

**SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF YUBA**

Audit Report

**VALIDITY OF RECORDED REVENUES,  
EXPENDITURES, AND FUND BALANCES**

*July 1, 2019, through June 30, 2020*



**BETTY T. YEE**  
California State Controller

November 2021



**BETTY T. YEE**  
**California State Controller**

November 19, 2021

Bonnie Sloan, Court Executive Officer  
Superior Court of California, County of Yuba  
215 5<sup>th</sup> Street, Suite 200  
Marysville, CA 95901

Dear Ms. Sloan:

The State Controller's Office audited the Superior Court of California, County of Yuba (Court) to determine whether the revenues, expenditures, and fund balances under the administration, jurisdiction, and control of the Court complied with governing statutes, rules, regulations, and policies; were recorded accurately in accounting records; and were maintained in accordance with fund accounting principles. The audit period was July 1, 2019, through June 30, 2020.

Our audit found that the Court substantially complied with governing statutes, rules, regulations, and policies for revenue, expenditures, and fund balances. However, our audit identified certain revenues that were not reported correctly for the fiscal year in which they were earned. This issue is described in the Finding and Recommendation section of our report.

This report is for your information and use. The Court's response to the finding is incorporated into this final report. The Court agreed with our observation and provided a Corrective Action Plan to address the fiscal control weakness and recommendation. We appreciate the Court's willingness to implement corrective actions.

If you have any questions, please contact Joel James, Chief, Financial Audits Bureau, by telephone at (916) 323-1573

Sincerely,

*Original signed by*

**KIMBERLY TARVIN, CPA**  
Chief, Division of Audits

KT/as

cc: Taryn Kraus, Court Fiscal Manager  
Superior Court of California, County of Yuba  
Martin Hoshino, Administrative Director  
Judicial Council of California  
Millicent Tidwell, Chief Deputy Director  
Judicial Council of California  
John Wordlaw, Chief Administrative Officer  
Judicial Council of California  
Zlatko Theodorovic, Chief Financial Officer and Director of Finance  
Judicial Council of California  
Grant Parks, Principal Manager  
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Aaron Edwards, Assistant Program Budget Manager  
California Department of Finance  
Emma Jungwirth, Principal Program Budget Analyst  
California Department of Finance

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# Audit Report

## Summary

The State Controller's Office (SCO) audited the Superior Court of California, County of Yuba (Court) to determine whether the revenues, expenditures, and fund balances under the administration, jurisdiction, and control of the Court complied with governing statutes, rules, regulations, and policies; were recorded accurately in accounting records; and were maintained in accordance with fund accounting principles. The audit period was July 1, 2019, through June 30, 2020.

Our audit found that the Court substantially complied with governing statutes, rules, regulations, and policies for revenue, expenditures, and fund balances. However, our audit identified certain revenues that were not reported correctly for the fiscal year in which they were earned. This issue is described in the Finding and Recommendation section of our report.

## Background

Superior Courts (trial courts) are located in each of California's 58 counties and follow the California Rules of Court, established through Article IV of the California Constitution. The Constitution charges the Judicial Council of California (JCC) with authority to adopt rules for court administration, practices, and procedures. The *Judicial Council Governance Policies* are included in the California Rules of Court. Trial courts are also required to comply with various other state laws, rules, and regulations, much of which are codified in Government Code (GC) sections 68070 through 77013, Title 8, The Organization and Government of Courts.

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

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

All trial court employees are expected to fulfill at least the minimum requirements of their positions and to conduct themselves with honesty, integrity, and professionalism. In addition, they must operate within the specific levels of authority established by trial courts for their positions.

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

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

In fiscal year (FY) 2019-20, the Court (County of Yuba) reported revenues of \$7,156,071. The Court receives the majority of its revenue from state financing sources. The Trial Court Trust Fund provided 74.7% of the Court's revenue. For this period, the Court incurred expenditures of \$7,109,274. Personal services (salaries and benefits) comprised 70.1% of total expenditures. The Court employs 53 staff members to serve Yuba County's population of approximately 78,000 residents.

Funds under the Court's control include a General Fund, a Special Revenue Non-Grant Fund, a Special Revenue Grant Fund, and a Fiduciary Fund. The General Fund, Special Revenue Non-Grant Fund, and Special Revenue Grant Fund had revenue and expenditure accounts in excess of 4% of total revenues and expenditures, and were considered material and significant.

We performed the audit at the request of the JCC. The authority is provided by Interagency Agreement Number 58163, dated January 6, 2020, between the SCO and the JCC, pursuant to GC section 77206 (h)(2).

## **Objective, Scope, and Methodology**

The objective of our audit was to determine whether the Court complied with governing statutes, rules, and regulations relating to the validity of recorded revenues, expenditures, and fund balances of all material and significant funds under its administration, jurisdiction, and control.

Specifically, we conducted this audit to determine whether:

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

The audit period was July 1, 2019, through June 30, 2020.

To accomplish our objective, we performed the following procedures:

#### General Procedures

- We reviewed the *Judicial Council Governance Policies* (November 2017), the FY 2019-20 Budget Act, the *Manual of State Funds*, applicable sections of Government Code, the California Rules of Court, the *Trial Court Financial Policies and Procedures Manual* (10th edition, June 2019), and other relevant internal policies and procedures to identify compliance requirements applicable to trial court revenues, expenditures, and fund balances.

#### Internal Controls

- We reviewed the Court's current policies and procedures, organization, and website, and interviewed Court personnel to gain an understanding of the internal control environment for governance, operations, and fiscal management.
- We interviewed Court personnel and prepared internal control questionnaires to identify internal accounting controls.
- We assessed whether key internal controls, such as reviews and approvals, reconciliations, and segregation of duties were properly designed, implemented, and operating effectively by performing walk-throughs of revenue and expenditure transactions.
- We reviewed the Court's documentation and financial records supporting the validity of recorded revenues, expenditures, and fund balances.
- We assessed the reliability of financial data by (1) interviewing agency officials knowledgeable about the Court's financial and human resources systems; (2) reviewing Court policies; (3) agreeing accounting data files to published financial reports; (4) tracing data records to source documents to verify completeness and accuracy of recorded data; and (5) reviewing logical security and access controls for key court information systems. We determined that the data was sufficiently reliable for the purposes of achieving our objective.
- We selected revenue and expenditure ledger transactions to test the operating effectiveness of internal controls. Using a judgmental, non-statistical sampling approach, we selected 23 revenue items and 27 expenditure items to evaluate key internal controls of transactions recorded in significant operating funds and the related fund accounts. We expanded testing on accounts with transactions containing errors to determine the impact of the identified errors. Errors found were not projected to the intended (total) population.

We designed our testing to verify the Court's adherence to prescribed accounting control procedures, and to verify that transactions were correctly recorded into the accounting system for financial reporting. Our testing methodology and results are summarized below.

#### Revenue Testing

- We tested revenue transactions and account balances in the General Fund, Non-Grant Special Revenue Fund, and Grant Special Revenue

Fund to determine whether revenue accounting was consistent with Government Code, properly supported by documentation, and recorded correctly in the accounting system.

- Our testing included tests of accounting internal controls and of recorded transaction details. We selected all material financial statement accounts that exceeded 4% of total revenues, and determined that the Trial Court Trust Fund, Court Interpreter, MOU Reimbursements, Other Miscellaneous, AB 1058 Commissioner, and Enhanced Collections accounts were material. We tested these accounts through combined sampling, analytical procedures, inquiries, and review of source documents.
- We tested \$6,571,919 of \$7,156,071, or 91.8% of total revenues.

We found errors in an account balance that resulted from unadjusted differences between revenues earned and accrued in the prior year, and remittances received in the current year. The total amount of error is \$9,102. The error affects reported program revenue accounts only, and does not misstate the Court's overall reported total revenue or fund balances.

The details of our finding are provided in the Finding and Recommendation section of this report. Schedule 1—Summary of Revenues and Revenue Test Results presents, by account, the total revenues, amounts tested, and identified error amounts.

#### Expenditure Testing

- We tested expenditure transactions and account balances in the General Fund, Non-Grant Special Revenue Fund, and Grant Special Revenue Fund to determine whether expenditures were incurred pursuant to Government Code, consistent with the funds' purposes, properly authorized, adequately supported, and accurately recorded in the accounting records.
- We tested all material expenditure accounts that exceeded 4% of total expenditures. We stratified accounts into two groups comprised of personal services (payroll) and operating expenditures (non-payroll).
- To test payroll, we selected the two pay periods (one month each) occurring in September 2019 and April 2020, and reconciled the salaries and benefit expenditures shown on the payroll registers to the general ledger. We further selected nine of 53 employees from the payroll registers and verified that:
  - Employee timesheets included supervisory approval;
  - Regular earnings and other supplemental pay were supported by salary schedules and personnel action forms;
  - Employer retirement contributions and payroll taxes were entered into the general ledger accurately; and
  - Health insurance premiums shown on the payroll register agreed with the employees' benefit election forms.



- To test material non-payroll accounts, we:
  - Selected all expenditure transactions that exceeded \$18,000;
  - Selected a sample of 27 expenditure transactions to test internal controls and the accuracy of recorded transactions; and
  - Traced expenditures recorded in the general ledger to supporting documents.
- We tested \$1,096,378 of \$7,109,274, or 15.4% of total expenditures.

We found that transactions were properly recorded.

Schedule 2—Summary of Expenditures and Expenditure Test Results presents, by account, the total expenditures and amounts tested.

#### Fund Balance Testing

- We judgmentally selected the General Fund, Non-Grant Special Revenue Fund, and Grant Special Revenue Fund because these funds had significant balances in revenue and expenditure accounts.

We tested revenue and expenditure transactions in these funds to determine whether transactions were reported based on the Legal/Budgetary basis of accounting and maintained in accordance with fund accounting principles (see Schedule 2).

- We verified the accuracy of individual fund balances in the Court's financial supporting documentation.
- We recalculated sampled funds to ensure that fund balances as of June 30, 2020, were accurate and in compliance with applicable criteria.

We found that fund balances for the tested funds were properly reported.

Schedule 3—Summary of Fund Balances and Fund Balance Test Results presents, by fund, the total balances and changes in fund balances.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review of the court's internal controls to gaining an understanding of the internal controls that are significant to the audit objective. We did not audit the court's financial statements.

## **Conclusion**

Our audit found that revenues, expenditures, and fund balances reported by the Court substantially complied with governing statutes, rules, regulations, and Judicial Branch policies; were recorded accurately in accounting records; and were maintained in accordance with appropriate fund accounting principles. However, our audit identified certain revenues that were not reported correctly for the fiscal year in which they were

earned. This issue is described in the Finding and Recommendation section of this report.

**Follow-up on  
Prior Audit  
Finding**

This is the first audit performed by SCO at the Court pursuant to GC section 77206(h)(2); therefore, there are no prior audit findings to address in this report. The Court was previously audited by JCC’s Internal Audit Services, which issued a report in August 2013. We are not including any follow-up to matters presented in JCC’s prior report.

**Views of  
Responsible  
Officials**

We issued a draft audit report on July 30, 2021. Bonnie Sloan, Court Executive Officer responded by letter dated August 13, 2021 (Attachment), agreeing with the audit results.

**Restricted Use**

This report is solely intended for the information and use of the Superior Court of California, County of Yuba; the JCC, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record and is available on the SCO website at [www.sco.ca.gov](http://www.sco.ca.gov).

*Original signed by*

KIMBERLY TARVIN, CPA  
Chief, Division of Audits

November 19, 2021

**Schedule 1—  
Summary of Revenues and Revenue Test Results  
July 1, 2019, through June 30, 2020**

<u>Revenue Accounts</u> <sup>1</sup>	<u>Revenues Reported</u>		<u>Revenues Tested</u>		Error
	Amount	Percentage	Amount	Percentage	Amount <sup>2</sup>
<u>State Financing Sources</u>					
Trial Court Trust Fund <sup>3,4</sup>	\$5,346,688	74.7%	\$5,346,688	100.0%	\$ -
Improvement and Modernization Fund	9,434	0.1%	-	0.0%	-
Judges' Compensation	-	0.0%	-	0.0%	-
Court Interpreter <sup>3</sup>	64,094	0.9%	64,094	100.0%	-
Civil Coordination Reimbursement	-	0.0%	-	0.0%	-
MOU Reimbursements <sup>3,4</sup>	647,597	9.0%	492,474	76.0%	-
Other Miscellaneous <sup>3</sup>	90,867	1.3%	90,867	100.0%	-
Subtotal	<u>6,158,680</u>		<u>5,994,123</u>		<u>-</u>
<u>Grants</u>					
AB 1058 Commissioner/Facilitator <sup>2,3,4</sup>	315,811	4.4%	287,445	91.0%	(9,102)
Other Judicial Council Grants	81,443	1.1%	-	0.0%	-
Non-Judicial Council Grants	-	0.0%	-	0.0%	-
Subtotal	<u>397,254</u>		<u>287,445</u>		<u>(9,102)</u>
<u>Other Financing Sources</u>					
Interest Income	26,468	0.4%	-	0.0%	-
Investment Income	-	0.0%	-	0.0%	-
Donations	-	0.0%	-	0.0%	-
Local Fees	34,749	0.5%	-	0.0%	-
Non-Fee Revenues	5,597	0.1%	-	0.0%	-
Enhanced Collections <sup>3,4</sup>	512,199	7.2%	290,351	56.7%	-
Escheatment	-	0.0%	-	0.0%	-
Prior Year Revenue	-	0.0%	-	0.0%	9,102
County Program – Restricted	-	0.0%	-	0.0%	-
Reimbursement Other	20,106	0.3%	-	0.0%	-
Sale of Fixed Assets	-	0.0%	-	0.0%	-
Other Miscellaneous	1,019	0.0%	-	0.0%	-
Subtotal	<u>600,138</u>		<u>290,351</u>		<u>9,102</u>
Total Revenues	<u>\$7,156,071</u>		<u>\$6,571,919</u>		<u>\$ -</u>

<sup>1</sup> Differences due to rounding

<sup>2</sup> Revenues over/(under) stated; see Finding 1

<sup>3</sup> Tested account internal controls

<sup>4</sup> Material account

## Schedule 2— Summary of Expenditures and Expenditure Test Results July 1, 2019, through June 30, 2020

<u>Expenditure Accounts</u> <sup>1</sup>	<u>Expenditures Reported</u>		<u>Expenditures Tested</u>		Error
	Amount	Percentage	Amount	Percentage	Amount <sup>2</sup>
<u>Payroll</u>					
Salaries – Permanent <sup>2,3</sup>	\$ 3,382,353	47.6%	\$ 117,210	3.5%	\$ -
Temporary Help <sup>2</sup>	95,719	1.3%	13,561	14.2%	-
Overtime	788	0.0%	-	0.0%	-
Staff Benefits <sup>2,3</sup>	1,503,781	21.2%	579,161	38.5%	-
Subtotal	<u>4,982,641</u>		<u>709,932</u>		<u>-</u>
<u>Operating Expenses and Equipment</u>					
General Expense <sup>2,3</sup>	316,080	4.4%	34,349	10.9%	-
Printing	3,166	0.0%	-	0.0%	-
Telecommunications	47,797	0.7%	-	0.0%	-
Postage	46,821	0.7%	-	0.0%	-
Insurance	2,467	0.0%	-	0.0%	-
In-State Travel	23,378	0.3%	-	0.0%	-
Out of State Travel	-	0.0%	-	0.0%	-
Training	9,575	0.1%	-	0.0%	-
Security Services	131,556	1.9%	-	0.0%	-
Facility Operations	97,760	1.4%	-	0.0%	-
Utilities	-	0.0%	-	0.0%	-
Contracted Services <sup>2,3</sup>	1,208,917	17.0%	352,097	29.1%	-
Consulting and Professional Services	37,189	0.5%	-	0.0%	-
Information Technology	137,990	1.9%	-	0.0%	-
Major Equipment	45,154	0.6%	-	0.0%	-
Other Items of Expense	5	0.0%	-	0.0%	-
Subtotal	<u>2,107,855</u>		<u>386,446</u>		<u>-</u>
<u>Special Items of Expense</u>					
Grand Jury	-	0.0%	-	0.0%	-
Jury Costs	4,806	0.1%	-	0.0%	-
Judgements, Settlements, Claims	-	0.0%	-	0.0%	-
Debt Service	-	0.0%	-	0.0%	-
Other	187	0.0%	-	0.0%	-
Capital Costs	-	0.0%	-	0.0%	-
Internal Cost Recovery	-	0.0%	-	0.0%	-
Prior Year Expense	13,786	0.2%	-	0.0%	-
Subtotal	<u>18,779</u>		<u>-</u>		<u>-</u>
Total Expenditures	<u>\$ 7,109,274</u>	100.0%	<u>\$ 1,096,378</u>	15.4%	<u>\$ -</u>

<sup>1</sup> Differences due to rounding

<sup>2</sup> Tested account internal controls

<sup>3</sup> Material account

**Schedule 3—  
Summary of Fund Balances and Fund Balance Test Results  
July 1, 2019, through June 30, 2020**

<b>Balance<sup>1</sup></b>	<b>General Fund</b>	<b>Non-Grant Special Revenue Fund</b>	<b>Grant Special Revenue Fund</b>	<b>Fiduciary Fund</b>	<b>Total</b>
Beginning Balance	\$ 416,550	\$ 111,441	\$ -	\$ -	\$ 527,990
Revenues	6,070,426	688,392	397,254	-	7,156,071
Expenditures	(5,984,703)	(662,896)	(461,675)	-	(7,109,274)
Transfers In	-	30	64,421	-	64,451
Transfers Out	(64,451)	-	-	-	(64,451)
Ending Balance	<u>\$ 437,821</u>	<u>\$ 136,967</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 574,788</u>
Errors Noted <sup>2</sup>					
Revenues over/(under) stated	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures over/(under) stated	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<sup>1</sup> Differences due to rounding

<sup>2</sup> Classification errors in the Finding did not affect fund balances

# Finding and Recommendation

## **FINDING— Revenue accounting error**

The Court did not correctly report revenue earned for its FY 2019-20 AB 1058 grant program. We reviewed the Court's revenue accounts for FY 2019-20 and noted deposits of only \$15,768 for prior-year AB 1058 grant program revenues, whereas the Court accrued \$24,870 at year-end of FY 2018-19. The difference in the amounts received and accrued reflects a \$9,102 shortfall from the Court's expected earned program revenue.

Because of year-end account closing and opening processes, when a revenue is accrued to an account at the end of a fiscal year and is not fully collected in the subsequent fiscal year, the revenue account of the subsequent year incurs a deficit and should be adjusted to correctly report revenue earned in that fiscal year.

The Trial Court Chart of Accounts establishes General Ledger Account Number 899910 – Prior-Year Revenue Adjustment for recording adjustments of accrual-related accounting differences and for recording revenue that was earned and not accrued in the prior year, but received in the current year. The Prior-Year Adjustment account effectively serves to true-up accounting information for financial and budgetary reporting and isolates differences in prior year accrued transactions to prevent them from being commingled with current year operating accounts. Failure to adjust accounts may lead to material financial misstatements.

The JCC's Administrative Division staff introduced new guidance for using this account in its FY 2019-20 *Year-End Close Training Manual–General Ledger*. Court staff stated that they were not aware of this guidance to use the Prior-Year Revenue Adjustment account, and also noted that such guidance had not been provided in prior years.

Page 64 of the *Year-End Close Training Manual–General Ledger* states, in part:

### **Automated Accrual Reversal Process**

As previously discussed, most expenditure and revenue accruals are automatically reversed in the new fiscal year by placing Z2 and 07/01/2020 in the last two columns of the ZREVERSAL Journal Entry template. Once period 13 is closed, these adjusting entries will automatically be reversed with a posting date of 07/01/2020.

**Note:** If an accrual was not recorded at year end or the difference between the accrual amount and the actual amount received/paid is deemed material, then prior-year [adjustment] accounts are to be used in the subsequent year.

CRC rule 10.804(a) states:

As part of its responsibility for regulating the budget and fiscal management of the trial courts, the Judicial Council adopts the *Trial Court Financial Policies and Procedures Manual*. The manual contains regulations establishing budget procedures, recordkeeping, accounting standards, and other financial guidelines for superior courts. The manual sets out a system of fundamental internal controls that will enable the

trial courts to monitor their use of public funds, provide consistent and comparable financial statements, and demonstrate accountability.

Policy Number FIN 5.02, section 3.0, "Policy Statement," of the *Trial Court Financial Policies and Procedures Manual* states:

It is the policy of the trial court to establish an accounting system with a chart of accounts and general ledger that enables the court to record financial transactions with accuracy and consistency. All of the trial courts use a single chart of accounts. This single set of accounts ensures that the financial position of all courts is reported consistently and clearly. The actual accounts each court utilizes may vary depending on the complexity of operations.

#### Recommendation

We recommend that the Court implement accounting procedures to ensure that accounts are adjusted for prior-year transactions and accrual differences, as described in the JCC's accounting guidance. Differences that occur in the current year for amounts actually received from amounts accrued in the prior year should be entered in the adjustment accounts.

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

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# Superior Court of California County of Yuba

## *Department of Finance*

Hon. Debra L. Given  
*Presiding Judge*

Bonnie Sloan  
*Court Executive Officer*

Taryn L. Kraus  
*Court Fiscal Manager*

Date: August 13, 2021

Joel James, Chief Financial Audits Bureau  
State Controller's Office, Division of Audits  
Post Office Box 942850  
Sacramento, California 94250

Dear Mr. James,

Thank you for the opportunity to respond to audit draft report The State Controller's Office (SCO) prepared pursuant to GC section 77206(h)(2) to determine whether the revenues, expenditures, and fund balances under the administration, jurisdiction, and control of the Court complied with governing statutes, rules, regulations, and policies; were recorded accurately in accounting records; and were maintained in accordance with fund accounting principles. The Superior Court of California, County of Yuba (Court) has reviewed the draft audit report and provides the following response:

**Finding:** The Court did not correctly report revenue earned for its FY 2019-20 AB 1058 grant program. We reviewed the Court's revenue accounts for FY 2019-20 and noted deposits of only \$15,768 for prior-year AB 1058 grant program revenues; whereas the Court accrued \$24,870 at year-end of FY 2018-19. The difference in the amounts received and accrued reflects a \$9,102 shortfall from the Court's expected earned program revenue.

**Recommendation:** We recommend that the Court implement accounting procedures to ensure that accounts are adjusted for prior-year transactions and accrual differences, as described in the JCC's accounting guidance. Differences that occur in the current year for amounts actually received from amounts accrued in the prior year should be entered in the adjustment accounts.

**Response:** Prior to the audit performed by SCO, the Court had reviewed prior publicly available audits and found the Court's procedures needed to be updated in regards to prior-year transactions. Since this review, the Court has been recording prior-year revenue and expenditures to the appropriate prior-year general ledger account. The Judicial Council of California (JCC) had previously instructed courts to use the corresponding general ledger account for prior-year revenues and expenses, however; since the SCO audit has completed, the JCC has issued guidance to begin using prior-year general ledger accounts instead of the corresponding general ledger account.



## Superior Court of California County of Yuba

*Department of Finance*

We would like to point out the professionalism exhibited by your staff. They went out of their way to make sure the audit was fair and impartial.

If you have any questions or need additional information regarding our response, please contact our Court Executive Officer, Bonnie Sloan, at (530) 740-1626.

Sincerely,

A handwritten signature in black ink, appearing to read "Debra L. Givens".

Debra L. Givens  
Presiding Judge

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

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