

# **SAN BERNARDINO COUNTY**

Audit Report

## **COURT REVENUES**

*July 1, 2017, through June 30, 2021*



**MALIA M. COHEN**  
California State Controller

October 2023



MALIA M. COHEN  
CALIFORNIA STATE CONTROLLER

October 3, 2023

Dear County, Court, City, Town, District, College, University, and Department Representatives:

The State Controller's Office (SCO) audited San Bernardino County's court revenues for the period of July 1, 2017, through June 30, 2021.

Our audit found that the county underremitted \$1,490,757 in state court revenues to the State Treasurer because it:

- Underremitted the State Trial Court Improvement and Modernization Fund (Government Code [GC] section 77205) by \$1,398,057;
- Underremitted the State's General Fund (Health and Safety Code section 11502) by \$61,250; and
- Underremitted the State Trial Court Improvement and Modernization Fund (GC section 68090.8) by \$31,450.

In addition, we found that the court made incorrect distributions related to proof of financial responsibility violations and the San Bernardino County Auditor-Controller/Treasurer/Tax Collector's Revenue Recovery Division made incorrect distributions related to domestic violence violations.

We also identified deficiencies that are not significant to our audit objective, but warrant the attention of management. Specifically, we found that the Revenue Recovery Division incorrectly collected revenues for the County Courthouse Construction Fund (GC section 76100); and we found that the following entities imposed and collected incorrect parking surcharges:

- Cities and towns – City of Adelanto, Town of Apple Valley, City of Barstow, City of Big Bear Lake, City of Chino, City of Chino Hills, City of Colton, City of Fontana, City of Grand Terrace, City of Hesperia, City of Highland, City of Loma Linda, City of Montclair, City of Needles, City of Ontario, City of Rancho Cucamonga, City of Redlands, City of Rialto, City of San Bernardino, City of Upland, City of Victorville, City of Yucaipa, and Town of Yucca Valley;
- Universities, colleges, and school districts – California State University, San Bernardino; Chaffey College; Crafton Hills College; Fontana Unified School District; San Bernardino Unified School District; San Bernardino Valley College; Snowline Joint Unified School District; and Victor Valley Community College;

- Local governments and special districts – San Bernardino County and Chino Valley Fire District; and
- State of California – Department of Parks and Recreation.

The county made a payment of \$1,490,757 in February 2023. The Tax Programs Unit will calculate interest on the underremitted amounts and bill the county in accordance with GC sections 68085, 70353, and 70377.

If you have questions regarding payments, the Report to State Controller of Remittance to State Treasurer (TC-31), or interest and penalties, please contact Jennifer Montecinos, Manager, Tax Accounting Section, by telephone at (916) 324-5961, or by email at [lgpsdtaxaccounting@sco.ca.gov](mailto:lgpsdtaxaccounting@sco.ca.gov).

The county disputes certain facts related to the conclusions and recommendations contained in this audit report. The SCO has an informal audit review process for resolving disputes. To request a review, the county should submit a written request for a review, along with supporting documents and information pertinent to the disputed issue, within 60 days of receiving this final audit report. The review request should be submitted to Harpreet Nakhwal, Acting Chief Counsel, State Controller's Office, Post Office Box 942850, Sacramento, California 94250. In addition, please provide a copy of the request letter to Lisa Kurokawa, Chief, Compliance Audits Bureau, State Controller's Office, Division of Audits, Post Office Box 942850, Sacramento, California 94250.

If you have questions regarding the audit findings, please contact Ms. Kurokawa by telephone at (916) 327-3138, or by email at [lkurokawa@sco.ca.gov](mailto:lkurokawa@sco.ca.gov).

Sincerely,

*Original signed by*

KIMBERLY TARVIN, CPA  
Chief, Division of Audits

KT/ac

Attachment—Recipient Addresses

County, Court, City, Town, College, University, and Department Representatives

October 3, 2023

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cc: The Honorable Dawn Rowe, Chair  
San Bernardino County Board of Supervisors  
Matt Espenshade, Manager  
Internal Audit Services  
Judicial Council of California  
Lynda Gledhill, Executive Officer  
California Victim Compensation Board  
Anita Lee, Senior Fiscal and Policy Analyst  
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Sandeep Singh, Manager  
Local Government Policy Unit  
State Controller's Office  
Jennifer Montecinos, Manager  
Tax Programs Unit  
State Controller's Office  
Harpreet Nakhwal, Acting Chief Counsel  
State Controller's Office

## Recipient Addresses

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## Recipient Addresses (Continued)

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## Recipient Addresses (Continued)

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Leonard Knight, Chief of Police  
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Victorville, CA 92395

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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 San Bernardino County on the Report to State Controller of Remittance to State Treasurer (TC-31) for the period of July 1, 2017, through June 30, 2021.

Our audit found that the county underremitted \$1,490,757 in state court revenues. In addition, we found that the court made incorrect distributions related to proof of financial responsibility violations and the San Bernardino County Auditor-Controller/Treasurer/Tax Collector's Revenue Recovery Division (Revenue Recovery) made incorrect distributions related to domestic violence violations.

We also identified deficiencies that are not significant to our audit objective, but warrants the attention of management. Specifically, we found that Revenue Recovery incorrectly collected revenues for the County Courthouse Construction Fund (Government Code [GC] section 76100); and we found that various entities imposed and collected incorrect parking surcharges.

## 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 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 State Treasurer pursuant to the TC-31 process.

The audit period was July 1, 2017, through June 30, 2021.

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, and the MOE calculation.
- We interviewed county and 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 systems 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. No errors were identified.
- 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. Errors found were not projected to the intended (total) population.

- 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 56 cases for 11 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 recalculated 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 audit the financial statements of the county, the court, or the various agencies that issue parking citations. We did not review any court revenue remittances that the county and 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. Specifically, we found that San Bernardino County underremitted \$1,490,757 in state court revenues to the State Treasurer as follows:

- Underremitted the State Trial Court Improvement and Modernization Fund (GC section 77205) by \$1,398,057;
- Underremitted the State's General Fund (Health and Safety Code [HSC] section 11502) by \$61,250; and
- Underremitted the State Trial Court Improvement and Modernization Fund (GC section 68090.8) by \$31,450.

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

In addition, we found that the court made incorrect distributions related to proof of financial responsibility violations and Revenue Recovery made incorrect distributions related to domestic violence violations. These instances of noncompliance are non-monetary and described in the Findings and Recommendations section.

We also identified deficiencies that are not significant to our audit objective, but warrants the attention of management. Specifically, we found that Revenue Recovery incorrectly collected revenues for the County Courthouse Construction Fund (GC section 76100); and we found that the following entities imposed and collected incorrect parking surcharges:

- Cities and towns – City of Adelanto, Town of Apple Valley, City of Barstow, City of Big Bear Lake, City of Chino, City of Chino Hills, City of Colton, City of Fontana, City of Grand Terrace, City of Hesperia, City of Highland, City of Loma Linda, City of Montclair, City of Needles, City of Ontario, City of Rancho Cucamonga, City of Redlands, City of Rialto, City of San Bernardino, City of Upland, City of Victorville, City of Yucaipa, and Town of Yucca Valley;
- Universities, colleges, and school districts – California State University, San Bernardino; Chaffey College; Crafton Hills College; Fontana Unified School District; San Bernardino Unified School District; San Bernardino Valley College; Snowline Joint Unified School District; and Victor Valley Community College;
- Local governments and special districts – San Bernardino County and Chino Valley Fire District; and
- State of California – Department of Parks and Recreation.

These instances of noncompliance are described in the Observations and Recommendations section.

The county made a payment of \$1,490,757 in February 2023.

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

San Bernardino County has satisfactorily resolved the findings noted in our prior audit report, for the period of July 1, 2006, through June 30, 2014, issued June 30, 2017.

### **Views of Responsible Officials**

We issued a draft audit report on June 6, 2023. San Bernardino County's representative responded by letter dated June 15, 2023, agreeing with the audit results with the exception of Finding 4. In addition, the court's representative responded by letter dated June 16, 2023, agreeing with the audit results.

The county and court's responses are included as Attachments A and B to this audit report.

**Restricted Use**

This audit report is solely for the information and use of San Bernardino County; Superior Court of California, San Bernardino County; California State University, San Bernardino; Chaffey College; Chino Valley Fire District; City of Adelanto; City of Barstow; City of Big Bear Lake; City of Chino; City of Chino Hills; City of Colton; City of Fontana; City of Grand Terrace; City of Hesperia; City of Highland; City of Loma Linda; City of Montclair; City of Needles; City of Ontario; City of Rancho Cucamonga; City of Redlands; City of Rialto; City of San Bernardino; City of Upland; City of Victorville; City of Yucaipa; Crafton Hills College; Fontana Unified School District; San Bernardino Unified School District; San Bernardino Valley College; Snowline Joint Unified School District; California Department of Parks and Recreation; Town of Apple Valley; Town of Yucca Valley; Victor Valley Community College; 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](http://www.sco.ca.gov).

*Original signed by*

KIMBERLY TARVIN, CPA  
Chief, Division of Audits

October 3, 2023

**Schedule—**  
**Summary of Audit Findings Affecting Remittances to the State Treasurer**  
**July 1, 2017, through June 30, 2021**

Finding <sup>1</sup>	Fiscal Year				Total	Reference <sup>2</sup>
	2017-18	2018-19	2019-20	2020-21		
Underremitted 50% excess of qualified revenues State Trial Court Improvement and Modernization Fund – GC §77205	\$ 376,502	\$ 373,644	\$ 305,297	\$ 342,614	\$ 1,398,057	Finding 1
Incorrect distribution of bail bond forfeitures						
State General Fund – HSC §11502	22,050	6,125	33,075	-	61,250	
State Trial Court Improvement and Modernization Fund (2% Automation) – GC §68090.8	4,850	20,100	3,200	3,300	31,450	
Total	26,900	26,225	36,275	3,300	92,700	Finding 2
Total amount underremitted to the State Treasurer	\$ 403,402	\$ 399,869	\$ 341,572	\$ 345,914	\$ 1,490,757	

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

<sup>2</sup>See 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 San Bernardino County had used incorrect qualified revenue amounts in its calculation for each fiscal year. These errors resulted in the county underremitting the 50% excess of qualified revenues by \$1,398,057 during the audit period. The 50% excess of qualified revenues was incorrectly calculated because the county was unaware of the required calculations and did not have access to the court's monthly revenue reports.

The county provided support for its calculation of the 50% excess of qualified revenues during the audit period. We reviewed the county's calculation and reconciled the qualified revenues to revenue collection reports provided by the court and Revenue Recovery. We noted that the county incorrectly excluded the revenues collected for the city base fines (Vehicle Code [VC] section 42007[c]), the Emergency Medical Services Fund (GC section 76104), and the Maddy Emergency Medical Services Fund (GC section 76000.5) from its calculation of the traffic violator school (TVS) fee (VC section 42007) during the audit period. The county also incorrectly excluded TVS fee (VC section 42007) revenues collected on county cases from its calculation of the TVS fee (VC section 42007) during the audit period. In addition, the county incorrectly included the revenues collected for the county's general fund (VC section 40611 and Penal Code [PC] section 1463.26), base fines allocated to child passenger restraint low-cost purchase or loaner programs (VC section 27360.6[c]), and the TVS fee (VC section 42007) in its calculation of the county base fines (PC section 1463.001) 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 \$2,796,115 for the audit period.

The county understated qualified revenues because it:

- Incorrectly excluded revenues collected for the city base fines (VC section 42007[c]) from its calculation of the TVS fee (VC section 42007), resulting in an understatement of \$1,773,641;
- Incorrectly excluded revenues collected for the Emergency Medical Services Fund (GC section 76104) and the Maddy Emergency Medical Services Fund (GC section 76000.5) from its calculation of the TVS fee (VC section 42007), resulting in an understatement of \$1,877,309;
- Incorrectly excluded TVS fee (VC section 42007) revenues collected on county cases from its calculation of the TVS fee (VC section 42007), resulting in an understatement of \$618,425; and
- Incorrectly included revenues collected for the proof of correction fee (VC section 40611), the preferential traffic lane violation (PC section 1463.26), base fines allocated to child passenger restraint low-cost purchase or loaner programs (VC section 27360.6[c]), and the

TVS fee (VC section 42007) in its calculation of the county base fines (PC section 1463.001), resulting in an overstatement of \$1,983,325.

In addition, as noted in Finding 2, the court did not distribute revenues to the county base fines (PC section 1463.001) on bail bond forfeiture cases. The error resulted in an understatement of \$510,065 in qualified revenues for the county base fines line item (PC section 1463.001).

On February 21, 2023, the county remitted \$1,398,057 to the State Treasurer via the TC-31.

The following table shows the audit adjustments to qualified revenues:

	Fiscal Year				Totals
	2017-18	2018-19	2019-20	2020-21	
Qualified revenues reported	\$ 9,576,518	\$ 9,025,861	\$ 8,719,593	\$ 8,785,150	\$ 36,107,122
Audit adjustments:					
VC section 42007(c) adjustment	562,342	412,570	430,506	368,223	1,773,641
GC sections 76104, 76000.5 adjustment	541,359	456,080	453,183	426,687	1,877,309
VC section 42007 adjustment	(6,111)	7,227	284,076	333,233	618,425
PC section 1463.001 adjustment (Finding 1)	(460,532)	(407,460)	(600,536)	(514,797)	(1,983,325)
PC section 1463.001 adjustment (Finding 2)	115,946	278,871	43,365	71,883	510,065
Total	753,004	747,288	610,594	685,229	2,796,115
Adjusted qualified revenues	<u>\$10,329,522</u>	<u>\$ 9,773,149</u>	<u>\$ 9,330,187</u>	<u>\$ 9,470,379</u>	<u>\$ 38,903,237</u>

As a result of miscalculating the qualified revenues, the county underremitted the 50% excess of qualified revenues by \$1,398,057 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 remittances—the county’s underremittance to the State Treasurer.

Fiscal Year	Qualifying Revenues	Base Amount	Excess Amount Above the Base	50% Excess Amount Due the State	County Remittance to the State Treasurer	County Underremittance to the State Treasurer <sup>1</sup>
2017-18	\$ 10,329,522	\$ 8,163,193	\$2,166,329	\$1,083,165	\$ 706,663	\$ 376,502
2018-19	9,773,149	8,163,193	1,609,956	804,978	431,334	373,644
2019-20	9,330,187	8,163,193	1,166,994	583,497	278,200	305,297
2020-21	9,470,379	8,163,193	1,307,186	653,593	310,979	342,614
Total						<u>\$ 1,398,057</u>

<sup>1</sup>Should be identified on the TC-31 as State Trial Court Improvement and Modernization Fund – GC section 77205

GC section 77205(a) requires the county to remit 50% of the qualified revenues that exceed the amount specified in GC section 77201.1(b)(2) for 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 and court work together to ensure that the proper accounts are included in the calculations of each line item on the 50-50 Excess Split Revenue Computation Form.

County's Response

The County concurs with this finding. Due to the Court revenue records not being accessible to the County, the County was unaware of additional revenues that needed to be included in the required calculations, causing an incorrect calculation of the 50% excess of qualified revenues.

On behalf of the Courts, the County remitted \$1,398,057 to the State Treasurer on a TC-31 form, increasing the State Trial Court Improvement and Modernization Fund. The State received these monies on February 21, 2023. The County will now require the Courts to provide monthly revenue reports, allowing the County to calculate each line on the 50-50 Excess Split Revenue Computation form to accurately remit excess qualified revenues to the State Treasurer.

Court's Response

The Court is making enhancements to reporting to further assist the County with these calculations.

**FINDING 2—  
Incorrect distribution  
of revenues from bail  
bond forfeitures**

During our testing of bail bond forfeiture cases, we found that the court had not properly distributed revenues to the 2% State automation fee (GC section 68090.8) and the general distribution of uniform controlled substances moneys, forfeited bail, or fines (HSC section 11502), resulting in an underremittance to the State of \$92,700. The error occurred because the court misinterpreted the *Distribution Guidelines*.

We verified, on a sample basis, distributions made by the court using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During testing, we found that the court did not distribute revenues to the 2% State automation fee (GC section 68090.8), the State's General Fund (HSC section 11502), county/city general fund (HSC section 11502), county base fines (PC section 1463.001), or city base fines (PC section 1463.002). Instead, the court incorrectly distributed all revenues to a county bail bond forfeiture account.

The distribution errors caused an understatement of \$680,087 to the county base fines (PC section 1463.001), resulting in an understatement of \$510,065 ( $\$680,087 \times 75\%$ ) in qualified revenues for the MOE calculation.

On February 21, 2023, the county remitted \$92,700 to the State Treasurer via the TC-31.

The incorrect distributions had the following effect:

Account Title	Underremitted/ (Overremitted)
State General Fund – HSC §11502	\$ 61,250
State Trial Court Improvement and Modernization Fund (2% Automation) – GC §68090.8	31,450
Total	<u>\$ 92,700</u>
County Base Fines – PC §1463.001	\$ 680,087
County General Fund – HSC §11502	7,350
County Bond Forfeiture Account	(1,572,500)
Total	<u>\$ (885,063)</u>
City of Adelanto Base Fines – PC §1463.002	<u>\$ 19,600</u>
City of Fontana Base Fines – PC §1463.002	<u>\$ 20,825</u>
City of Highland Base Fines – PC §1463.002	<u>\$ 3,920</u>
City of Rancho Cucamonga Base Fines – PC §1463.002	<u>\$ 274,400</u>
City of Redlands Base Fines – PC §1463.002	\$ 18,816
City of Redlands General Fund – HSC §11502	2,042
Total	<u>\$ 20,858</u>
City of Rialto Base Fines – PC §1463.002	<u>\$ 12,495</u>
City of San Bernardino Base Fines – PC §1463.002	<u>\$ 158,760</u>
City of Victorville Base Fines – PC §1463.002	\$ 270,480
City of Victorville General Fund – HSC §11502	11,025
Total	<u>\$ 281,505</u>

HSC section 11502(a) requires all moneys, forfeited bail, or fines received by the court under Division 10 of the Health and Safety Code to be distributed in the following manner: 75% to the State Treasurer and 25% to the county or city in which the prosecution is conducted.

PC section 1463.001(b)(3) requires those base fines resulting from city arrests that are not included in a specific distribution to be transferred to the proper funds of the county in accordance with the percentages set forth in PC section 1463.002.

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 distributed in accordance with statutory requirements; and
- Periodically verify the accuracy of its distributions using the JCC's testing sheets.

County's Response

The County concurs with this finding. Due to the Courts not providing the County with the correct bond calculations, the County incorrectly calculated and distributed the bail bond forfeiture.

On behalf of the Courts, the County remitted \$92,700 to State Treasurer on a TC-31 form, increasing the State General Fund (Health and Safety Code section 11502) to \$61,250; and State Trial Court Improvement and Modernization Fund (2% Automation) (Government Code section 68090.8) to \$31,450. The State received these monies on February 21, 2023. The County will now require the Courts to provide a monthly report to ensure the County submits the correct distribution of bail bond forfeiture to the State Treasurer.

Court's Response

The Court agrees with the error noting that it has corrected the previous bond forfeitures and is exploring case management system capabilities to automate this process going forward.

**FINDING 3—  
Incorrect distribution  
of revenues from  
proof of financial  
responsibility  
violations**

During our testing of proof of financial responsibility violation cases, we found that the court had not properly distributed revenues to the State Trial Court Improvement and Modernization Fund (GC section 68090.8). 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. During our testing of FY 2020-21 cases, we found that the court did not properly distribute 2% of the Emergency Medical Air Transportation and Children's Coverage Fund (GC section 76000.10[c]) revenues to the State Trial Court Improvement and Modernization Fund (GC section 68090.8).

We performed an analysis of the Emergency Medical Air Transportation and Children's Coverage Fund (GC section 76000.10[c]) revenues collected by the court to determine the fiscal effect of the distribution errors. Upon completion of our analysis, we found that the errors 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 distributed in accordance with statutory requirements; and
- Periodically verify the accuracy of its distributions using the JCC's testing sheets.

#### Court's Response

The Court discovered the configuration issue in September 2022 and resolved it at the time. This item has already been corrected and the impact was determined to be negligible.

#### **FINDING 4— Incorrect distribution of revenues from domestic violence violations**

During our testing of domestic violence cases, we found that Revenue Recovery did not properly distribute the domestic violence fee. The error occurred because Revenue Recovery misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system.

We verified, on a sample basis, distributions made by Revenue Recovery using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During our testing, we found that Revenue Recovery incorrectly distributed \$335.00 of the \$500 domestic violence fee to the county, instead of the \$333.33 required by statute.

We performed an analysis of the Domestic Violence Training and Education Fund (PC section 1203.097) revenues collected by Revenue Recovery to determine the fiscal effect of the distribution errors. Upon completion of our analysis, we found that the errors did not have a material impact on the revenues remitted to the State.

PC section 1203.097(a)(5) requires that two-thirds of the domestic violence fees collected be posted to the county's Domestic Violence Fund, and the remaining one-third is remitted to the State Treasurer. Furthermore, the remaining one-third should 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 Revenue Recovery:

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

County's Response

The County respectfully disagrees with this finding. The case management system (CMS) is programmed to distribute the domestic violence fee amongst the County and State in accordance with Penal Code section 1203.097(a)(5) and contends that it has correctly translated the requirements to distribute "two-thirds" as .67 in its case management system, along with the "one-third" as .33. In the example cited, the County CMS distributes the \$500 domestic violence fee as \$335 and \$165, accordingly.

SCO Comment

Our finding and recommendation remain unchanged. In accordance with statute and the JCC's testing sheets, Revenue Recovery should have distributed \$333.33 of the \$500 domestic violence fee to the county, and the remainder to the State Treasury.

# Observations and Recommendations

## **OBSERVATION 1— Incorrect collection of revenues for the County Courthouse Construction Fund**

During our testing of health and safety and DUI violation cases, we found that Revenue Recovery had incorrectly collected revenues for the County Courthouse Construction Fund (GC section 76100). The error occurred because Revenue Recovery misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system.

We verified, on a sample basis, distributions made by Revenue Recovery using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During our testing of FY 2020-21 cases, we found that Revenue Recovery had incorrectly collected \$2 for every \$10 base fine for the County Courthouse Construction Fund although it was no longer authorized to do so. In April 2020, the county transferred the amounts in the County Courthouse Construction Fund to the State Court Facilities Construction Fund (GC section 70372[a]) in accordance with GC section 70402. Therefore, Revenue Recovery should have reduced the \$7 additional county penalty authorized by GC section 76000(a) by the amount assessed for the County Courthouse Construction Fund and stopped collecting revenues for the County Courthouse Construction Fund.

GC section 76000(e) requires the \$7 additional county penalty authorized by GC section 76000(a) to be reduced by the amount assessed by the county for the County Courthouse Construction Fund when the money in that fund is transferred to the State in accordance with GC section 70402. GC section 76000(e) further requires the county to charge \$5 as the additional penalty.

### Recommendation

We recommend that Revenue Recovery correct its case management system to ensure that revenues are distributed in accordance with statutory requirements.

### County's Response

The County concurs with this finding. The County Administrative Office formally presented the matter to the Board of Supervisors on March 10, 2020, and adopted Resolution No. 2020-016 reducing the additional penalties authorized by Government Code section 76000(a) Penalty on Base Fine for Criminal Offenses, and directed the Auditor-Controller/Treasurer/Tax Collector to close the County's Courthouse Temporary Construction Fund (TCCF). Through this audit, Revenue Recovery was made aware of this change which prompted our immediate action of remediation.

Revenue Recovery reviewed its inventory of accounts to identify those with balances owed of the previously authorized \$2 for every \$10 of base fine designated for TCCF. Revenue Recovery canceled \$253,371 in balances owed attributed to TCCF over 18,165 accounts. No other funds have been collected for TCCF since the State Controller's initial notification on August 17, 2022.

**OBSERVATION 2—  
Incorrect remittance of  
county parking  
surcharges**

During our analysis of parking surcharges remitted to the county, we found that the following parking entities imposed and collected incorrect parking surcharges:

- Cities and towns – City of Adelanto, Town of Apple Valley, City of Barstow, City of Big Bear Lake, City of Chino, City of Chino Hills, City of Colton, City of Fontana, City of Grand Terrace, City of Hesperia, City of Highland, City of Loma Linda, City of Montclair, City of Needles, City of Ontario, City of Rancho Cucamonga, City of Redlands, City of Rialto, City of San Bernardino, City of Upland, City of Victorville, City of Yucaipa, and Town of Yucca Valley;
- Universities, colleges, and school districts – California State University, San Bernardino; Chaffey College; Crafton Hills College; Fontana Unified School District; San Bernardino Unified School District; San Bernardino Valley College; Snowline Joint Unified School District; and Victor Valley Community College;
- Local governments and special districts – San Bernardino County and Chino Valley Fire District; and
- State of California – Department of Parks and Recreation.

The error occurred because these entities were unaware of the statutory requirements relating to parking surcharges.

External parking agencies are required to collect revenues for parking violations and remit the revenues to the county. Revenues are remitted to the county on a monthly basis and collection reports are included to support the remitted revenues. During our analysis of the collection reports, we found that the aforementioned parking entities incorrectly collected a total of \$12.50 in state and county parking surcharges on every parking violation instead of the required \$11.00.

The county paid off the bonded indebtedness for court facilities on July 1, 2016. Therefore, entities in San Bernardino County should not have collected \$2.50 for the County Courthouse Construction Fund (GC section 76100). Instead, parking entities should have collected only \$1.00 for the County Courthouse Construction Fund (GC section 76100). The \$1.00 should have then been deposited in the county's general fund in accordance with GC section 76000(c).

GC section 76000(b) requires each parking agency to pay the county treasurer \$2.50 for each fund established in accordance with GC section 76100 or 76101 for each parking violation.

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

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

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

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.<sup>1</sup>

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

#### Recommendation

We recommend that the county and parking entities collect and remit the required state and county parking surcharges, totaling \$11 per infraction, to the county.

#### County's Response

The County concurs with this recommendation. The County and parking entities [will] collect and remit the required State and County parking charges, totaling \$11 per infraction to the County.

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<sup>1</sup> GC section 70372 was amended by Statutes of 2021, Chapter 79, which abolished the Immediate and Critical Needs Account and made various changes to existing law.



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

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**Auditor–Controller/Treasurer/Tax Collector**

**Ensen Mason CPA, CFA**  
*Auditor–Controller/Treasurer/Tax Collector*

**John Johnson**  
*Assistant Auditor–Controller/Treasurer/Tax Collector*

June 15, 2023

Lisa Kurokawa, Chief  
**State Controller's Office**  
Compliance Audits Bureau  
Division of Audits  
PO Box 942850  
Sacramento, CA 94250-5874

Subject: Response to Findings for Audit Period Fiscal Year 2017-18 through 2020-21

Dear Ms. Kurokawa,

Below are San Bernardino **County's** (County) comments on the audit findings in the audit report dated June 6, 2023, for the **County's** court revenues for Fiscal Year 2017-18 through 2020-21.

**Finding 1 – Underremitted 50% excess of qualified revenues**

**County Response:** The County concurs with this finding. Due to the Court revenue records not being accessible to the County, the County was unaware of additional revenues that needed to be included in the required calculations, causing an incorrect calculation of the 50% excess of qualified revenues.

On behalf of the Courts, the County remitted \$1,398,057 to the State Treasurer on a TC-31 form, increasing the State Trial Court Improvement and Modernization Fund. The State received these monies on February 21, 2023. The County will now require the Courts to provide monthly revenue reports, allowing the County to calculate each line on the 50-50 Excess Split Revenue Computation form to accurately remit excess qualified revenues to the State Treasurer.

**Finding 2 – Incorrect distribution of revenues from bail bond forfeitures**

**County Response:** The County concurs with this finding. Due to the Courts not providing the County with the correct bond calculations, the County incorrectly calculated and distributed the bail bond forfeiture.

On behalf of the Courts, the County remitted \$92,700 to State Treasurer on a TC-31 form, increasing the State General Fund (Health and Safety Code section 11502) to \$61,250; and State Trial Court Improvement and Modernization Fund (2% Automation) (Government Code section 68090.8) to \$31,450. The State received these monies on February 21, 2023. The County will now require the Courts to provide a monthly report to ensure the County submits the correct distribution of bail bond forfeiture to the State Treasurer.

**Finding 3 – Incorrect distribution of revenues from proof of financial responsibility violations**

The Courts will respond separately to Finding 3.

**Finding 4 – Incorrect distribution of revenues from domestic violence violations**

**County Response:** The County respectfully disagrees with this finding. The case management system (CMS) is programmed to distribute the domestic violence fee amongst the County and State in accordance with Penal Code section 1203.097(a)(5) and contends that it has correctly translated the requirements to distribute **"two-thirds" as .67 in its case management system**, along with the **"one-third" as .33. In the example cited, the County CMS distributes the \$500 domestic violence fee as \$335 and \$165, accordingly.**

**Observation 1 – Incorrect collection of revenues for the County Courthouse Construction Fund**

**County Response:** The County concurs with this finding. The County Administrative Office formally presented the matter to the Board of Supervisors on March 10, 2020, and adopted Resolution No. 2020-016 reducing the additional penalties authorized by Government Code section 76000(a) Penalty on Base Fine for Criminal Offenses, and directed the Auditor-Controller/Treasurer/Tax Collector to close the County's Courthouse Temporary Construction Fund (TCCF). Through this audit, Revenue Recovery was made aware of this change which prompted our immediate action of remediation.

Revenue Recovery reviewed its inventory of accounts to identify those with balances owed of the previously authorized \$2 for every \$10 of base fine designated for TCCF. Revenue Recovery canceled \$253,371 in balances owed attributed to TCCF over 18,165 accounts. No other funds have been collected for TCCF since the State Controller's initial notification on August 17, 2022.

**Observation 2 – Incorrect remittance of County parking surcharges**

**County Response:** The County concurs with this recommendation. The County and parking entities collect and remit the required State and County parking charges, totaling \$11 per infraction to the County.

If you have any additional questions or comments, please contact Shay Younger at [Shay.Younger@sbcountyatc.gov](mailto:Shay.Younger@sbcountyatc.gov) or (909) 382-3191.

Sincerely,



Ensen Mason (Jun 15, 2023 09:13 PDT)

Ensen Mason, CPA, CFA  
Auditor-Controller/Treasurer/Tax Collector  
San Bernardino County

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

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Superior Court of California  
County of San Bernardino

ANABEL Z. ROMERO  
Court Executive Officer and Clerk  
Jury Commissioner

247 West Third Street, Eleventh Floor  
San Bernardino, CA 92415-0302

Phone (909) 708-8767

June 16, 2023

Chun Yeung, Auditor  
Office of State Controller Malia M. Cohen  
Division of Audits, Compliance Audits Bureau  
3301 C Street, Suite 735  
Sacramento, CA 95816

Dear Mr. Yeung:

Thank you for the opportunity to respond to the draft audit report of San Bernardino County Court Revenues sent on June 6, 2023. The Superior Court of San Bernardino County's (Court) responses are detailed below. Should you have any further questions or need additional information, please do not hesitate to contact Kristine Swensson at [kswensson@sb-court.org](mailto:kswensson@sb-court.org).

- **Finding #1: "Under remitted 50% Excess of Qualifying Revenues."** The Court is making enhancements to reporting to further assist the County with these calculations.
- **Finding #2: "Incorrect Distributions from Bail Bond Forfeitures."** The Court agrees with the error noting that it has corrected the previous bond forfeitures and is exploring case management system capabilities to automate this process going forward.
- **Finding #3: "Incorrect Distribution of Revenues from Proof of Financial Responsibility Violations."** The Court discovered the configuration issue in September 2022 and resolved it at the time. This item has already been corrected and the impact was determined to be negligible.

Respectfully,

A handwritten signature in black ink, appearing to read "Anabel Z. Romero".

Anabel Z. Romero  
Court Executive Officer

Cc: Kristine Swensson, Deputy CEO of Finance and Public Affairs

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

**[www.sco.ca.gov](http://www.sco.ca.gov)**