

REPORT BY THE
AUDITOR GENERAL
OF CALIFORNIA

**A REVIEW OF COUNTY CONSTRUCTION
FUNDS FOR COURTHOUSES AND
CRIMINAL JUSTICE FACILITIES**

REPORT BY THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

P-436

A REVIEW OF COUNTY CONSTRUCTION FUNDS FOR
COURTHOUSES AND CRIMINAL JUSTICE FACILITIES

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P-436

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
State Capitol, Room 3151
Sacramento, California 95814

Dear Mr. Chairman and Members:

The Office of the Auditor General presents its report concerning counties' use of Courthouse Temporary Construction Funds and County Criminal Justice Facility Temporary Construction Funds. This report shows how much the counties have collected and spent and how much they have remaining in their funds. The report also provides examples of how the counties have used these funds and states that they have been used in accordance with state law.

Respectfully submitted,

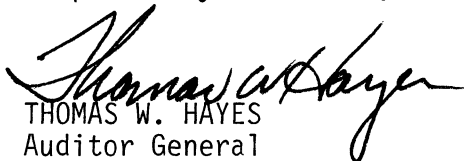

THOMAS W. HAYES
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TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	i
INTRODUCTION	1
AUDIT RESULTS	
I COURTHOUSE TEMPORARY CONSTRUCTION FUNDS	7
II COUNTY CRIMINAL JUSTICE FACILITY TEMPORARY CONSTRUCTION FUNDS	13

SUMMARY

Since establishing Courthouse Temporary Construction Funds and County Criminal Justice Facility Temporary Construction Funds, California counties report that they have collected \$101.1 million for the funds, have spent nearly \$35.0 million, and have balances in the funds totaling \$66.1 million. Our survey of 54 counties and our review of expenditures in four counties found that the counties spent the funds in accordance with state law.

Courthouse Temporary Construction Funds

Thirty-six counties have established Courthouse Temporary Construction Funds to acquire, rehabilitate, or construct courtrooms or other buildings necessary to operate the courts. Depending on the authorizing legislation, counties may collect revenues for the funds from one or more of three sources: assessments on fines for criminal offenses, surcharges on fines for parking violations, and surcharges on court filing fees. The 36 counties reported that they have collected \$36.1 million in revenues for the funds and have spent \$8.9 million, leaving a total balance of \$27.2 million. Only four counties have spent money from these funds. Our reviews in two of these four counties found that the expenditures were in accordance with state law.

Los Angeles County has collected and spent the most money; it has collected \$33.4 million and has spent over \$8.8 million. These figures represent 93 percent of the total revenues of the 36 counties and approximately 99 percent of the total expenditures. Most of Los Angeles County's expenditures have been for planning and constructing five new courthouses, one of which was completed in 1983. Los Angeles County intends to use its remaining money to finance construction of the other courthouses.

County Criminal Justice Facility
Temporary Construction Funds

Fifty-four counties have established County Criminal Justice Facility Temporary Construction Funds to construct, expand, improve, operate, and maintain criminal justice facilities and to improve criminal justice automated information systems. Counties collect revenues for the funds from assessments on fines for criminal offenses and surcharges on fines for parking violations. The 54 counties reported that they have collected \$65.0 million and have spent \$26.1 million, leaving a total balance of \$38.9 million remaining in their funds. Thirty-five counties have spent money from these funds.

Our survey and reviews found that counties were using their funds for purposes allowed by state law. For example, 29 counties reported that they have used these funds to construct, expand, and improve criminal justice facilities. Six counties reported that they have used these funds to improve their criminal justice automated information systems. Los Angeles County reported using its fund to pay some of the costs of operating its criminal justice facilities.

INTRODUCTION

The Legislature has authorized counties to establish Courthouse Temporary Construction Funds and County Criminal Justice Facility Temporary Construction Funds to generate revenues to assist in constructing, expanding, or improving courtrooms and other criminal justice facilities such as jails, detention facilities, and juvenile halls. This Auditor General report discusses the counties' use of the two funds.

Courthouse Temporary Construction Fund

Sections 68073.1, 68073.2, and 68073.6 of the California Government Code allow counties to establish a Courthouse Temporary Construction Fund (courthouse fund). Section 68073.1 and Section 68073.2, which became law on January 1, 1981, authorized Los Angeles County and San Francisco County to establish their courthouse funds. Section 68073.6, which became law on January 1, 1984, authorized all other counties to establish such funds. A courthouse fund is to be used to acquire, rehabilitate, or construct courtrooms or other buildings necessary to operate the courts.

Depending on the authorizing legislation, counties that establish a courthouse fund may collect revenue for the fund from one or more of three sources: 1) assessments on fines that courts collect for criminal offenses; 2) surcharges on fines for parking violations;

and 3) surcharges on court filing fees. An assessment is an additional amount that courts levy on each fine, penalty, and forfeiture for criminal offenses, including violations of the California Vehicle Code. A forfeiture is money paid by a person who commits a violation that does not require a court appearance. The courts calculate the assessment based on the total amount of the fine, penalty, or forfeiture.

A surcharge on a fine for a parking violation is an additional amount levied on the fine. Similarly, a surcharge on a court filing fee is an additional charge levied on the fee for filing certain actions in municipal or superior court. San Francisco County is authorized to collect revenue from all three of these sources; Los Angeles County is authorized to collect assessments on fines for criminal offenses and surcharges on fines for parking violations. All other counties are authorized to collect assessments only.

The current assessment for the courthouse fund is \$1 for every \$10 of each fine, penalty, or forfeiture. For example, a judge who fines an offender \$100 is required to assess an additional \$10 for a total of \$110. The additional \$10 collected is deposited into the courthouse fund.

San Francisco County and Los Angeles County are authorized to levy a surcharge of \$1.50 on all fines for parking violations. For a parking violation filed in a county court, the counties deposit \$1.00

into their courthouse funds whether or not the court collects the fine and surcharge. For each parking violation not filed in a county court, the counties deposit \$1.50 into their courthouse funds after the fine and surcharge are collected by a city or other agency in the counties.

San Francisco County alone is authorized to levy a surcharge on court filing fees for any civil action filed in municipal or superior court and for any probate action filed in superior court. The amount of the filing fee is set by the county board of supervisors but may not exceed \$50. The surcharge is deposited into the county's courthouse fund.

In addition to these revenue sources, a county may deposit into its courthouse fund any interest earned on investments of the fund. The county may, however, elect to deposit the interest earnings into its general fund.

County Criminal Justice Facility
Temporary Construction Fund

Section 68073.4 of the California Government Code, which became law on January 1, 1982, allows counties to establish a County Criminal Justice Facility Temporary Construction Fund (criminal justice fund). The criminal justice fund is to be used "for construction, reconstruction, expansion, improvement, operation, or maintenance of criminal justice facilities" and for improvement of criminal justice automated information systems. Jails, detention facilities, juvenile halls, and courts are examples of criminal justice facilities.

All counties that establish a criminal justice fund are authorized to collect revenue for the fund from assessments on fines for criminal offenses and from surcharges on fines for parking violations. The amount of assessment on fines for criminal offenses is the same as the assessment for the courthouse fund: \$1 for every \$10 of each fine, penalty, or forfeiture collected by the courts. Counties that establish both funds can collect a separate assessment for each fund.

The amount deposited into the criminal justice fund for parking violations is also the same as the amount deposited for the courthouse fund: \$1 for each parking violation filed in a county court and \$1.50 for each surcharge collected by a city or other agency in the county. Counties that establish both funds can collect a separate surcharge for each fund. A county may deposit interest earned on its criminal justice fund into either its criminal justice fund or its general fund.

Previous Auditor General Work

In a previous report, entitled "Courts and Counties Are Not Collecting and Remitting to the State All Revenue for the Victims of Crime Program" (Report P-337, April 1984), the Auditor General reviewed the courts' systems for collecting and remitting fines and assessments that finance the Victims of Crime Program. This report found that three counties deposited into their courthouse funds and criminal justice funds monies that should have been remitted to the State.

The report found that Los Angeles County had underpaid the State \$1.7 million and Alameda County and Santa Clara County had underpaid a total of \$64,000. Consequently, the revenues and fund balances for the courthouse funds and criminal justice funds of these counties may have been overstated as of May 31, 1984.* The system used to calculate, levy, and collect fines and assessments that finance the Victims of Crime Program is similar to the system that finances the counties' courthouse funds and criminal justice funds.

SCOPE AND METHODOLOGY

We reviewed the counties' Courthouse Temporary Construction Funds and County Criminal Justice Facility Temporary Construction Funds to determine the revenues that counties have collected for these funds, the amounts that counties have spent from the funds, and the balances in the funds. We also evaluated the counties' use of these funds to determine if they have used them appropriately. Our review covers January 1, 1981, through May 31, 1984, for the courthouse funds and January 1, 1982, through May 31, 1984, for the criminal justice funds.

*In August 1984, Los Angeles County paid the State the money that the county should have remitted.

In conducting this review, we examined the state laws that authorize counties to establish courthouse funds and criminal justice funds. We also conducted reviews of the two funds in the following four counties: Los Angeles, San Diego, Santa Clara, and Shasta. In these four counties, we obtained financial statements to determine the revenues, expenditures, and fund balances for the courthouse funds and criminal justice funds. To determine how these counties used these two funds, we interviewed county officials and reviewed accounting records and budget documents. However, we do not express an opinion on the financial data we reviewed in these four counties.

Finally, we sent a questionnaire to the remaining 54 counties requesting information on the revenues, expenditures, and fund balances for their courthouse funds and their criminal justice funds as of May 31, 1984. We also requested information on how they used their funds and their plans for using the funds. All 54 counties responded to our questionnaire.

At the completion of an audit, the Auditor General invites state agencies responsible for programs being audited to respond to the Auditor General's findings; the response is issued with the Auditor General's report. Because no state agency is responsible for administering the counties' courthouse funds and criminal justice funds, there is no agency response to this report. However, we discussed the report with officials of the State Controller's office and the four counties in which we conducted reviews.

AUDIT RESULTS

I

COURTHOUSE TEMPORARY CONSTRUCTION FUNDS

Thirty-six counties have established a Courthouse Temporary Construction Fund (courthouse fund). These 36 counties reported collecting \$36.1 million and spending \$8.9 million. They reported that a total of \$27.2 million remained in their courthouse funds as of May 31, 1984. The courthouse funds are to be used to acquire, rehabilitate, or construct courtrooms or other buildings necessary to operate the courts. Our survey and our reviews in two of the four counties that have spent money from these funds found that expenditures were in accordance with state law. Most of the expenditures were for planning, designing, and constructing new courthouses.

Table 1 on the following page shows the revenues, expenditures, and fund balances as of May 31, 1984, for each county that has established a courthouse fund.

TABLE 1
COURTHOUSE TEMPORARY CONSTRUCTION FUNDS
SUMMARY OF REVENUES, EXPENDITURES,
AND FUND BALANCES
JANUARY 1, 1981 THROUGH MAY 31, 1984 (UNAUDITED)

<u>County</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balances</u>
Alameda*	\$ 273,531	\$ 0	\$ 273,531
Amador	3,567	0	3,567
Butte	9,905	0	9,905
Calaveras	2,772	0	2,772
Contra Costa	140,528	15,171	125,357
Fresno	45,394	15,881	29,513
Humboldt	20,666	0	20,666
Kern	131,407	0	131,407
Kings	23,604	0	23,604
Lake	5,161	0	5,161
Los Angeles*	33,432,000	8,820,000	24,612,000
Marin	83,969	0	83,969
Mariposa	846	0	846
Mono	5,732	0	5,732
Monterey	61,491	0	61,491
Napa	5	0	5
Nevada	1,859	0	1,859
Orange	404,825	0	404,825
Placer	16,245	0	16,245
Riverside	186,320	0	186,320
Sacramento	95,999	0	95,999
San Bernardino	115,712	0	115,712
San Diego	241,325	7,500	233,825
San Francisco	427,362	0	427,362
San Joaquin	6,433	0	6,433
Santa Barbara	90,624	0	90,624
Santa Clara*	49,482	0	49,482
Shasta	13,906	0	13,906
Siskiyou	31	0	31
Solano	33,384	0	33,384
Sonoma	20,308	0	20,308
Stanislaus	44,459	0	44,459
Trinity	1,184	0	1,184
Tulare	76,022	0	76,022
Yolo	1,750	0	1,750
Yuba	6,502	0	6,502
Total	<u>\$36,074,310</u>	<u>\$8,858,552</u>	<u>\$27,215,758</u>

*As indicated on page 5 of this report, these counties' revenues and fund balances may be slightly overstated because they deposited into their courthouse funds and criminal justice funds money that should have been remitted to the State.

As Table 1 shows, the 36 counties reported that as of May 31, 1984, they had collected \$36.1 million, spent \$8.9 million, and had \$27.2 million remaining in their courthouse funds. Also, as the table shows, only 4 counties reported spending money from their courthouse funds. Los Angeles County collected and spent the most money. It collected \$33.4 million, 93 percent of the total revenue collected by the 36 counties, and spent \$8.8 million, 99 percent of the total expenditures.

Los Angeles County established its courthouse fund earlier than the other counties. Although Los Angeles and San Francisco counties were authorized to establish their funds in January 1981, San Francisco County did not establish its fund until 1983. The other counties were not authorized to establish their courthouse funds until January 1, 1984.

Only two of the four counties in which we conducted reviews had spent any money from their courthouse funds. The expenditures we reviewed in these two counties were for costs associated with acquiring, rehabilitating, or constructing courtrooms. For example, San Diego County spent \$7,500 for a consultant to evaluate its courtroom needs. Los Angeles County used its courthouse fund mainly to pay the costs associated with constructing five new courthouses, one of which (the San Fernando County Building) was completed in 1983.

In fiscal year 1983-84, Los Angeles County spent approximately \$4.5 million for lease payments to a nonprofit corporation to finance its newly completed courthouse. The nonprofit corporation sold mortgage revenue bonds to pay for constructing the courthouse, and the county leased the building from the corporation at a cost of approximately \$4.5 million annually over ten years. The lease payments repay the corporation for the costs of the bonds.

Most of Los Angeles County's other courthouse fund expenditures were for planning and designing the county's new courthouses. For example, Los Angeles County has spent nearly \$900,000 for planning and designing its Van Nuys Municipal Court. On May 31, 1984, Los Angeles County had a balance of \$24.6 million in its courthouse fund. The county plans to use these monies to help finance the construction of its courthouses and pay the lease on its recently completed courthouse.

Only two other counties reported expenditures from their courthouse funds. Fresno and Contra Costa counties reported spending a total of approximately \$31,000 to remodel and expand some courtrooms.

Although 35 counties have spent little or none of their courthouse funds, 23 counties reported that they plan to use their courthouse funds to build new courthouses or to improve and add to existing ones. For example, Sacramento County reported that it plans to use its courthouse fund to pay some of the cost of constructing a

new courthouse. The remaining twenty-two counties reported that they plan to use their courthouse funds to expand, remodel, or add to existing courtrooms.

II

COUNTY CRIMINAL JUSTICE FACILITY
TEMPORARY CONSTRUCTION FUNDS

Fifty-four counties have established a County Criminal Justice Facility Temporary Construction Fund (criminal justice fund). These 54 counties reported that they collected \$65.0 million and spent \$26.1 million, leaving a total balance of \$38.9 million. The criminal justice funds are to be used to construct, remodel, improve, expand, operate, and maintain criminal justice facilities and to improve criminal justice automated information systems. Our survey and our review of expenditures in four counties found that county expenditures were in accordance with state law.

Table 2 on the following page shows the revenues, expenditures, and fund balances as of May 31, 1984, for each county that has established a criminal justice fund.

TABLE 2

**COUNTY CRIMINAL JUSTICE FACILITY
TEMPORARY CONSTRUCTION FUND SUMMARY OF REVENUES,
EXPENDITURES, AND FUND BALANCES
JANUARY 1, 1982 THROUGH MAY 31, 1984 (UNAUDITED)**

<u>County</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balances</u>
Alameda*	\$ 4,070,635	\$ 2,493,816	\$ 1,576,819
Alpine	3,111	0	3,111
Amador	44,609	22,352	22,257
Butte	119,171	60,000	59,171
Calaveras	39,951	5,447	34,504
Colusa	73,792	10,937	62,855
Contra Costa	1,376,871	888,462	488,409
Del Norte	24,658	15,810	8,848
El Dorado	230,580	0	230,580
Fresno	1,002,825	522,144	480,681
Glenn	74,606	0	74,606
Humboldt	285,802	44,849	240,953
Imperial	291,288	8,590	282,698
Inyo	64,070	0	64,070
Kern**	1,379,794	995,947	383,847
Kings	170,132	0	170,132
Lake	71,736	68,869	2,867
Los Angeles*	24,060,000	8,660,000	15,400,000
Madera	159,644	0	159,644
Marin	890,149	368,848	521,301
Mariposa	10,023	0	10,023
Mendocino	134,878	14,891	119,987
Merced	199,344	0	199,344
Mono	40,358	0	40,358
Monterey	1,297,651	630,000	667,651
Napa	104,248	0	104,248
Nevada	279,759	1,877	277,882
Orange	6,837,634	207,537	6,630,097
Placer	288,127	42,642	245,485
Plumas	24,496	0	24,496
Riverside	1,858,846	417,705	1,441,141
Sacramento	1,867,533	1,735,865	131,668
San Bernardino	1,701,304	0	1,701,304
San Diego	4,697,412	2,028,674	2,668,738
San Joaquin	707,506	0	707,506
San Luis Obispo	290,719	0	290,719
San Mateo	2,213,407	2,502,033	(288,626)
Santa Barbara	795,112	249,310	545,802
Santa Clara*	3,492,046	3,137,396	354,650
Santa Cruz	739,169	185,017	554,152
Shasta	222,927	219,300	3,627
Sierra	8,760	2,140	6,620
Siskiyou	118,221	0	118,221
Solano	546,264	350,873	195,391
Sonoma	128,227	0	128,227
Stanislaus	234,643	5,220	229,423
Sutter	40,445	12,447	27,998
Tehama	127,077	20,000	107,077
Trinity	12,612	0	12,612
Tulare	574,329	116,406	457,923
Tuolumne	23,369	0	23,369
Ventura	858,926	0	858,926
Yolo	44,977	17,030	27,947
Yuba	35,247	20,000	15,247
Total	\$64,989,020	\$26,082,434	\$38,906,586

*As indicated on page 5, these counties' revenues and fund balances may be slightly overstated because they deposited into their courthouse funds and criminal justice funds money that should have been remitted to the State.

**Kern County's expenditures include actual expenditures of \$244,358 and encumbrances of \$751,589.

Table 2 shows that the 54 counties reported that as of May 31, 1984, they had collected \$65.0 million, spent nearly \$26.1 million, and had \$38.9 million remaining in their criminal justice funds. Thirty-five counties reported spending money from their criminal justice funds. We reviewed expenditures in four counties and found that the expenditures in these counties were in accordance with state law. These counties used their funds primarily for three purposes: to construct, remodel, improve, or expand criminal justice facilities; to improve criminal justice automated information systems; and to operate criminal justice facilities. The other 31 counties that had spent criminal justice funds reported using their funds for similar purposes.

Twenty-nine counties reported that they used their criminal justice funds to construct, remodel, improve, and expand their criminal justice facilities. For example, Santa Clara County spent approximately \$2.7 million during fiscal years 1982-83 and 1983-84 to remodel and upgrade two detention facilities. One facility was upgraded from minimum security to maximum security. Shasta County spent approximately \$125,000 during fiscal year 1983-84 to pay some of the costs of constructing its new \$23 million county jail.

Six counties used their criminal justice funds to develop or improve their criminal justice automated information systems. For example, San Diego County spent \$300,000 from its fund in fiscal year 1982-83 to improve and expand its criminal justice automated

information system. In fiscal year 1982-83, Santa Clara County spent \$200,000 to expand its criminal justice automated information system. Similarly, Del Norte, Humboldt, Solano, and Yolo counties reported using their funds to improve their criminal justice automated information systems.

Finally, we found that Los Angeles County spent over \$7.1 million in fiscal years 1982-83 and 1983-84 to expand and operate county jail and probation facilities. Part of this money paid the salaries of additional staff needed to operate the expanded facilities.

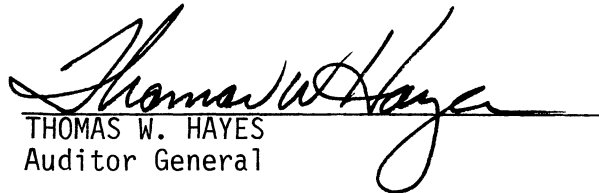
As of May 31, 1984, counties had balances in their criminal justice funds totaling \$38.9 million. The counties reported that they have plans to use these and other revenues to be collected. For instance, 38 counties reported that they plan to construct, remodel, improve, or expand criminal justice and court room facilities. Four counties reported that they have constructed or improved their criminal justice and courtroom facilities and are planning to use their funds to repay interest on bonds sold to finance construction and improvement of their facilities. Furthermore, three counties reported that they plan to use their criminal justice funds to develop or improve their criminal justice automated information systems.

Although most counties have spent some of their criminal justice funds and have plans for much of the remaining money, nine counties reported that they do not have any plans for their funds. For

instance, Madera County reported that it currently does not have any plans for using its criminal justice fund because the nearly \$160,000 that it has collected is not enough to meet its needs for additional criminal justice facilities.

We conducted this review under the authority vested in the Auditor General by Section 10500 et seq. of the California Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Respectfully submitted,


THOMAS W. HAYES
Auditor General

Date: September 24, 1984

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