



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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14-27 Trails, Open Space, and Parks (TOPS) Fund

October 2014

Purpose To evaluate whether the Trails, Open Space, and Parks (TOPS) fund was administered in compliance with City Code Chapter 4, Article 6, Part 2 and whether its goals and objectives were being achieved. The audit period was 2012 and 2013.

Conclusion

We concluded that as of December 31, 2013, the TOPS fund was in compliance with the spending limitations found in Section 4.6.202 of the City Code. Cumulative revenue for the TOPS program was \$96,944,470. With one exception attributed to timing, appropriate cumulative spending limits were achieved in each category. The exception was in the Open Space category where the aggregate spending only reached 56.98%, instead of the required 60% minimum. However, \$4.985 million was still owed for the Red Rocks Open Space, which will bring total Open Space spending to 62.54% when it is fully paid. It is our opinion this represented a timing issue and TOPS was operating in compliance with the spirit of the Code.

The audit examined the TOPS Fund for the period January 1, 2012- December 31, 2013 to test compliance with conditions listed in City Code. We reviewed compliance with key provisions of the Code such as advisory committee residency and adherence to spending limitations. Attachment A shows the details of TOPS compliance for the audit period as well as the spending limits. Decisions on spending are recommended by the TOPS' Citizen Advisory Committee, which by Code is also the same as the Parks and Recreation Advisory Board.

The TOPS program was created to establish a trails, open space, and parks program to acquire real property in the City and El Paso County. This mission supports the strategic goal for the City of Colorado Springs of providing access to parks and recreation. Two observations and one opportunity for improvement were noted.

Recommendations

Parks, Recreation and Cultural Services should:

1. Work to change City Code to reflect the voter's approval of a biennial audit frequency.
2. Study and work to correct the conflict of residency requirements between the TOPS Advisory Committee, TOPS Working Committee, and the Parks and Recreation Advisory Board.

Opportunities

1. Ensure the methods used to track spending reconcile to the City's audited financial reports.

Management Response

Parks, Recreation and Cultural Services was in agreement with the issues identified. Management has identified action plans to address each issue appropriately within a reasonable amount of time.

Standards The audit was conducted in a manner that conforms with the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors.

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Attachment A

Trails, Open Space and Parks (TOPS) Program

Compliance Calculation

	<u>2012</u>	<u>2013</u>	<u>Cumulative Total ⁽⁵⁾</u>	<u>Calculated %</u>	<u>Limits</u>
Total Revenue	\$6,538,775	\$6,817,765	\$96,988,470		
Less: APM ⁽¹⁾	\$191,573	\$188,300	\$2,353,632	2.43%	Less than 3% ⁽²⁾
Less: Stewardship / Maintenance	<u>\$1,097,772</u>	<u>\$728,052</u>	<u>\$4,937,928</u>	5.09%	2012 less than 15%, 2013 less than 6% ⁽³⁾
Balance available for projects	<u>\$5,249,430</u>	<u>\$5,901,414</u>	<u>\$89,696,909</u>		
Trails	\$398,696	\$388,033	\$17,317,500	19.31%	Less than 20%
Parks	\$301,570	\$2,598,578	\$16,447,891	18.34%	Less than 20%
Open Space	<u>\$1,767,206</u>	<u>\$3,588,030</u>	<u>\$51,110,151</u>	56.98%	Greater than 60% ⁽⁴⁾
Total Project Expenditures	<u>\$2,467,473</u>	<u>\$6,574,641</u>	<u>\$84,875,542</u>		

⁽¹⁾ APM = Administration, Planning and Management

⁽²⁾ Spending limit for APM was 2% from 1997—2002, 3% beginning in 2003.

⁽³⁾ Spending limit for Stewardship was 6% from 2003—2010, 15% for 2011—2012 and 6% thereafter.

⁽⁴⁾ Spending exceeds 60% when outstanding balance for Red Rocks Open Space is included.

⁽⁵⁾ Cumulative total includes 2013 year end appropriations.