

**TELLER COUNTY**

***REPORT TO GOVERNANCE***

**Resulting from the 2009  
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:

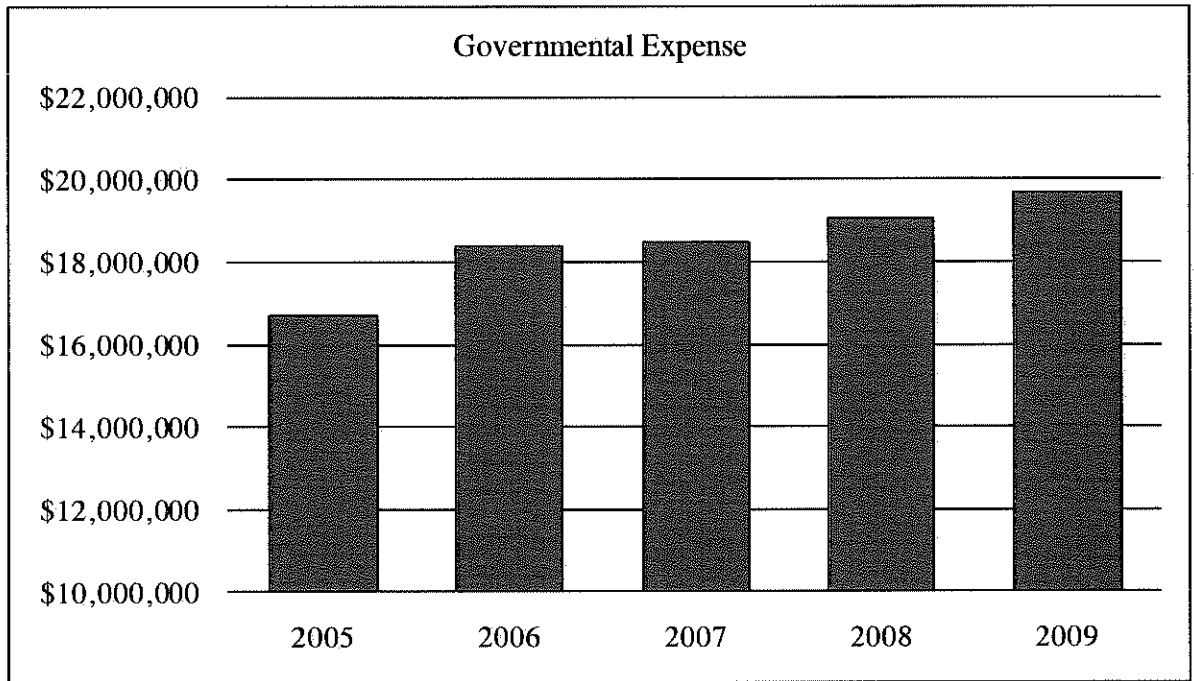
As part of the 2009 Teller County (County) financial statement audit, we reviewed the County's internal control structure. This review was limited and not necessarily designed or intended to disclose errors, irregularities, or fraud that might occur. However, we were able to compile the following report based on our observations.

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

**FINANCIAL ANALYSES**

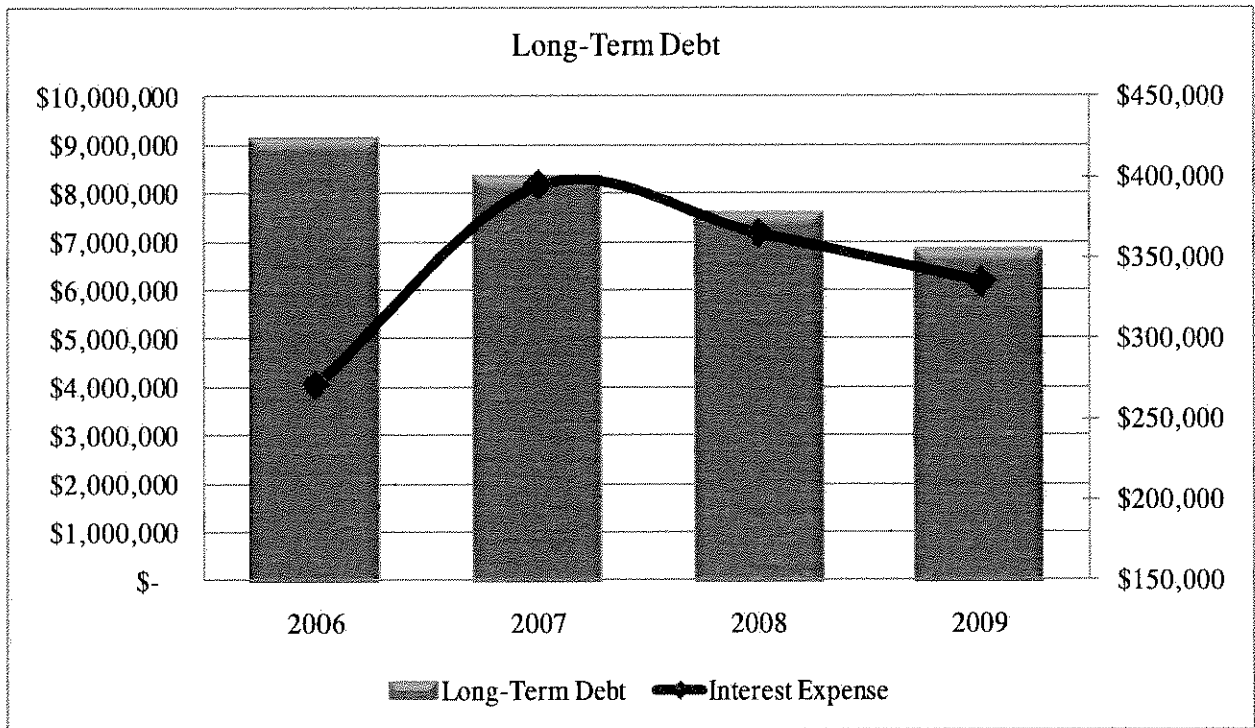
This section of the report graphically displays some of your financial trends. These graphs may help visualize the data presented in the financial statements.

The first graph shows the trend of governmental expense over the past five years. While expenses have increased over that period, the increase has not been unusual.



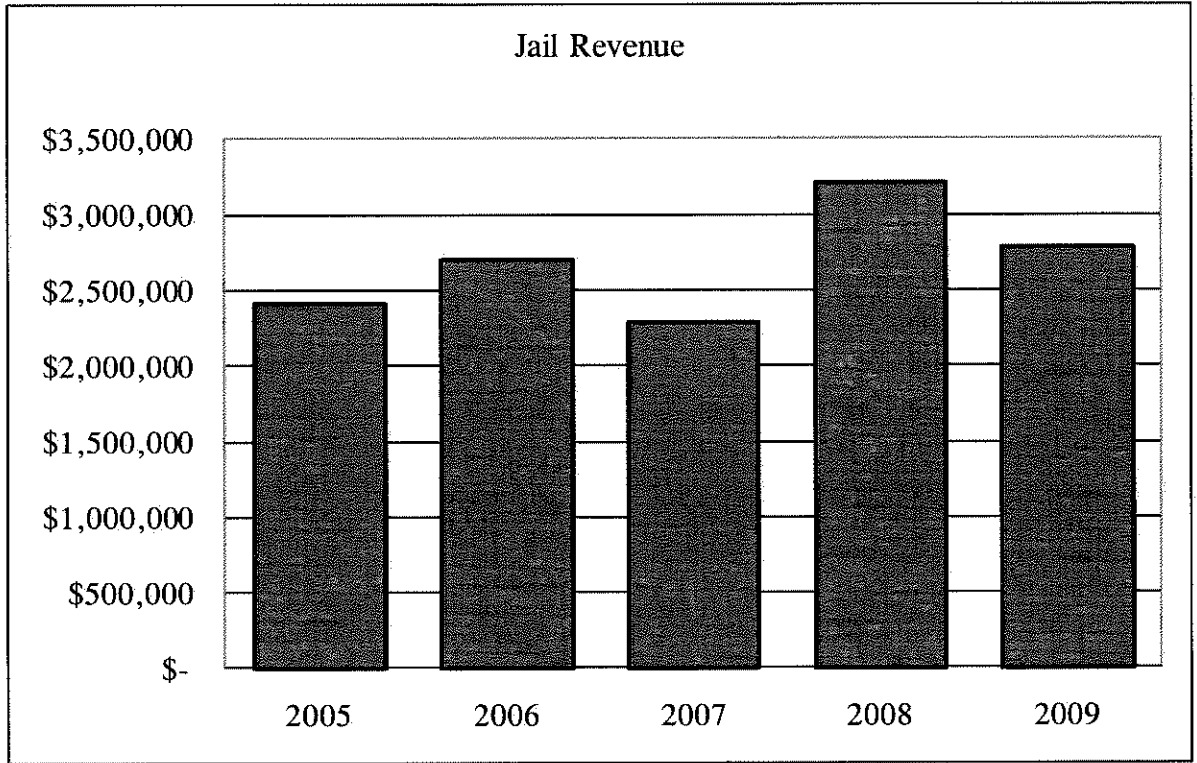
<u>Year</u>	<u>Governmental Expense</u>
2005	\$ 16,699,711
2006	18,389,628
2007	18,478,772
2008	19,069,174
2009	\$ 19,687,834

The second graph shows how the County's long-term debt obligations have decreased steadily since 2006, when the County entered into a capital lease agreement to construct the public works building in Divide. While interest expense increased from 2006 to 2007, due to the new debt in 2006, interest decreased in both 2008 and 2009.



	Long-Term Debt	Interest Expense
2006	\$ 9,109,517	\$ 271,595
2007	8,341,499	394,887
2008	7,589,265	365,283
2009	\$ 6,813,275	\$ 335,419

Our final graph shows the operating revenues for the jail since 2005. While revenues decreased in 2009 from their peak in 2008, they remain higher than previous years.



Year	Jail Revenue
2005	\$ 2,415,190
2006	2,706,310
2007	2,285,839
2008	3,213,929
2009	\$ 2,787,234

CHANGE FROM THE PRIOR YEAR

● PERSONNEL EXPENSE BUDGET

For the 2010 budget year, the County began specifying in the budget personnel expense by individual position. This allowed the County to reduce a department's personnel budget if an employee terminated. If the County later filled the position, the Commissioners would re-appropriate funds for the new employee's salary. This level of detail will help the County monitor and control personnel costs.

ADVISORY COMMENTS AND SUGGESTIONS

This section of the report lists our suggestions on several new governmental accounting pronouncements to keep in mind for financial reporting next year.

● GASB 51

There is a new governmental accounting standard, Governmental Accounting Standards Board (GASB) Statement No. 51, which will affect the accounting treatment of water rights, easements, software, and other intangible assets for 2010 and beyond.

We recommend staff review the requirements of GASB 51 and evaluate the accounting treatment of these costs for future periods.

• GASB 54

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, requires the classification of the County's fund balance as "spendable" and "non-spendable." "Spendable" amounts should be categorized as restricted, committed, assigned, or unassigned on your annual financial statements. Definitions for these categories follow:

Spendable:

- Restricted fund balances are designated by specific external party mandate.
- Committed fund balances are restricted to a specific purpose by a governmental entity's highest level of decision-making authority.
- Assigned fund balances relate to governmental funds not in the General Fund and not classified as non-spendable, restricted, or committed.
- Unassigned fund balances include all other fund balances. General Fund positive results may be reported as unassigned fund balance.

Non-spendable:

- Non-spendable fund balances are amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

GASB 54 must be applied retroactively and prospectively for County results beginning with the year ended December 31, 2010.

We recommend management evaluate the need to apply GASB 54 to County reporting.

**CONCLUDING REMARKS**

The purpose of the audit was to express an opinion on the financial statements, but not to express an opinion on the effectiveness of the County's internal controls over financial reporting. Therefore, we do not express an opinion on the effectiveness of the County's internal controls.

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

Board of County Commissioners  
Teller County  
Page 8

If you have any questions about this report, or if you need assistance with any other matters, please contact Bert Bondi, Evelyn Law, or Andrew Pickering. We can be reached by phone at (303) 799-6826, or by email at [bbondi@bondico.com](mailto:bbondi@bondico.com).

April 16, 2010

*Bondi & Co. LLC*  

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