Marysville, CA 95901

Heather Pugh, Court Executive Officer
Superior Court of California, County of Yuba
215 Fifth Street, Suite 200
Marysville, CA 95901

Divinder K. Bains, Director of Fiscal Services
Yuba Community College District
425 Plumas Boulevard, Suite 200
Yuba City, CA 95991

Jennifer Styczynski, Finance Director
City of Marysville
526 C Street
Marysville, CA 95901

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Audit Report

Summary

The State Controller's Office (SCO) audited the propriety of court revenues remitted to the State of California by Yuba 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 a net of \$20,155 was overremitted to the State Treasurer. Specifically, we found that the county overremitted \$27,412 in state court revenues to the State Treasurer and that Yuba Community College District underremitted \$7,257 in parking surcharges to the State Treasurer via the county.

We also found that the court incorrectly prioritized the distribution of installment payments.

Background

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

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

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

Audit Authority

We conducted this audit under the authority of GC section 68103, which requires the SCO to review the county's reports and records to ensure that all fines and forfeitures have been transmitted. In addition, GC section 68104 authorizes the SCO to examine records maintained by the court. Furthermore, GC section 12410 provides the SCO with general audit authority to superintend the fiscal concerns of the State.

Objective, Scope, and Methodology

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

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 the court's revenue collection and reporting processes, and of the criteria that were significant to our audit objective.
- We interviewed county and court personnel regarding the monthly TC-31 remittance process, the revenue distribution process, the case management system, and the maintenance-of-effort calculation.
- 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. We haphazardly selected 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. We contacted entities that did not remit the required parking surcharges and reviewed their required distributions.
- We performed a risk evaluation of the county and the court, and identified violation types that are prone to errors due to either their complexity or statutory changes during the audit period. Based on the

risk evaluation, we haphazardly selected a non-statistical sample of 39 cases for 10 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 the county.

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

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.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Conclusion

As a result of performing the audit procedures, we found instances of noncompliance with the requirements described in our audit objective. We found that a net of \$20,155 in state court revenues was overremitted to the State Treasurer. Specifically, we found that the county overremitted \$27,412 in state court revenues to the State Treasurer because it:

- Overremitted the State Trial Court Improvement and Modernization Fund (GC section 77205) by \$18,413; and
- Overremitted the State Court Facilities Construction Fund (GC section 70402[a]) by \$8,999.

In addition, the Yuba Community College District underremitted the State's Trial Court Trust Fund (GC section 76000.3) by \$7,257.

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

We also found that the court incorrectly prioritized the distribution of installment payments. This instance of noncompliance is non-monetary and described in the Findings and Recommendations section.

Yuba Community College District should remit \$7,257 to the county, and the county should remit any amounts received from the district to the State Treasurer. The county is not responsible for collecting the underremitted state amount from the Yuba Community College District, but is

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.

responsible for remitting the amount owed by the district to the State Treasurer upon receipt.

The county should reduce subsequent remittances to the State Treasurer by \$27,412

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, 2009, through June 30, 2013, issued December 31, 2015, with the exception of Finding 3 of this audit report.

Views of Responsible Officials

We issued a draft report on August 18, 2022. The county's representatives responded by letter dated September 1, 2022 (Attachment A), agreeing with the audit results. The court's representatives responded by letter dated August 30, 2022 (Attachment B), agreeing with the audit results. In addition, the city's representatives responded by letter dated September 1, 2022 (Attachment C), agreeing with the audit results. The community college district's representatives did not respond to the draft report.

Restricted Use

This audit report is solely for the information and use of Yuba County; the Superior Court of California, Yuba County; the Yuba Community College District; the City of Marysville, 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

October 14, 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		
Overremitted 50% excess of qualified revenues						
State Trial Court Improvement and Modernization Fund — GC §77205	\$ 4,250	\$9,077	\$12,035	\$(43,775)	\$(18,413)	Finding 1
Incorrect collection and distribution of parking surcharges						
State Court Facilities Construction Fund — GC §70402(a)	(449)	(3,628)	(2,922)	(2,000)	(8,999)	Finding 2
Failure to remit parking surcharges – Yuba Community College District						
State Trial Court Trust Fund — GC §76000.3	7,257	-	-	-	7,257	Finding 3
Net amount (overremitted)/underremitted to the State Treasurer	<u>\$ 11,058</u>	<u>\$ 5,449</u>	<u>\$ 9,113</u>	<u>\$(45,775)</u>	<u>\$(20,155)</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— Overremitted 50% excess of qualified revenues

During our recalculation of the 50% excess of qualified revenues, we found that the county used an incorrect revenue amount in its calculation for each fiscal year. As a result of the errors, the county overremitted the 50% excess of qualified revenues by a net of \$18,413 for 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 calculations of the 50% excess of qualified revenues. We reviewed the county's calculations and reconciled the qualified revenues to revenue collection reports provided by the court and the county. We noted that qualified revenues in the calculations did not reconcile to the county collection reports due to calculation errors related to the citation processing fees (Penal Code [PC] section 1463.07), county base fines (PC section 1463.001), and county parking surcharges (GC section 76000[c]).

Furthermore, we noted that the county incorrectly excluded revenues collected for the Emergency Medical Services Fund (GC section 76104), the Maddy Emergency Medical Services Fund (GC section 76000.5), and city base fines (Vehicle Code [VC] section 42007[c]) from its calculation of the traffic violator school (TVS) fee (VC section 42007) during the first three fiscal years under audit. The county also incorrectly calculated revenues for the Courthouse Construction Fund (GC section 76100) and the Criminal Justice Facilities Construction Fund (GC section 76101).

For fiscal year (FY) 2019-20, the county overstated qualified revenue amounts related to the TVS fee (VC section 42007). Qualified revenues were overstated because the county included total revenues collected for the Emergency Medical Services Fund (GC section 76104), the Maddy Emergency Medical Services Fund (GC section 76000.5), and the Criminal Justice Facilities Construction (GC section 76101) instead of the revenues collected from TVS cases only.

We recalculated the county's qualified revenues based on actual court revenues collected for each fiscal year. After our recalculation, we found that the county had overstated qualified revenues by a net of \$36,831 for the audit period.

Qualified revenues were overstated for the following reasons:

- The county understated qualified revenues by \$11,996 for the audit period because it miscalculated the qualified revenues for the GC section 76000(c) parking revenues.
- The county overstated qualified revenues by \$8,998 for the audit period because it miscalculated the revenues collected for the PC section 1463.001 base fine revenues.

- The county understated qualified revenues by \$305 in FY 2017-18 because it miscalculated the revenues collected for the PC section 1463.07 citation processing fee.
- The county misstated the following qualified revenues in its calculation of the TVS fee (VC section 42007):
 - Overstated qualified revenues by \$4,962 for the Courthouse Construction Fund (GC section 76100);
 - Overstated qualified revenues by \$22,933 for the Criminal Justice Facilities Construction Fund (GC section 76101);
 - Overstated qualified revenues by \$12,671 for the Emergency Medical Services Fund (GC section 76104);
 - Overstated qualified revenues by \$11,413 for the Maddy Emergency Medical Services Fund (GC section 76000.5); and
 - Understated qualified revenues by \$11,845 for City Base Fines (VC section 42007[c]).

The following table shows the audit adjustments to qualified revenues:

	Fiscal Year				Totals
	2016-17	2017-18	2018-19	2019-20	
Qualified revenues reported	\$ 289,377	\$ 375,358	\$ 381,260	\$ 481,226	\$ 1,527,221
Audit adjustments:					
GC section 76000(c) calculation errors	598	4,836	3,896	2,666	11,996
PC section 1463.001 calculation errors	(449)	(3,627)	(2,922)	(2,000)	(8,998)
PC section 1463.07 input error	-	305	-	-	305
GC section 76100 overstatements	(1,322)	(1,967)	(1,500)	(173)	(4,962)
GC section 76101 overstatements	(880)	(1,144)	(585)	(20,324)	(22,933)
GC section 76104 misstatements	4,418	8,235	9,165	(34,489)	(12,671)
GC section 76000.5 misstatements	4,418	8,235	9,165	(33,231)	(11,413)
VC section 42007(c) understatements	1,717	3,279	6,849	-	11,845
Total	<u>8,500</u>	<u>18,152</u>	<u>24,068</u>	<u>(87,551)</u>	<u>(36,831)</u>
Adjusted qualified revenues	<u>\$ 297,877</u>	<u>\$ 393,510</u>	<u>\$ 405,328</u>	<u>\$ 393,675</u>	<u>\$ 1,490,390</u>

As a result of miscalculating the qualified revenues, the county overremitted the 50% excess of qualified revenues by a net of \$18,413 for the audit period.

The following table shows the excess qualified revenues, and—by comparing the 50% excess amount due to the State to the county’s actual 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
2016-17	\$ 297,877	\$ 289,325	\$ 8,552	\$ 4,276	\$ (26)	\$ 4,250
2017-18	393,510	289,325	104,185	52,093	(43,016)	9,077
2018-19	405,328	289,325	116,003	58,002	(45,967)	12,035
2019-20	393,675	289,325	104,350	52,175	(95,950)	(43,775)
Total						<u>\$ (18,413)</u>

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

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

Recommendation

We recommend that the county:

- Offset subsequent remittances to the State Treasurer by \$18,413 and report on the TC-31 a decrease 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

The County agrees with the finding, and will implement the recommendations and review our calculation methodology to ensure the accuracy of the remittance [on] the 50-50 Excess Split Revenue [Computation Form].

**FINDING 2—
Incorrect collection
and distribution of
parking surcharges**

During our analysis of parking and equipment violations remitted to the county, we found that the City of Marysville and the Yuba Community College District imposed and collected incorrect parking surcharges for the audit period. In addition, we found that the county did not properly distribute the parking revenues, resulting in a net overremittance to the State of \$8,999. The error occurred because the parking entities and the county misinterpreted the *Distribution Guidelines* and statutory requirements relating to parking surcharges.

External parking agencies are required to collect revenues for parking violations and remit the revenues to the county. Revenues are remitted to the county on a monthly basis and collection reports are included to support the remitted revenues. During our analysis of the collection

reports, we found that, for the audit period, the parking entities incorrectly remitted \$12.50 in state and county parking surcharges on every parking violation instead of the required \$11.00. The county has paid in full the bonded indebtedness for court facilities.

Entities in Yuba County should not have collected \$2.50 for the County Courthouse Construction Fund (GC section 76100); instead, they should have collected only \$1.00 for the County Courthouse Construction Fund (GC section 76100). The \$1.00 should have then been deposited in the county’s general fund in accordance with GC section 76000(c). In addition, the county should have returned the excess \$1.50 collected for the County Courthouse Construction Fund (GC section 76100) to the parking entities. The county incorrectly distributed the over-collected parking revenues to the State Court Facilities Construction Fund (GC section 70402[a]), resulting in a net overremittance of \$8,999 for the audit period.

The incorrect distributions had the following effect:

Account Title	Amount
Overremitted by Yuba County:	
State Court Facilities Construction Fund – GC §70402(a)	\$ (8,999)
To be returned to the following entities:	
Yuba Community College District	\$ 6,303
City of Marysville	2,696
Total to be returned	\$ 8,999

GC section 76000(b) requires, provided that the board of supervisors has adopted a resolution stating that the implementation of this subdivision is necessary to the county, that for each authorized fund established pursuant to GC section 76100 or GC section 76101, for every parking offense where a parking penalty, fine, or forfeiture is imposed, an added penalty of \$2.50 be included in the total penalty, fine, or forfeiture.

GC section 76000(c) requires the county treasurer to deposit \$1.00 of every \$2.50 collected for the County Courthouse Construction Fund and the County Criminal Justice Facilities Construction Fund into the county’s general fund.

GC section 76000(d) states that, upon the transfer of responsibility for court facilities from the county to the JCC, the authority to impose the \$2.50 penalty from the County Courthouse Construction Fund shall be reduced to \$1.00.

GC section 70372(b) requires the issuing agencies to collect a state surcharge of \$4.50 for every parking penalty, fine, or forfeiture, for deposit in the State Court Facilities Construction Fund.

During the audit period, GC section 70372(f) required that one-third of the \$4.50 be deposited in the State Court Facilities Construction Fund and

two-thirds be deposited in the Immediate and Critical Needs Account of the State Court Facilities Construction Fund.²

GC section 76000.3 requires that parking agencies pay to the State Treasurer a state surcharge of \$3.00 on each parking violation, for deposit in the State's Trial Court Trust Fund.

Recommendation

We recommend that the county:

- Offset subsequent remittances to the State Treasurer by \$8,999 and report on the TC-31 a decrease to the State Court Facilities Construction Fund (GC section 70402[a]); and
- Return the amount of parking revenues over-remitted for the Courthouse Construction Fund to the external parking entities.

We recommend that the City of Marysville and the Yuba Community College District reduce collections for the County Courthouse Construction Fund from \$2.50 to \$1.00 in accordance with GC section 76000(d). The parking entities should be collecting and remitting a total of \$11.00 in state and county parking surcharges for each parking violation.

County's Response

The County agrees with the finding as stated. The County will implement the recommendation to reduce remittances to the State Treasurer by the indicated amount and return the over-remitted revenue to the external parking entities.

City of Marysville's Response

We agree with the reduced collection fee and have immediately reduced the amount of this fee from \$2.50 to \$1.00.

FINDING 3— Failure to remit parking surcharges – Yuba Community College District (repeat finding)

During our analysis of parking and equipment violations, we found that the Yuba Community College District did not properly collect parking revenues in FY 2016-17, resulting in a net underremittance to the State of \$7,257. The collection errors occurred because the district misinterpreted the *Distribution Guidelines* and failed to collect the required state parking surcharges.

We reviewed the district's parking documentation to verify the accuracy of the distributions of parking surcharges and equipment violations. After completion of our review, we noted that the district did not remit parking surcharges to the county during FY 2016-17. We discussed this issue with the district and found that it did not impose any state or county parking surcharges on parking tickets issued during the fiscal year.

² GC section 70372 was amended by Statutes of 2021, Chapter 79, which abolished the Immediate and Critical Needs Account and made various changes to existing law.

Despite the failure to impose and collect the required state and county parking surcharges, the district is still responsible for remitting \$3.00 for every parking violation for deposit into the State’s Trial Court Trust Fund (GC section 76000.3). Using parking citation reports provided by the district, we performed a revenue analysis to determine the amounts underremitted to the State. After completion of our analysis, we determined that the failure to collect parking surcharges resulted in a net underremittance to the State of \$7,257.

The underremitted parking surcharges are as follows:

Account Title	Underremitted / (Overremitted)
State Trial Court Trust Fund – GC §76000.3	\$ 7,257
Yuba Community College District	\$ (7,257)

As discussed in Finding 2 of our prior audit report dated December 31, 2015, the district underremitted State parking surcharges. This is a repeat finding because the district did not remit State parking surcharges for the State’s Trial Court Trust Fund.

GC section 76000(b) requires, provided that the board of supervisors has adopted a resolution stating that the implementation of this subdivision is necessary to the county, that for each authorized fund established pursuant to GC section 76100 or GC section 76101, for every parking offense where a parking penalty, fine, or forfeiture is imposed, an added penalty of \$2.50 be included in the total penalty, fine, or forfeiture.

GC section 76000(c) requires the county treasurer to deposit \$1.00 of every \$2.50 collected for the County Courthouse Construction Fund and the County Criminal Justice Facilities Construction Fund into the county’s general fund.

GC section 76000(d) states that, upon the transfer of responsibility for court facilities from the county to the JCC, the authority to impose the \$2.50 penalty from the County Courthouse Construction Fund shall be reduced to \$1.00.

GC section 70372(b) requires the issuing agencies to collect a state surcharge of \$4.50 for every parking penalty, fine, or forfeiture, for deposit in the State Court Facilities Construction Fund.

During the audit period, GC section 70372(f) required that one-third of the \$4.50 be deposited in the State Court Facilities Construction Fund and two-thirds be deposited in the Immediate and Critical Needs Account.³

GC section 76000.3 requires that parking agencies pay to the State Treasurer a state surcharge of \$3.00 on each parking violation, for deposit in the State’s Trial Court Trust Fund.

³ See footnote 2.

Recommendation

We recommend that the Yuba Community College District:

- Remit \$7,257 to the county for increases to the State’s Trial Court Trust Fund (GC section 76000.3) for subsequent remittance by the county to the State Treasurer; and
- Ensure that proper state and county parking surcharges are imposed, collected, and remitted to the county according to applicable statutes.

We also recommend that the county remit to the State Treasurer any portion of the \$7,257 that it receives from the Yuba Community College District.

County’s Response

The County agrees with the finding. The finding stipulates that the error occurred with Yuba Community College District, the County agrees to remit to the State Treasurer any parking surcharges remitted to the County by the District. We believe this is the extent of our authority to implement these recommendations as the finding specifies the cause of the error lies with the College District.

**FINDING 4—
Incorrect
prioritization of
installment payments**

During testing of superior court cases, we found that the court incorrectly prioritized distributions of installment payments. The errors occurred because the court misinterpreted the *Distribution Guidelines*.

We verified, on a sample basis, distributions made by the court using its case management system for installment payments. For each sample case, we reviewed the distributions to determine whether the court correctly prioritized the distributions of installment payments according to PC section 1203.1d(b).

We tested four cases, and found that the court did not distribute them properly according to PC section 1203.1d(b). The court distributed the Criminal Conviction Assessment (priority four) and the Court Operations Assessment (priority four) as priority-three 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(b) requires that installment payments be disbursed in the following order of priority:

1. Restitution orders to victims (PC section 1202.4[f]);
2. 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 take steps to ensure that all surcharges, fines, penalties, and fees are distributed in accordance with the statutory requirements of PC section 1203.1d(b).

Court's Response

We agree with the finding and recommendation. The auditor assigned to this audit notified us of the incorrect priority for the distribution on installment payments and that same day it was corrected in our CMS.

Appendix— Summary of Prior Audit Findings

The following table shows the implementation status of Yuba County's corrective actions related to the findings contained in the county's prior audit report dated December 31, 2015:

Prior Audit Finding Number	Prior Audit Finding Title	Status
1	Underremitted excess of qualified fines, fees, and penalties	Fully implemented
2	Underremitted State parking surcharges	Partially implemented; see current Finding 3
3	Inappropriate distribution of red-light violation bails	Fully implemented
4	Underremitted DNA penalties	Fully implemented
5	Inappropriate distribution of traffic violator school fees	Fully implemented
6	Inappropriate distribution of traffic violator school bail	Fully implemented

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

The County of Yuba



Office of the Auditor-Controller

Richard Eberle, CPA
Yuba County Government Center
915 8th Street, Suite 105
Marysville, CA 95901

Phone: (530) 749-7810
Fax: (530) 749-7814
Email: reberle@co.yuba.ca.us

9/1/2022

Kimberly Tarvin,
Chief, Division of Audits
State Controller's Office

Ms. Tarvin,

We appreciate the opportunity to engage with the State Controller's Office for the periodic audits of the County's court revenue reporting. We have received the draft of the Court Revenue Audit for the period of July 1, 2016 through June 30, 2020 and have reviewed the findings as reported. We include below our responses to those findings.

With respect to Finding 1, the County agrees with the finding and will implement the recommendations and review our calculation methodology to ensure the accuracy of the remittance of the 50-50 Excess Split Revenue.

For Finding 2, the County agrees with the finding as stated. The County will implement the recommendation to reduce remittances to the State Treasurer by the indicated amount and return the over-remitted revenue to the external parking entities.

Concerning Finding 3, the County agrees with the finding. The finding stipulates that the error occurred with Yuba Community College District, the County agrees to remit to the State Treasurer any parking surcharges remitted to the County by the District. We believe this is the extent of our authority to implement these recommendations as the finding specifies the cause of the error lies with the College District.

Thank you for the opportunity to respond to the findings. We appreciate your staff and their efforts.

Sincerely,

Richard Eberle, CPA, MBA
Auditor-Controller
County of Yuba

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

EXECUTIVE OFFICE
SUPERIOR COURT OF CALIFORNIA
COUNTY OF YUBA

Hon. Debra Givens
Presiding Judge

Hon. Benjamin Wirschafter
Assistant Presiding Judge



Heather Pugh
Court Executive Officer
Clerk of the Court
Jury Commissioner

August 30, 2022

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

Dear Ms. Kurokawa:

Thank you for the opportunity to respond to the draft audit report prepared by Kimberly Tavin, dated August 18, 2022. The Superior Court of California, County of Yuba has reviewed the draft audit report and provides the following response to the single finding for the court and corresponding recommendation:

Finding 4: "During testing of superior court cases, we found the court incorrectly prioritized distributions of installment payments. The errors occurred because the court misinterpreted the *Distribution Guidelines*.

We verified, on a sample basis, distributions made by the court using its case management system for installment payments. For each sample case, we reviewed the distributions to determine whether the court correctly prioritized the distributions of installment payments according to PC section 1203.1d, subparagraph (b).

We tested four cases and found that the court did not distribute them properly according to PC section 1203.1d, subparagraph (b). The court distributed the Criminal Conviction Assessment (priority four) and the Court Operations Assessment (priority four) as priority-three distributions."

Recommendation: "We recommend that the court take steps to ensure that all surcharges, fines, penalties, and fees are distributed in accordance with the statutory requirements of PC section 1203.1d, subparagraph (b)."

Response: We agree with the finding and recommendation. The auditor assigned to this audit notified us of the incorrect priority for the distribution on installment payments and that same day it was corrected in our CMS.

If you have any questions or need additional information regarding our response, please contact our Court Executive Officer, Heather Pugh, at (530) 740-1620.

Sincerely,



Heather Pugh
Court Executive Officer, Superior Court of Yuba

**Attachment C—
City of Marysville’s
Response to Draft Audit Report**



City of Marysville
526 C Street
Marysville, CA 95901
(530) 749-3901

September 1, 2022

Lisa Kurokawa, Chief, Compliance Audits Bureau
State Controller's Office, Division of Audits
PO Box 942850
Sacramento, CA 952850

Re: Draft Court Revenues Audit Report Response

Dear Ms. Kurokawa:

Thank you for the opportunity to respond to the findings within the draft Court Revenue Audit Report for Yuba County covering the period of July 1, 2016, through June 30, 2020. Since only Finding 2 specifically affects my department from a financial aspect, I will restrict my response and corrective action to this specific finding and let the other agencies respond to the other findings and recommendations if they so choose.

FINDING 2 – Incorrect collection and distribution of parking surcharges

Recommendation: We recommend that the City of Marysville reduce collections for the County Courthouse Construction Fund from \$2.50 to \$1.00 in accordance with GC section 76000(d).

Corrective Action: We agree with the reduced collection fee and have immediately reduced the amount of this fee from \$2.50 to \$1.00.

Respectfully,

A handwritten signature in blue ink, appearing to read "Jennifer Styczynski".

Jennifer Styczynski
Finance Director
jennifers@marysville.ca.us

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

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