

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Board of Supervisors and the Grand Jury
County of Sierra
Downieville, California

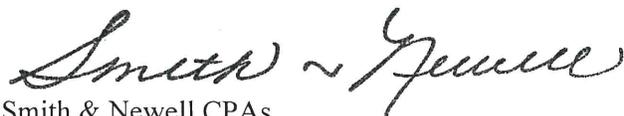
In planning and performing our audit of the financial statements of the County of Sierra, (County) as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These management letter findings and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are described in the attached Appendix A. The attached Appendix B contains the status of prior year findings. The attached Appendix C contains management's corrective action plan for the current year finding and recommendation.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. It is our intention to use our knowledge of the County gained during our work to make comments and suggestions that will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This communication is intended solely for the information and use of management, the Board of Supervisors and others within the County and is not intended to be, and should not be, used by anyone other than these specified parties.



Smith & Newell CPAs
Yuba City, California
January 4, 2019

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COUNTY OF SIERRA
Appendix A: Management Letter Finding and Recommendation
For the Fiscal Year Ended June 30, 2018

CURRENT YEAR FINDING AND RECOMMENDATION

Reconciliation of Monies Held in Trust

Condition

At the time of our fieldwork we noted monies held in the Road Security trust fund had not been reconciled to a detail list of open deposits.

Cause

Reconciliations were not being performed periodically.

Criteria

Good internal control of monies held in trust requires that the balance held is reconciled to a list of open deposits.

Effect of Condition

We noted that the cash balance in the trust fund was not reconciled to a list of open deposits. The risk of errors is increased when reconciliations are not performed periodically.

Recommendation

We recommend that the cash balance in the trust be reconciled to a detail list of open deposits.

COUNTY OF SIERRA
Appendix B: Status of Prior Year Recommendation
For the Fiscal Year Ended June 30, 2018

STATUS OF PRIOR YEAR RECOMMENDATION

Reconciliation of Monies Held in Trust

Prior Year Recommendation

We recommend that the cash balance in each trust be reconciled to a detail list of open deposits.

Status

In Progress

COUNTY OF SIERRA
Appendix C: Management's Corrective Action Plan
For the Fiscal Year Ended June 30, 2018

Reconciliation of Monies Held in Trust

We recommend that the cash balance in the trust be reconciled to a detail list of open deposits.

Responsible Individual: Tim Beals

Corrective Action Plan: We have the more current Road Department security deposits reconciled to a list of "open deposits" but our issue is the more aged security deposits that have been carried. We will focus on the open and aged security deposits and have a complete reconciliation of all deposits so that the audit for fiscal year ending on June 30, 2019 does not include this current finding.

Anticipated Completion Date: April 2019

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