Office Of The City Auditor
Colorado Springs, Colorado

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18-33 City of Colorado Springs Trails, Open Space, and Parks (TOPS) Fund

December 2018

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 calendar years 2016 and 2017.

Highlights

We concluded that as of December 31, 2017, the TOPS fund was in compliance with the spending limitations found in Section 4.6.202 of the City Code. We also conclude that the TOPS fund objectives were being achieved through continued purchase, maintenance, and management of trails, open space, and parks.

Cumulative revenue, 1997 to 2017, for the TOPS program was $128,815,625 and cumulative expenditures were $119,818,778. With one exception attributed to timing, appropriate cumulative spending limits were achieved in each category. See page two of this report for revenue and spending by category. As was found in our previous audit, the exception was in the Open Space category where the aggregate spending only reached 52.73%, instead of the required 60% minimum. Open Space funds are designated for acquisition and stewardship of new open space lands. Acquisition funds are accumulated over a multiple-year period in order to buy large or expensive open space property. The 2017 TOPS Special Revenue Fund balance included restricted funds for the Open Space future spending. The multi-year perspective on Open Space acquisitions fulfills the intent of City Code, Chapter 4, Article 6, Part 2.

The TOPS program, funded by a voter approved 0.1% sales tax, was created in 1997. TOPS mission is "to provide a means of acquiring and preserving new open space, and providing parks and trails for recreational purposes on any public sites within the City and areas within the immediate vicinity." This audit examined the TOPS fund for the two year period January 1, 2016 to December 31, 2017 to test compliance with conditions listed in City Code. We reviewed compliance with key provisions of the Code.

See page two of this report for details of TOPS compliance financial summary cumulatively.

Decisions on spending were recommended by the TOPS Working Committee, who refers the recommendation to the Parks and Recreation Advisory Board before being presented to City Council for the final decision.

We would like to thank TOPS personnel who assisted us with this audit.

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Trails, Open Space, and Parks (TOPS) Fund Compliance Calculation

	2016	2017	1997-2017 Cumulative Total [6]	Calculated %	Voter Approved Limits
Total Revenue	$8,188,012	$8,712,292	$128,815,625		0.1% Sales Tax
Less: APM [1] Fund	$287,715	$212,360	$3,325,651	2.58%	Maximum of 3% [2]
Less: Maintenance	$443,269	$519,904	$6,685,251	5.19%	See Footnote [3]
Balance available for projects	$7,457,028	$7,980,028	$118,804,723		
Trails	$1,778,998	$1,934,260	$23,606,728	19.87%	Maximum of 20%
Parks [4]	$1,841,794	$2,643,242	$23,557,566	19.83%	Maximum of 20%
Open Space	$3,036,883	$2,621,181	$62,643,582	52.73%	Minimum of 60% [5]
Total Project Expenditures	$6,657,675	$7,198,683	$109,807,876		

[1] APM = Administration, Planning and Maintenance

[2] Spending limits for APM was 2% from 1997 - 2002, 3% beginning in 2003.

[3] Spending limit for Maintenance was 6% from 2003 - 2010, 15% for 2011 - 2012 and 6% thereafter.

[4] Voters approved utilization of Parks category for maintenance of ALL Parks in 2013.

[5] See page three of this report for additional discussion of Open Space

[6] Cumulative total includes 2017 year end appropriations and future open space purchases

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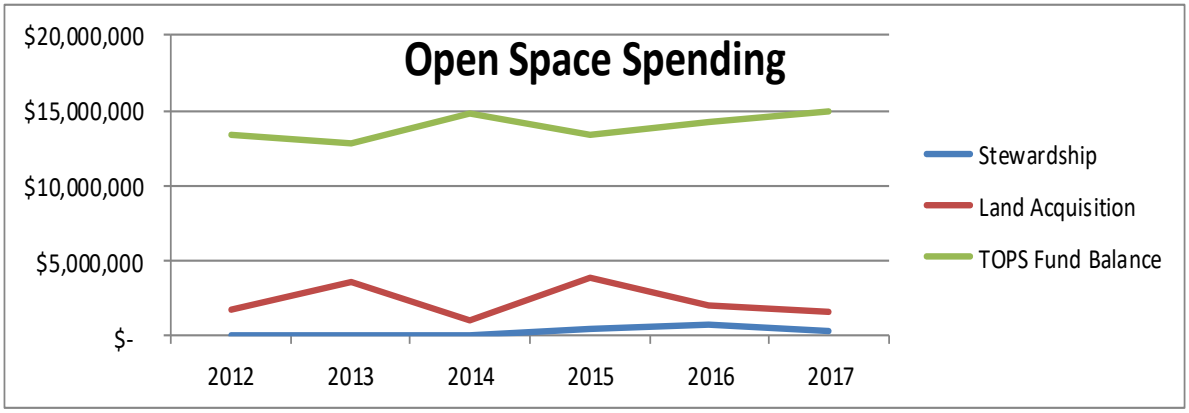
OPEN SPACE

Per the 2014/2015 Parks System Master Plan, one of the primary purposes for open space acquisitions was to conserve and preserve land for walking, hiking, biking and nature observation. The TOPS ordinance specifies 60% of TOPS revenues (after administration and maintenance of TOPS trails, parks and open space) should be spent on acquisition and stewardship of new open space lands.

As of December 31, 2017, Open Space spending was under the minimum 60% at 52.73%. Open Space unspent funds were restricted for future Open Space acquisition and stewardship needs. Funds must be collected and available at the time of an Open Space purchase. Therefore the 60% minimum spending may not be met annually. However, compliance should be met at the end of the program. The City Auditor's biennial review of spending will continue throughout the program.

In this review, we noted stewardship expenditures had increased in recent years. From 2012 to 2017, $13.7 million (90%) of designated Open Space funding was spent on land acquisition and $1.5 million (10%) was spent on stewardship. Open Space spending is consistent with the Tops mission to acquire and preserve new open space. City Code does not specify the amount to be spent for stewardship versus land acquisition. Open space spending , acquisition and stewardship was in compliance with City Code.



Open Space	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017
Stewardship	$ 80,361	$ 8,211	$ 63,466	$ 376,049	$ 675,297	$ 323,029
Land Acquisition	$ 1,686,845	$ 3,579,819	$ 1,021,215	$ 3,816,198	$ 2,055,766	$ 1,617,893
TOPS Fund Balance	$ 13,432,163	$ 12,758,936	$ 14,853,112	$ 13,396,078	$ 14,195,433	$ 14,976,777

This audit was conducted in conformance 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.