

**INDEPENDENT AUDITOR'S MANAGEMENT LETTER**

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

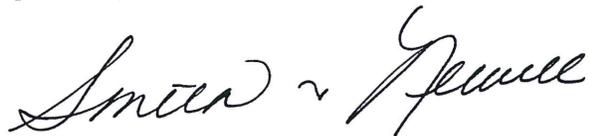
In planning and performing our audit of the financial statements of the County of Sierra, (County) as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government 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 comments 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.

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 with 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 22, 2015

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**COUNTY OF SIERRA**  
**Appendix A: Management Letter Comments**  
**For the Fiscal Year Ended June 30, 2014**

**CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

**Reconciliation of Payroll Liabilities**

**Condition**

At the time of our fieldwork we noted that PERS liability account of \$10,325 and the Health Savings account of \$4,170 at June 30, 2014 were not being reconciled.

**Cause**

The County was not reconciling all payroll liability accounts.

**Criteria**

Good internal control requires that the payroll liability balances be reconciled in a timely manner.

**Effect of Condition**

The balances in the accounts were from prior years and overstated the liability at June 30, 2014.

**Recommendation**

We recommend that all payroll liability account balances be reconciled at least monthly.

**Corrective Action Plan**

The County has reconciled the above accounts and placed in our procedures steps to reconcile timely in the future.

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