

TELLER COUNTY

REPORT TO GOVERNANCE

**Resulting from the 2011
Financial Statement Audit**





RubinBrown LLP
Certified Public Accountants
& Business Consultants

1900 16th Street
Suite 300
Denver, CO 80202

T 303.698.1883
F 303.777.4458

W rubinbrown.com
E info@rubinbrown.com

Board of County Commissioners
Teller County
Cripple Creek, Colorado

CONFIDENTIAL
For Governance Use Only

Dear Members of the Board of County Commissioners:

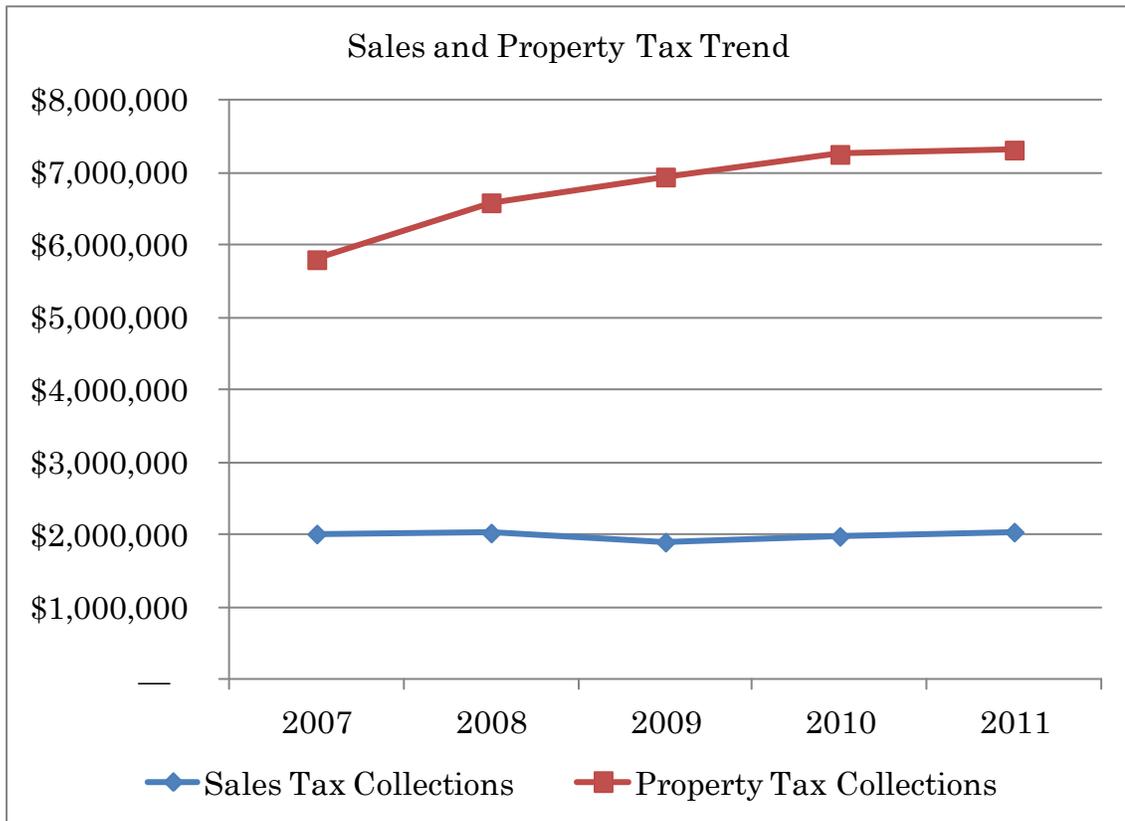
As part of the 2011 financial statement audit, we reviewed the Teller County (Teller) internal control structure. This review was limited and not necessarily designed or intended to disclose errors, irregularities or fraud that might occur. However, we were able to compile the following report based on our observations.

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

[FINANCIAL ANALYSES](#)

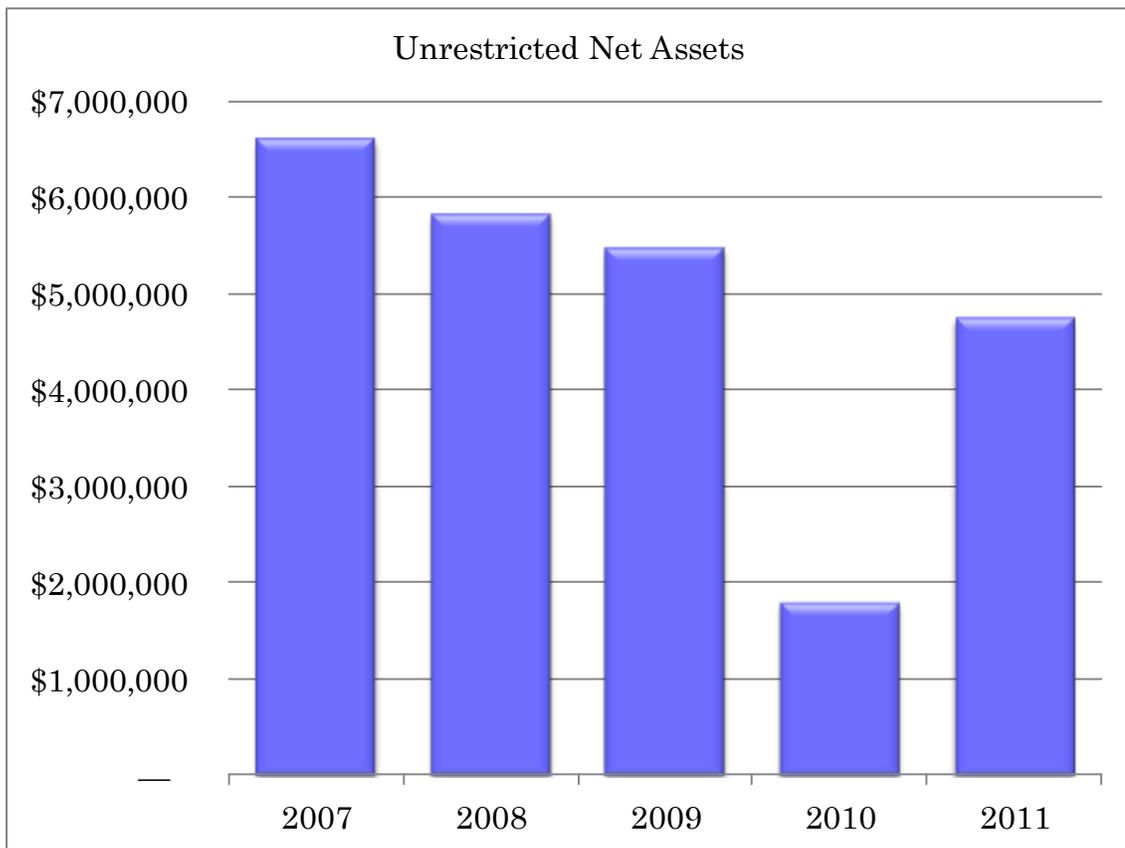
This section of the report graphically displays some of your financial trends. These graphs may help you visualize the data presented in the financial statements.

The first graph presents a five-year trend of the two largest sources of Teller revenue. The graph shows property taxes trended upward, and sales taxes fluctuated somewhat over the past five years.



	2007	2008	2009	2010	2011
Sales Tax Collections	\$ 2,009,234	\$ 2,023,021	\$ 1,896,981	\$ 1,976,736	\$ 2,035,851
Property Tax Collections	\$ 5,797,104	\$ 6,583,062	\$ 6,939,146	\$ 7,251,518	\$ 7,311,423

The next graph presents unrestricted net assets at the government-wide level over the past five years. The graph shows unrestricted net assets have been decreasing, but 2011 amounts increased compared to 2010.



	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Unrestricted Net Assets	<u>\$ 6,605,482</u>	<u>\$ 5,821,810</u>	<u>\$ 5,477,315</u>	<u>\$ 1,798,216</u>	<u>\$ 4,745,123</u>

POSITIVE CHANGES IN THE PAST YEAR

- During 2011, the Finance Department began preparing interim balance sheets for the Board of County Commissioners (the Board).

We commend Teller for enhancing the information provided to the Board.

- The County Clerk's office changed the combination to its vault during 2011.

We applaud the Clerk's office for improving this security feature.

- The Finance Department removed inactive vendors from its general ledger software.

We acknowledge Teller for eliminating possible sources of errors or misuse in the accounting system.

- The Jail ceased sharing passwords for the Swanson computer system.

We commend Teller for strengthening information technology controls.

- The Finance Department implemented policies and procedures necessary for the application of Governmental Accounting Standards Board (GASB) Statement No. 54.

We acknowledge the effort the Finance Department and other departmental personnel exerted in complying with this complex accounting change.

ADVISORY COMMENTS AND SUGGESTIONS

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

- PERSONNEL FILE LOCATION

Certain departments maintained their own personnel files. To help protect employee information and comply with applicable laws, Teller policies require one personnel file be kept for each employee and that the file be located in the Human Resources Department (HR).

We recommend all departments holding personnel files provide them to HR.

- **TREASURER'S OFFICE**

We developed three suggestions relating to the Treasurer's office.

- ✧ **Daily Cash Reconciliation Review Procedures**

During our interim control testing, we noted a lack of evidence of supervisory reviews for daily cash reconciliations. We observed during our year-end testing that supervisors began signing off on these reports.

We recommend supervisors continue to evidence reviews of daily cash reconciliations.

- ✧ **Vault and Safe Combination Security**

All Treasurer Department personnel have access to the combination for both the office vault and the safe located inside the vault. The combinations to the vault and safe are maintained by employees in various locations inside the office. Also, the policies and procedures manual does not contain requirements for which employees should receive access to the vault and safe combinations.

We recommend creating a centralized, secure location that still permits the vault and safe combinations to be available to

authorized employees. We also recommend the Treasurer develop a policy outlining which employees require access to the vault and safe combinations.

✧ **Bank Reconciliations**

As part of the monitoring process, the Treasurer performs the monthly bank reconciliations for all bank accounts. No third party reviews this work.

We recommend the bank reconciliations be reviewed each month.

● **COUNTY CLERK'S OFFICE**

We noted two recommendations for the County Clerk's office.

✧ **Vault Access**

All Clerk's personnel have access to the office vault. The department policies and procedures do not document the criteria for granting employees the authority to access the vault.

We recommend the Clerk document the criteria for authorizing employees' access to the vault.

✧ Vault Combination

The Clerk's office recently changed the combination to the office vault but has no policy for changing it periodically.

We recommend the Clerk develop a policy for periodically changing the vault combination.

CONCLUDING REMARKS

We sincerely appreciate the assistance we received from all departments during our engagement. We would especially like to thank Laurie Litwin and the entire Finance Department, as well as Bob Campbell and JJ Jamison, for their help.

The purpose of the audit was to express opinions 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 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.

Board of County Commissioners
Teller County
Page 9

If you have any questions about this report, or if you need assistance with any other matters, please contact Evelyn Law, James Brahaney, Bob Cascio, Mark Deering or Bert Bondi. We can be reached by phone at 303.952.1245, or by email at evelyn.law@rubinbrown.com.

RubinBrown LLP

June 24, 2012