

# **BUTTE COUNTY**

Audit Report

## **COURT REVENUES**

*July 1, 2002, through June 30, 2006*



**JOHN CHIANG**  
California State Controller

December 2009



**JOHN CHIANG**  
**California State Controller**

December 11, 2009

The Honorable David Houser  
Auditor-Controller  
Butte County  
25 County Center Drive  
Oroville, CA 95965

Sharol H. Strickland  
Court Executive Officer  
Butte County Superior Court  
One Court Street  
Oroville, CA 95965

Dear Mr. Houser and Ms. Strickland:

The State Controller's Office audited Butte County's court revenues for the period of July 1, 2002, through June 30, 2006.

Our audit disclosed that the county underremitted \$20,560 in court revenues to the State Treasurer because it underremitted 50% excess of qualified fines, fees, and penalties.

The county should differentiate the individual accounts making up this amount on the bottom portion of the monthly TC-31, Remittance to State Treasurer, in accordance with standard remittance procedures. The county should state on the remittance advice that the account adjustments relate to the SCO audit for the period of July 1, 2002, through June 30, 2006.

Please mail a copy of the TC-31 and documentation supporting the corresponding adjustment(s) to the attention of the following individuals:

John Cobbinah, Audit Manager  
Division of Audits  
State Controller's Office  
Post Office Box 942850  
Sacramento, CA 94250-5874

Cindy Giese, Collections Supervisor  
Division of Accounting and Reporting  
Bureau of Tax Administration  
Post Office Box 942850  
Sacramento, CA 94250

**Once the county has paid the underremitted Trial Court Improvement Fund amount, we will calculate a penalty on the underremitted amount in accordance with Government Code sections 68085, 70353, and 70377.**

The county disputes certain facts related to the conclusions and recommendations contained in this audit report. The SCO has an informal audit review process to resolve a dispute of facts. To request a review, the county should submit in writing, within 60 days after receiving the final report, a request for a review along with supporting documents and information pertinent to the

The Honorable David Houser  
Sharol H. Strickland

-2-

December 11, 2009

disputed issue(s) to Richard J. Chivaro, Chief Counsel, State Controller's Office, Post Office Box 942850, Sacramento, CA 94250-0001. In addition, please provide a copy of the request letter to Steven Mar, Chief, Local Government Audits Bureau, State Controller's Office, Division of Audits, Post Office Box 942850, Sacramento, CA 95250-5874.

If you have any questions, please contact Mr. Mar at (916) 324-7226.

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD  
Chief, Division of Audits

JVB/sk

cc: Frank Tang, Senior Budget Analyst  
Judicial Council of California  
Julie Nauman, Executive Officer  
Victim Compensation and Government Claims Board  
Greg Jolivette  
Legislative Analyst's Office  
Scott Taylor, Fiscal Analyst  
Division of Accounting and Reporting  
State Controller's Office  
Cindy Giese, Supervisor, Tax Programs Unit  
Division of Accounting and Reporting  
State Controller's Office

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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 Butte County for the period of July 1, 2002, through June 30, 2006.

Our audit disclosed that the county underremitted \$20,560 in court revenues to the State Treasurer because it underremitted 50% excess of qualified fines, fees, and penalties.

## 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 a portion of such money, the court is required by Government Code section 68101 to deposit the State's portion of court revenues with the county treasurer as soon as practical and to 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.

Government Code section 68103 requires that the State Controller determine whether or not all court collections remitted to the State Treasurer are complete. Government Code section 68104 authorizes the State Controller to examine records maintained by any court. Furthermore, Government Code section 12410 provides the State Controller with general audit authority to ensure that state funds are properly safeguarded.

## Objective, Scope, and Methodology

Our audit objective was to determine whether the county completely and accurately remitted court revenues in a timely manner to the State Treasurer for the period of July 1, 2002, through June 30, 2006. We did not review the timeliness of any remittances the county may be required to make under Government Code sections 70353, 77201.1(b)(1), and 77201(b)(2).

To meet our objective, we reviewed the revenue-processing systems within the county's Superior Court, Central Collections, and Auditor-Controller's Office.

We performed the following procedures:

- Reviewed the accuracy of distribution reports prepared by the county, which show court revenue distributions to the State, the county, and the cities located within the county.
- Gained an understanding of the county's revenue collection and reporting processes by interviewing key personnel and reviewing documents supporting the transaction flow.
- Analyzed various revenue accounts reported in the county's monthly cash statements for unusual variations and omissions.

- Evaluated the accuracy of revenue distribution using as criteria various California codes and the SCO's Manual of Accounting and Audit Guidelines for Trial Courts.
- Tested for any incorrect distributions.
- Expanded any tests that revealed errors to determine the extent of any incorrect distributions.

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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We did not audit the county's financial statements. We considered the county's internal controls only to the extent necessary to plan the audit. This report relates solely to our examination of court revenues remitted and payable to the State of California. Therefore, we do not express an opinion as to whether the county's court revenues, taken as a whole, are free from material misstatement.

## **Conclusion**

Butte County underremitted \$20,560 in court revenues to the State Treasurer. The underremittance is summarized in Schedule 1 and described in the Finding and Recommendation section.

## **Follow-Up on Prior Audit Findings**

The county has satisfactorily resolved the findings noted in our prior audit report, issued June 16, 2004.

## **Views of Responsible Officials**

We issued a draft audit report on August 22, 2008. David Houser, Auditor-Controller, responded by letter dated September 10, 2008 (Attachment A), disagreeing with the audit results. Further, Sharol H. Strickland, Court Executive Officer, responded by letter dated September 17, 2008 (Attachment B), disagreeing with the audit results.

## **Restricted Use**

This report is solely for the information and use of Butte County, the Butte County Superior Court, the Judicial Council of California, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

*Original signed by*

JEFFREY V. BROWNFIELD  
Chief, Division of Audits

December 11, 2009

**Schedule 1—  
Summary of Audit Findings by Fiscal Year  
July 1, 2002, through June 30, 2006**

<u>Description</u>	<u>Fiscal Year</u>				<u>Total</u>
	<u>Account Title</u> <sup>1</sup>				
	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	
<u>Code Section</u>					
Underremitted 50% excess of qualified fines, fees, and penalties					
Trial Court Improvement Fund					
Government Code §77205(a)	\$ 5,316	\$ 5,672	\$ 4,281	\$ 5,291	\$ 20,560 <sup>2</sup>
Net amount underpaid to the State Treasurer	\$ 5,316	\$ 5,672	\$ 4,281	\$ 5,291	\$ 20,560

<sup>1</sup> The identification of state revenue account titles should be used to ensure proper recording when preparing the remittance advice (TC-31) to the State Treasurer.

<sup>2</sup> See the Finding and Recommendation section.

**Schedule 2—  
Summary of Underremittances by Month  
Trial Court Improvement Fund  
July 1, 2002, through June 30, 2006**

Month	Fiscal Year			
	2002-03	2003-04	2004-05	2005-06
July	\$ —	\$ —	\$ —	\$ —
August	5,316	5,672	4,281	5,291
September	—	—	—	—
October	—	—	—	—
November	—	—	—	—
December	—	—	—	—
January	—	—	—	—
February	—	—	—	—
March	—	—	—	—
April	—	—	—	—
May	—	—	—	—
June <sup>1</sup>	—	—	—	—
Total underremittances to the State Treasurer	<u>\$ 5,316</u>	<u>\$ 5,672</u>	<u>\$ 4,281</u>	<u>\$ 5,291</u>

NOTE: Delinquent Trial Court Trust Fund remittances not remitted to the SCO within 45 days of the end of the month in which the fees were collected are subject to penalty, pursuant to Government Code section 68085(h). The SCO will calculate and bill the county for the penalty after the county pays the underlying amount owed.

<sup>1</sup> Includes maintenance-of-effort underremittances as follows:

Fiscal Year			
2002-03	2003-04	2004-05	2005-06
<u>\$ 5,316</u>	<u>\$ 5,672</u>	<u>\$ 4,281</u>	<u>\$ 5,291</u>

# Finding and Recommendation

**FINDING—  
Underremitted excess  
of qualified fines, fees,  
and penalties**

The County Auditor-Controller's Office underremitted by \$20,560 the 50% excess of qualified fines, fees, and penalties to the State Treasurer for the four-fiscal-year (FY) period starting July 1, 2002, and ending June 30, 2006.

Government Code section 77201(b)(2) requires Butte County, for its base revenue obligation, to remit \$1,217,052 for FY 1998-99 and each fiscal year thereafter. In addition, Government Code section 77205(a) requires the county to remit to the Trial Court Improvement Fund 50% of qualified revenues that exceed the stated base for each fiscal year.

The error occurred because the county used incorrect entries in its maintenance-of-effort (MOE) distribution working papers and because the court did not appropriately distribute \$1 to the Jail Facility Fund and \$1 to the Court Construction Fund from the county's 23% portion. Instead, the fees were taken out of the total traffic violator school (TVS) bail. Therefore, 77% of the TVS bail applicable to the MOE included this amount.

The qualified revenues reported for FY 2002-03 were \$1,861,294. The excess, above the base of \$1,217,052, is \$644,242. This amount should be divided equally between the county and the State, resulting in \$322,121 excess due the State. The county has remitted a previous payment of \$316,805, causing an underremittance of \$5,316.

The qualified revenues reported for FY 2003-04 were \$1,931,428. The excess, above the base of \$1,217,052, is \$714,376. This amount should be divided equally between the county and the State, resulting in \$357,188 excess due the State. The county has remitted a previous payment of \$351,516, causing an underremittance of \$5,672.

The qualified revenues reported for FY 2004-05 were \$1,665,425. The excess, above the base of \$1,217,052, is \$448,373. This amount should be divided equally between the county and the State, resulting in \$224,187 excess due the State. The county has remitted a previous payment of \$219,906, causing an underremittance of \$4,281.

The qualified revenues reported for FY 2005-06 were \$1,854,684. The excess, above the base of \$1,217,052, is \$637,632. This amount should be divided equally between the county and the State, resulting in \$318,816 excess due the State. The county has remitted a previous payment of \$313,525, causing an underremittance of \$5,291.

The underremittances had the following effect:

Account Title	Understated/ (Overstated)
Trial Court Improvement Fund–Government Code section 77205:	
FY 2002-03	\$ 5,316
FY 2003-04	5,672
FY 2004-05	4,281
FY 2005-06	5,291
County General Fund	(20,560)

### Recommendation

The county should remit \$20,560 to the State Treasurer and report on the remittance advice form (TC-31) an increase to the Trial Court Improvement Fund–Government Code section 77205. The county should also make the corresponding account adjustments.

### County's Response

We contest the finding that the Court and County under remitted payments to the Trial Court Trust Fund by \$20,560 as a result of miscalculation of the 50% Excess Fine payments for the 4 years of the audit period.

Your auditor's convention was that each year, when the 50/50 Excess Split Revenue was computed, the VC 42007 line should have included the amounts for Courthouse Construction and Criminal Justice Construction Funds.

The AOC form specifically states, "77% of collections distributed to the county general fund. *Excludes* distributions to the Maddy Emergency Medical Services Fund, *Courthouse Construction Fund*, *Criminal Justice Construction Fund*, or to the cities (ROR Line No. 1500). (*Emphasis added*).

**A Summary of 1999 Statutes Affecting the Trial Court Accounting System** put out by the State Controllers Office in May 2000 says on page B-2, "Included in the GC 77205 calculations: . . . VC 42007 Traffic Violator School fees – 77% of collections distributed to the county general fund. *Does not include distributions to the* Maddy Emergency Medical Services Fund, *Courthouse Construction Fund*, *Criminal Justice Facilities Construction Fund*, or the cities." (*Emphasis added*).

Copies of both of those documents are attached hereto for your review.

Further, we have been calculating the 50% Excess Split in this manner since it was instituted. Your office has conducted audits of our distributions and found no error in calculations during those audits.

The Courts agree with the methodology that we have been using all these years and will be filing a separate letter of response with you.

### Court's Response

The court does not agree with your finding that it did not appropriately distribute \$1 to the Jail Facility fund and \$1 to the Courthouse Construction Fund during the periods noted the Draft Audit Report referenced above.

The instructions provided to the court via the Administrative Office of the Court's (AOC's) reporting form for these distributions states, "77% of collections distributed to the county general fund *excludes* distributions to the Maddy Emergency Medical Services Fund, *Courthouse Construction fund, Criminal Justice Construction Fund*, or to the cities (ROR Line No. 1500". These instructions are consistent with those included in the State Controller's Office publication describing these distributions.

The county has been calculating the 50% Excess Split in the manner described in these publications. Prior audits by your office of these distributions did not identify any calculation errors. . [sic]

If your office has not determined that the distribution of these funds should be changed to the methodology described in your Findings and Recommendations, the court will work with our automated case management system vendor to ensure that the distributions are so aligned. However, it does not appear appropriate to require the county to submit the revised distributions retroactively.

### SCO's Comment

The 50/50 Excess Split Revenue Computation Form, provided by the Judicial Council, Administrative Office of the Courts, is used to determine the amount to transfer to the State. One of the line items in the form is Vehicle Code section 42007. The amount to enter on that line is the amount in the current year that corresponds to the State's portion (77%) when the maintenance-of-effort was originally determined. Consequently, the amount should not have the County's Courthouse Construction Fund and Criminal Justice Facility Fund \$1 deducted from it as these were and are county funds.

Additionally, Government Code sections 77201 and 77205 reference monies required to be sent to the State General Fund. The County's Courthouse Construction Fund and Criminal Justice Facility Fund are not part of any remittances sent to the State. In the calculations, after the 77% and the 23% amounts are determined, the \$1 amounts were taken out of the county's 23%.

If the court reduces the amount on the form for Vehicle Code section 42007 by the Courthouse Construction Fund and Criminal Justice Facility Fund amounts, then it is incorrectly reducing the amount of revenue eligible to split as revenue growth according to statute.

This has been confirmed by John Judnick, Judicial Council of California, Administrative Office of the Courts.

The finding remains as written.

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

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# Butte County

LAND OF NATURAL WEALTH AND BEAUTY

OFFICE OF THE AUDITOR-CONTROLLER  
COUNTY ADMINISTRATION BUILDING  
25 COUNTY CENTER DRIVE • OROVILLE, CALIFORNIA 95965-3383  
TELEPHONE: (530) 538-7607  
FAX: (530) 538-7693

September 10, 2008

Jeffrey V. Brownfield, Chief  
Division of Audits  
State Controller's Office  
P.O. Box 942850  
Sacramento, CA 94250-5874

Re: Draft Audit Report of Butte County Court Revenues for Period 7/1/02 – 6/30/2006.

Dear Mr. Brownfield:

We contest the finding that the Court and County under remitted payments to the Trial Court Trust Fund by \$ 20,560 as a result of miscalculation of the 50% Excess Fine Payments for the 4 years of the audit period.

Your auditor's contention was that each year, when the 50/50 Excess Split Revenue was computed, the VC 42007 line should have included the amounts for Courthouse Construction and Criminal Justice Construction Funds.

The AOC form specifically states "77% of collections distributed to the county general fund. *Excludes* distributions to the Maddy Emergency Medical Services Fund, *Courthouse Construction Fund, Criminal Justice Construction Fund*, or to the cities (ROR Line No. 1500). (*Emphasis added*).

**A Summary of 1999 Statutes Affecting the Trial Court Accounting System** put out by the State Controllers Office in May 2000 says on page B-2, "Included in the GC 77205 calculations: .... VC 42007 Traffic Violator School fees – 77% of collections distributed to the county general fund. *Does not include distributions to the Maddy Emergency Medical Services Fund, Courthouse Construction Fund, Criminal Justice Facilities Construction Fund*, or the cities." (*Emphasis added*).

Copies of both of those documents are attached hereto for your review.

Further, we have been calculating the 50% Excess Split in this manner since it was instituted. Your office has conducted audits of our distributions and found no error in calculations during those audits.

The Courts agree with the methodology that we have been using all these years and will be filing a separate letter of response with you.

We request that you also correct the spelling of Mr. Thomas F. Limpers name on page 2 of the draft audit.

Division of Audits, State Controller's Office  
Re: Draft Audit Report of Butte County Court Revenues.  
September 10, 2008  
Page 2 of 2

This letter contains our logic and arguments in support of accepting our existing calculation regarding the 50% Excess Split for Fine Revenues. We believe that our argument is correct and sufficiently strong enough to support the removal of that finding.

We respectfully request that you review the logic in the above-stated argument and revise Finding # 1 (the one and only audit finding) in accordance with that reasoning.

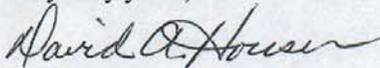
If you find fault in that reasoning, we ask that you send us a letter stating your alternative reasoning and arguments supporting your interpretation and give us an opportunity to respond prior to issuing the final audit report

We also point out that the State Controller's Office was not timely in performing the audit and identifying the alleged problem and has not responded timely in providing the draft audit report so that (in the event that we must change the method of calculation) we (the Courts and County) could correct the calculations. The field work for the audit was suppose to begin in December 2006 – but wasn't completed until late July 2007. The draft audit report wasn't sent to us until over a year later (August 22, 2008) even though we continually requested a timely response.

This delay has caused Butte County to continue to calculate the 50% Excess Fine payments for FY 2006/07 and for FY 2007/08 – and for 2 months of FY 2008/09 based on the AOC and SCO directions that we had. Penalties and interest should not be assessed on matters not under our control.

Given the dire financial situation this county faces, we ask that if you still believe that our interpretation of the codes is incorrect, that you consider dismissing the finding or mitigating any amount assessed because the error was due to confusing language of the codes, AOC instructions, and instructions from the State Controller's Office rather than willful violation. Any consideration you can make will be appreciated.

Very truly yours,



David A. Houser  
Auditor-Controller

DAH/KGW

cc: Sharol H. Strickland, Court Executive Officer, Butte County Superior Court  
Thomas F. Limper, Butte County, Assistant Auditor-Controller  
Kenneth G. Wiley, Butte County Internal Auditor

ref: Wiley / My Documents / Courts / Audit FY 2002 – 2006 / Audit Findings– SCO 090908.doc

PLEASE FAX THIS COMPLETED FORM TO (415) 865-4331, ATTN: FRANK TANG  
OR EMAIL TO: [frank.tang@jud.ca.gov](mailto:frank.tang@jud.ca.gov)

Name: Kenneth G. Wiley, Deputy Auditor-ControllerPhone Number: (530) 538 - 6775County: Butte

E-Mail Address: \_\_\_\_\_

Kwiley@ButteCounty.net

CODE SECTION	DESCRIPTION	FY 2006-07 REVENUES
GC 27361	Recording & Indexing Fee - \$1 fee pursuant to section (b) deposited into the county general fund. (ROR Line No. 1510)	230,448.00
GC 76000	\$2.50 portion of every parking fee - 100% of collections (ROR Line No. 1510_010)	90,227.00
PC 1463.001	75% of base fines from county arrests (ROR Line No. 1550)	406,056.00
PC 1463.001	75% of county's percentage of base fines from city arrests pursuant to PC 1463.002 and PC 1463.28 - <b>If applicable</b> (ROR Line No. 1550)	78,871.00
PC 1463.07	\$25 Administrative Screening Fees - 100% of collections (ROR Line No. 1555_010)	30,857.00
PC 1463.07	\$10 Citation Processing Fees - 100% of collections (ROR Line No. 1555_020)	3,461.00
PC 1464	30% of State Penalty, including Traumatic Brain Injury - <b>Does NOT include VC 40611 or fish and game amount</b> (ROR Line No. 1555_030)	375,515.00
VC 42007	77% of collections distributed to the county general fund. <u>Excludes</u> distributions to the Maddy Emergency Medical Services Fund, <u>Courthouse Construction Fund, Criminal Justice Construction Fund, or to the cities</u> (ROR Line No. 1500)	172,627.00
VC 42007.1	Traffic Violator School \$24 Fee - 100% of collections (ROR Line No. 1501)	617,726.00
<b>Total, Qualified Revenue Contributed to 50/50 Excess Split Calculation</b>		<b>\$2,005,788.00</b>
LESS: Revenue-base MOE amount for your county <sup>1)</sup>		\$1,217,052.00
Excess amount (Qualified Revenue Less Revenue-base MOE amount)		\$788,736.00
<b>AMOUNT TO BE TRANSFERRED TO STATE TREASURER</b> (Excess amount divided by 2)		<b>\$394,368.00</b>

1) The Revenue-base MOE amount for the county is specified in GC 77201.1 (b)(2). The "buyout" of civil assessment and AB 233 civil fee revenues pursuant to AB 145 and AB 139 has not changed the base amount for determining the 50/50 excess split revenue. However, that efforts are currently underway to update county fine and forfeiture MOE obligations to reflect buyouts resulting from AB 139 and AB 145 of 2005. AB 227 (Beall), a measure now moving through the Legislature, would codify the changes to county MOE obligations that have thus far been applied administratively.

**50% Excess Revenue  
Calculation GC 77205**

**Court and County Split of Revenue Growth:** This section updates and clarifies the section in *The 1998 Summary of Statutes Affecting the Trial Court Accounting System* under AB 1301 pages B-3 through B-5. References that were only applicable to the 1997-98 fiscal year have been deleted from the discussion below.

Included in the GC 77205 calculation:

- PC 1463.001 (county arrest) fines – 75% of base fine
- PC 1463.001 (city arrest) fines – 75% of county percentage in PC 1463.002
- PC 1464 State Penalty – 30%, including traumatic brain penalty. Does not include VC 40611 or fish and game amount.
- VC 42007 Traffic Violator School fees – 77% of collections distributed to the county general fund. Does not include distributions to the Maddy Emergency Medical Services Fund, Courthouse Construction Fund, Criminal Justice Facilities Construction Fund, or to the cities.
- VC 42007.1 Traffic Violator School \$24 fee – 100% of collections.
- VC 42008 Amnesty fees (distribution repealed so activity is unlikely) – 100% of funds that would have been remitted to the State General Fund on December 31, 1997.
- GC 27361 Recording and Indexing fee – \$1 fee pursuant to section (b).
- PC 1463.07, formerly GC 29550(f), Administrative Screening and Citation Processing fee – 100% of collections.
- GC 76000 – \$2 portion of every parking fee – 100% of collections.

Of the amount that exceeds the county's total in GC 77201.1(b)(2) version effective July 1, 1999, 50% is remitted to the State Trial Court Improvement Fund and 50% is deposited in the county general fund.

The calculations would be made after any deductions for eligible comprehensive collection costs pursuant to PC 1463.007.

**Note: The county should make the calculation either based on the accrual basis (July through June collection months) or on the cash basis for the fiscal year. The calculation should be consistently applied thereafter as either cash or accrual.**

**Attachment B—  
Court's Response to  
Draft Audit Report**

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## SUPERIOR COURT OF CALIFORNIA, COUNTY OF BUTTE

September 17, 2008

STEPHEN E. BENSON, JUDGE  
ROBERT A. GLUSMAN, JUDGE  
GERALD HERMANSEN, JUDGE  
STEVEN J. HOWELL, JUDGE  
THOMAS W. KELLY, JUDGE  
KRISTEN A. LUCENA, JUDGE  
SANDRA L. MCLEAN, JUDGE  
TAMARA L. MOSBARGER, JUDGE  
JAMES F. REILLEY, JUDGE  
BARBARA L. ROBERTS, JUDGE

DAVID E. GUNN,  
COURT COMMISSIONER

LEONARD D. GOLDKIND,  
COURT COMMISSIONER

SHAROL H. STRICKLAND,  
COURT EXECUTIVE OFFICER

PLEASE REPLY TO:

■ Butte County Courthouse  
One Court Street  
Oroville, CA 95965  
Tel: (530) 532-7000  
Fax: (530) 538-8567

□ Chico Courthouse  
655 Oleander Avenue  
Chico, CA 95926  
Tel: (530) 532-7000  
Fax: (530) 892-8516

□ Paradise Courthouse  
747 Elliott Road  
Paradise, CA 95969  
Tel: (530) 532-7000  
Fax: (530) 872-2614

Jeffrey V. Brownfield, Chief  
Division of Audits  
State Controller's Office  
P.O. Box 942850  
Sacramento, CA 94250-5874

Re: Draft Audit Report of Butte County Court Revenues for Period 7/1/02 – 6/30/2006.

Dear Mr. Brownfield:

The court does not agree with your finding that it did not appropriately distribute \$1 to the Jail Facility fund and \$1 to the Courthouse Construction Fund during the periods noted the Draft Audit Report referenced above.

The instructions provided to the court via the Administrative Office of the Court's (AOC's) reporting form for these distributions states "77% of collections distributed to the county general fund *excludes* distributions to the Maddy Emergency Medical Services Fund, *Courthouse Construction Fund*, *Criminal Justice Construction Fund*, or to the cities (ROR Line No. 1500)". These instructions are consistent with those included in the State Controller's Office publication describing these distributions.

The county has been calculating the 50% Excess Split in the manner described in these publications. Prior audits by your office of these distributions did not identify any calculation errors..

If your office has now determined that the distribution of these funds should be changed to the methodology described in your Findings and Recommendations, the court will work with our automated case management system vendor to ensure that the distributions are so aligned. However, it does not appear appropriate to require the county to submit the revised distributions retroactively.

Thank you for your consideration. If I can provide you with additional information, please do not hesitate to contact me at (530) 532-7013.

Sincerely,

Sharol H. Strickland  
Court Executive Officer

cc: Hon. James F. Reilley, Presiding Judge  
John Judnick, Administrative Office of the Court, Audit Division  
David Houser, Butte County Auditor Controller

**State Controller's Office  
Division of Audits  
Post Office Box 942850  
Sacramento, CA 94250-5874**

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