

MERCED COUNTY

Audit Report

COURT REVENUES

July 1, 2018, through June 30, 2022



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

April 2025



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

April 23, 2025

Dear County, Court, and City Representatives:

The State Controller's Office (SCO) audited Merced County's (the county) court revenues for the period of July 1, 2018, through June 30, 2022.

Our audit found that \$188,275 in state court revenues was underremitted to the State Treasurer. Specifically, we found that the county underremitted \$144,135 in court revenues to the State Treasurer because it:

- Underremitted the State Trial Court Improvement and Modernization Fund (Government Code [GC] section 77205) by \$139,901;
- Underremitted the State's Domestic Violence Restraining Order Reimbursement Fund (Penal Code section 1203.097) by \$2,117; and
- Underremitted the State's Domestic Violence Training and Education Fund (Penal Code section 1203.097) by \$2,117.

In addition, we found that the following entities underremitted \$44,140 in parking surcharges to the State Treasurer via the county:

- The City of Livingston underremitted the State Court Facilities Construction Fund (GC section 70372[b]) by \$3,857, the State's Trial Court Trust Fund (GC section 76000.3) by \$2,571, and the State General Fund (Vehicle Code section 40225[d]) by \$23,547.
- The City of Gustine underremitted the State Court Facilities Construction Fund (GC section 70372[b]) by \$806, the State's Trial Court Trust Fund (GC section 76000.3) by \$537, and the State's General Fund (Vehicle Code section 40225[d]) by \$10,872.
- The City of Atwater underremitted the State's Trial Court Trust Fund (GC section 76000.3) by \$1,761.
- The City of Dos Palos underremitted the State's Trial Court Trust Fund (GC section 76000.3) by \$189.

On November 21, 2024, the county remitted \$144,135 to the State Treasurer via the Report to State Controller of Remittance to State Treasurer (TC-31).

On September 13, 2024, the City of Atwater remitted \$1,761 to the county. On September 18, 2024, the county remitted \$1,761 to the State Treasurer via the TC-31.

On August 28, 2024, the City of Dos Palos remitted \$189 to the county. On September 3, 2024, the county remitted \$189 to the State Treasurer via the TC-31.

On February 7, 2025, the City of Livingston remitted \$31,688 to the county. The county is responsible for remitting \$29,975 to the State Treasurer via the TC-31. The remaining \$1,713 should be deposited in the county general fund (GC section 76000[c]).

The county is not responsible for collecting the underremitted state amounts from the City of Gustine, but is responsible for remitting the amounts owed by these entities to the State Treasurer upon receipt.

In addition, we found that the Superior Court of California, Merced County made incorrect distributions related to red-light, DUI, and domestic violence violations.

Upon issuance of this final audit report, the county should remit any amounts received from the City of Livingston and the City of Gustine to the State Treasurer via the TC-31 and include the Schedule of this audit report. On the TC-31, the county should specify the account name identified on the Schedule of this audit report and state that the amounts are related to the SCO audit period of July 1, 2018, through June 30, 2022.

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 on the SCO website at www.sco.ca.gov/ard_trialcourt_manual_guidelines.html.

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

Once the county has paid the underremitted amounts, the Tax Programs Unit will calculate interest on the underremitted amounts and bill the county and applicable entities in accordance with GC sections 68085, 70353, and 70377.

County, Court, and City Representatives

April 23, 2025

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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

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 email at lgpsdtaxaccounting@sco.ca.gov.

If you have any questions regarding the audit findings, please contact Lisa Kurokawa, Chief, Compliance Audits Bureau, by telephone at 916-327-3138, or email at lkurokawa@sco.ca.gov. Thank you.

Sincerely,

Original signed by

Kimberly A. Tarvin, CPA
Chief, Division of Audits

KAT/ac

Attachment—Recipient Addresses

County, Court, and City Representatives

April 23, 2025

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Copy: The Honorable Josh Pedrozo, Chair
Merced County Board of Supervisors
Joe Meyer, Manager
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 Lisa Cardella-Presto, CPA, Auditor-Controller
Merced County
2222 M Street
Merced, CA 95340

Amanda Toste, Court Executive Officer
Superior Court of California, Merced County
627 West 21st Street
Merced, CA 95340

Anna Nicholas, Finance Director
City of Atwater
750 Bellevue Road
Atwater, CA 95301

Manuela Sousa, Director of Finance
City of Dos Palos
2174 Blossom Street
Dos Palos, CA 93620

Jennifer Morrison, Director of Finance
City of Gustine
P.O. Box 16
Gustine, CA 95322

Happy Bains, Senior Accountant
Finance Department
City of Livingston
1416 C Street
Livingston, CA 95334

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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 Merced County (the county) on the Report to State Controller of Remittance to State Treasurer (TC-31) for the period of July 1, 2018, through June 30, 2022.

Our audit found that \$188,275 in state court revenues was underremitted to the State Treasurer. Specifically, we found that the county underremitted \$144,135 in court revenues to the State Treasurer. In addition, we found that the following entities underremitted \$44,140 in parking surcharges to the State Treasurer via the county:

- The City of Atwater;
- The City of Dos Palos;
- The City of Gustine; and
- The City of Livingston.

We also found that the Superior Court of California, Merced County (the court) made incorrect distributions related to red-light, DUI, and domestic violence violations.

Background

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

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 (MOE) calculation and worksheets to verify the more complex revenue distributions.

Audit Authority

We conducted this audit in accordance with GC section 68103, which authorizes 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 to the State Treasurer pursuant to the TC-31 process during the period of July 1, 2018, through June 30, 2022. 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 personnel regarding the monthly TC-31 remittance process, the revenue distribution process, and the MOE calculation.
- We interviewed court personnel regarding the revenue distribution process and the case management system.
- We reviewed documents supporting the transaction flow.
- We scheduled monthly TC-31 remittances prepared by the county and the court showing court revenue distributions to the State.
- We performed a review of the complete TC-31 remittance process for revenues collected and distributed by the county and the court.
- We assessed the reliability of data from the case management system based on interviews and our review of documents supporting the transaction flow. We determined that the data was sufficiently reliable for purposes of this report.

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 MOE calculation for all fiscal years in the audit period to verify the accuracy and completeness of the 50% excess of qualified revenues remitted to the State.

Distribution Testing

- We assessed the priority of installment payments by haphazardly selecting a non-statistical sample of four installment payments to verify priority. Errors found were not projected to the intended (total) population.
- We scheduled parking surcharge revenues collected from entities that issue parking citations within the county to ensure that revenues were

correct, complete, and remitted in accordance with state statutory requirements. 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 38 cases for 10 violation types. 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. We tested the sample as follows:

- We recomputed the sample case distributions and compared them to the actual distributions.
- We calculated the total dollar amount of significant underremittances and overremittances to the State and county.

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

We did not review any court revenue remittances that the county or the 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. Our audit found that \$188,275 in state court revenues was underremitted to the State Treasurer. Specifically, we found that the county underremitted \$144,135 in state court revenues to the State Treasurer because it:

- Underremitted the State Trial Court Improvement and Modernization Fund (GC section 77205) by \$139,901;
- Underremitted the State's Domestic Violence Restraining Order Reimbursement Fund (Penal Code [PC] section 1203.097) by \$2,117; and
- Underremitted the State's Domestic Violence Training and Education Fund (PC section 1203.097) by \$2,117.

In addition, our audit found that the following entities underremitted \$44,140 in parking surcharges to the State Treasurer via the county:

- The City of Livingston underremitted the State Court Facilities Construction Fund (GC section 70372[b]) by \$3,857, the State's Trial Court Trust Fund (GC section 76000.3) by \$2,571, and the State General Fund (Vehicle Code [VC] section 40225[d]) by \$23,547.
- The City of Gustine underremitted the State Court Facilities Construction Fund (GC section 70372[b]) by \$806, the State's Trial Court Trust Fund (GC section 76000.3) by \$537, and the State's General Fund (VC section 40225[d]) by \$10,872.
- The City of Atwater underremitted the State's Trial Court Trust Fund (GC section 76000.3) by \$1,761.
- The City of Dos Palos underremitted the State's Trial Court Trust Fund (GC section 76000.3) by \$189.

On November 21, 2024, the county remitted \$144,135 to the State Treasurer via the TC-31.

On September 13, 2024, the City of Atwater remitted \$1,761 to the county. On September 18, 2024, the county remitted \$1,761 to the State Treasurer via the TC-31.

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On February 7, 2025, the City of Livingston remitted \$31,688 to the county. The county is responsible for remitting \$29,975 to the State Treasurer via the TC-31. The remaining \$1,713 should be deposited in the county general fund (GC section 76000[c]).

We also found that the court made incorrect distributions related to red-light, DUI, and domestic violence violations.

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

The county should remit any amounts received from the City of Livingston and the City of Gustine to the State Treasurer.

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, 2011, through June 30, 2017, issued on November 19, 2019, with the exception of Finding 2 of this audit report. The implementation status of corrective actions is described in the Appendix.

**Views of
Responsible
Officials**

We issued a draft audit report on January 28, 2025. The county's representative responded by letter dated February 7, 2025, agreeing with the audit findings. The court's representative responded by email dated February 3, 2025, agreeing with the audit findings. The City of Atwater's representative responded by letter dated January 30, 2025, agreeing with the audit findings. The City of Dos Palos' representative responded by letter dated January 28, 2025, agreeing with the audit findings. The City of Livingston's representative responded by letter dated February 7, 2025, agreeing with the audit findings. This final audit report includes the county, City of Atwater, City of Dos Palos, and City of Livingston's responses as Attachments A, B, C, and D.

Restricted Use

This audit report is solely for the information and use of the county, the court, the City of Atwater, the City of Dos Palos, the City of Gustine, the City of Livingston, 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 A. Tarvin, CPA
Chief, Division of Audits

April 23, 2025

Schedule— Summary of Audit Findings Affecting Remittances to the State Treasurer July 1, 2018, through June 30, 2022

The following table provides a summary of the audit findings affecting remittances to the State Treasurer.

| Finding ¹ | Fiscal Year | | | | Total | Reference ² |
|--|-------------|----------|-----------|-----------|------------|------------------------|
| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | | |
| Underremitted 50% excess of qualified revenues | | | | | | |
| State Trial Court Improvement and Modernization Fund — GC § 77205 | \$ 44,545 | \$38,813 | \$ 21,119 | \$ 35,424 | \$ 139,901 | Finding 1 |
| Underremitted revenues from domestic violence violations | | | | | | |
| State Domestic Violence Restraining Order Reimbursement Fund — PC § 1203.097(a)(5) | 997 | 824 | 333 | (37) | 2,117 | Finding 2 |
| State Domestic Violence Training and Education Fund — PC § 1203.097(a)(5) | 997 | 824 | 333 | (37) | 2,117 | |
| Total | 1,994 | 1,648 | 666 | (74) | 4,234 | |
| Failure to remit parking surcharges — City of Livingston | | | | | | |
| State Court Facilities Construction Fund — GC § 70372(b) | 1,368 | 1,517 | 347 | 626 | 3,857 | Finding 3 |
| State Trial Court Trust Fund — GC § 76000.3 | 912 | 1,011 | 231 | 417 | 2,571 | |
| State General Fund — VC § 40225(d) | 8,644 | 8,569 | 4,338 | 1,997 | 23,547 | |
| Total | 10,924 | 11,096 | 4,916 | 3,039 | 29,975 | |
| Failure to remit parking surcharges — City of Gustine | | | | | | |
| State Court Facilities Construction Fund — GC § 70372(b) | 387 | 252 | 54 | 113 | 806 | Finding 4 |
| State Trial Court Trust Fund — GC § 76000.3 | 258 | 168 | 36 | 75 | 537 | |
| State General Fund — VC § 40225(d) | 3,395 | 4,136 | 2,219 | 1,122 | 10,872 | |
| Total | 4,040 | 4,556 | 2,309 | 1,310 | 12,215 | |

Schedule (continued)

| Finding ¹ | Fiscal Year | | | | Total | Reference ² |
|--|------------------|-----------------|------------------|------------------|-------------------|------------------------|
| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | | |
| Failure to impose, collect and remit parking surcharges — City of Atwater State Trial Court Trust Fund — GC § 76000.3 | - | - | 879 | 882 | 1,761 | Finding 5 |
| Failure to impose, collect and remit parking surcharges — City of Dos Palos State Trial Court Trust Fund — GC § 76000.3 | 6 | 108 | 57 | 18 | 189 | Finding 6 |
| Net amount underremitted to the State Treasurer | <u>\$ 61,509</u> | <u>\$56,221</u> | <u>\$ 29,946</u> | <u>\$ 40,599</u> | <u>\$ 188,275</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— Underremitted 50% excess of qualified revenues

During our recalculation of the 50% excess of qualified revenues, we found that the county had used incorrect qualified revenue amounts in its calculation for each fiscal year. These errors resulted in the county underremitting qualified revenues to the State Treasurer by \$139,901 for the audit period. The error occurred 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.

We noted that qualified revenues in the calculations did not reconcile to the court's collection reports due to calculation errors related to the county's general fund (GC section 76000[c]), and the traffic violator school (TVS) fee (VC section 42007) revenues.

We also 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 the city base fine (VC section 42007[c]) revenues from TVS cases from its calculation of the TVS fee (VC section 42007) during the audit period.

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 understated qualified revenues by \$279,800 for the audit period.

Qualified revenues were understated for the following reasons:

- For each fiscal year of the audit period, there were variances between the amounts reported for the county's general fund (GC section 76000[c]) on the TC-31s and the amounts reported on the revenue collection reports, resulting in an understatement of \$26,696.
- The county understated qualified revenues by \$253,104 for the audit period because it excluded the following revenues from its calculation of the TVS fee (VC section 42007):
 - Emergency Medical Services fund (GC section 76104) – \$106,387;
 - Maddy Emergency Medical Services fund (GC section 76000.5) – \$106,393; and
 - City base fines (VC section 42007[c]) – \$40,324.

The following table shows the audit adjustments to qualified revenues:

| | Fiscal Year | | | | Total |
|-------------------------------|--------------|--------------|--------------|-------------|--------------|
| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | |
| Qualified revenues reported | \$ 2,256,871 | \$ 2,163,915 | \$ 2,026,997 | \$2,251,967 | \$ 8,699,750 |
| Audit adjustments: | | | | | |
| GC § 76000(c) understatements | 9,247 | 8,754 | 2,916 | 5,779 | 26,696 |
| VC § 42007 understatements | 79,841 | 68,871 | 39,323 | 65,069 | 253,104 |
| Total | 89,088 | 77,625 | 42,239 | 70,848 | 279,800 |
| Adjusted qualified revenues | \$ 2,345,959 | \$ 2,241,540 | \$ 2,069,236 | \$2,322,815 | \$ 8,979,550 |

As a result of miscalculating the qualified revenues, the county underremitted the 50% excess of qualified revenues by \$139,901 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 | Qualified 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 |
|-------------|--------------------|----------------|------------------------------|---------------------------------|--|--|
| 2018-19 | \$ 2,345,959 | \$ (1,733,156) | \$ 612,803 | \$ 306,402 | \$ (261,857) | \$ 44,545 |
| 2019-20 | 2,241,540 | \$ (1,733,156) | 508,384 | 254,192 | (215,379) | 38,813 |
| 2020-21 | 2,069,236 | \$ (1,733,156) | 336,080 | 168,040 | (146,921) | 21,119 |
| 2021-22 | 2,322,815 | \$ (1,733,156) | 589,659 | 294,830 | (259,406) | 35,424 |
| Total | | | | | | \$ 139,901 |

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

On November 21, 2024, the county remitted \$139,901 to the State Treasurer via the TC-31.

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 fiscal year (FY) 1998-99, and each fiscal year thereafter, to the State Trial Court Improvement and Modernization Fund.

Recommendation

We recommend that the county 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

Merced County agrees with this finding. The County paid \$139,901 on [November 21, 2024,] on [the TC-31] (Remittance # CO 24 3409). Appropriate steps have been made to ensure MOE calculations are reported properly prospectively.

**FINDING 2—
Underremitted
revenues from
domestic violence
violations (repeat
finding)**

During our review of the TC-31 remittances, we noted that the county underremitted revenues from domestic violence fees. Specifically, for the first three fiscal years of the audit period, the county incorrectly remitted one-fourth of domestic violence fees collected, instead of the required one-third. The error resulted in a net underremittance to the State of \$4,234. The error occurred because the county misinterpreted the *Distribution Guidelines*.

We redistributed and reconciled the revenue among the three accounts. We noted that the revenues for the State's Domestic Violence Restraining Order Fund (PC section 1203.097) and the State's Domestic Violence Training and Education Fund (PC section 1203.097) were underremitted by \$2,117. We also noted that the county's domestic violence special program fund (PC section 1203.097) was overremitted by \$4,234.

The incorrect distributions had the following effects:

| Account Title | Underremitted/ (Overremitted) |
|--|----------------------------------|
| State Domestic Violence Restraining Order Reimbursement Fund – PC § 1203.097(a)(5) | \$ 2,117 |
| State Domestic Violence Training and Education Fund – PC § 1203.097(a)(5) | 2,117 |
| Total | <u>\$ 4,234</u> |
| County Domestic Violence Special Program Fund – PC § 1203.097(a)(5) | <u>\$ (4,234)</u> |

This is a repeat finding, as the county did not correct the distribution errors noted in our prior audit report dated November 19, 2019. As discussed in Finding 2 of our prior audit report, the county incorrectly remitted two-thirds of the collected domestic violence fees to the State Treasurer, instead of the required one-third.

On November 21, 2024, the county remitted \$4,234 to the State Treasurer via the TC-31.

PC section 1203.097(a)(5) requires that two-thirds of the domestic violence fees collected be posted to the county's domestic violence special program fund and the remaining one-third be remitted to the State Treasurer. This section further requires that the remaining one-third be split evenly between the State's Domestic Violence Restraining Order Reimbursement Fund and the State's Domestic Violence Training and Education Fund.

Recommendation

We recommend that the county review distributions for accuracy and completeness before remittance to the State.

County's Response

Merced County agrees with this finding. The County paid \$4,234.00 on [November 21, 2024,] on [the TC-31] (Remittance # CO 24 3410). Appropriate steps have been made to ensure MOE calculations are reported properly prospectively.

**FINDING 3—
Failure to remit
parking surcharges
(City of Livingston)**

During our analysis of parking and equipment violations, we found that the City of Livingston had not properly remitted parking revenues, resulting in a net underremittance to the State of \$29,975. The city misinterpreted the *Distribution Guidelines* and, as a result, failed to remit the state portion of revenues collected from parking and equipment violations.

External parking agencies collect revenues for parking and equipment violations and remit the revenues to the county. Revenues should be remitted to the county with supporting collection reports on a monthly basis.

We reviewed the City of Livingston's collection reports and reconciled the amounts to the county's TC-31 forms. We noted that the city had collected \$12.50 in state and county parking surcharges but failed to remit the parking surcharges to the county, resulting in an underremittance of state parking surcharges of \$29,975.

The incorrect distributions had the following effect:

| Account Title | Underremitted/ (Overremitted) |
|---|----------------------------------|
| State Court Facilities Construction Fund – GC §70372(b) | \$ 3,857 |
| State Trial Court Trust Fund – GC §76000.3 | 2,571 |
| State General Fund – VC §40225(d) | 23,547 |
| Total | <u>\$ 29,975</u> |
| City of Livingston | <u>\$ (29,975)</u> |

On February 7, 2025, the City of Livingston remitted \$31,688 to the county. The county is responsible for remitting \$29,975 to the State Treasurer via the TC-31. The remaining \$1,713 should be deposited in the county general fund (GC section 76000[c]).

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's Courthouse Construction Fund and the county's 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's 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. Statutes of 2021, Chapter 79 amended GC section 70372, abolished the Immediate and Critical Needs Account, and made various changes to existing law.

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.

VC section 40225(d) requires 50% of any penalty collected for registration or equipment violations to be paid to the county for remittance to the State Treasurer.

Recommendation

We recommend that the City of Livingston:

- Ensure that proper state and county parking surcharges, totaling \$12.50 per infraction, are imposed, collected, and remitted to the county in accordance with applicable statutes; and
- Ensure that the proper portion of equipment and vehicle registration violations are remitted to the county in accordance with applicable statutes.

We also recommend that the county remit to the State Treasurer any portion of the \$29,975 that it receives from the City of Livingston.

County's Response

Merced County agrees with this finding. Per discussion with Mr. Happy Bains from [the] City of Livingston, he is working on getting the payment processed and we will remit as soon as possible after the receipt of funds.

City of Livingston's Response

Regarding Finding 3 - Failure to remit parking surcharges - City of Livingston, the city agrees with the findings in the amount of \$29,975, which have been paid to Merced County.

The city takes responsibility for the [oversight] and is currently working with our new processor, TurboData, to take the appropriate actions to start submitting the payment to Merced County monthly.

**FINDING 4—
Failure to remit
parking surcharges
(City of Gustine)**

During our analysis of parking and equipment violations, we found that the City of Gustine had not properly remitted parking revenues, resulting in a net underremittance to the State of \$12,215. The city misinterpreted the *Distribution Guidelines* and, as a result, failed to remit the state portion of revenues collected from parking and equipment violations.

External parking agencies collect revenues for parking and equipment violations and remit the revenues to the county. Revenues should be remitted to the county with supporting collection reports on a monthly basis.

We reviewed the City of Gustine's collection reports and reconciled the amounts to the county's TC-31 forms. We noted that the city had collected \$12.50 in state and county parking surcharges, but failed to remit the parking surcharges to the county, resulting in an underremittance of state parking surcharges of \$12,215.

The incorrect distributions had the following effect:

| Account Title | Underremitted/ (Overremitted) |
|---|----------------------------------|
| State Court Facilities Construction Fund – GC §70372(b) | \$ 806 |
| State Trial Court Trust Fund – GC §76000.3 | 537 |
| State General Fund – VC §40225(d) | 10,872 |
| Total | <u>\$ 12,215</u> |
| City of Gustine | <u>\$ (12,215)</u> |

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's Courthouse Construction Fund and the county's 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's 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. Statutes of 2021, Chapter 79 amended GC section 70372, abolished the Immediate and Critical Needs Account, and made various changes to existing law.

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.

VC section 40225(d) requires 50% of any penalty collected for registration or equipment violations to be paid to the county for remittance to the State Treasurer.

Recommendation

We recommend that the City of Gustine:

- Remit \$12,215 to the county for an increase of \$806 to the State Courthouse Facilities Construction Fund (GC section 70372[b]); an increase of \$537 to the State's Trial Court Trust Fund (GC section 76000.3); and an increase of \$10,872 to the State's General Fund (VC section 40225[d]) for subsequent remittance by the county to the State Treasurer;
- Ensure that proper state and county parking surcharges, totaling \$12.50 per infraction, are imposed, collected, and remitted to the county in accordance with applicable statutes; and
- Ensure that the proper portion of equipment and vehicle registration violations are remitted to the county in accordance with applicable statutes.

We also recommend that the county remit to the State Treasurer any portion of the \$12,215 that it receives from the City of Gustine.

County's Response

Merced County agrees with this finding. Per discussion with Mr. Ruben Chavez from [the] Gustine Police Department, he is working on getting the payment processed and we will remit as soon as possible after the receipt of funds.

**FINDING 5—
Failure to impose,
collect and remit
parking surcharges
(City of Atwater)**

During our analysis of parking and equipment violations, we found that the City of Atwater had not properly remitted parking revenues resulting in a net underremittance to the State of \$1,761. The collection errors occurred because the city misinterpreted the *Distribution Guidelines* and failed to impose, collect and remit the required state parking surcharges.

External parking agencies are required to collect revenues for parking violations and remit the revenues to the county. Revenues should be remitted to the county with supporting collection reports on a monthly basis.

During our review, we noted that the city had not imposed or collected any state or county parking surcharges on parking tickets issued during the audit period. Furthermore, the city had not maintained records of parking tickets issued for most of the audit period. The city should have collected a total of \$12.50 in state and county parking surcharges on every parking violation.

Despite the failure to impose and collect the required state and county parking surcharges, the city 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 city for the last two fiscal years of the audit period, we performed a revenue analysis and determined that the failure to collect parking surcharges resulted in an underremittance to the State of \$1,761.

The incorrect distributions had the following effect:

| Account Title | Underremitted/ (Overremitted) |
|--|----------------------------------|
| State Trial Court Trust Fund – GC §76000.3 | \$ 1,761 |
| City of Atwater | \$ (1,761) |

On September 13, 2024, the City of Atwater remitted \$1,761 to the county. On September 18, 2024, the county remitted \$1,761 to the State Treasurer via the TC-31.

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's Courthouse Construction Fund and the county's 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's 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. Statutes of 2021, Chapter 79 amended GC section 70372, abolished the Immediate and Critical Needs Account, and made various changes to existing law.

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 City of Atwater ensure that proper state and county parking surcharges, totaling \$12.50 per infraction, are imposed, collected, and remitted to the county in accordance with applicable statutes.

County's Response

Merced County agrees with this finding. The County received payment from [the] City of Atwater and processed a payment of \$1,761 to SCO on [September 18, 2024,] on [the TC-31] (Remittance # CO 24 3382). Merced County is now handling parking fines for [the] City of Atwater starting June 2024.

City of Atwater's Response

The City of Atwater promptly complied and remitted payment to correct any findings of [underremittance] noted for the stated audit period. The City of Atwater has implemented corrective actions to ensure the required court revenues are collected and transmitted to Merced County. This process is conducted by the vendor the City [of Atwater] has contracted with to process parking citations and associated revenue. The company provides a reconciliation statement that is reviewed by the City [of Atwater] each month.

FINDING 6— Failure to impose, collect and remit parking surcharges (City of Dos Palos)

During our analysis of parking and equipment violations, we found that the City of Dos Palos had not properly remitted parking revenues resulting in a net underremittance to the State of \$189. The collection errors occurred because the city misinterpreted the *Distribution Guidelines* and failed to impose and collect the required state parking surcharges.

External parking agencies are required to collect revenues for parking violations and remit the revenues to the county. Revenues should be remitted to the county with supporting collection reports on a monthly basis.

During our review, we noted that the city had not imposed or collected any state or county parking surcharges on parking tickets issued during the audit period. The city should have collected a total of \$12.50 in state and county parking surcharges on every parking violation.

Despite the failure to impose and collect the required state and county parking surcharges, the city 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 city, we performed a revenue analysis and determined that the failure to collect parking surcharges resulted in a net underremittance to the State of \$189.

The incorrect distributions had the following effect:

| Account Title | Underremitted/ (Overremitted) |
|---|----------------------------------|
| State Trial Court Trust Fund – GC § 76000.3 | \$ 189 |
| City of Dos Palos | \$ (189) |

On August 28, 2024, the City of Dos Palos remitted \$189 to the county. On September 3, 2024, the county remitted \$189 to the State Treasurer via the TC-31.

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's Courthouse Construction Fund and the county's 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's 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. Statutes of 2021, Chapter 79 amended GC section 70372, abolished the Immediate and Critical Needs Account, and made various changes to existing law.

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 City of Dos Palos ensure that proper state and county parking surcharges, totaling \$12.50 per infraction, are imposed, collected, and remitted to the county in accordance with applicable statutes.

County's Response

Merced County agrees with this finding. The County received payment from [the] City of Dos Palos and processed a payment of \$192 to SCO on [September 3, 2024,] on [the TC-31] (Remittance # CO 24 3371). We have been handling parking fines for [the] City of Dos Palos since May 2021.

City of Dos Palos' Response

During an audit of parking and equipment violations, the audit found that the City of Dos Palos had not properly remitted parking revenues to the State of California. The City of Dos Palos did their own collecting of parking violations prior to March 2021, the City did not remit any fees to the County of Merced or the State of California. In March 2021, the City of Dos Palos contracted with Data Tickets, Inc. to provide parking violations services. The contract included the remitting of proper fees to the County of Merced and the State of California.

Once the City of Dos Palos was aware of the issue, we worked together with the State and the County to correctly report our parking violations prior to March 2021. On August 28, 2024, the City of Dos Palos remitted the \$189 to the County and on September 3, 2024, the County remitted the \$189 to the State Treasurer.

In working with Data Ticket, Inc., the City of Dos Palos will ensure that proper State of California and County of Merced parking surcharges are imposed, collected and remitted.

FINDING 7— Incorrect distribution of revenues from red- light violations

During our testing of red-light violations, we found that the court had not properly distributed the related revenues. The error occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system.

We verified, on a sample basis, distributions made by the court using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions. We tested four red-light violation cases and found that the court had incorrectly distributed revenues for all four of the cases.

Our testing found three issues related to the court's distribution of revenues from red-light cases:

- For one FY 2018-19 case and one FY 2021-22 case, the court did not correctly allocate 2% of the 30% red-light allocation (PC section 1463.11) to the State Trial Court Modernization and Improvement Fund (GC section 68090.8).
- For two FY 2018-19 cases and one FY 2021-22 case, the court did not allocate 2% of the county base fine (PC section 1463.001) to the State Trial Court Improvement and Modernization Fund (GC section 68090.8).
- For a FY 2021-22 case, the court did not allocate 30% of the following funds to the red-light allocation (PC section 1463.11):
 - County base fines (PC section 1463.001);
 - City base fines (PC section 1463.002);
 - The State Penalty Fund (PC section 1464);
 - The county's Courthouse Construction Fund (GC section 76100);
 - The county's Criminal Justice Facilities Construction Fund (GC section 76101);
 - The county's Emergency Medical Services Fund (GC section 76104);
 - The county's Automated Fingerprint Identification and Digital Image Photographic Suspect Booking Identification System Fund (GC section 76102);
 - The Emergency Medical Air Transportation and Children's Coverage Fund (GC section 76000.10[c]); and
 - The State Court Facilities Construction Fund (GC section 70372[a]).

We performed an analysis of the red-light allocation (PC section 1463.11) revenues collected by the court to determine the fiscal effect of the distribution error. Upon completion of our analysis, we found that the error did not have a material impact on the revenues remitted to the State.

PC section 1463.11(a) requires that the first 30% of red-light violation base fines, state and county penalties, and the emergency medical air transportation penalty (PC sections 1463 and 1464, and GC sections 76100 and 76000.10, respectively) collected be distributed to the general fund of the county or city where the violation occurred.

GC section 68090.8(b) requires the county treasurer, prior to making any other required distribution, to transmit 2% of all fines, penalties, and forfeitures collected in criminal cases to the State Trial Court Improvement and Modernization Fund to be used exclusively to pay the costs of automated systems for the trial courts.

Recommendation

We recommend that the court:

- Correct its case management system to ensure that revenues are collected in accordance with statutory requirements; and
- Periodically verify the accuracy of its distributions using the JCC's distribution worksheets.

FINDING 8— Incorrect distribution of revenues from DUI violations

During our testing of DUI violations, we found that the court had not properly distributed the related revenues. The error occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system.

We verified, on a sample basis, distributions made by the court using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions.

For one of the four cases tested, we found that the court had not proportionally allocated the total fine ordered by the judge, and, as a result, a lower percentage of funds was allocated to the Emergency Medical Air Transportation and Children's Coverage Fund (GC section 76000.10[c]), the court operations assessment (PC section 1465.8), the State Court Facilities Construction Fund (GC section 70373), and the State's Restitution Fund (PC section 1202.4[b]).

After discussion with court representatives, we noted that the issue had occurred due to a clerical error and did not reflect the distributions for other DUI violation cases. We determined that the error was case specific, and, as such, was an isolated incident and not systematic. Therefore, we did not perform a revenue analysis.

PC section 1463.004(a) states that if a judge specifies only the total fine or forfeiture, percentage calculations may be used to determine the components of total fines or forfeitures if the calculations result in total monthly distributions that are the same as would be produced by strict observance of the statutory distributions.

Recommendation

We recommend that the court:

- Correct its case management system to ensure that revenues are collected in accordance with statutory requirements; and

- Periodically verify the accuracy of its distributions using the JCC's distribution worksheets.

**FINDING 9—
Incorrect distribution
of revenues from
domestic violence
violations**

During our testing of domestic violence violations, we found that the court had not properly distributed the related revenues. The error occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system.

We verified, on a sample basis, distributions made by the court using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions.

For two of the four cases tested, we found that the court had not distributed 2% of the State's Restitution Fund (PC section 1202.4[b]) revenues to the State Trial Court Improvement and Modernization Fund (GC section 68090.8).

We performed an analysis of the State's Restitution Fund (PC section 1202.4[b]) revenues collected by the court to determine the fiscal effect of the distribution error. Upon completion of our analysis, we found that the error did not have a material impact on the revenues remitted to the State.

GC section 68090.8(b) requires the county treasurer, prior to making any other required distribution, to transmit 2% of all fines, penalties, and forfeitures collected in criminal cases to the State Trial Court Improvement and Modernization Fund to be used exclusively to pay the costs of automated systems for the trial courts.

Recommendation

We recommend that the court:

- Correct its case management system to ensure that revenues are collected in accordance with statutory requirements; and
- Periodically verify the accuracy of its distributions using the JCC's testing sheets.

Appendix— Summary of Prior Audit Findings

The following table shows the implementation status of Merced County's corrective actions related to the findings contained in our prior audit report dated November 19, 2019.

| Prior Audit Finding | Status |
|--|--------------------------------|
| Finding 1— Underremitted 50% excess of qualified fines, fees, and penalties | Fully implemented |
| Finding 2— Overremitted domestic violence fees | Not implemented; see Finding 2 |
| Finding 3— Incorrect distribution priority | Fully implemented |

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

AUDITOR-CONTROLLER



Lisa Cardella-Presto, CPA
Auditor-Controller

2222 "M" Street
Merced, CA 95340
(209) 385-7511
(209) 725-3900 Fax
www.co.merced.ca.us

Equal Opportunity Employer

February 7, 2025

Lisa Kurokawa
Chief, Compliance Audits Bureau, Division of Audits
State Controller's Office
PO BOX 942850
Sacramento, California 94250

Subject: State Controller's Office audit of County of Merced court revenues for the period July 1, 2018 through June 30, 2022.

The County of Merced has reviewed the draft audit report of court revenues issued January 28, 2025 prepared by your office. The following are responses to your audit findings. The County of Merced agrees with the findings and recommendations of the under-remitted amounts of \$144,135.

Finding #1 - Under remitted the State Trial Court Improvement and Modernization Fund (Government Code [GC] section 77205) by \$139,901;
Merced County agrees with this finding. The County paid \$139,901 on 11/21/2024 on TC31 (Remittance # CO 24 3409). Appropriate steps have been made to ensure MOE calculations are reported properly prospectively.

Finding #2 - Under remitted the State's Domestic Violence Restraining Order Reimbursement Fund (Penal Code section 1203.097) by \$2,117; and
Under remitted the State's Domestic Violence Training and Education Fund (Penal Code section 1203.097) by \$2,117.
Merced County agrees with this finding. The County paid \$4,234.00 on 11/21/2024 on TC31 (Remittance # CO 24 3410). Appropriate steps have been made to ensure MOE calculations are reported properly prospectively.

Finding #3 - The City of Livingston under remitted the State Court Facilities Construction Fund (GC section 70372[b]) by \$3,857, the State Trial Court Trust Fund (GC section 76000.3) by \$2,571, and the State General Fund (Vehicle Code section 40225[d]) by \$23,547.
Merced County agrees with this finding. Per discussion with Mr. Happy Bains from City

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of Livingston, he is working on getting the payment processed and we will remit as soon as possible after the receipt of funds.

Finding #4 - The City of Gustine under remitted the State Court Facilities Construction Fund (GC section 70372[b]) by \$806, the State's Trial Court Trust Fund (GC section 76000.3) by \$537, and the State's General Fund (Vehicle Code section 40225[d]) by \$10,872.

Merced County agrees with this finding. Per discussion with Mr. Ruben Chavez from Gustine Police Department, he is working on getting the payment processed and we will remit as soon as possible after the receipt of funds.

Finding #5 - The City of Atwater under remitted the State's Trial Court Trust Fund (GC section 76000.3) by \$1,761.

Merced County agrees with this finding. The County received payment from City of Atwater and processed a payment of \$1,761 to SCO on 9/18/2024 on TC31 (Remittance # CO 24 3382). Merced County is now handling parking fines for City of Atwater starting June 2024.

Finding #6 - The City of Dos Palos under remitted the State's Trial Court Trust Fund (GC section 76000.3) by \$189.

Merced County agrees with this finding. The County received payment from City of Dos Palos and processed a payment of \$192 to SCO on 9/3/2024 on TC31 (Remittance # CO 24 3371). We have been handling parking fines for City of Dos Palos since May 2021.

We appreciate the professional manner which your staff, Parvinder Kaur, conducted the audit and provided supporting information.

If you have any questions or further information, please contact the Merced County Auditor-Controller's office at 209-385-7511.

Sincerely,

A handwritten signature in blue ink, reading "Lisa Cardella-Presto". The signature is fluid and cursive, with the first name "Lisa" and last name "Cardella-Presto" clearly legible.

Lisa Cardella-Presto, CPA
Merced County Auditor-Controller

**Attachment B—
City of Atwater's Response to Draft Audit Report**

City of Atwater



FINANCE DEPARTMENT
750 BELLEVUE ROAD
ATWATER, CA 95301
(209) 357-6310

State Controller's Office
Attention: Lisa Kurokawa, Chief, Compliance Audits Bureau, Division of Audits
Post Office Box 942850
Sacramento, CA 94250

Dear Ms. Kurokawa,

The City of Atwater has reviewed the draft Merced County court revenue audit issued by the California State Controller's Office for the audit period of July 1, 2018 through June 30, 2022.

Here is the City of Atwater's follow-up comments:

The City of Atwater promptly complied and remitted payment to correct any findings of under remittance noted for the stated audit period. The City of Atwater has implemented corrective actions to ensure the required court revenues are collected and transmitted to Merced County. This process is conducted by the vendor the City has contracted with to process parking citations and associated revenue. The company provides a reconciliation statement that is reviewed by the City each month.

Please contact me if anything further is needed from the City of Atwater.

Sincerely,



Anna Nicholas, Finance Director
Finance Department
Phone: 209-357-6347
Cell: 209-226-8291

750 Bellevue Rd, Atwater, CA 95301
www.atwater.org

**Attachment C—
City of Dos Palos' Response to Draft Audit Report**



THE CITY OF **Dos Palos**

CITY HALL -- 2174 BLOSSOM STREET
DOS PALOS, CALIFORNIA 93620
PHONE (209) 392-2174
FAX (209) 392-2801

January 28, 2025

Compliance Audits Bureau
Division of Audits
State Controller's Office
Post Office Box 942850
Sacramento, Ca 94250

Attn: Lisa Kurokawa

During an audit of parking and equipment violations, the audit found that the City of Dos Palos had not properly remitted parking revenues to the State of California. The City of Dos Palos did their own collecting of parking violations prior to March 2021, the City did not remit any fees to the County of Merced or the State of California. In March 2021, the City of Dos Palos contracted with Data Tickets, Inc. to provide parking violations services. The contract included the remitting of proper fees to the County of Merced and the State of California.

Once the City of Dos Palos was aware of the issue, we worked together with the State and the County to correctly report our parking violations prior to March 2021. On August 28, 2024, the City of Dos Palos remitted the \$189 to the County and on September 3, 2024, the County remitted the \$189 to the State Treasurer.

In working with Data Ticket, Inc., the City of Dos Palos will ensure that proper State of California and County of Merced parking surcharges are imposed, collected and remitted.

Sincerely,

A handwritten signature in blue ink, appearing to read "Manuela", is written over the word "Sincerely,".

Manuela Sousa
Director of Finance

**Attachment D—
City of Livingston's Response to Draft Audit Report**

CITY OF LIVINGSTON

1416 C Street
Livingston, CA 95334
Finance Department



February 7, 2025

California State Controller
Attn: Kimberly A. Tarvin, CPA, Chief, Division of Audits
P.O. Box 942850
Sacramento, CA 94250

Re: Draft Court Revenue Audit Report

Dear Ms. Tarvin:

This letter is a response to the State Controller's Office (SCO) audit of the propriety of court revenues remitted to the State of California by Merced County on the Report to State Controller of Remittance to State Treasurer for the period of July 1, 2018, through June 30, 2022.

Regarding Finding 3 – Failure to remit parking surcharges – City of Livingston, the city agrees with the findings in the amount of \$29,975, which have been paid to Merced County.

The city takes responsibility for the oversight and is currently working with our new processor, TurboData, to take the appropriate actions to start submitting the payment to Merced County monthly.

Sincerely,

A handwritten signature in blue ink, appearing to read "Harpreet Bains", is written over a horizontal line.

Harpreet (Happy) Bains
Finance Director/Assistant City Manager

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

www.sco.ca.gov