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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, 2019, 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 24, 2019, on the entity's internal control. This letter does not affect our report on the financial statements dated December 24, 2019.

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.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestions with various entity personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

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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.

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Roseville, California
December 24, 2019