

TELLER COUNTY

REPORT TO GOVERNANCE

**Resulting from the 2010
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 of County Commissioners:

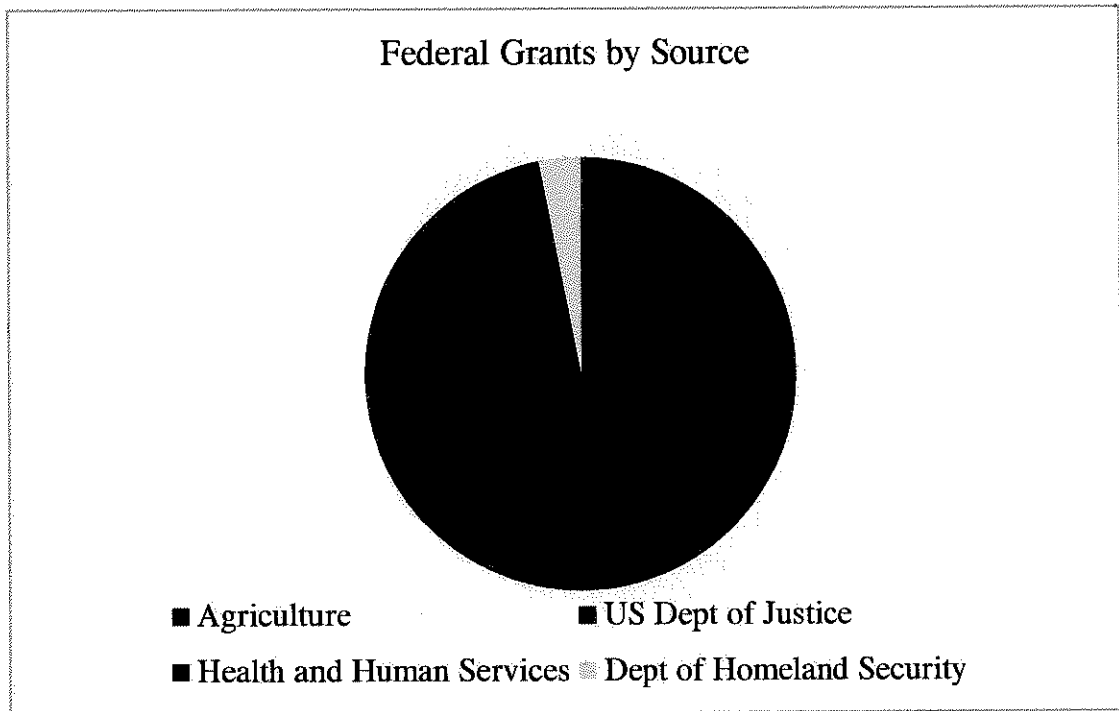
We reviewed the Teller County (Teller) internal control structure as part of the 2010 Teller financial statement audit. This review was limited and not necessarily designed or intended to disclose errors, irregularities, or fraud that might occur. However, we were able to compile the following report based on our observations.

The following report is divided into two sections: *Financial Analyses* and *Advisory Comments and Suggestions*.

FINANCIAL ANALYSES

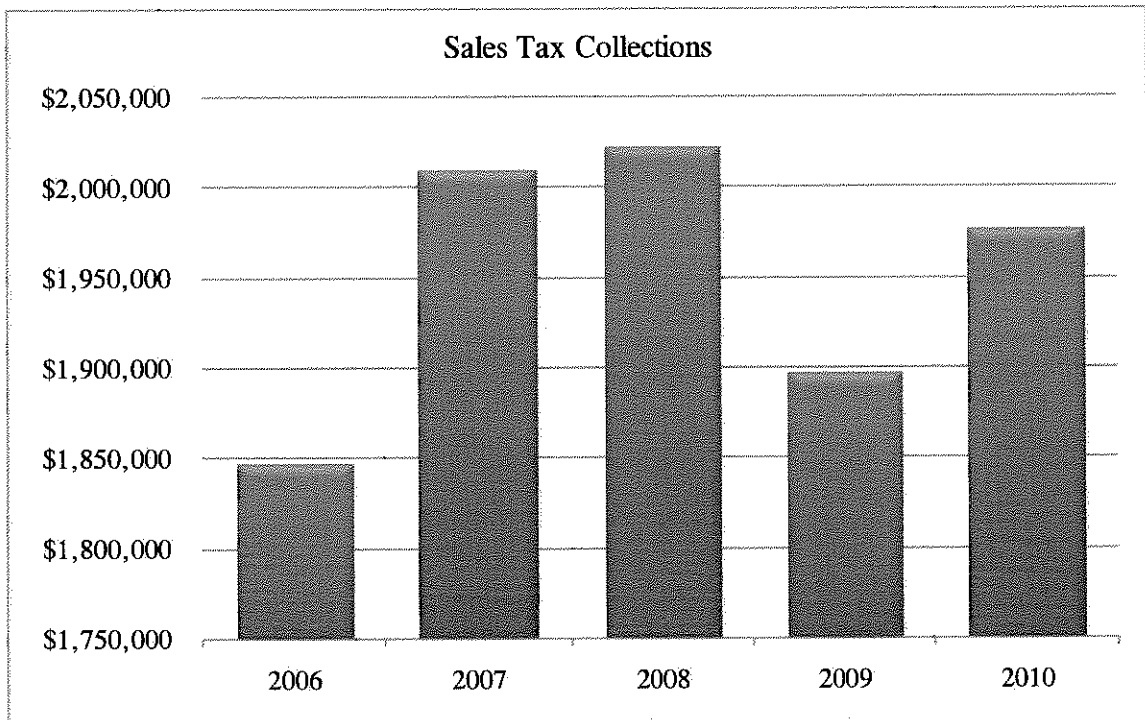
This section of the report graphically displays some of your financial trends. These graphs may help visualize the data presented in the financial statements.

The first graph presents amounts you received from federal government grants displayed in order by department. These amounts were taken from your Schedule of Expenditures of Federal Awards.



United States Department of:	Amount	Percentage
Health and Human Services	\$ 2,836,550	84.7%
Agriculture	392,199	11.7%
Homeland Security	104,718	3.1%
Justice	14,145	0.4%
Total	\$ 3,347,612	100%

The next graph shows the trend in sales tax collections over the past five years. It shows that sales tax collections, while rebounding, have not reached 2008 levels.



	2006	2007	2008	2009	2010
Sales Tax Collections	\$ 1,847,198	\$ 2,009,234	\$ 2,023,021	\$ 1,896,981	\$ 1,976,736

ADVISORY COMMENTS AND SUGGESTIONS

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

● INTERIM BALANCE SHEETS

The County's financial package provided to the Board of County Commissioners does not include balance sheets. Periodically including balance sheets with interim financial reporting, at least for major funds, provides a more complete picture of the County's financial position.

We recommend the Finance Department periodically present interim balance sheets for at least the major funds to the Board of County Commissioners.

● COUNTY CLERK'S OFFICE

We noted two suggestions relating to the Teller County Clerk's office.

▣ Vault Access

All Clerk employees know the combination to the vault, and the combination has not been changed in recent years, despite staff turnover.

We recommend the Clerk obtain a quote to determine the cost of changing the combination. We suggest changing the combination, if the cost is not too prohibitive.

⌘ Cash Disbursements Segregation of Duties

The senior recording clerk enters check information into the general ledger system, prints checks and is an authorized signer on the checking account.

We recommend separating some of these duties, such as removing the senior recording clerk as an authorized check signer on the Clerk bank account.

● SHERIFF'S OFFICE

We noted two suggestions to strengthen Sheriff's office internal controls.

⌘ Access to Swanson System

Multiple people access the Swanson System using the same password. This system, among other processes, tracks inmate accounts and account usage. If all employees use one password, accountability for transactions cannot be established.

We recommend assigning each authorized staff a unique password to access the Swanson System.

✧ Undersheriff's Account

The Undersheriff is responsible for collecting fees relating to community service. The Undersheriff completes a receipt when money is received. Receipts are pre-numbered, but no one monitors to ensure receipts are used in numeric order without a break in sequence.

We recommend the Finance Department account for all pre-numbered receipts used by the Undersheriff.

● GASB 54

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, requires the classification of governmental fund balances into “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 are constrained by the government's intent to be used for specific purposes, but are neither restricted nor 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 beginning for years ending after June 15, 2010, meaning Teller must comply with GASB 54 for the year ending December 31, 2011.

We recommend management begin implementing changes mandated by GASB 54.

CONCLUDING REMARKS

We sincerely appreciate the assistance we received from all departments during our engagement. We would especially like to thank Laurie Litwin, Sandy Adams, Vicki Caldwell, Janine Childs, and Pam Elliot for their help.

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

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.

If you have any questions about this report, or if you need assistance with any other matters, please contact Evelyn Law, James Brahaney, Mark Deering or Bert Bondi. We can be reached by phone at (303) 799-6826, or by email at evelyn.law@rubinbrown.com.

May 26, 2011

Bondi & Co. LLC
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