

# **SIERRA COUNTY**

Audit Report

## **COURT REVENUES**

*July 1, 2002, through June 30, 2008*



**JOHN CHIANG**  
California State Controller

December 2009



**JOHN CHIANG**  
California State Controller

December 11, 2009

The Honorable Van Maddox  
Auditor-Controller  
Sierra County  
P.O. Box 425  
Downieville, CA 96936

Jan Hamilton  
Court Executive Officer  
Superior Court of California  
Sierra County  
P.O. Box 476, Court Avenue Square  
Downieville, CA 96936

Dear Mr. Maddox and Ms. Hamilton:

The State Controller's Office audited Sierra County's court revenues for the period of July 1, 2002, through June 30, 2008.

Our audit disclosed that the county overremitted \$10,369 in court revenues to the State Treasurer because it overremitted 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, 2008.

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

If you have any questions, please contact Steven Mar, Chief, Local Government Audits Bureau, at (916) 324-7226.

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD  
Chief, Division of Audits

JVB/vb

The Honorable Van Maddox  
Jan Hamilton

-2-

December 11, 2009

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 Sierra County for the period of July 1, 2002, through June 30, 2008.

Our audit disclosed that the county overremitted \$10,369 in court revenues to the State Treasurer because it overremitted 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, 2008. 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 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**

Sierra County overremitted \$10,369 in court revenues to the State Treasurer. The overremittance 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 August 29, 2003.

## **Views of Responsible Officials**

We issued a draft audit report on December 8, 2008. Van Maddox, Auditor-Controller, responded through a telephone conversation on November 6, 2009, agreeing with the audit results. Further, Jan Hamilton, Court Executive Officer, responded through a telephone conversation on November 6, 2009, agreeing with the audit results.

## **Restricted Use**

This report is solely for the information and use of Sierra County, the Sierra County Courts, 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, 2008**

<u>Description</u> <u>Account Title</u> <sup>1</sup> <u>Code Section</u>	<u>Fiscal Year</u>					<u>Total</u>
	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	
Overremitted 50% excess of fines, fees, and penalties State Trial Court Improvement Fund Government Code §77205	<u>\$ (749)</u>	<u>\$ (1,597)</u>	<u>\$ (1,941)</u>	<u>\$ (3,367)</u>	<u>\$ (2,715)</u>	<u>\$ (10,369)</u>
Total	<u>\$ (749)</u>	<u>\$ (1,597)</u>	<u>\$ (1,941)</u>	<u>\$ (3,367)</u>	<u>\$ (2,715)</u>	<u>\$ (10,369)</u> <sup>2</sup>

<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 Overremittances by Month  
July 1, 2002, through June 30, 2008**

Month	Fiscal Year				
	2003-04	2004-05	2005-06	2006-07	2007-08
July	\$ —	\$ —	\$ —	\$ —	\$ —
August	749	1,597	1,941	3,367	2,715
September	—	—	—	—	—
October	—	—	—	—	—
November	—	—	—	—	—
December	—	—	—	—	—
January	—	—	—	—	—
February	—	—	—	—	—
March	—	—	—	—	—
April	—	—	—	—	—
May	—	—	—	—	—
June	—	—	—	—	—
Total overremittances to the State Treasurer	<u>\$ 749</u>	<u>\$ 1,597</u>	<u>\$ 1,941</u>	<u>\$ 3,367</u>	<u>\$ 2,715</u>

# Finding and Recommendation

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

The County Auditor-Controller's Office overremitted by \$10,369 the 50% excess of qualified fines, fees, and penalties to the State Treasurer for the five-fiscal-year (FY) period of July 1, 2003, through June 30, 2008.

Government Code section 77201(b)(2) requires Sierra County, for its base revenue obligation, to remit \$42,532 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 as a result of conditions identified as follows:

- For the five fiscal years ending June 2008, the court did not distribute state court construction facility penalties from traffic violator's school bail (TVS). In April 2008 an adjustment was made by the court to recover the penalty from TVS bail. However, the offsetting entry to reduce TVS bail reported for the MOE was not made. \$19,299 (77% × \$25,063) should not have been reported as TVS bail.
- For the two fiscal years ending June 2008 the county applied a matching base total of \$41,812 that represents the annual total for quarterly revenue payments per Government Code section 77201.3. However, Government Code section 77201.3 requires the matching base pursuant to Government Code section 77205 to be the amounts listed in Government Code section 77201.1. The matching base year should be \$42,532 therefore the MOE should be reduced by \$720 (\$42,532-\$41,812) for both fiscal years.

The qualified revenues reported for FY 2003-04 were \$87,735. The excess, above the base of \$42,532, is \$45,203. This amount should be divided equally between the county and the State, resulting in \$22,601 excess due the State. The county has remitted a previous payment of \$23,350, causing an overremittance of \$749.

The qualified revenues reported for FY 2004-05 were \$75,932. The excess, above the base of \$42,532, is \$33,400. This amount should be divided equally between the county and the State, resulting in \$16,700 excess due the State. The county has remitted a previous payment of \$18,297, causing an overremittance of \$1,597.

The qualified revenues reported for FY 2005-06 were \$73,406. The excess, above the base of \$42,532, is \$30,874. This amount should be divided equally between the county and the State, resulting in \$15,437 excess due the State. The county has remitted a previous payment of \$17,378, causing an overremittance of \$1,941.

The qualified revenues reported for FY 2006-07 were \$104,518. The excess, above the base of \$42,532, is \$61,986. This amount should be divided equally between the county and the State, resulting in \$30,993 excess due the State. The county has remitted a previous payment of \$34,360, causing an overremittance of \$3,367.

The qualified revenues reported for FY 2007-08 were \$83,329. The excess, above the base of \$42,532, is \$40,797. This amount should be divided equally between the county and the State, resulting in \$20,399 excess due the State. The county has remitted a previous payment of \$23,114, causing an overremittance of \$2,715.

The overremittances had the following effect:

Account Title	Understated/ (Overstated)
Trial Court Improvement Fund–Government Code section 77205:	
FY 2003-04	\$ (749)
FY 2004-05	(1,597)
FY 2005-06	(1,941)
FY 2006-07	(3,367)
FY 2007-08	(2,715)
County General Fund	<u>10,369</u>

#### Recommendation

The county should reduce remittances by \$10,369 to the State Treasurer and report on the remittance advice form (TC-31) a decrease to the Trial Court Improvement Fund–Government Code section 77205. The county should also make the corresponding account adjustments.

**State Controller's Office  
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