



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, 2021, 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 June 27, 2022, on the entity's internal control. This letter does not affect our report on the financial statements dated June 27, 2022.

NEGATIVE CASH BALANCE – FORMER HOSPITAL FUND

Condition

We noted the County former hospital fund, fund 901, is carrying a negative cash balance of \$4,543,067 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 \$4,543,067 we recommend the County establish a formal plan for eliminating the deficit, as well as the time frame to doing so.

CASH RECONCILIATION DELAYS

Condition

We noted the Treasury department was late in submitting some of its monthly cash reconciliations to the Auditor-controller's Office which in turn caused the third and fourth quarter interest apportionments to be late. The cash reconciliation for June 30, 2021 was not completed until December 2021 while the interest apportionments for the third and fourth quarters were not recorded until January of 2022, or seven months after the fiscal year-end. We were informed that the delays were caused by a major financial system upgrade.

Recommendation

We recommend the County establish a formal plan for future financial system upgrades to ensure key accounting tasks continue to be performed timely and accurately. This plan could include establishing a planning committee consisting of management, data processing and user department representatives which would include periodic meetings to review progress and confirm the priorities.

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We will review the status of these comments during our next audit engagement. We have already discussed 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Roseville, California
June 27, 2022