

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, 2019, 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 auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The appendix that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated December 3, 2019, on the financial statements of the County.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with County management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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
December 3, 2019

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COUNTY OF SIERRA
Appendix A: Management Letter Comments
For the Year Ended June 30, 2019

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

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.

Prior Period Adjustments

Condition

During our audit we noted that the County made material prior period adjustments to correct a prior year understatement of governmental activities and business-type activities construction in progress.

Cause

During the year, the County identified construction in progress related to Sierra Brooks Water and the Solid Waste landfill that had been recorded as an expense in prior years.

Criteria

Generally accepted accounting principles require that material errors in the prior year ending balances be corrected by a prior period adjustment to beginning net position.

Effect of Condition

Beginning net position was misstated and required adjustment.

Recommendation

We recommend that the County review the financial records and ensure that items are recorded correctly.

COUNTY OF SIERRA
Appendix B: Status of Prior Year Recommendations
For the Year Ended June 30, 2019

STATUS OF PRIOR YEAR RECOMMENDATION

Reconciliation of Monies Held in Trust

Prior Year Recommendation

We recommend that the cash balance in the 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 Year Ended June 30, 2019

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: The Road department

Corrective Action Plan: The Road department will reconcile their Trust fund to the Auditor's balance monthly.

Anticipated Completion Date: November 2019

Prior Period Adjustments

We recommend that the County review the financial records and ensure that items are recorded correctly.

Responsible Individual: Van Maddox, Auditor-Controller

Corrective Action Plan: The Auditor-Controller will review staff workpapers closely.

Anticipated Completion Date: Not applicable

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