



CliftonLarsonAllen

CliftonLarsonAllen LLP
925 Highland Pointe Drive, Suite 450
Roseville, CA 95678-5423
916-784-7800 | fax 916-784-7850
CLAconnect.com

Management
County of Trinity
Weaverville, California

In planning and performing our audit of the financial statements of County of Trinity as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the entity's internal control over financial reporting (internal control) as a basis for designing audit 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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

However, during our audit we became aware other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. Our comments and suggestions regarding those matters are summarized below. We previously provided a written communication dated December 21, 2018, on the entity's internal control. This letter does not affect our report on the financial statements dated December 21, 2018.

NEGATIVE CASH BALANCE – FORMER HOSPITAL FUND

Condition

We noted the County former hospital fund, fund 901, is carrying a negative cash balance of \$4,654,170 in the Treasurer's Investment Pool. Though the County combines this fund with the General Fund to eliminate the cash deficit for reporting purposes as required by generally accepted accounting principles, the County has not adopted a formal policy for paying down the deficit.

Recommendation

For the former hospital fund which has a deficit balance of \$4,654,170, we recommend the County establish a formal plan for eliminating the deficit, as well as the time frame to doing so.

CAPITAL ASSET YEAR-END ACCOUNT RECONCILIATION

Condition

During our review of the client's fund (Fund 999) used to record government-wide entries for the preparation of the County's government-wide statements, we noted that the year-end capital asset balances were not agreeing to the County's capital asset records and schedules. Additionally, we noted current year activity was being recorded directly to equity instead of to the proper accounts to reflect the nature of the transactions. To address the discrepancies, the County had to record additional journal entries to correct the capital asset balances after the general ledger was finalized for the fiscal year.

Recommendation

Reconciliations will quickly identify errors and needed corrections to ensure account balances are accurate. We recommend the County reconcile the ending account balances in its government-wide conversion fund (Fund 999) to its accounting records and schedules prior to closing its general ledger for fiscal year.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various entity personnel, 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 entity, and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Roseville, California
December 21, 2018