

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

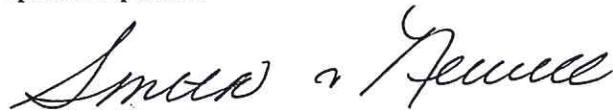
In planning and performing our audit of the financial statements of the County of Sierra, (County) as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government 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
December 23, 2015

COUNTY OF SIERRA
Appendix A: Management Letter Comments
For the Fiscal Year Ended June 30, 2015

Inventory

Condition

At the time of our fieldwork we noted that the quantity listed on the inventory count sheet for nine out of twenty five inventory items sampled to test did not agree to the actual amount on hand.

Cause

Inventory items on hand at June 30 are not correctly being recorded on the inventory count sheet.

Criteria

Good internal control requires that inventory items on hand be counted and correctly recorded on the inventory count sheet and the general ledger.

Effect of Condition

Even though the projected misstatement is immaterial, 36 percent of items sampled to test did not agree at June 30, 2015.

Recommendation

We recommend that the County ensure that actual inventory items on hand at June 30 agree to the inventory count sheet.

COUNTY OF SIERRA
Appendix A: Management Letter Comments
For the Fiscal Year Ended June 30, 2015

STATUS OF PRIOR YEAR RECOMMENDATIONS

Reconciliation of Payroll Liabilities

Prior Year Recommendations

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

Status

Implemented

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