

TELLER COUNTY

REPORT TO GOVERNANCE

**Resulting from the 2008
Financial Statement Audit**



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Board of County Commissioners
Teller County
Cripple Creek, Colorado

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Dear Members of the Board:

The December 31, 2008 financial statement audit of Teller County is complete. In conjunction with our examination, we reviewed your internal control structure. This review was limited and not necessarily designed or intended to disclose errors, irregularities, or fraud that might occur. However, we were able to compile the following report based on our observations.

The following report is divided into three sections: *Financial Analyses, Changes from the Prior Year, and Advisory Comments and Suggestions.*

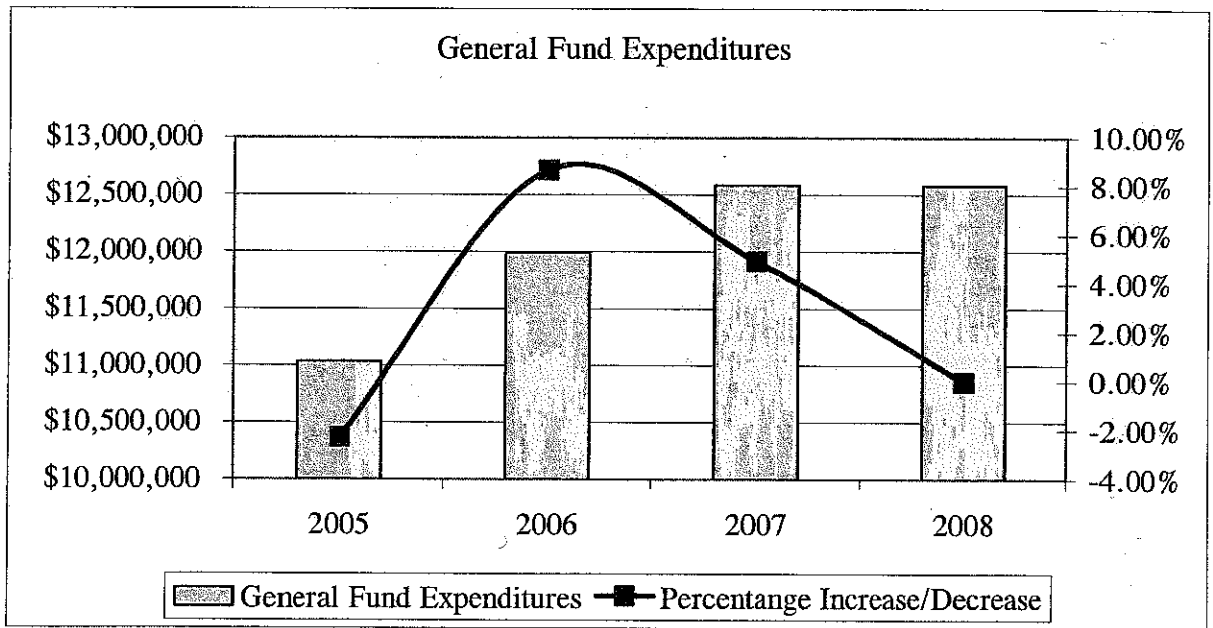


Affiliate Offices Worldwide

FINANCIAL ANALYSES

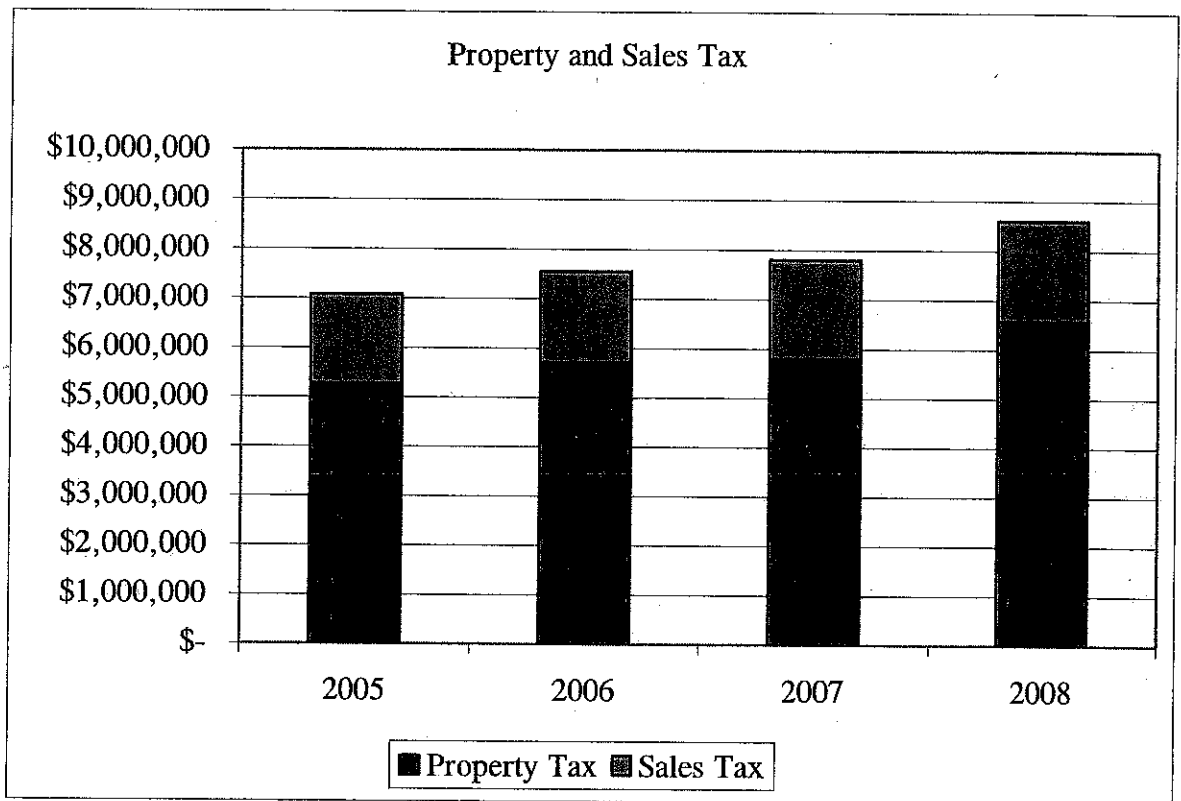
This section of the report graphically displays some of your financial trends. These graphs may help you visualize the data presented in the financial statements.

The first graph depicts General fund expenditures since 2005. General fund expenditures have been essentially level for the past three years.



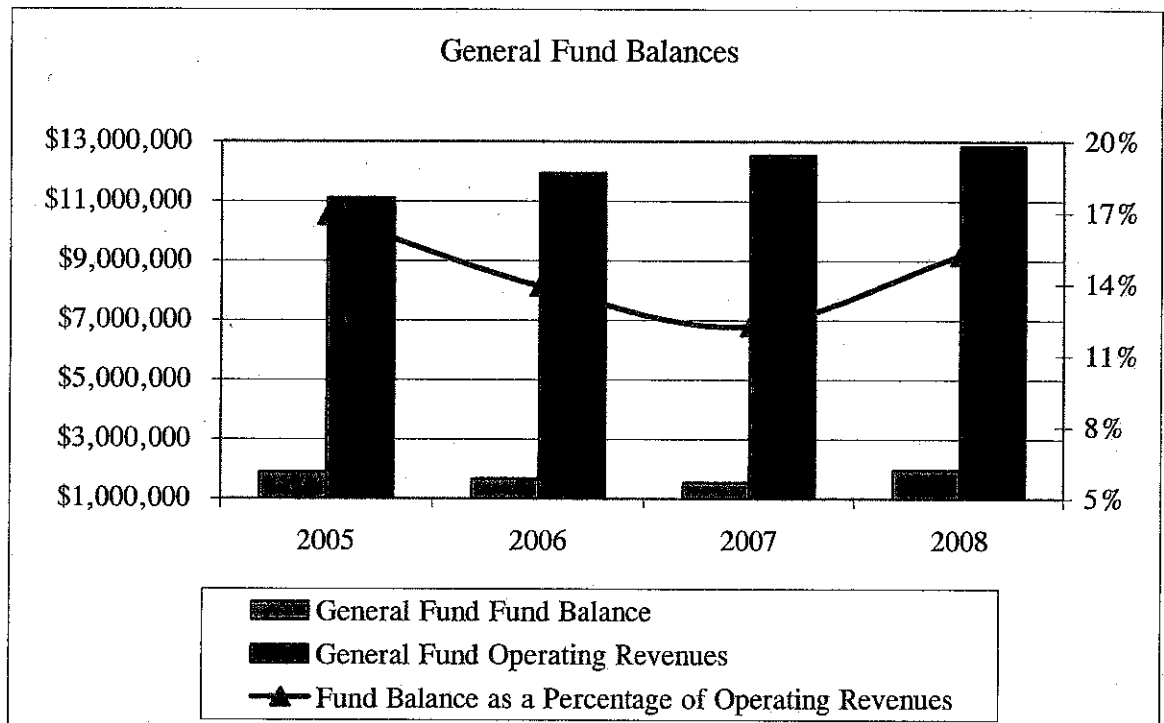
Year	General Fund Expenditures	Percentage Increase/Decrease
2005	\$ 11,033,837	-2.28%
2006	11,991,511	8.68%
2007	12,584,428	4.94%
2008	\$ 12,583,184	-0.01%

The next chart demonstrates the trend of property and sales taxes over the past four years. Both have grown slowly and steadily over the four-year term.



Year	Property Tax	Sales Tax	Total
2005	\$ 5,263,963	\$ 1,814,234	\$ 7,078,197
2006	5,705,302	1,847,198	7,552,500
2007	5,797,104	2,009,234	7,806,338
2008	\$ 6,583,062	\$ 2,023,021	\$ 8,606,083

The final graph shows General fund balances as a percentage of routine, operating-type revenues for the last four years. A rule-of-thumb for assessing the adequacy of General fund balances is that they should be no less than 5% to 15% of regular revenues. As you can see, your percentages have consistently approximated the 15% benchmark.



Year	General Fund Fund Balance	General Fund Operating Revenues	Fund Balance as a Percentage of Operating Revenues
2005	\$ 1,879,285	\$ 11,105,212	17%
2006	1,663,274	11,938,627	14%
2007	1,537,752	12,532,677	12%
2008	\$ 1,960,352	\$ 12,851,528	15%

CHANGES FROM THE PRIOR YEAR

● INFORMATION SECURITY

In 2008, you purchased new fire-proof cabinets that are now in use and are extremely secure. Furthermore, the Social Services department verified with the State that County information is backed up by the State's computer system. As a result, a local disaster recovery plan for this data is not considered necessary.

We commend you for improving safekeeping controls that help prevent confidential information from being easily accessible.

● RETIREMENT OF CAPITAL ASSETS

You formalized the process for disposing of capital assets, establishing a consistent process for every department to follow.

We acknowledge you for taking action to strengthen controls over the disposal of County assets.

● STALE CHECKS

During this past year, the Treasurer reviewed outstanding checks over a year old on her bank reconciliations. These items were either reissued or written-off.

We acknowledge the Treasurer for improving the efficiency of, and reducing the risk of errors in, the bank reconciliation process.

ADVISORY COMMENTS AND SUGGESTIONS

In this section, we identified items that came to our attention during the course of our financial statement examination we believe should be addressed by you. We hope you receive these suggestions in the constructive manner we intended.

● GASB 54 IMPLEMENTATION

Governmental Accounting Standards Board (GASB) Statement No. 54 was issued in March 2009 to “enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.” This statement requires fund balances be categorized into “nonspendable” and “spendable” amounts. The “spendable” amounts are further broken down into restricted, committed, assigned, and unassigned categories. While the requirements of GASB 54 are not effective until periods beginning after June 15, 2010, early implementation is encouraged.

We recommend you become familiar with these and other disclosure requirements in GASB 54. We also encourage you to begin tracking fund balances as outlined in the categories above to facilitate implementation.

● INVESTMENT DIVERSIFICATION

About \$3 million of your liquid funds are invested in COLOTRUST. Given current conditions in other investment pools, we suggest you investigate diversifying your investment portfolio.

We recommend you consider other investment vehicles, such as United States Treasury Bills or certificates of deposit, to diversify the County's portfolio.

CONCLUDING REMARKS

Thank you for letting us be a part of your financial accountability team. We especially recognize Laurie Litwin, Sandy Adams, Vicki Caldwell, Connie Joiner, and Kim Mauthe for their help with the audit.

This report is intended solely for the information and use of the Board of County Commissioners and management. It is not intended to be, and should not be, used by anyone other than these specified parties.

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If you have any questions about this report, or if you need assistance with any other matters, please contact Bert Bondi, Evelyn Law, Andrew Pickering, or Jeff Burch. We can be reached by phone at 303.799.6826, or by email at bbondi@bondico.com.

May 3, 2009

Bondi & Co. LLC

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