



# OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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## 15-32 City of Colorado Springs Briargate Special Improvement Maintenance District Audit

November 2015

### Purpose

The purpose of this audit was to determine if the Briargate Special Improvement Maintenance District (SIMD) fund was administered in accordance with the establishing ordinance. We reviewed activity in the fund for the year ended 2014.

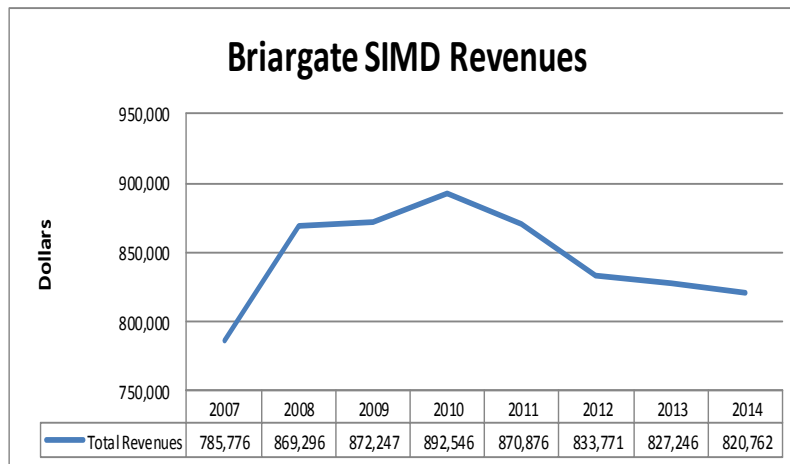
### Highlights

We conclude that the Briargate SIMD fund was administered by the Parks Department in compliance with the original ordinance 83-163. Fund revenues were properly expended on Briargate SIMD maintenance activities to include labor related costs, utilities, materials, and supplies. We noted a trend in recent years of relatively flat revenues with increasing costs, particularly for irrigation. See page 2 of the report for additional detail.

The Briargate SIMD was formed in 1983 to maintain improvements such as medians, irrigated rights of way, and fencing that were not normally maintained by the City. The City was responsible to oversee maintenance. All assessments were deposited into a special revenue fund and required to be used for the Briargate SIMD. The assessment averaged approximately \$90 annually for residential properties within the district.

The original ordinance allowed five mills of assessed valuation.

However, this mill levy was reduced beginning in 1995 and was currently 4.409 mills.



Source: City general ledger

(Continued on page 2)

### Recommendations

1. Determine if it is cost effective to perform regular verifications of assessed properties.
2. Perform regular labor and benefit charge reconciliations for review by the SIMD administrator.
3. Employees should log their time by District to ensure charge ratios for labor and benefits are accurate.
4. Work with Colorado Springs Utilities and City Information Technology to obtain utility bill history data in electronic format.

### Management Response

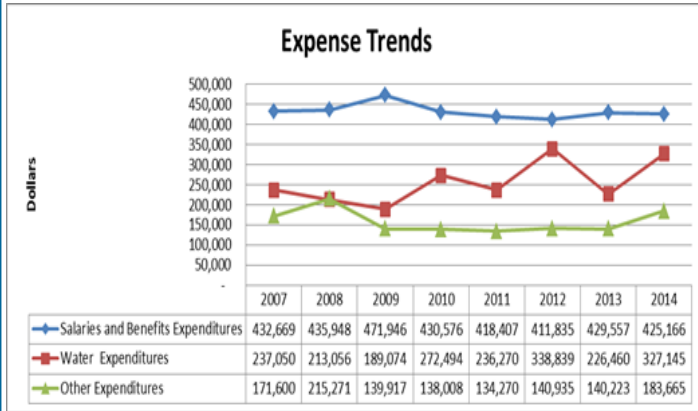
Management was in agreement with our recommendations.

# 15-32 CITY OF COLORADO SPRINGS BRIARGATE SPECIAL IMPROVEMENT DISTRICT AUDIT

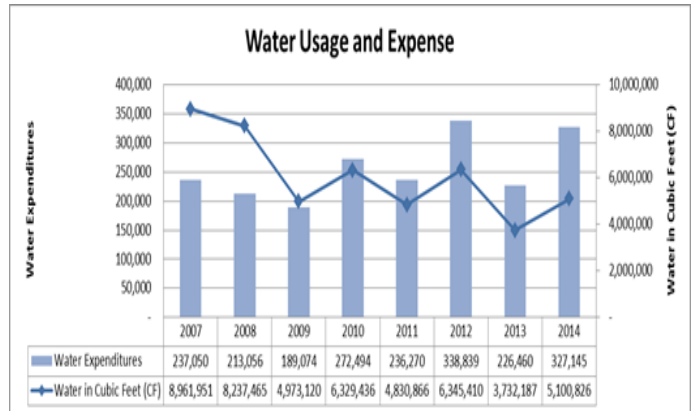
At current valuation levels, the difference between the five mill funding level allowed in the ordinance and the current 4.409 mills would be approximately \$108,000 annually. Section 9 of the ordinance stated that if the five mill levy was not adequate to perform required maintenance, and the levy was not increased, the City may provide a reduced level of maintenance.

There was no requirement that the City provide general fund support for the district. As the district did not receive general fund revenues, all expenses were paid from the SIMD assessment.

Expenditures, particularly for irrigation, have increased in recent years. Salary and benefit costs for the district have not increased significantly, while funds available for other expenditures have decreased.



Source: City general ledger for indicated years.



Source: usage data, Colorado Springs Utilities. Costs obtained from City general ledger. Note: The Parks Department conservation water rate in effect from 2010-2014 was not available to the SIMD.

The Parks Department made efforts to ensure all revenues due were properly assessed by comparing district boundaries to County Assessor records. It was determined in recent months that properties with annual revenues of \$16,400 were not assessed. The County Assessor is to begin assessing these properties. Additionally, the Parks Department has taken steps to reduce expenditures, including eliminating one maintenance position in 2015.

Efforts to reduce irrigation costs include replacing irrigation heads and converting landscape to native grass on Austin Bluffs Parkway with Colorado Springs Utilities' assistance. The City staff includes a water conservation specialist position that works with the SIMD staff on water conservation measures. Budgeted district watering levels were lower than recommended to reduce costs.

SIMD	SIMD Acres and Budget		
	Landscape bed and irrigated turf	2016 Budget	Budget per acre
Briargate	88 acres	\$806,074	\$9,160
Norwood	42 acres	\$661,167	\$15,742
Stetson Hills	20 acres	\$275,419	\$13,771

Source: City 2016 proposed budget and City property system.

The Briargate SIMD funding levels per acre maintained were lower than the Norwood and Stetson Hills Special Improvement Maintenance Districts, as noted in the table to the left.

The City's Parks Department staff was responsible for oversight of district maintenance, as required under the ordinance.

The majority of district maintenance was performed by City maintenance staff, but the ordinance did not specify use of in-house staff. The City's Forestry Department was responsible for tree planting, maintenance, and removal in the district. The district's volunteer advisory Board provided an annual recommendation to City Council on the district's budgetary needs, as specified in the ordinance. We noted that the Advisory Board was active in their role to provide citizen input on behalf of the district.

## 15-32 CITY OF COLORADO SPRINGS BRIARGATE SPECIAL IMPROVEMENT DISTRICT AUDIT

### **Observation 1**

The Briargate SIMD assessment was not billed to 170 parcels within the district, with an annual revenue of \$16,400. This was discovered as a result of research conducted by the Parks Department in 2015.

At the time of our review, the reason these properties were not assessed was not known.

### **Management Response**

We agree with the recommendation. The County Assessor's Office will be asked for an updated assessed property list by January 29, 2016. The Assessor's Office will be contacted annually during budget preparation to provide a current listing of assessed properties to compare with this list. Inquiries will also be made for other SIMDs for any possible unassessed parcels.

### **Recommendation**

The Parks Department should determine whether it is cost effective to perform periodic verification that district properties are properly assessed. They should also consider whether unassessed properties exist in other districts.

### **Observation 2**

There was not a defined process to perform journal entries to properly classify labor and benefits for employees supporting several cost centers. Regular reconciliations were not performed or reviewed by the SIMD administrator.

Some city employees supported several cost centers, such as other SIMDs. If employee salaries were chargeable to more than two cost centers, adjusting journal entries must be made.

### **Management Response**

We agree with the recommendation. Labor and benefit charge reconciliations will be done quarterly and these will be submitted to the SIMD Administrator for review by April 29, 2016. The PRCS Department will work with City Finance to develop proper procedures for this process and to determine if the process can be simplified by incorporating into the payroll process.

### **Recommendation**

We recommend that the Parks Department perform regular labor and benefit charge reconciliations. These reconciliations should be reviewed by the SIMD administrator.

Additionally, policies and procedures for labor and benefit adjustments should be developed, and the Parks Department should work with City Finance to determine if the process can be simplified.

## 15-32 CITY OF COLORADO SPRINGS BRIARGATE SPECIAL IMPROVEMENT DISTRICT AUDIT

### **Observation 3**

Labor and Benefits charges to the District for employees that supported the district full or part time were reasonable. However, formal time tracking was not performed.

Informal time tracking was in place when Briargate personnel assisted other districts or another district provided assistance to the Briargate district. Personnel then worked in the other district to reimburse for any loaned time.

### **Management Response**

We agree with the recommendation. The Administrator, Supervisor, Administrative Technician and maintenance staff will log their time by fund for the second quarter of 2016 (April 1-June 30). Ratios will be compared with ratios traditionally charged to the districts.

### **Recommendation**

The Parks Department should log their time by District to ensure charge ratios for labor and benefits are accurate.

### **Observation 4**

The Parks Department manually tracked district utility usage as the Parks Department had not obtained this data in electronic form. This required additional staff time and data errors could result from manual entry.

During the audit, we obtained a usage history report from Colorado Springs Utilities, but this was not routinely available. Historic usage data in electronic form would be helpful to the Parks Department for analysis and budget purposes.

### **Management Response**

We agree with the recommendation. Staff will contact CSU by March 1, 2016 for obtaining regular electronic history reports from them on utility usage. If needed, City IT will be contacted to help facilitate obtaining and managing this data.

### **Recommendation**

The Parks Department should work with Colorado Springs Utilities and with City Information Technology, as needed, to obtain regular reports of utility bill history data in an electronic format.