

SUPERIOR COURT OF CALIFORNIA, COUNTY OF NEVADA

Final Audit Report

**FISCAL COMPLIANCE AUDIT OF REVENUES,
EXPENDITURES, AND FUND BALANCES**

July 1, 2023, through June 30, 2024



MALIA M. COHEN

CALIFORNIA STATE CONTROLLER

February 2026



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MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

February 26, 2026

Ms. Laila Waheed, Court Executive Officer
Superior Court of California, County of Nevada
201 Church Street
Nevada City, CA 95959

Dear Ms. Waheed:

The State Controller's Office audited the Superior Court of California, County of Nevada (the Court) to determine whether the Court complied with governing statutes, rules, regulations, and policies relating to the revenues, expenditures, and fund balances under the Court's administration and control that we determined were material and significant. The audit period was July 1, 2023, through June 30, 2024.

We found that the Court complied with governing statutes, rules, regulations, and policies for revenues, expenditures, and fund balances.

This report is for your information and use. We appreciate the Court's assistance and cooperation during the audit, and its willingness to implement corrective actions.

If you have any questions regarding this report, please contact Joel James, Chief, Financial Audits Bureau, by telephone at 916-323-1573 or email at jjames@sco.ca.gov. Thank you.

Sincerely,

Original signed by

Kimberly A. Tarvin, CPA
Chief, Division of Audits

Ms. Laila Waheed

February 26, 2026

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SUMMARY

The State Controller’s Office (SCO) audited the Superior Court of California, County of Nevada (the Court) to determine whether the Court complied with governing statutes, rules, regulations, and policies relating to the revenues, expenditures, and fund balances under the Court’s administration and control that we determined were material and significant. The audit period was July 1, 2023, through June 30, 2024.

We found that the Court complied with governing statutes, rules, regulations, and policies for revenues, expenditures, and fund balances.

BACKGROUND

Superior Courts (trial courts) are located in each of California’s 58 counties and follow the California Rules of Court, established through Article IV of the California Constitution. The Constitution charges the Judicial Council of California (JCC) with authority to adopt rules for trial court administration, practices, and procedures. The *Judicial Council Governance Policies* are included in the California Rules of Court. Trial courts are also required to comply with various other state laws, rules, and regulations, much of which are codified in Title 8 of Government Code, “The Organization and Government of Courts.”

Pursuant to California Rules of Court (CRC) rule 10.804, the JCC adopted the *Trial Court Financial Policies and Procedures Manual* (FIN Manual), which provides guidance and directives for trial court fiscal management. As required by CRC rule 10.804(a), the FIN Manual contains regulations establishing budget procedures, recordkeeping practices, accounting standards, and other financial guidelines. The FIN Manual describes an internal control framework that enables trial courts to monitor their use of public funds, provide consistent and comparable financial statements, and demonstrate accountability. Procurement and contracting policies and procedures are addressed separately in the *Judicial Branch Contracting Manual*, adopted by the JCC under Public Contract Code section 19206.

With respect to trial court operations, CRC rule 10.810 provides cost definitions (inclusive of salaries and benefits, certain court-appointed counsel provisions, services and supplies, collective bargaining, and indirect costs), exclusions to court operations, budget appropriations for counties, and functional budget categories. Government Code (GC) section 77001 provides trial courts with the authority and responsibility for managing their own operations.

The JCC requires that trial courts prepare and submit Quarterly Financial Statements, Yearly Baseline Budgets, and Salary and Position Worksheets. Financial statement components form the core subject matter of our audit.

The Trial Court Trust Fund (TCTF) is the primary source of funding for trial court operations. The JCC allocates money in the TCTF to trial courts. The TCTF's two main revenue sources are the annual transfer of appropriations from the State's General Fund and maintenance-of-effort payments by counties, derived from their collections of fines, fees, and forfeitures.

In fiscal year 2023-24, the Court reported revenues of \$9,316,694. The Court receives the majority of its revenue from state financing sources. The TCTF provided 80.3 percent of the Court's revenue. During the audit period, the Court incurred expenditures of \$9,455,650. Payroll-related expenditures (salaries and benefits) comprised 76.7 percent of total expenditures. The Court employed 61 staff members to serve Nevada County's population of approximately 100,354 residents.

Funds under the Court's control include a General Fund, a Special Revenue Non-Grant Fund, and a Special Revenue Grant Fund. The General Fund, Special Revenue Non-Grant Fund and the Special Revenue Grant Fund had revenue and expenditure accounts in excess of four percent of total revenues and expenditures, and were considered material and significant for testing.

AUDIT AUTHORITY

We conducted this audit at the request of the JCC, pursuant to GC section 77206(j), which requires the JCC to contract with the SCO to perform trial court audits; and in accordance with Interagency Agreement Number 111497, dated June 27, 2025, between the SCO and the JCC, and with GC section 77206(h), which requires the SCO to audit every trial court at least once every four years, and to report the results of these audits to the California State Legislature, the JCC, and the Department of Finance no later than April 1 of each year. In addition, GC section 12410 provides the SCO with general authority to audit the disbursement of state money for correctness, legality, and sufficient provisions of law for payment.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of our audit was to determine whether the Court complied with governing statutes, rules, and regulations relating to the revenues, expenditures, and fund balances for any funds under the Court's administration and control that we determined were material and significant during the period of July 1, 2023, through June 30, 2024. Specifically, we conducted this audit to determine whether:

- Revenues were consistent with Government Code, properly supported by documentation, and recorded accurately in the accounting records;
- Expenditures were incurred pursuant to Government Code, consistent with the funds' purposes, properly authorized, adequately supported, and recorded accurately in the accounting records; and
- Fund balances were reported based on the Legal/Budgetary basis of accounting and maintained in accordance with fund accounting principles.

To accomplish our objective, we performed the following procedures.

General Procedures

- We reviewed the *Judicial Council Governance Policies* (December 2022), the fiscal year 2023-24 Budget Act, the Manual of State Funds, Government Code, the California Rules of Court, the FIN Manual (12th edition, July 2022), and internal policies and procedures to identify compliance requirements applicable to trial court revenues, expenditures, and fund balances.

Internal Control Procedures

- We reviewed the Court's current policies and procedures, organization, and website, and interviewed the Court's personnel to gain an understanding of the internal control environment for governance, operations, and fiscal management.
- We interviewed the Court's personnel and prepared internal control questionnaires to identify internal accounting controls.
- We assessed whether key internal controls, such as reviews and approvals, reconciliations, and segregation of duties were properly designed and implemented by performing walk-throughs of revenue and expenditure transactions.
- We reviewed the Court's documentation and financial records supporting the recorded revenues, expenditures, and fund balances.
- We assessed the reliability of financial data by (1) interviewing agency officials knowledgeable about the Court's financial and human resources systems; (2) reviewing the Court's policies; (3) agreeing accounting data files to published financial reports; (4) tracing data records to source documents to verify completeness and accuracy of recorded data; and (5) reviewing logical security and access controls for key court information systems. We determined that the data was sufficiently reliable for the purposes of achieving our objective.

- We selected revenue and expenditure ledger transactions to test the operating effectiveness of internal controls. Using non-statistical sampling, we selected six revenue items and 29 expenditure items to evaluate key internal controls of transactions recorded in significant and material operating funds and the related fund accounts. For expenditure testing, our sample consisted of 23 non-payroll transactions and the payroll records of six employees. We expanded testing on accounts with transactions containing errors to determine the impact of the identified errors. Errors were not projected to the intended (total) population.

Revenue Testing Procedures

We designed our revenue testing to verify the Court's adherence to prescribed accounting control procedures, and to verify that transactions were correctly recorded into the accounting system for financial reporting. Our procedures included tests of recorded transaction details and of accounting internal controls.

- We tested revenue transactions and account balances in the General Fund, the Special Revenue Non-Grant Fund, and the Special Revenue Grant Fund to determine whether revenue accounting was consistent with Government Code, properly supported by documentation, and recorded correctly in the accounting system.
- We selected all material financial statement accounts that exceeded four percent of total revenues, and determined that the TCTF and the Memorandum of Understanding (MOU) Reimbursements accounts were material for testing. We tested accounts through sampling and analytical procedures.
- We tested \$7,808,137 of \$9,316,694, or 83.8 percent of total revenues.

We found no errors in the recording of transactions. Schedule 1—Summary of Revenues and Revenue Test Results presents, by account, revenues and related amounts tested.

Expenditure Testing Procedures

We designed our expenditure testing to verify the Court's adherence to prescribed accounting control procedures, and to verify that transactions were correctly recorded in the accounting system for financial reporting. Our procedures included tests of recorded transaction details and of accounting internal controls.

- We tested expenditure transactions and account balances in the General Fund, the Special Revenue Non-Grant Fund, and the Special Revenue Grant Fund to determine whether expenditures were incurred pursuant to Government Code, consistent with the funds' purposes, properly authorized, adequately supported, and accurately recorded in the accounting records.
- We tested all material expenditure accounts that exceeded four percent of total expenditures. Material accounts included payroll-related (Salaries – Permanent; Staff Benefits) accounts and non-payroll (Contracted Services; Information Technology; Major Equipment) accounts.
- For material payroll-related accounts, we selected two pay periods in December 2023 and February 2024 to review. We reconciled the salary and benefit expenditures shown on the payroll registers to the general ledger and examined supporting records of benefit charges. We then selected six of 61 employees from the payroll registers and verified that:
 - Employee timesheets included supervisory approval;
 - Regular earnings and supplemental pay were supported by salary schedules and personnel forms;
 - Employer retirement contributions and payroll taxes were entered into the general ledger accurately; and
 - Health insurance premiums shown on the payroll register agreed to the employees' benefit election forms.

- For material non-payroll accounts, we selected samples to test key internal control activities and the accuracy of recorded transactions, and traced expenditures recorded in the general ledger to supporting documentation. We tested the following expenditures:
 - Contracted Services – We tested 15 out of 1,183 transactions.
 - Information Technology – We tested seven out of 142 transactions.
 - Major Equipment – We tested the one transaction.
 - Individual transactions – We tested transactions that we considered significant (material), exceeding \$22,333.
- We tested \$423,221 of \$9,455,650, or 4.5 percent of total expenditures.

We found no errors in the recording of transactions. Schedule 2—Summary of Expenditures and Expenditure Test Results presents, by account, expenditures and related amounts tested.

Fund Balance Testing Procedures

We designed our fund balance testing to verify the Court's adherence to prescribed accounting processes, and to verify that transactions were correctly recorded in the accounting system for financial reporting. Our procedures included review of fund classifications and accounting internal controls.

- We judgmentally selected the General Fund, the Special Revenue Non-Grant Fund, and the Special Revenue Grant Fund because these funds had revenue and expenditure accounts with significant balances.
- We tested revenue and expenditure transactions in these funds to determine whether transactions were reported based on the Legal/Budgetary basis of accounting and maintained in accordance with fund accounting principles (see Schedules 1 and 2);

- We verified the accuracy of individual fund balances in the Court’s financial supporting documentation.
- We recalculated sampled funds to ensure that fund balances as of June 30, 2024, were accurate and in compliance with applicable criteria.

We found that fund balances for the tested funds were properly reported. Schedule 3— Summary of Fund Balances and Fund Balance Test Results presents, by Fund, total balances and changes in fund balances.

We limited our review of the Court’s internal controls to gaining an understanding of the significant internal controls within the context of the audit objective. We did not audit the Court’s financial statements.

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.

CONCLUSION

We found that the Court complied with statutes, rules, regulations, and policies for revenues, expenditures, and fund balances.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

We have not previously conducted an audit of the Court’s revenues, expenditures, and fund balances.

VIEWS OF RESPONSIBLE OFFICIALS

We discussed our audit results with the Court's representatives during an exit conference conducted on November 7, 2025. At the exit conference, the Court's representatives agreed with the audit results.

RESTRICTED USE

This report is solely intended for the information and use of the Court, 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 the distribution of this report, which is a matter of public record and is available on the SCO website at www.sco.ca.gov.

Original signed by
Kimberly A. Tarvin, CPA
Chief, Division of Audits

February 26, 2026

SCHEDULE 1—SUMMARY OF REVENUES AND REVENUE TEST RESULTS

July 1, 2023, through June 30, 2024

Revenue Accounts	Revenues Reported	Percentage of Total Revenues	Amount Tested	Percentage Tested	Error Amount
<u>State Financing Sources</u>					
Trial Court Trust Fund	\$7,481,745	80.3%	\$7,481,745	100.0%	\$0
Improvement and Modernization Fund	21,706	0.2%	0	0.0%	0
Judges' Compensation	42,062	0.5%	0	0.0%	0
Court Interpreter	119,181	1.3%	0	0.0%	0
TCTF-Civil Coordination	0	0.0%	0	0.0%	0
MOU Reimbursements	440,012	4.7%	326,392	74.2%	0
Other Miscellaneous	302,122	3.2%	0	0.0%	0
Subtotal – State financing sources	<u>\$8,406,828</u>		<u>\$7,808,137</u>		<u>\$0</u>
<u>Grants</u>					
Assembly Bill 1058 Commissioner/Facilitator	323,511	3.5%	0	0.0%	0
Other Judicial Council Grants	22,188	0.2%	0	0.0%	0
Non-Judicial Council Grants	25,067	0.3%	0	0.0%	0
Subtotal – Grants	<u>\$370,766</u>		<u>\$0</u>		<u>\$0</u>
<u>Other Financing Sources</u>					
Interest Income	173,830	1.9%	0	0.0%	0
Investment Income	0	0.0%	0	0.0%	0

Revenue Accounts	Revenues Reported	Percentage of Total Revenues	Amount Tested	Percentage Tested	Error Amount
Donations	0	0.0%	0	0.0%	0
Local Fees	4,905	0.1%	0	0.0%	0
Non-Fee Revenues	12,070	0.1%	0	0.0%	0
Enhanced Collections	185,411	2.0%	0	0.0%	0
Escheatment	0	0.0%	0	0.0%	0
Prior Year Revenue	28,612	0.3%	0	0.0%	0
County Program – Restricted	47,288	0.5%	0	0.0%	0
Reimbursement Other	82,745	0.9%	0	0.0%	0
Sale of Fixed Assets	0	0.0%	0	0.0%	0
Other Miscellaneous	4,238	0.0%	0	0.0%	0
Subtotal – Other financing sources	<u>\$539,099</u>		<u>\$0</u>		<u>\$0</u>
Total revenues	<u>\$9,316,694</u>	100.0%	<u>\$7,808,137</u>	83.8%	<u>\$0</u>

TCTF and MOU Reimbursements are material revenue accounts.

Internal controls were tested for the TCTF account and the MOU Reimbursements account.

Minor calculation differences are due to rounding.

SCHEDULE 2—SUMMARY OF EXPENDITURES AND EXPENDITURE TEST RESULTS

July 1, 2023, through June 30, 2024

Expenditure Accounts	Expenditures Reported	Percentage of Total Expenditures	Amount Tested	Percentage Tested	Error Amount
<u>Personal Services</u>					
Salaries – Permanent	\$3,821,314	40.4%	\$28,658	0.7%	\$0
Temp Help	37,474	0.4%	0	0.0%	0
Overtime	3,865	0.0%	236	6.1%	0
Staff Benefits	3,392,441	35.9%	10,386	0.3%	0
Subtotal – Personal services	<u>\$7,255,094</u>		<u>\$39,280</u>		<u>\$0</u>
<u>Operating Expenses and Equipment</u>					
General Expense	288,059	3.0%	0	0.0%	0
Printing	14,367	0.2%	0	0.0%	0
Telecommunications	64,681	0.7%	0	0.0%	0
Postage	50,411	0.5%	0	0.0%	0
Insurance	8,199	0.1%	0	0.0%	0
In-State Travel	24,417	0.3%	0	0.0%	0
Out-of-State Travel	0	0.0%	0	0.0%	0
Training	10,959	0.1%	0	0.0%	0
Security Services	176,153	1.9%	0	0.0%	0
Facility Operations	121,042	1.3%	0	0.0%	0
Utilities	0	0.0%	0	0.0%	0

Expenditure Accounts	Expenditures Reported	Percentage of Total Expenditures	Amount Tested	Percentage Tested	Error Amount
Contracted Services	649,747	6.9%	101,094	15.6%	0
Consulting and Professional Services	242,906	2.6%	0	0.0%	0
Information Technology	477,062	5.0%	241,652	50.7%	0
Major Equipment	41,196	0.4%	41,196	100.0%	0
Other Items of Expense	1,361	0.0%	0	0.0%	0
Subtotal – Operating expenses and equipment	<u>\$2,170,560</u>		<u>\$383,942</u>		<u>\$0</u>
<u>Special Items of Expense</u>					
Grand Jury	0	0.0%	0	0.0%	0
Jury Costs	0	0.0%	0	0.0%	0
Judgements, Settlements and Claims	20,781	0.2%	0	0.0%	0
Debt Service	0	0.0%	0	0.0%	0
Other	0	0.0%	0	0.0%	0
Capital Costs	0	0.0%	0	0.0%	0
Internal Cost Recovery	0	0.0%	0	0.0%	0
Prior Year Expense Adjustment	9,215	0.1%	0	0.0%	0
Subtotal – Special items of expense	<u>\$29,996</u>		<u>\$0</u>		<u>\$0</u>
Total expenditures	<u>\$9,455,650</u>	100.0%	<u>\$423,221</u>	4.5%	<u>\$0</u>

The following accounts are material expenditure accounts: Contracted Services, Information Technology, and Major Equipment.

Internal controls were tested for the following accounts: Contracted Services, Information Technology, and Major Equipment.

Minor calculation differences are due to rounding.

SCHEDULE 3—SUMMARY OF FUND BALANCES AND FUND BALANCE TEST RESULTS

July 1, 2023, through June 30, 2024

Balance	General Fund	Special Revenue Fund Non-Grant	Special Revenue Fund Grant	Total
Beginning balance	\$443,343	\$466,139	\$0	\$909,482
Revenues	8,384,508	544,888	387,299	9,316,694
Expenditures	-8,594,577	-473,774	-387,299	-9,455,650
Transfers in	0	0	0	0
Transfers out	0	0	0	0
Ending balance	\$233,274	\$537,252	0	\$770,526
 <u>Errors Noted</u>				
Revenues	0	0	0	0
Expenditures	0	0	0	0
Total errors noted	\$0	\$0	\$0	\$0

Minor calculation differences are due to rounding.