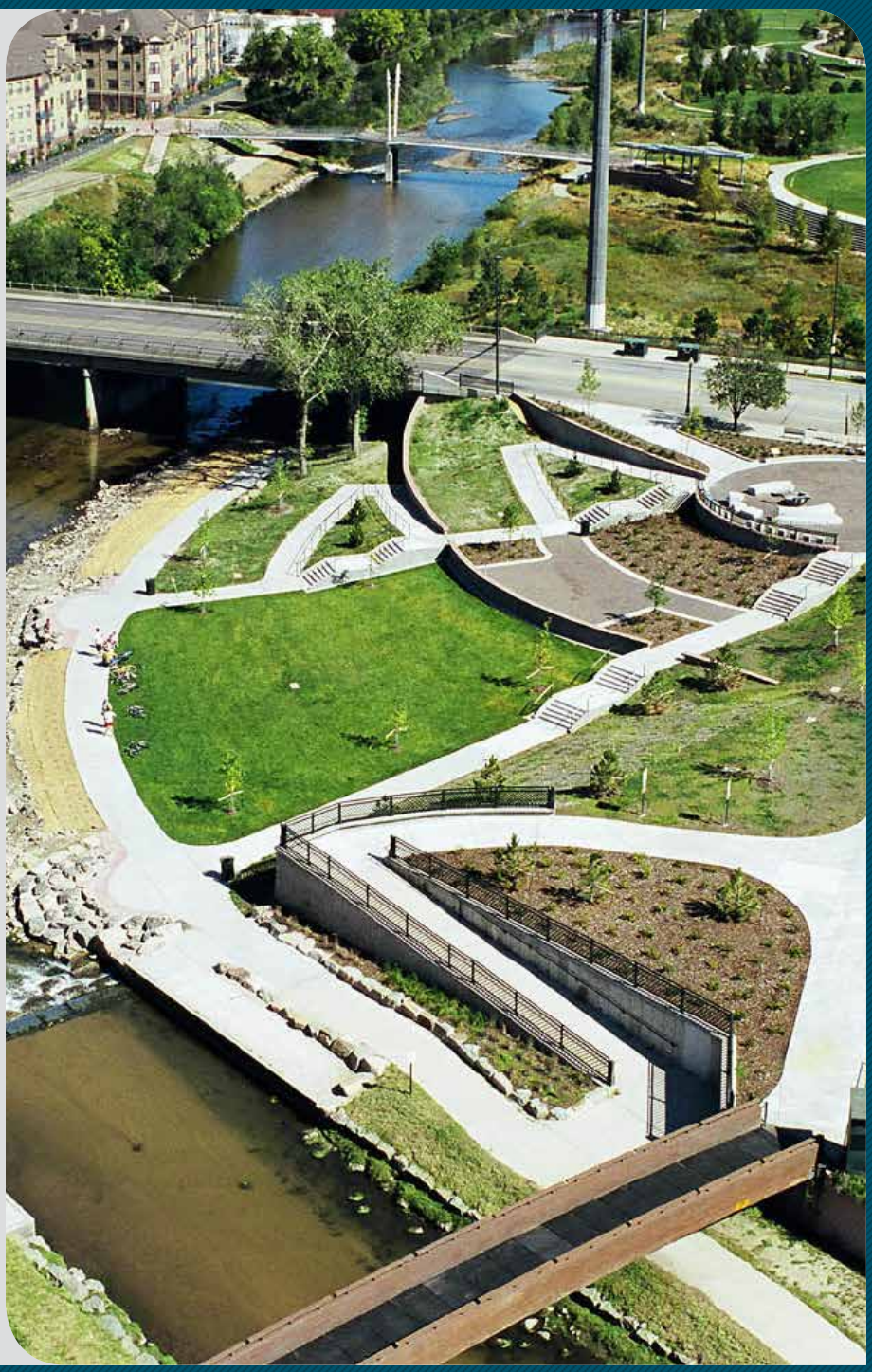
AUDIT REPORT

Citywide Land and Infrastructure Capital Assets

March 2016

Office of the Auditor
Audit Services Division
City and County of Denver

Timothy M. O'Brien, CPA
Denver Auditor



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March 17, 2016

AUDITOR'S REPORT

We have completed an audit of Capital Assets. The purpose of the audit was to determine whether the City and County of Denver's (City's) policies and practices related to recording land and infrastructure capital assets allows for accurate and complete financial reporting. We also reviewed the City's approach to designating land managed by the Department of Parks and Recreation (DPR) as official park land for transparency and compliance with legal requirements.

As described in the attached report, our audit revealed that the Controller's Office has implemented several practices to address capital asset reporting concerns identified in recent years but there are opportunities to augment their current practices. Specifically, the Controller's Office can update City rule and procedure to reflect the current practice of recording land and infrastructure capital assets in the City's financial system of record (SOR). Further, the Controller's Office can consider updating the method by which traffic signal dispositions are recorded in the SOR. By enhancing these practices, the Controller's Office may increase the likelihood of accurate and complete capital asset financial reporting. Our report lists two related recommendations.

The audit also revealed that improvement is needed in DPR's processes related to managing land capital assets. Specifically, the audit identified a parcel of land that was donated to the City but DPR did not go through required legal and administrative processes prior to accepting the donation. In addition, DPR has not officially adopted a 2009 draft policy that outlines the process for formally designating City-owned land as park land. Through compliance with legal and administrative processes and the approval of formal policies, DPR will be able to ensure donations of land are accepted and the park designation process is conducted in a transparent and consistent manner. We make two additional recommendations to remedy these issues.

This performance audit is authorized pursuant to the City and County of Denver Charter, Article V, Part 2, Section 1, *General Powers and Duties of Auditor*, and was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We extend our appreciation to the Department of Finance's Controller's Office and Real Estate Division, the Departments of Public Works and Parks and Recreation, and the personnel who assisted and cooperated with us during the audit.

Denver Auditor's Office

Timothy M. O'Brien, CPA
Auditor

REPORT HIGHLIGHTS

Citywide Land and Infrastructure Capital Assets
March 2016

Scope

The audit assessed the design and effectiveness of the City and County of Denver's (City's) policies and practices related to reporting and recording land and infrastructure capital assets. The audit also reviewed the process by which the Department of Parks and Recreation (DPR) formally designates a park.

Background

The City has a significant investment in capital assets, which are used in operations and have an initial useful life greater than one year. Capital assets include, but are not limited to, buildings, machinery, equipment, artwork and historical treasures, infrastructure, and land. They are recorded in the City's financial accounting system and tracked at various thresholds. The Controller's Office is responsible for the accuracy of financial reporting on capital assets but enlists the help of various City agencies.

Purpose

The purpose of the audit was to determine whether the City's policies and practices related to recording land and infrastructure capital assets allow for accurate and complete financial reporting. We also reviewed the City's approach to designating land managed by DPR as official park land.

Highlights

In recent years, the Controller's Office has used issues that were both self-identified and identified by the CPA firm that conducted the annual audit of the City's financial statements to improve its capital asset processes. Process improvements include periodic reviews of construction projects in progress to determine when the project and related assets should be capitalized. Further, the Controller's Office conducted a reconciliation of various City land to identify capital asset land transactions not previously recorded or disposed of in the City's financial system of record. However, the audit identifies areas where additional improvements can be made to related policies and practices to help further enhance the accuracy of capital asset reporting.

Finding 1 discusses two areas where additional improvement can be made to the Controller's Office's policies and practices to enhance the accuracy of capital asset reporting. First, the City's Capital and Controlled Assets Fiscal Accountability Rule and corresponding procedure do not clearly define and address the processes surrounding land and infrastructure capital assets. Second, the Controller's Office's method for recording traffic signal dispositions by removing the oldest signal on record rather than the traffic signal actually disposed does not account for the potential that the actual traffic signal being reported for disposal may not be fully depreciated and may still have value. The Department of Public Works' internal inventory listing allows the Controller's Office to identify and remove actual traffic signals disposed of that were put in service after 2002.

Finding 2 discusses two areas of improvement regarding DPR's processes for managing land capital assets. Specifically, the audit identified a parcel of land that was donated to the City but DPR did not go through required legal and administrative processes prior to accepting the donation. In addition, DPR has not officially adopted a 2009 draft policy that outlines the process for formally designating City-owned land as park land.

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INTRODUCTION & BACKGROUND

Types of Assets Owned by the City and County of Denver

The City and County of Denver (City) has a significant investment in capital and controlled assets. Fiscal Accountability Rule (FAR) 4.2 categorizes these types of assets into three classes:

- **Controlled Assets—**Assets that are used in operations and have an initial cost of $2,500 to $4,999.99 are defined as controlled assets. These assets require tracking and periodic inventory and are recorded in the City's financial system of record (SOR), PeopleSoft Financials. Examples of controlled assets include exercise equipment at recreation centers and golf carts at the City's golf courses.
- **High-Risk Controlled Assets—**Certain controlled assets are considered high-risk because of liability, insurance, licensing, or other factors. Because they are deemed sensitive in nature, they have tracking requirement thresholds lower than other controlled assets. These assets are required to be tracked and recorded in the City's SOR or tracked internally by City agencies depending on the type of asset and the cost.[1] Examples of high-risk controlled assets include firearms, laptops, computers, audio-visual equipment, and other mobile devices.
- **Capital Assets—**Tangible and intangible assets that are used in operations and have an initial useful life greater than one year are defined as capital assets.[2] These assets are required to be recorded in the City's SOR and can be acquired through various means, including outright purchase, construction, lease purchase agreements, eminent domain, donations, or gifts.[3,4] Examples of tangible capital assets include land, buildings, equipment, and infrastructure. Examples of intangible capital assets include software and water rights.

Types of Capital Assets

This audit focused on specific categories of capital assets. Table 1 outlines the values at which the City's capital assets are required to be recorded in its SOR.

[1] For example, laptops costing up to $499.99 are required to be tracked by the responsible agency while laptops with a cost of $500 to $4,999.99 are tracked in the City's SOR. In addition, audio-visual equipment costing less than $500 is not required to be tracked. However, audio-visual equipment with a cost of $500 to $4,999.99 is required to be tracked in the City's SOR.

[2] Tangible assets have a physical form while intangible assets are not physical in nature.

[3] Also known as lease option agreements. Lease option agreements are defined as an agreement that gives a renter the choice to purchase a property during or at the end of the rental period. Source: Investopedia.com, accessed February 1, 2016, http://www.investopedia.com/terms/l/lease-option.asp.

[4] Eminent domain is defined as the power the government has to obtain the property of an individual at fair market value even without the person's full consent. This power allows the government to seize land to be used in public enterprises such as roads, schools, or utilities installations. Source: Investopedia.com, accessed February 1, 2016, http://www.investopedia.com/terms/e/eminent-domain.asp.

TABLE 1. Capital Asset Tracking Thresholds for Recording in the City's SOR

Types of Capital Assets	Threshold for Recording
Tangible Assets	
Buildings, improvements, machinery and equipment, artwork, historical treasures, and infrastructure	$5,000 and above
Land	$0 and above
Intangible Assets	
Software	$50,000 and above
Temporary easements and water rights	$5,000 and above
Permanent easements	$0 and above

Source: Developed by auditors based on City and County of Denver Fiscal Accountability Rule 4.2.

Note: Easements are the right of one party to use the property of another party. A fee is paid to the owner of the property in return for the right of easement. In the City's case, temporary easements are generally used for construction or other temporary project access while permanent easements are used for situations in which the need for the right obtained by the City will not end in the foreseeable future.

Capital assets may be depreciated. FAR 4.2 defines depreciation as a non-cash expense that allocates the cost of a capital asset over its useful life. The City's Comprehensive Annual Financial Report (CAFR) categorizes the City's capital assets as depreciable or non-depreciable.[5]

Depreciable assets are depreciated by the same amount annually over their useful life and include the following, in accordance with FAR 4.2:

- **Infrastructure—**Capital assets that normally can be preserved for a significantly greater number of years than most capital assets and are stationary in nature are classified as infrastructure. Examples of infrastructure include, but are not limited to, roads, streets, alleys, bridges, curbs, gutters, drainage systems, traffic signals, fiber optic cables, paved trails, and electronic message boards. Sidewalks, street signs, lighting systems, medians, traffic islands, unpaved trails, and bike lanes are specifically excluded from infrastructure.
- **Buildings and Improvements—**Structures held by the City for the purpose of City business are classified as buildings. Improvements are new construction to a building that extends the life of the asset.
- **Equipment and Other—**Capital assets that are considered to be mobile or otherwise not attached to land, buildings, or infrastructure are generally classified as equipment and other assets. Examples of equipment include the City's fleet of cars, trucks, and construction vehicles.
- **Collections—**An assemblage of reference material, art, historical artifacts, or other significant compilations is classified as a collection. Library material, museum artifacts, and artwork are examples of collections.

[5] A CAFR is the presentation of a city's financial statements for review by the public and any organization that may have a stake in the financial position of the city. The City's financial statements are annually audited by a certified public accounting firm with the purpose of providing reasonable assurance that the financial statements are free of material misstatement.

- **Intangibles—**Capital assets that cannot be physically seen or touched are classified as intangibles. Examples of intangibles include software, temporary easements and water rights, and permanent easements.

Non-depreciable capital assets, as defined by FAR 4.2, include the following:

- **Land—**City-owned real property and land rights held by the City for buildings or other City use, such as rights-of-way, are classified as land. Parks are also held as land.[6]
- **Construction in Progress (CIP)—**Capital projects undertaken to build, develop, or improve capital assets are classified as CIP if they have been approved and the work is ongoing.

This audit focused specifically on the City's governmental activities capital asset categories of land and infrastructure as opposed to the City's business-type activities.[7] As of December 31, 2014, the governmental activities capital assets totaled approximately $4.6 billion, with approximately $293 million and $1.5 billion of that total in land and infrastructure assets, respectively.[8] The following sections describe the City's legal and administrative frameworks and recording processes associated with these two types of capital assets, including the process for recording donated land and infrastructure capital assets.

Denver's Land and Infrastructure Capital Assets Legal and Administrative Frameworks

Numerous components make up the City's legal and regulatory framework for the acquisition (addition) and disposition (deletion) of land and infrastructure capital assets. These include City Charter provisions, Executive Order 134, and standards promulgated by the Governmental Accounting Standards Board. This framework has been established and is executed primarily by the Department of Finance, through the Controller's Office, as well as the Mayor's Office and City Council. The Department of Finance is responsible for the City's accounting and financial functions. The Controller's Office specifically is responsible for accounting, payroll, and financial reporting activities. In addition, the Controller's Office establishes, maintains, and enforces the City's accounting policies, practices, and procedures. The Mayor and City Council hold executive and legislative authority to approve certain real property transactions.

City Charter

Articles II and III of the City Charter provide governance and direction to City Council and City agencies for the management of land capital assets, including real property managed by the Department of Parks and Recreation (DPR). DPR is responsible for managing real property, including that "bequeathed for the purpose of the creation, improvement or ornamentation of any park, boulevard, pleasure way, parkway or recreational facility or for the establishment or

[6] The designation of parks by the Department of Parks and Recreation is discussed further later in the Introduction and Background section and in Finding 2 of this report.

[7] Governmental activities reflect the City's basic services, including police, fire, public works, sanitation, economic development, culture, and recreation. Sales and property taxes finance the majority of these services. Business-type activities reflect private sector-type operations, such as Wastewater Management, the Denver Airport System, and golf courses, where fees for services typically cover all or most of the cost of operations.

[8] The remaining balance of City capital assets was in construction in progress, totaling approximately $47 million; buildings and improvements, totaling approximately $2.4 billion; and equipment, collections, and intangibles, totaling approximately $390 million. These totals do not consider related accumulated depreciation of $1.7 billion for assets being depreciated. Governmental activities capital assets net of accumulated depreciation total $2.9 billion.

maintenance therein of museums, zoological or other gardens, collections of natural history, observatories or recreational facilities."

City Charter requires DPR to obtain approval from the Mayor and City Council prior to acceptance of any gifted property and requires a vote of the people to sell any designated park land. Specifically, DPR cannot sell or lease any "park or portion of any park belonging to the City as of December 31, 1955 . . . and no land acquired by the City after December 31, 1955, that is designated a park by ordinance . . ." without the approval of a majority of registered voters. For land acquired after December 31, 1955, City Council must formally designate a park through a City ordinance.[9] However, City Charter provides the Mayor and City Council the authority to sell or transfer real property owned by the City. Contracts of this nature must be approved, through ordinance or resolution, by City Council. In addition, certain City contracts that involve the City paying or receiving $500,000 or more, such as the purchase or sale of land or infrastructure, require approval of City Council through ordinance or resolution.[10]

Executive Order 134

The City may obtain land and infrastructure assets through donations. Executive Order 134, in concert with the Ethics Code, establishes the policy of disclosure of gifts (donations) made to City departments and agencies. Departments and agencies are required to report to the Clerk and Recorder's Office all gifts received and accepted during the year no later than August 1 of the subsequent year. Gifts include all property or thing of value worth $2,500 or more.[11]

Governmental Accounting Standards Board

The Governmental Accounting Standards Board (GASB) provides guidance related to capital assets through GASB Statement No. 34 (GASB 34). GASB 34, effective for periods beginning after June 15, 2001, requires that governments enhance reporting about major funds, including a government's general fund.[12] In accordance with GASB, the City reports both current assets and liabilities and long-term assets and liabilities, which include capital assets. The intent is to help users of financial statements understand the extent to which a government has invested in capital assets, including roads, bridges, and other infrastructure assets, as well as to make better comparisons between government entities.

In addition to the legal requirements established to govern the recording and reporting of land and infrastructure capital assets, the City has established several administrative components for the recording and reporting of the City's land and infrastructure capital assets. These include Fiscal Accountability Rules, City financial policy, and agency policy.

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[9] City and County of Denver Charter, Article II, Part 2, Section 4, *Powers and Duties of Department of Parks and Recreation*. Real property includes land and improvements made to the land.

[10] City and County of Denver Charter, Article III, Part 2, Section 6, *Leases and contracts*.

[11] Executive Order 134, *Gifts to the City and County of Denver*, accessed February 4, 2016, http://govorcl02/Executive_Order/Adobe%20Format/134.pdf.

[12] The Governmental Accounting Standards Board is the independent organization that establishes and improves standards of accounting and financial reporting for United States governments. Established in 1984, the GASB is recognized by governments, the accounting industry, and the capital markets as the official source of generally accepted accounting principles (GAAP) for state and local governments. The GASB issues standards and other communications that result in decision-useful information for users of government financial reports including citizen groups and legislators. The standards also help government officials demonstrate to their constituents their accountability over public resources. http://www.gasb.org/.

Fiscal Accountability Rules and Related Procedures

The City has established Fiscal Accountability Rules (FARs) and corresponding procedures to set parameters for fiscal activities. The purpose of FARs and procedures is to assist the City's agencies in conducting financial activities and in making fiscal decisions. The FARs also provide reference to additional procedures or forms to help agencies understand and complete their requirements. Although there are multiple FARs that relate to capital assets in some capacity, two are most directly relevant to this audit: FAR 1.2 and FAR 4.2.

FAR 1.2 defines the City's financial SOR, which is the City's official accounting system used to record financial transactions and various financial information.[13] Some City-owned assets are tracked and recorded in the SOR; however, land and infrastructure capital assets are tracked by individual agencies and then reported annually to the Controller's Office to be recorded in the SOR.

FAR 4.2, as previously discussed, defines capital and controlled assets. The purpose of FAR 4.2 is to ensure that the City's capital and controlled assets are acquired, safeguarded, controlled, disposed of, and accounted for properly. This rule, in conjunction with the corresponding Capital and Controlled Assets Procedures developed by the Controller's Office, helps agencies understand and comply with their responsibilities related to managing capital assets.

FAR 4.2 has numerous components, of which the following are most relevant to this audit:

- Every agency is responsible for managing and protecting the capital and controlled assets for which they have been entrusted; furthermore, each employee has the responsibility to protect and conserve the City's assets that have been delegated to them.
- Capital assets shall be capitalized and recorded in the SOR. This includes capital assets purchased with federal grant monies that are owned by the City.
- Assets shall be recorded at historical cost, or if not available, at estimated historical cost. If neither is obtainable, the asset shall be recorded at estimated fair market value.
- By September 30th of each year, a physical inventory of all capital assets, controlled assets, and high-risk controlled assets shall be performed and documented.
- Additional costs required to place an asset in its intended state of operation shall be added to the cost of the asset. For example, additional costs may include title search cost, attorney fees, liens assumed, taxes assumed, grading costs, building demolition, land improvements with an indefinite life.
- Donated assets shall be recorded at estimated fair market value at the time received. The value of the asset shall be determined by actual costs, if available, otherwise the value can be determined by an independent appraisal.
- Capital assets over $50,000 require ordinance approval from City Council prior to purchase.

[13] City and County of Denver Controller's Office Fiscal Accountability FAR 1.2, *System of Record*, page 1, accessed 2-1-2016 at http://www.denvergov.org/content/dam/denvergov/Portals/344/documents/Fiscal_Rules/chapter_1_Acctg_Principles_and_Standards/Rules/Rule_1_2_System_of_Record.pdf.

- Capital assets shall be depreciated using the straight-line method. The estimated useful lives of assets shall be determined by the average life for the group of assets; not individual assets.

To supplement the provisions of FAR 4.2, the Controller's Office has established additional Capital and Controlled Assets Procedures that provide more detailed guidance related to the acquisition, receipt, transfer and disposal, and inventory of controlled assets in the SOR. In addition some guidance is provided related to low-dollar, high-risk controlled assets that are not tracked in the SOR.

City Asset Inventory Policy

In addition to the City's FARs and corresponding procedures, the City has established a financial policy related to asset inventory. The Asset Inventory and Condition Assessment Financial Policy is documented annually in the City and County of Denver Mayor's Budget. The policy establishes that departments such as Public Works and Parks and Recreation maintain inventories of all major capital assets. These inventories include streets, bridges, traffic signals, sewers, buildings, irrigation systems, and parks. The policy further requires each agency to prepare periodic reports to meet accounting requirements. These reports are provided to the Controller's Office at year end.

Department of Parks and Recreation Gift Policy

As previously mentioned, the City may obtain land and infrastructure assets through donation. DPR established a formal gift policy, effective August 2006, intended to actively encourage gifts that reinforce its mission and core services. Acceptance and recognition of gifts must comply with the policy guidelines and procedures. Gifts can range from land and buildings to smaller items and cash.

City Charter provides that the management and control of all gifts of real or personal property used for park and recreational purposes come under the exclusive control of DPR and its Executive Director. DPR policy provides that the DPR Executive Director may approve or decline any proposed gift. In addition, any proposed major gift must be reviewed by the Denver Parks and Recreation Advisory Board (DPRAB) before approval by the DPR Executive Director. However, all gifts must be approved by City Council and the Mayor prior to acceptance.[14] The DPR policy specifies that management consider a number of factors, including the adequacy of the department's operating budget and staffing, to implement and maintain the gift.

Recording of Land and Infrastructure Capital Assets

The Controller's Office is responsible for ensuring the accuracy of capital asset balances in the CAFR and for establishing rules, procedures, guides, and forms to ensure that capital assets are acquired, safeguarded, controlled, disposed of, and properly accounted for in the City's SOR. Agencies are responsible for managing and protecting the capital assets of the City with which they have been entrusted. Agencies are also responsible for ensuring that documentation regarding asset additions, transfers, disposals, and inventory certification is complete and accurate. Therefore, to ensure that the Controller's Office has all relevant information from individual agencies, there are several processes in place to transfer information to the

[14] City and County of Denver Charter, Article II, Part 2, Section 4, *Powers and Duties of Department of Parks and Recreation.*

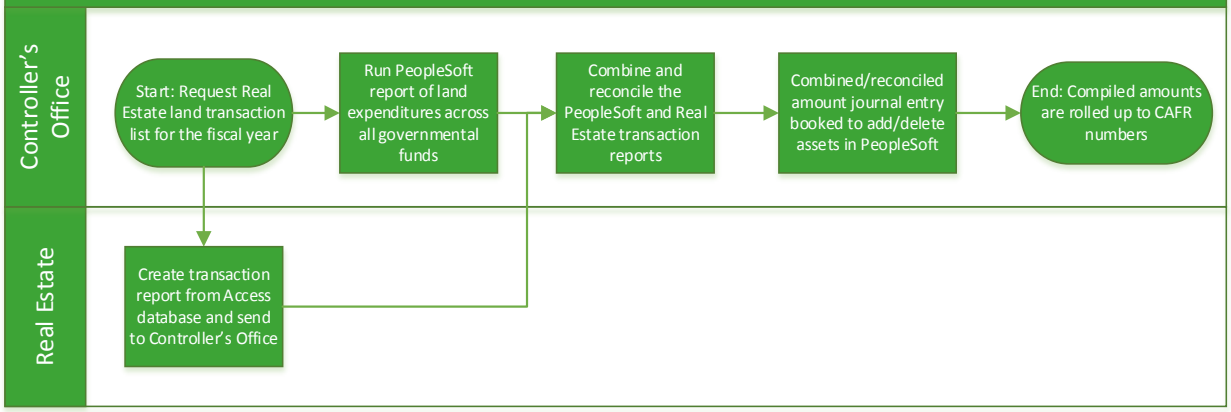
Controller's Office for incorporation into the CAFR. These processes include updates on land, infrastructure, and donated assets.

Land Management Recording and Financial Reporting

City agencies are responsible for the day-to-day management of the land they utilize. When agencies acquire or sell land, they work with the Department of Finance's Division of Real Estate to execute the transactions. The Division of Real Estate is responsible for maintaining the City's real estate portfolio by assessing the City's short and long-term real estate needs.

The Division of Real Estate captures all of the City's land transactions, including purchases, sales, and exchanges, and reports them to the Controller's Office to be recorded in the City's SOR and incorporated into the CAFR. Figure 1 provides a graphical representation of the process used to update the land balances recorded in the SOR. This process occurs annually between January and March for the previous fiscal year as part of the year-end closing process led by the Controller's Office.[15]

Figure 1. Annual Recording and Reporting of Land Asset Balances



Source: Developed by auditors based on information from the Controller's Office.

The Division of Real Estate creates a transaction list from an inventory of deeds maintained in a Microsoft Access database.[16] The Controller's Office runs an expenditure report from the SOR to capture land expenditures recorded in the land account code by agency staff during the fiscal year. The Controller's Office then combines and reconciles the transaction list and expenditure report to prevent duplication of transactions between the two sources. This reconciliation step also serves to ensure that any transactions listed by the Division of Real Estate but not accounted for in the SOR are identified and included in the CAFR. Table 2 details the 2014 CAFR total land capital asset balances by agency.

[15] During the year-end closing process, the Controller's Office gathers financial information for the previous fiscal year from agencies and compiles the information for reporting in the CAFR.
[16] The transaction report includes donations, but the Controller's Office also requests donation information through a separate process as discussed later in this section.

TABLE 2. 2014 CAFR Land Balances by Agency

Agency Name	Land Dollar Amount
Denver Arts and Venues	$71,191,000
Department of Parks and Recreation	$70,634,000
Department of Public Works	$60,034,000
Denver Police Department	$34,489,000
General Government and Other Agencies	$56,592,000
Total CAFR Land Balance 2014	**$292,940,000**

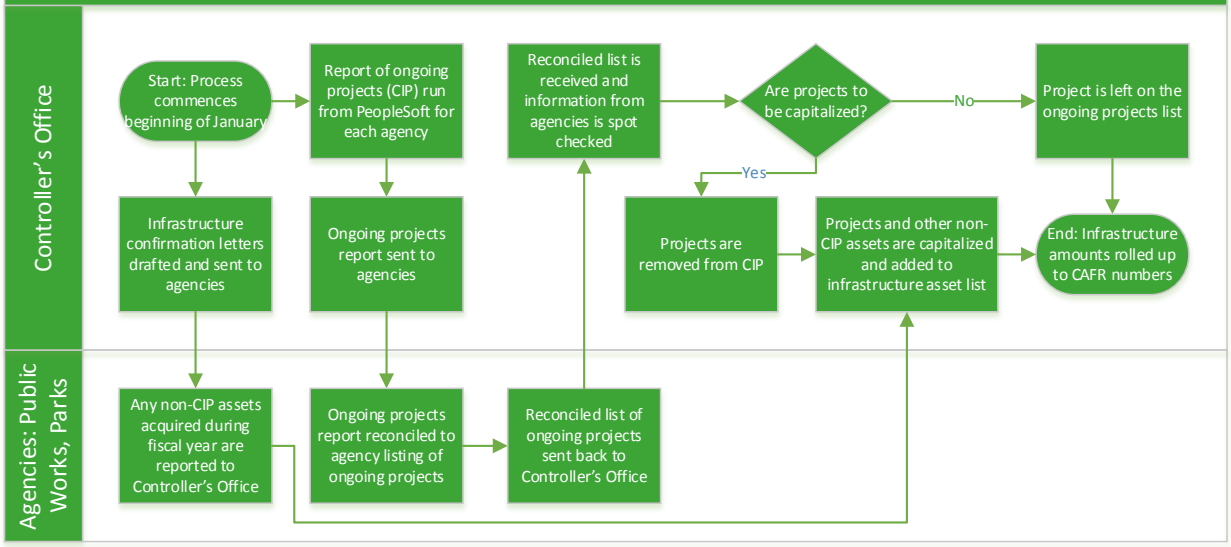
Source: Developed by auditors based on information in the Controller's Office 2014 land worksheet.

Note: The General Government and Other Agencies category includes Denver Fire Department, Department of Human Services, Undersheriff, public office buildings, health and hospitals, libraries and museums, vacant land, and miscellaneous improved property.

Infrastructure Management Recording and Financial Reporting

In addition to land management, City agencies are responsible for the day-to-day management of the City's infrastructure. Specifically, there are two City agencies with these management responsibilities: the Departments of Public Works and Parks and Recreation. They are responsible for the day-to-day tracking, maintenance, and management of their respective infrastructure, as well as reporting additions and deletions to their asset lists and communicating these to the Controller's Office. Figure 2 provides a graphical representation of the process for updating the infrastructure balances recorded in the SOR. Similar to the process undertaken by the Division of Real Estate, this process also occurs between January and March for the previous fiscal year as part of the year-end closing process led by the Controller's Office.

Figure 2. Annual Update of Infrastructure Asset Listing



Source: Developed by auditors based on information from the Controller's Office.

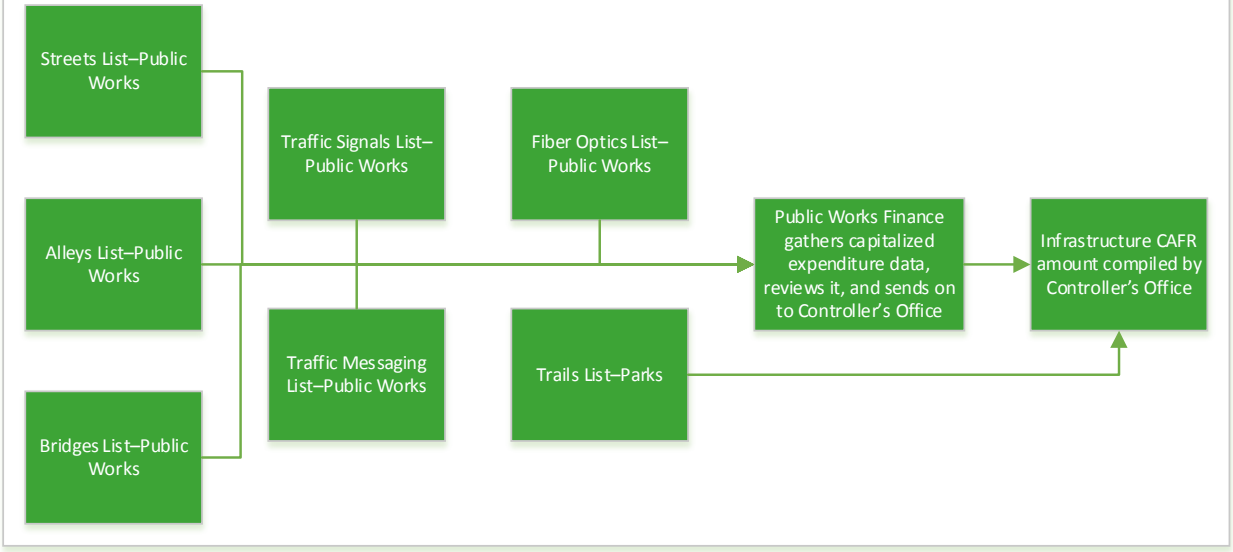
As illustrated in Figure 2, the infrastructure update process contains two sub-processes that run in tandem: the construction in progress (CIP) project update and the non-CIP asset update.

- **CIP Project Update–**The Controller's Office runs an Ongoing Projects report in the SOR to start the CIP update sub-process. CIP includes assets that are deemed non-infrastructure assets, such as buildings. In addition, certain infrastructure assets, such as bridges, streets, and trails, are added to the infrastructure asset list as CIP projects.[17] Only the Departments of Public Works and Parks and Recreation manage infrastructure CIP.
- **Non-CIP Asset Update–**All other infrastructure, other than bridges, streets, and trails, is considered non-CIP and is added through a sub-process using confirmation letters. The Controller's Office starts this sub-process by sending out confirmation letters to the Departments of Public Works and Parks and Recreation requesting information about infrastructure additions and deletions. Regarding infrastructure additions, the letters specifically request asset descriptions, original unit cost, useful life, funding source, and a separate listing of donated infrastructure assets. Deletions information requests specifically include asset description, historic cost, year placed in service, and reason for the deletion.[18]

As a general rule, an infrastructure asset resulting from a CIP project is depreciated based on the asset's date placed in-service. All other infrastructure assets for which an in-service date is not easily determinable by the Controller's Office are given the full year of depreciation regardless of the actual in-service date.

The infrastructure asset balance is made up of seven individual lists maintained by the two agencies. Figure 3 provides a graphical representation of these lists and how they roll up to the infrastructure amount reported in the CAFR.

Figure 3. Infrastructure Asset Balance Data Structure



Source: Developed by auditors based on information from the Departments of Public Works and Parks and Recreation and the Controller's Office.

[17] This CIP sub-process is discussed further in Finding 1 of this report.
[18] Finding 1 of this report discusses the process for reporting the removal of traffic signals from the infrastructure capital asset balance.

All of the lists noted in Figure 3 are provided to the Controller's Office via Microsoft Excel spreadsheets. Some of these spreadsheets may derive from other software or systems used by the agencies for planning, maintenance, and other management purposes. Examples of this are the Deighton Total Infrastructure Management System (DTIMS) used by the Department of Public Works to track streets and alleys and the Geographic Information Systems (GIS) mapping technology used by the DPR to store mapping data for trails. Table 3 details the 2014 CAFR total infrastructure capital asset balances by type.

Table 3. 2014 CAFR Infrastructure Balances by Type

Type	Dollar Amount
Street Network	$727,287,000
Bridges	$485,892,000
Traffic Signals	$164,559,000
Alleys	$79,548,000
Fiber Optics	$20,832,000
Trails	$13,156,000
Dynamic Message Signs	$1,302,000
Total CAFR Infrastructure Balance 2014	**$1,492,576,000**

Source: Developed by auditors based on information provided by City agencies to the Controller's Office for inclusion in the CAFR.

Donated Land and Infrastructure Capital Assets

As previously noted, in addition to capital assets acquired by the City through purchases and construction, the City receives land and infrastructure capital assets through donation. There are four ways in which donated land and infrastructure capital assets received by City agencies can be communicated to the Controller's Office for annual financial reporting:

- **Confirmation Letters—**The Controller's Office includes a request in its confirmation letters to agencies for a listing of donated assets that includes the asset type, description, estimated fair market value, useful life, and date of donation. In addition to responding to the confirmation letter requests, the Departments of Public Works and Parks and Recreation email donation information throughout the year because they tend to receive more occurrences of infrastructure and land donations than other agencies.
- **Real Estate Transactions List—**The land transaction list the Division of Real Estate submits to the Controller's Office has small pieces of land and land rights donations that are not usually reported by the agencies. Examples include right-of-ways, easements, and land on which infrastructure was built. These small parcels are usually part of a project in which the developer donated this land as part of a development contract with the City.
- **Year-end Closing Questionnaire—**The Controller's Office provides agencies with a Year-End Closing Questionnaire as part of the year-end closing process. This questionnaire asks agencies to provide information on any gifts (donations) received and how the agency complied with Executive Order 134.
- **CIP Project Update—**The Controller's Office indirectly receives information about donated assets that are a part of CIP projects during the CIP project update process.

When assets are donated by developers of construction projects (usually land and usually contractually required), the Controller's Office will identify these assets when the projects are completed and capitalized because individual parts of the project are being categorized as infrastructure, land, or other capital assets and a cost is assigned.

The Controller's Office reviews donation information from the multiple sources for duplication to avoid recording land and infrastructure donations more than once in the SOR.[19]

Department of Parks and Recreation Management of Land Assets and Park Designation Process

As previously mentioned, City agencies are responsible for managing and protecting the capital assets of the City with which they have been entrusted, including land. There are also several legal requirements related specifically to recording and reporting land capital assets. As identified in Table 2, the Department of Parks and Recreation (DPR) is responsible for managing the second largest dollar value of the City's land assets. In addition, DPR receives donations of land capital assets. Accordingly, DPR has developed its own processes for accepting donated land and designating certain land assets.

DPR provides a broad range of programs, services, facilities, and park amenities in the City. DPR is comprised of four divisions, two of which are involved in the recording and reporting of capital assets in the City's SOR and the designation of City land as park land: Administration and Parks and Planning (Parks). The Administration Division provides overall strategic leadership for the department and is involved in processes for recording and reporting capital assets, including donated land. The Parks Division is responsible for the daily operation and management of City-owned land under its management. The City's park system dates back to the 1850's and encompasses over 240 urban parks, parkways, and natural areas and 14,000 acres of mountain park land. In addition, the park system includes other assets such as off-leash dog parks, golf courses, and athletic fields. The Parks Division also carries out the process for designating City-owned open space as a park.

Designated Park Land Cannot Be Sold Without Approval of Denver Voters

All land under City ownership is managed by various City agencies according to how the land is used. For example, the City owns the land under streets that run through the boundaries of the City and County of Denver. Public Works has the expertise and equipment to carry out street maintenance responsibilities such as sweeping, plowing, and repairs. Therefore, the land under the streets is managed by the Department of Public Works. Similarly, most City-owned open space land is managed by DPR. Accordingly, DPR is involved in the development, maintenance, and public use regulation of landscaping, trails, open space, and other such features on City-owned property, including parks, parkways, and vacant land that has not been developed into a park, but is available for use by the public.

A park is typically recognized by elements such as playgrounds, picnic tables, and other amenities intended to promote public recreation and outdoor activities. However, the City Charter is very specific with regard to distinguishing land that has been designated as a park through a formal process. Further, land that has been designated as park land cannot be sold

[19] Finding 1 of this report addresses enhancements that the Controller's Office can make to land and infrastructure capital assets guidance and reporting processes.

without the approval of Denver voters. According to City Charter, ". . . no park or portion of any park belonging to the City as of December 31, 1955, shall be sold or leased at any time, and no land acquired by the City after December 31, 1955, that is designated a park by ordinance shall be sold or leased at any time, provided, however, that property in parks may be leased for park purposes to concessionaires, to charitable or nonprofit organizations, or to governmental jurisdictions."[20] This means that land used as a park for public enjoyment may or may not be designated park land.

Land Designated as Park Land—Designating park land is one method the City can use to ensure that DPR-managed land will not be sold or leased in the future.[21] Some DPR-managed land was grandfathered in as a designated park but other land must be specifically designated a park by City ordinance. This is determined by the date the land was acquired and placed under DPR management. In 1955, the City's Department of Improvements and Parks was separated into two departments: the Department of Public Works and the Department of Parks and Recreation. When the department was separated, the land that was placed under the management of the Department of Parks and Recreation was considered a de facto designated park. DPR must go through the designation process for any land acquired after December 31, 1955 that it wishes to designate as a park.

When determining whether to designate land as a park, DPR considers several things, including the extent to which the proposed designation furthers or supports the park facilities that have been constructed or are planned to be constructed on the site; the preservation of key visual corridors or scenic vistas; the elimination, reduction, or mitigation of any negative factors that prevented designation; and the needs and desires of the affected community.

Most land under DPR's management is currently designated as park land, but some newer parcels of land that have been added within the past 60 years never received official designation as park land for various reasons, such as legal restrictions, unacceptable condition, or unsuitability as a park. Additionally, some land under the management of DPR is partially designated, meaning that only a portion of the land area has been formally designated as a park. For example, in 1993, the City designated portions of land in what is now called the City of Cuernavaca Park. However, the City did not own all the land, and designated the land it did own, creating a patchwork of designated and undesignated land within the park. Appendix A provides a map depicting designated park land within Cuernavaca Park.

There are also many parcels of land within the City's park system that are not eligible for designation. For example, utility corridors which may incidentally provide open space and public access are excluded from designation. As another example, there is land in southeast Denver on which some City-owned ballfields are located, but the land itself is owned by the federal Army Corps of Engineers (Corps). The City leases this land from the Corps for the ballfields. As a result, the City cannot designate this land as a park.

As of January 2016, almost 70 percent of urban land under DPR management has been designated or partially designated as a park.

As of January 2016, almost 70 percent of the City's 6,200 acres of urban land under DPR management has been

[20] City and County of Denver Charter, Article II, Part 4, Section 5, *Sales and leasing of parks*.
[21] According to DPR management, there are other ways the City can ensure DPR-managed land is not sold or leased, including deed restrictions and development agreements.

designated or partially designated as a park. DPR has identified that nearly 13 percent of the 6,200 acres is not eligible for designation. Appendix B provides an inventory of the land managed by DPR, located within City limits, with its park designation status.

In addition to designating parks, a 1997 City ordinance allows DPR to designate open space land as a *natural area*. According to DPR management, land with a natural area designation is treated like open space and carries no special legal restrictions like designated park land. Because this designation was established in ordinance, natural areas can be designated and de-designated by the DPR Executive Director without a vote of the citizens.[22]

Park Designation Process—In 2009, DPR drafted a policy that addresses the designation of a park in accordance with City Charter. The Parks Designation Policy (policy) was drafted to provide clarity and guidance regarding the legalities surrounding park designation and the designation process. According to the draft policy, the DPR Executive Director recommends land to be designated as a park. DPR notifies a number of interested parties, including City Council, the Mayor's Office, the Department of Public Works, the Department of Community Planning and Development, registered neighborhood groups in the City, and others "having or expressing an interest in the proposed designation" of land recommended for designation. DPR's notification is to include which park is being considered, the time and place for public meetings on the matter, and the timetable and goals set by the Executive Director. The process also includes at least one presentation to DPRAB to obtain its recommendation, at least one presentation to the appropriate City Council committee, and at least one public meeting. All of these meetings are open to the public.

The issue of park designation has been publicly discussed in recent years because of a 2013 transaction between the City and Denver Public Schools (DPS), which entailed transferring the ownership of a parcel of City-owned land that was managed as open space by DPR for an office building owned by DPS. The controversy surrounding this transaction stemmed from the question of whether the land that the City transferred to DPS was a park. Specifically, if the land was designated park land, the City Charter requires that the transfer be approved by voters.[23]

Asset Transfer between the City and County of Denver and Denver Public Schools

As previously mentioned, the transaction between the City and DPS entailed a transfer of City-owned land in exchange for a DPS building. The controversy surrounding this transfer stems primarily from the perception that the City-owned parcel was a park. Opponents of the deal contend that the land was a park, and as such, the deal had to be approved by the voters. The City's position has been that the parcel of land involved in the transfer was not a park.

The parcel of land that was transferred to DPS was a portion of a larger piece of land called Parcel 31. Most of Parcel 31 was in the designated Paul A. Hentzell natural area adjoining Paul A. Hentzell Park in southeast Denver.[24] The only piece of Parcel 31 excluded from the natural area was a parking lot approximately 2.5 acres in size that the City built in the 1990's to lease to businesses in the area. The land transferred to DPS comprised 9 acres of undeveloped land in

[22] There are currently five designated natural areas in the City: Herron Pond, Hentzell Park, Parkfield, Inspiration Point, and Camp Rollandet.

[23] Finding 2 discusses steps DPR can take to enhance controls over the land assets it manages.

[24] As previously discussed, a natural area is a land designation established by City ordinance and therefore does not have the same protections as designated park land.

the Hentzell Park natural area, and the 2.5 acres on which the parking lot sat. As the land had previously been designated a natural area, when the transfer was proposed, the DPR Executive Director had to de-designate the land before the transfer could take place.

Additional controversy arose when the DPR Executive Director proposed the de-designation of the natural area to the DPRAB. Due to its advisory role, the de-designation proposal was presented to the DPRAB in its November and December 2012 meetings. On December 13, 2012, the DPRAB voted 11-6 to recommend that the DPR Executive Director not de-designate the Hentzell Park natural area land. However, in January 2013, the DPR Executive Director rescinded the natural area designation for nine acres in the Hentzell Park natural area in order to allow the transfer to take place. Subsequently, the City transferred the 11.5 acres of City property and paid approximately $705,000 to DPS in return for a DPS building at 1330 Fox Street to the City. The transaction was finalized in April 2013.

The Fox Street building needed major renovations, and a capital campaign was established to raise approximately $12.3 million to convert it into a family justice center, housing various agencies that provide services to domestic violence victims. The Rose Andom Center is projected to open for services in the early part of 2016.[25] DPS used the land transferred from the City for the site of a DPS elementary school, and the Joe Shoemaker School opened in August 2015.

Appendix C provides a map depicting the transferred area. Parcel 31 is generally portrayed by the gray and pink shaded area. The land transferred to DPS is portrayed in pink shading. This area comprises approximately 9 acres of natural area and the 2.5-acre parking lot in the lower part of the pink area. The area shaded gray generally portrays part of the Hentzell Park natural area, with the exception of some land that is part of Kennedy Golf Course and is designated park land. This natural area was not designated park land at the time of the transfer, but has since been designated as park land, and is part of Hentzell Park. The Hentzell Park natural area comprises the rectangular shape of the green area, the gray area and the pink area, minus the parking lot.

The Friends of Denver Parks Lawsuit—Opponents of the land transfer claimed that the land involved in the transfer was officially a park because it had been used as open space since before 1956. Therefore, according to City Charter, opponents believed the land could not be released by the City without an election. They organized as a nonprofit called Friends of Denver Parks (FODP) to fight the action in court.

The Denver District Court and the Colorado Court of Appeals ruled in favor of the City. FODP, along with two individuals, filed a request with the Colorado Supreme Court to review the decision of the Colorado Court of Appeals. At the time audit work was completed, the Colorado Supreme Court had not made a decision as to whether it would hear the FODP appeal.[26]

To enhance understanding of the parcel of land in question, Appendix D provides a timeline of events associated with the land transfer.

[25] The building was formally named after a local businesswoman. Ms. Andom provided a $1 million dollar lead gift to start the Center.

[26] The Colorado Supreme Court periodically releases opinions and other decisions. Auditors last checked the Supreme Court website on February 24, 2016.

SCOPE

The audit assessed the design and effectiveness of the City and County of Denver's (City's) policies and practices for reporting and recording land and infrastructure capital assets. Our review focused on governmental activities capital assets associated with the City's basic services. The audit scope did not include capital assets associated with the City's business-type activities. The audit also reviewed the process by which the Department of Parks and Recreation formally designates land as a park.

This audit is a performance audit with elements similar to a financial audit. The performance portion of this audit reviewed the processes and controls associated with recording and reporting capital assets. The financial portion of this audit traced asset amounts recorded in the Comprehensive Annual Financial Report (CAFR) back to source documents and specific assets on a test basis. External auditors audit the CAFR for material accuracy using specific dollar thresholds. The Auditor's Office is not required to set materiality thresholds for our review, so we may have assessed smaller asset and asset group dollar amounts than the external auditor. Therefore, the capital asset areas subject to our audit underwent heavier scrutiny than may have been encountered during the annual external audit. This heavier scrutiny could result in findings that the external auditors may not consider reportable, but these findings still reflect control weaknesses or areas for improvement.

OBJECTIVE

The audit had the following two objectives:

1. To determine whether the City's policies and practices related to recording land and infrastructure capital assets allow for accurate and complete financial reporting; and
2. To review the City's approach to designating land managed by the Department of Parks and Recreation as official park land for transparency and compliance with legal requirements.

METHODOLOGY

The methodologies used to achieve the audit objectives included, but were not limited to:

- Reviewing City Charter, Denver Revised Municipal Code, Executive Orders, Fiscal Accountability Rules, and other City agency administrative guidance regarding capital assets transactions and reporting;
- Interviewing Department of Finance's Controller's Office and Division of Real Estate, and Departments of Public Works and Parks and Recreation personnel regarding processes in place to record and report land and infrastructure capital assets, including donated capital assets;
- Selecting for testing a sample of land and infrastructure capital asset transactions added to or deleted from the City's 2014 financial statements and 2015 addition and deletion transactions to be reported in the City's 2015 financial statements. To select the sample, auditors identified agencies with a significant number and dollar amount of individual land and infrastructure capital asset transactions during the sample years. Of the

infrastructure assets tested, the selections covered each type of infrastructure category: streets, alleys, bridges, trails, traffic signals, and fiber optics. Land assets tested included land that was directly purchased and land that was donated. Testing focused on the processes in place to ensure the accuracy of amounts reported in the City's 2014 financial statements, as well as the existence of the City's land and infrastructure capital assets;

- Selecting for testing a sample of land and infrastructure assets managed by several City agencies to ensure that older assets exist and are still owned and used by the City.
- Interviewing Departments of Public Works and Parks and Recreation personnel regarding land and infrastructure capital asset inventory tracking and reporting processes;
- Reviewing source documents provided by various City agencies regarding land and infrastructure capital assets additions and deletions;
- Developing flow charts of processes used by the City Controller's Office, Division of Real Estate, and the Departments of Public Works and Parks and Recreation to update land and infrastructure capital assets annually;
- Interviewing Department of Parks and Recreation and City Attorney's Office personnel regarding a transfer of City-owned land managed by the Department of Parks and Recreation to Denver Public Schools in exchange for the transfer of a building owned by Denver Public Schools to the City;
- Interviewing Department of Parks and Recreation personnel regarding the strategy employed to designate park land; and
- Reviewing Department of Parks and Recreation source documents related to park land designations and the asset transfer between the City and Denver Public Schools.

FINDING 1

The Controller's Office Can Take Additional Actions To Enhance the Accuracy of Land and Infrastructure Capital Assets Financial Reporting

The City and County of Denver's (City's) contracted Certified Public Accounting (CPA) firm has disclosed several financial reporting concerns (findings) in their recent annual audits of the City's financial statements.[27] These concerns were identified internally by the Controller's Office and through the CPA firm's testing. In recent years, the Controller's Office has used these concerns to improve its capital asset financial reporting processes. However, we identified two areas where additional improvement can be made to the Controller's Office's policies and practices to enhance the accuracy of capital asset reporting. First, the City's Capital and Controlled Assets Fiscal Accountability Rule (FAR) and corresponding procedure do not clearly define and address the processes surrounding land and infrastructure capital assets. Second, the Controller's Office's method for recording traffic signal dispositions by removing the oldest signal on record rather than the traffic signal actually disposed does not account for the potential that the actual traffic signal being reported for disposal may not be fully depreciated and may still have value. Improvements to the Department of Public Works' internal inventory listing will allow the Controller's Office to identify and remove actual traffic signals disposed of that were put in service after 2002.

Controller's Office Has Enhanced Capital Asset Financial Reporting

In recent years, the Controller's Office has improved its capital assets financial reporting processes. These improvements were prompted by issues identified by the Controller's Office as well as by the City's CPA firm, which included them in the firm's management letters discussing the results of the annual financial statement audits. The issues that compelled the Controller's Office to enhance its practices over land and infrastructure financial reporting were noted in the 2011, 2013, and 2014 CPA firm's management letters. They related to deficiencies in controls over construction in progress (CIP) and donations of capital assets, including land.[28]

CIP Project Updates

In 2011, the CPA firm identified a significant deficiency in controls over CIP supporting documentation. Two projects were noted as not containing support that agreed with amounts added to CIP totals. Bridge, street, and trail infrastructure assets are first developed as CIP projects before being put into service.

In response, the Controller's Office moved from requiring an annual CIP project update to requiring agencies to submit updates three times per year beginning in 2012 in order to receive updates in a timelier manner and reduce the risk that the agencies or the Controller's Office would miss an asset or project. During this process, the Controller's Office requests reports from

[27] The City's financial statements are published in the Comprehensive Annual Financial Report.

[28] A deficiency, as defined by the CPA firm, exists when the current state of design or operation of a control does not allow management to prevent or detect and correct misstatements of the City's financial statements in a timely manner. A material weakness is defined as a deficiency, or combination of deficiencies, in internal control that has a reasonable possibility of not preventing a material misstatement of the City's financial statements in a timely manner. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is not as severe as a material weakness, but important enough to require attention by management.

agencies with active CIP projects at the end of the second, third, and fourth quarters of the fiscal year. The Controller's Office requires the agencies to state whether or not the CIP projects are still in progress or have been completed.

Donated Assets Reporting and Land Reconciliation

In 2013, there was a material weakness noted by the Controller's Office resulting in a proposed adjustment of $23.6 million in that period to recognize donated capital assets and related contribution revenue.[29] Specifically, the City's Department of Parks and Recreation (DPR) discovered multiple parks donated to the City from developers in both the Stapleton and Lowry redevelopment areas that were not reported to the Controller's Office and recorded in the financial records. In response to this material weakness, the Controller's Office implemented additional controls over the reporting of donated assets by proactively contacting those agencies most likely to receive donated assets to improve their donation reporting process. The Controller's Office specifically reached out to DPR to suggest controls and processes they could put into place. DPR implemented an informal internal communication process that helped them ensure that they were capturing and communicating all donated asset information. DPR also began communicating donated assets to the Controller's Office as they are received instead of waiting until the end of the year.

The Controller's Office did not implement its own controls to address this 2013 finding, but the issues with reporting donations led the Controller's Office to perform a one-time land asset reconciliation in 2015 to help ensure the land balances reported in the 2014 Comprehensive Annual Financial Report (CAFR) were accurate. The Controller's Office used a land transaction listing from the Division of Real Estate and land ownership records from the Assessor's Office and compared them to the existing detail of land that makes up the CAFR land balance to detect any land additions or deletions that were not recorded by the Controller's Office in the SOR in previous years. This reconciliation led to the discovery of $12.8 million in land additions that were not recorded in the SOR and $17.1 million in land deletions that had not been removed. The results of this reconciliation were noted in the 2014 external audit management letter as a significant deficiency of $4.3 million in accumulated land errors.

After the one-time reconciliation revealed that land was not being added to or removed from the City's financial system of record (SOR) timely, the Controller implemented an additional reconciliation procedure to help ensure that the land balance is properly recorded and reported within the CAFR going forward.[30] Our audit testing did not reveal any issues with the existence of land and infrastructure assets or how those assets are classified in the SOR. However, we believe that additional steps can be taken to enhance the accuracy of land and infrastructure asset reporting.

Additional Steps Should Be Taken To Further Enhance the Accuracy of Capital Asset Reporting

Although the Controller's Office has improved capital asset reporting processes over the years, we identified additional steps that the Controller's Office can take to further enhance the accuracy of capital asset reporting. First, the City's Capital and Controlled Assets Fiscal

[29] *Ibid.*

[30] This additional reconciliation control is described in the Recording of Land and Infrastructure Capital Assets section of the Introduction and Background of this report.

Accountability Rule (FAR) and corresponding procedure state that they relate to all capital assets. However, the rule and procedure actually do not define the processes surrounding land and infrastructure capital assets. As such, there is no comprehensive rule or policy that addresses the practices the Controller's Office and agencies utilize to record land and infrastructure capital assets in the SOR and report these balances in the City's financial statements. Revising the current Capital and Controlled Assets FAR and corresponding procedures to accurately reflect current practices may help minimize the likelihood of future capital asset financial reporting concerns.

Second, the Controller's Office's approach to recording traffic signal dispositions removes the oldest signal on record rather than the traffic signal actually disposed. This method does not account for the potential that the actual traffic signal being reported for disposal may not be fully depreciated and may still have value. Improvements to the Department of Public Works' internal inventory listing will allow the Controller's Office to identify and remove actual traffic signals disposed of that were put in service after 2002.

Capital and Controlled Assets Fiscal Accountability Rule Should Be Expanded to Include Practices Specific to Land and Infrastructure

The Controller's Office has established Fiscal Accountability Rule 4.2 to address capital and controlled assets. This FAR is intended to apply to all types of capital assets. However, we found that the emphasis in practice is on capital and controlled assets individually tracked inside the City's SOR, including assets such as buildings, machinery, and equipment. Accordingly, land and infrastructure capital assets, which are tracked in databases maintained by various City agencies, are not handled in accordance with FAR 4.2.

Annually, agencies report land and infrastructure transaction information to the Controller's Office, which then aggregates the total additions, deletions, and transfers to record changes in land and infrastructure balances in the SOR. Although the Controller's Office has developed procedures for how agencies report these transactions, there is no policy governing this procedure as it is not reflected in the FAR. Some of the differences in FAR 4.2 that may contribute to potential misinterpretation of requirements and may have contributed to concerns noted in previous years' external audit management letters include the following:

- **FAR 4.2, Rule 7—**Each year, a physical inventory of all capital assets, controlled assets, and high-risk controlled assets shall be performed and documented. The agency custodian is responsible for conducting a physical inventory and submitting the results to the Controller's Office. While this is done for equipment-like assets and ensures an accounting for individual assets, the details for land and infrastructure are entered into the SOR in the aggregate.
- **FAR 4.2, Rule 10—**Donated assets shall be recorded at estimated fair market value at the time received. The value of the asset shall be determined by actual costs, if available, otherwise the value can be determined by an independent appraisal. However, the Controller's Office maintains an external reporting mechanism to collect this and other data related for donations. Specifically, the Controller's Office sends an annual letter requesting the reporting of this data. However, the FAR makes no mention of this requirement or that compliance is mandatory under the FAR.
- **FAR 4.2, Rule 11—**Capital assets over $50,000 require ordinance approval from City Council prior to purchase. This specifically applies to purchases of equipment-like assets,

not land and infrastructure. City Charter requires City Council approval for some contracts that result in the payment or receipt of at least $500,000. However, this land threshold requirement is not outlined in the FAR.

Fiscal Accountability Rules establish the ground rules for the City's financial activities. The purpose of the rules is to help City employees understand what is required of them. If guidance is not documented or available in an understandable form, the Controller's Office has not effectively mitigated the risk of inaccurate reporting of capital assets in its financial statements that have previously been noted in the external auditor's management letters.

Documenting Internal Controls Is a Good Business Practice

Best business practices emphasize key accounting and business processes be documented and available to all relevant parties particularly in an environment where responsibilities are shared among several agencies. For example, the *Standards for Internal Control in the Federal Governments*, as promulgated by the U.S. Government Accountability Office, sets the standard for an effective internal control system.[31] These standards include:

- Internal control comprises the plans, methods, policies, and procedures used to fulfill the mission, strategic plan, goals, and objectives of the entity. Internal control serves as the first line of defense in safeguarding assets. Internal control helps managers achieve desired results through effective stewardship of public resources.
- Internal control is not one event, but a series of actions that occur throughout an entity's operations. Internal control is recognized as an integral part of the operational processes management uses to guide its operations rather than as a separate system within an entity. In this sense, internal control is built into the entity as a part of the organizational structure to help managers achieve the entity's objectives on an ongoing basis.

Sound internal controls represent a way of doing business that yields the highest return and benefit to the citizen. Although each year the Controller's Office has implemented capital asset process improvements, more needs to be done as the City's CPA firm that performs the annual financial statement audit continues to report deficiencies in capital asset reporting on an annual basis. As a result, we recommend that the Controller's Office should update the Capital and Controlled Assets Fiscal Accountability Rule 4.2 and related procedures to distinguish between assets tracked in the City's financial system of record and those that are tracked by agencies outside of the system of record. The fiscal accountability rule and related procedures should also be expanded to include the rules and procedures applicable to assets not tracked in the system of record.

The Controller's Office Should Consider Updating Procedures within its Traffic Signal Disposal Reporting Process

The Controller's Office has established an annual reporting process by which traffic signal additions and dispositions are collected from the Department of Public Works and then recorded by the Controller's Office to reflect changes to the City's infrastructure capital asset

[31] United States Government Accountability Office, Standards for Internal Control in the Federal Government, page 5 to 6, accessed January 29, 2016, http://www.gao.gov/assets/670/665712.pdf.

balances in the City's SOR.[32] Due to limitations in the Department of Public Works' tracking of traffic signal additions prior to 2003, the Controller's Office does not remove the value of actual traffic signals disposed when recording these changes. Since 2003, the Department of Public Works has maintained the date a traffic signal was placed in service for new traffic signal additions. As such, opportunities exist for the Controller's Office to leverage this information to strengthen its infrastructure capital assets reporting process. Continuing to remove a different traffic signal than the one actually disposed does not account for the potential that the actual signal being reported for disposal may contain a remaining book value, which could potentially overstate the value of traffic signal assets.

The Controller's Office Is Not Ensuring Accurate Reporting for the Disposal of Traffic Signals

The Department of Public Works is responsible for the maintenance and effective operation of traffic signals within the City. Traffic signal maintenance includes preventive maintenance, emergency response, new construction, improvements and modifications, citizen requests, and the operation of the signal timing and communication systems.

As part of the City's responsibility for ensuring effective operation of traffic signals, the Transportation and Mobility Division within the Department of Public Works prepares an annual report of newly constructed signals, improvements to signals, and disposals of signals. This report, developed in 2003 as a response to the implementation of GASB Statement No. 34 (GASB 34), serves as an annual record of additions and dispositions that allows the Controller's Office to make informed financial reporting-related adjustments to the SOR.[33]

Traffic Lights or Stop Lights are the red, yellow and green lights that direct traffic at intersections. The official term for this type of light is Traffic Signal or Illuminated Traffic Signal.

After assessing the process for collecting traffic signal data reported in the annual additions and dispositions report, we found no issues with how the Controller's Office is adding signals to the SOR. However, we found that when a traffic signal is submitted for disposition, the Controller's Office is not ensuring that the correct traffic signal is being removed from the SOR. The Controller's Office currently follows a method established in response to the implementation of GASB 34 by which the Controller's Office removes the oldest traffic signal on record instead of reconciling to ensure that the signal in question is not from a different year. While we found no evidence that asset values associated with traffic signals are

[32] Asset disposal is the act of selling an asset usually a long term asset that has been depreciated over its useful life like production equipment.

[33] GASB Statement No. 34, effective for reporting periods beginning after June 15, 2001, requires that governments enhance reporting about major funds, including a government's general fund. As mentioned in the Introduction and Background section, the City reports both current assets and liabilities and long-term assets and liabilities, which include capital assets. The intent of the statement is to help users of financial statements understand the extent to which a government has invested in capital assets, including roads, bridges, and other infrastructure assets, as well as to make better comparisons between government entities.

incorrect, we also found no evidence that the Controller's Office's current process ensures that correct signals are being removed from the SOR.

GASB 34 established new financial reporting requirements for state and local governments throughout the United States, but it did not provide specific guidance regarding the disposition of infrastructure assets. In the absence of specific guidance from GASB, the Controller's Office developed the traffic signal disposition methodology it currently uses. However, this methodology does not ensure the accurate reporting of traffic signal disposals.

Although GASB 34 did not provide guidance specific to traffic signal disposals, GASB 34 does include guidance related to capital assets that are depreciated. Specifically, GASB 34, Paragraph 20 states that capital assets that are being or have been depreciated should be reported net of accumulated depreciations in the statement of net assets. Furthermore, Paragraph 21 states that capital assets should be depreciated over their estimated useful lives unless they are either inexhaustible or are infrastructure assets reported using the modified approach.[34]

GASB Statement No. 34 states that capital assets being depreciated should be reported net of accumulated depreciation.

Currently, the Department of Public Works Transportation and Mobility Division reports newly constructed signals, improvements to signals, and disposals of signals on an annual basis to the Controller's Office. If the Controller's Office implements an additional requirement within the traffic signal disposal process that Public Works also supply the date the traffic signal was placed in-service when known, the Controller's Office can then apply the correct accounting treatment related to that disposed asset and further strengthen the accuracy of the City's capital assets financial reporting.

Not Removing the Correct Traffic Signal from the System of Record Potentially Causes an Overstatement of Asset Values

Correctly recording asset additions and disposals is an important aspect of maintaining reliable financial records. Reliable financial records provide trustworthiness for external users such as investors and creditors. If the Controller's Office continues the practice of removing the oldest traffic signal on record for each traffic signal reported for disposal, there is a heightened risk of potential overstatement within the overall traffic signal's book value. While we did not find any specific overstatements with current traffic signal values, the potential for overstatement is still present.

Tables 4 and 5 demonstrate the growing cost of traffic signal installations over the last twelve years and the potential impact of not properly recording traffic signals disposed using data tracked by the Department of Public Works. Table 4 demonstrates the average cost of a traffic signal installed by the City or third parties from 2003 until 2015.

[34] Governmental Accounting Standards Board, Statement No. 34, *Basic Financial Statements–and Management's Discussion and Analysis–for State and Local Governments*, accessed February 1, 2016, http://www.gasb.org/jsp/GASB/Document_C/GASBDocumentPage?cid=1176160029121&acceptedDisclaimer=true.

TABLE 4. Average Traffic Signal Historical Cost Since 2003

Year Placed in Service	Average Value
2003	$163,673
2004	$169,615
2005	$180,975
2006	$200,441
2007	$198,846
2008	$201,679
2009	$188,318
2010	$186,667
2011	$183,478
2012	$238,719
2013	$261,939
2014	$230,900
2015	$304,000

Source: Department of Public Works Mobility and Transportation Division Annual Additions and Disposals Report. The averages displayed above are the average cost.

In addition, to demonstrate the potential impact of incorrectly removing a traffic light disposal from the system of record, Table 5 outlines three traffic signals with three hypothetical examples. These examples identify traffic signals placed in service in 2013, 2009, and 2003 that were disposed of in 2014 by the Department of Public Works. As shown, each traffic signal was recorded within the SOR at the average historical cost of the year it was placed into service and with a useful life of 25 years.[35] Since these traffic signals were originally placed in-service less than 25 years ago, at time of disposal, the assets would have a remaining book value. If the Controller's Office was to remove different traffic signals with book values of $0, the value of the City's traffic signal assets would be overstated by almost $500,000.

TABLE 5. Examples of Incorrect Traffic Signal Disposals

Date Placed In Service	Date Disposed	Historical Cost	Remaining Book Value
December 1, 2013	December 31, 2014	$261,939	$251,461
April 17, 2009	December 31, 2014	$188,318	$150,654
July 28, 2003	December 31, 2014	$163,673	$91,657
		Total Remaining Book Value	**$493,773**

Source: Dates placed in service and historical cost were obtained from the Department of Public Works Mobility and Transportation Division's Annual Additions and Disposals Report. Dates disposed were developed by auditors for the purpose of these hypothetical examples. Remaining book values were then calculated by auditors using the information obtained from the other sources.

[35] Useful life is the period of time for which a specific asset will be economically feasible for use or the period of time that the asset will be in service. The Controller's Office assigns traffic signals a useful life of 25 years.

With the growing cost of traffic signals exhibited in Table 4, and the potential for the overstatement of asset values identified in Table 5, we recommend that the Controller's Office, in conjunction with the Department of Public Works Transportation Division, should consider leveraging existing reported data to more accurately account for traffic signal disposals. Specifically, the Controller's Office should require reports from the Department of Public Works to include when the signal was placed into service, if available.

RECOMMENDATIONS

To enhance actions taken by the Controller's Office to ensure that capital assets are accurately reported, we make the following recommendations.

1.1 The Controller's Office should update the Capital and Controlled Assets Fiscal Accountability Rule 4.2 and related procedures to distinguish between assets tracked in the City's financial system of record and those that are tracked by agencies outside of the system of record. The fiscal accountability rule and related procedures should also be expanded to include the rules and procedures applicable to assets not tracked in the system of record.

Auditee Response: Agree, Implementation Date – June 30, 2016

The Controller's Office is in the process of updating Fiscal Rule 4.2 – Capital and Controlled Assets and the related procedures to clarify between what assets are required to be tracked in the City's system of record and those that are tracked outside the system of record by individual agencies/departments. The updated rule will also include language that dictates how assets not tracked in the system of record shall be tracked. Additionally, Fiscal Rule 11.2 – Year-End Reporting Package will be updated to include reporting requirements for agencies that have assets that are tracked outside the system of record.

1.2 In conjunction with the Department of Public Works Transportation Division, the Controller's Office should consider leveraging existing reported data to more accurately account for traffic signal disposals. Specifically, the Controller's Office should require reports from the Department of Public Works to include when the signal was placed into service, if available.

Auditee Response: Agree, Implementation Date – September 30, 2016

The Controller's Office will request that the Department of Public Works include the date the signal was placed into service, if available. We will then re-evaluate our current methodology for accounting for disposals of traffic signals to determine if it's feasible to use the recommended method.

FINDING 2

The Department of Parks and Recreation Can Enhance Certain Land Asset Management Practices

The Department of Parks and Recreation (DPR) manages certain City-owned land capital assets. Audit work identified two weaknesses in DPR's processes related to managing these assets. First, we identified a parcel of land that was donated to the City, but DPR did not follow processes outlined in City Charter, Executive Order, and DPR policy for accepting and reporting donations. Second, DPR has not officially adopted a 2009 draft policy that outlines the process for formally designating City-owned land as park land.

Department of Parks and Recreation Personnel Did Not Follow Established Processes for Accepting a Land Donation

The audit team sought to determine whether City-owned land is recorded in accordance with established processes by testing a sample of land managed by DPR and the Department of Public Works. In our sample of land managed by DPR, we identified one parcel that was donated to the City through DPR but was not accepted in accordance with policy and regulatory requirements. In 2012, a local organization expressed interest in donating this parcel of land to the City. The property is adjacent to an existing City-owned regional park trail managed by DPR. The donation was finalized in 2014 and recorded in the City's financial accounting system of record (SOR) as City-owned land.[36]

Three primary sources provide guidance for how land should be accepted before ultimately being incorporated into the City's financial records: City Charter, Executive Order 134, and DPR's Gifts Policy.

- **City Charter—**City Charter, in outlining the powers and duties of DPR, requires City Council and mayoral approval of any gift of real property to the City "for the purpose of the creation, improvement or ornamentation of any park, boulevard, pleasure way, parkway or recreational facility."[37]
- **Executive Order 134—**Executive Order (EO) 134 establishes policy governing disclosure of gifts to the City through City agencies. The policy defines gifts to include "money, property, service, or thing of value" of at least $2,500 that are received directly by an agency or an individual in an agency but considered to be a gift to the City. EO 134 requires agency directors to file with the Office of the Clerk and Recorder an annual report of all gifts received and accepted during the course of the year.
- **DPR's Gifts Policy—**DPR actively encourages gifts that reinforce its mission and core services and developed a Gifts Policy to provide guidance for their acceptance. The Gifts Policy defines a gift as "a freely given donation of property, goods, or cash to the department, preferably with no expectation of return. . . . Property can range from land and buildings to smaller goods." The DPR Executive Director may approve or decline any

[36] According to DPR management, although the land is not currently designated as official park land, the intent is to do so in the future.

[37] City and County of Denver Charter, Article II, Part 4, Section 4, *Powers and duties of Department of Parks and Recreation, (E), Gifts*.

proposed gift. Additionally, for any proposed major gift, the Department of Parks and Recreation Advisory Board (DPRAB) must review the proposal prior to approval by the DPR Director.[38] The Gifts Policy also requires that any gift of real or personal property be approved by City Council and the Mayor.

Our review of the process by which DPR accepted the parcel of land in 2014 revealed that DPR did not adhere to the requirements specified in City Charter, EO 134, and its Gift Policy. A search of DPRAB meeting minutes and City Council bills from 2012, 2013, and 2014 revealed no evidence that this donated land was presented for DPRAB's review or City Council approval. However, because of potential limitations in search capabilities in the City's Council Bill database and the extended timeframe involved, we separately confirmed with DPR management that the donated land did not go through this acceptance process. Auditors also reviewed DPR's annual reports provided to the Office of the Clerk and Recorder in 2012, 2013, and 2014, and did not find this donation on these reports. DPR management confirmed that this particular parcel of donated land was not included. DPR management indicated that they were unsure whether this land donation was required to follow City Charter, EO 134, and DPR Gift Policy requirements.

Adherence to processes related to land donations is important for several reasons. Most importantly, mayoral and City Council approval provides a valuable control that helps ensure that the City wants and can maintain donated land. For example, the City may not want to take ownership of land that would need significant environmental remediation. Further, DPR must have the resources to develop the land into park land or, at a minimum, to maintain the open space land. Finally, these approval and reporting requirements have the additional benefit of providing transparency into such transactions.

To ensure that DPR understands and adheres to established processes for accepting land donations, we recommend that the DPR Executive Director review and assess the requirements specified in City Charter, Executive Order 134, and its Gifts policy to clarify whether they relate to all land donations received by DPR. After this review, the DPR Executive Director should then clarify processes where needed and communicate with DPR personnel to reiterate the requirements.

The Department of Parks and Recreation Has Designated Additional Parks but Has Not Formally Adopted the Draft Parks Designation Policy

As discussed in the Introduction and Background section of this report, the City has taken steps to formally designate land as park land to ensure that the land is protected from being sold or leased without the approval of Denver voters. Park designation has been taking place in the City since 1956, but not all open spaces have gone through the designation process to become parks. According to DPR management, the current Mayor has stressed the importance of protecting the City's park land through the formal designation process and this is evidenced by providing DPR with dedicated funding to defray the costs of designation. In addition, because of the controversy surrounding the land transfer that took place in 2013 between the City and Denver Public Schools (DPS), parks designation has become a more important public policy issue to many stakeholders in the City. When the City gave 11.5 acres of the Paul A. Hentzell natural area to DPS in exchange for a DPS building, some questioned whether the land was

[38] In this context, a major gift is a gift that substantially impacts the public use of parks or recreation facilities, impacts DPR's resources, or has an accompanying condition requested with it.

actually a park and claimed it was thus ineligible for such a transaction.[39] This public dispute highlighted the importance of the parks designation process. Since 2013, DPR has designated as park land almost 750 acres of land that had not previously been designated. The total acreage now formally designated as park land represents almost 80 percent of all eligible Denver-owned open space within the City limits. However, we found that the Parks Designation Policy that DPR uses for the designation process was drafted in 2009 and has never been formally adopted.

Additional Land Has Been Designated As Park Land—According to a January 2016 DPR press release, the department began proactively designating the City's park land in the spring of 2013 in an effort to ensure that it is protected from future development and real estate transactions.[40] In November 2015, DPR completed its sixth round of park designations for previously undesignated open space. With these latest efforts, approximately 746 acres of parks, parkways, open spaces, and natural areas are now designated. Table 6 summarizes all of the land designated as park land since 2013.

Table 6. Parks Designated in Rounds 1 – 6

Location Name	Designation Month	Acres	Round(s)
Lakewood/Dry Gulch	November 2015	52	6
Magna Carta	November 2015	0.2	6
Pasquinel's Landing	November 2015	3.4	6
Town Center Park	November 2015	26.2	6
Unnamed 46th & Pecos	November 2015	3.5	6
Weir Gulch Marina	November 2015	2.8	6
Habitat Park	November 2014	7.7	4 and 5
Centennial Park	November 2014	5.5	4 and 5
Prairie Park	November 2014	6.4	4 and 5
City of Ulaanbaatar	November 2014	5.1	4 and 5
Montclair East Park	November 2014	5.6	4 and 5
Highland Senior Center Park	November 2014	0.9	4 and 5
Stapleton Central Park Addition	November 2014	10.6	4 and 5
Bayaud Park	May 2014	7	3
Lowry Sports Complex	May 2014	95.2	3
Crescent Park	May 2014	7.2	3
Cuatro Vientos/Four Winds Park	May 2014	1.2	3
51st & Broadway Park	May 2014	0.7	3
Swansea Neighborhood Park	May 2014	3.3	3
Hampden Heights Park	May 2014	32.5	3
Veterans Park	May 2014	16.4	3
City Park Golf Addition	May 2014	0.5	3

[39] For a detailed account of the Paul A. Hentzell natural area land transfer, see the Introduction and Background section of this report. In addition, Appendix C depicts a map of the area transferred to Denver Public Schools, and Appendix D summarizes the timeline associated with the transfer.

[40] Department of Parks and Recreation news webpage, *Parks and Recreation Completes Additional Park Designations*, dated January 06, 2016, accessed February 26, 2016, http://www.denvergov.org/content/denvergov/en/denver-parks-and-recreation/news/2016/park-designations.html.

Location Name	Designation Month	Acres	Round(s)
Denison Park Addition	May 2014	0.4	3
Bear Creek Park	January 2014	79	2
Dartmouth Gulch Park	January 2014	3.3	2
Fishback Park	January 2014	2.2	2
Southwest Auto Park	January 2014	1.5	2
Unnamed 51st & Zuni Park	January 2014	12.8	2
Central Park	January 2014	78.9	2
Greenway Park	January 2014	40.3	2
Parkfield	January 2014	38.3	2
Gates Crescent Park	January 2014	10.7	2
Camp Rollandet	January 2014	7	2
First Creek	April 2013	37.1	1
Green Valley Ranch East	April 2013	13.4	1
Green Valley Ranch West	April 2013	3.5	1
Marrama	April 2013	1.5	1
41st & Ensenada	April 2013	5.1	1
42nd & Lisbon	April 2013	18	1
13th & Xenia	April 2013	2.1	1
Ruby Hill	April 2013	81.9	1
Hentzell Park (addition)	April 2013	15.9	1
	Total Acres	**746.8**	

Source: Table developed from a park land designation listing on the Department of Parks and Recreation's webpage and discussion with Department of Parks and Recreation personnel.

Note: Rounds 4 and 5 were essentially one round due to the preparation of the designation documents and timing.

The designation process takes time and there are associated costs. From the City's 2014 through 2016 budgets, the Mayor dedicated $100,000 each year for costs associated with designating park land. In 2014, over $80,000 was spent on services associated with park designation, such as survey and title work.[41]

The Parks Designation Policy Has Not Been Approved—Despite the renewed focus on parks designation, the 2009 Parks Designation Policy that guides the process has never been formally adopted. DPR has made the policy available on its website, but it clearly states that it is a draft.

For several reasons, it is important for DPR to review and formally adopt the Parks Designation Policy. First, a policy helps ensure the integrity and transparency of the park designation process by clearly identifying to stakeholders, including DPR and the public, the expectations about the process. Additionally, adopting the policy would help demonstrate commitment on behalf of DPR and the City to protecting Denver's park land and to the process established in the policy. Finally, the draft policy was created under a previous DPR Executive Director appointed by a previous Mayor, whose administration may have had a different policy focus. Formally adopting

[41] DPR personnel could provide only 2014 amounts. At the time audit work was completed, amounts were still being accrued for 2015.

the policy will increase the likelihood of consistency and continuity in the parks designation process going forward, both in the current and future administrations.

Therefore, we recommend that the DPR Executive Director review the draft Parks Designation Policy to ensure that it reflects the current park designation process, including incorporating any necessary changes to the process. Subsequently, DPR should take the necessary steps to formally adopt the policy.

RECOMMENDATIONS

To ensure that the Department of Parks and Recreation understands and adheres to established processes for accepting land donations, and that the park designation practices are consistent and continue to include various parties to provide transparency into the process, we make the following recommendations.

2.1 The Department of Parks and Recreation Executive Director should review and assess the requirements specified in City Charter, Executive Order 134, and its Gifts policy to clarify whether they relate to all land donations received by DPR. After this review, the Department of Parks and Recreation Executive Director should clarify processes where needed and communicate with Department personnel to reiterate the requirements.

Auditee Response: Agree, Implementation Date – May 31, 2016

A Standard Operating Procedure will be developed by May 31, 2016.

2.2 The Department of Parks and Recreation Executive Director should review the draft Parks Designation Policy to ensure that it reflects the current park designation process, and incorporate any necessary changes to the process. Subsequently, the Department of Parks and Recreation Executive Director should take the necessary steps to formally adopt the Parks Designation Policy.

Auditee Response: Agree, Implementation Date – September 30, 2016

After the Department's internal review, the formal adoption of this policy will require the involvement of the City's Policy Review Committee, the DPR Parks Designation Committee, the Parks Committee of the Inter-Neighborhood Cooperation, and the Parks and Recreation Advisory Board. As a result we are estimating that the Policy will be formally adopted by September 30, 2016.

APPENDICES

Appendix A – Map of Cuernavaca Park Designation

Source: Geographic Information System map received from Department of Parks and Recreation personnel.
Note: The green highlighted areas have been formally designated as park land.

Appendix B – Urban Park Inventory with Designation Status

Location	Designation Status	GIS Acres	Acquisition Year
46th & Pecos	Yes - 2015 November	3.5	1948
Lakewood / Dry Gulch	Yes - 2015 November	55.9	1941
Magna Carta	Yes - 2015 November	3.6	1960
Pasquinel's Landing	Yes - 2015 November	3.4	1976
Town Center	Yes - 2015 November	26.2	2008
Weir Gulch Marina	Yes - 2015 November	6.7	1972
Centennial	Yes - 2014 November	5.5	1976
Central Park Rec Center	Yes - 2014 November	10.6	2010
City of Ulaanbaatar	Yes - 2014 November	5.2	2000
Johnson-Habitat	Yes - 2014 November	7.7	1976
Montclair Rec Center	Yes - 2014 November	5.6	2002
Bayaud	Yes - 2014 May	7.0	2007
Crescent	Yes - 2014 May	7.2	2007
Cuatro Vientos / Four Winds	Yes - 2014 May	1.2	2009
Denison	Yes - 2014 May	2.4	1977
Hampden Heights	Yes - 2014 May	32.5	1971
Jackie Robinson Fields	Yes - 2014 May	19.9	2000
Lowry Sports Complex	Yes - 2014 May	51.5	2000
Swansea Neighborhood	Yes - 2014 May	3.3	2001
Veterans	Yes - 2014 May	16.2	1921
51st & Zuni	Yes - 2014 January	12.8	2001
Camp Rollendet	Yes - 2014 January	7.0	2005
Central Park	Yes - 2014 January	76.1	2008
Dartmouth Gulch	Yes - 2014 January	3.3	1972
Fishback	Yes - 2014 January	2.2	1976
Gates Crescent	Yes - 2014 January	10.8	1976
Greenway	Yes - 2014 January	40.5	2005
Parkfield	Yes - 2014 January	88.3	1992
Southwest Auto	Yes - 2014 January	1.5	1988
41st & Ensenada	Yes - 2013 April	5.1	1997
42nd & Lisbon	Yes - 2013 April	18.0	2000
First Creek	Yes - 2013 April	37.1	1999
Green Valley Ranch East	Yes - 2013 April	13.5	1984
Green Valley Ranch West	Yes - 2013 April	3.5	1984
Hentzell	Yes - 2013 April	59.2	1975
Marrama	Yes - 2013 April	1.5	1996
New Freedom	Yes - 2013 April	2.1	2007
Ruby Hill	Yes - 2013 April	81.9	1954
Skatepark	Yes - 1993	1.9	1993
City Park Municipal Golf Course	Yes - 1956, 2014 May	138.8	1914
Alamo Placita	Yes - 1956	4.6	1911
Argo	Yes - 1956	12.1	1906

Location	Designation Status	GIS Acres	Acquisition Year
Aspgren	Yes - 1956	3.7	1956
Barnum	Yes - 1956	34.0	1906
Barnum East	Yes - 1956	12.2	1948
Benedict Fountain	Yes - 1956	2.9	1924
Berkeley & Burlington	Yes - 1956	0.2	1946
Berkeley Lake	Yes - 1956	81.2	1906
Bonnie Brae	Yes - 1956	1.5	1925
Broadway Triangles	Yes - 1956	0.4	1913
Bryant & Ellsworth	Yes - 1956	0.5	1946
Burns	Yes - 1956	12.4	1940
Cheesman	Yes - 1956	80.8	1890
Cheesman Esplanade	Yes - 1956	2.7	1911
City of Axum	Yes - 1956	5.1	1908
City of Kunming	Yes - 1956	3.6	1908
City of Nairobi	Yes - 1956	2.3	1911
City Park	Yes - 1956	314.4	1881
Civic Center	Yes - 1956	10.6	1911
Columbus	Yes - 1956	2.3	1906
Congress	Yes - 1956	19.2	1890
Cook	Yes - 1956	37.9	1954
Cranmer	Yes - 1956	24.2	1907
Crestmoor	Yes - 1956	37.3	1946
Dailey	Yes - 1956	2.7	1907
Dunham	Yes - 1956	2.5	1892
Eisenhower	Yes - 1956	20.2	1949
Elyria	Yes - 1956	2.6	1911
Fuller	Yes - 1956	5.9	1879
Garfield Lake	Yes - 1956	29.0	1949
Garland	Yes - 1956	50.3	1955
Godsman	Yes - 1956	5.1	1944
Hallack	Yes - 1956	3.0	1916
Harvey	Yes - 1956	24.5	1954
Highland	Yes - 1956	7.0	1899
Hirshorn	Yes - 1956	2.2	1946
Hungarian Freedom	Yes - 1956	1.7	1912
Huston Lake	Yes - 1956	32.7	1946
Inspiration Point	Yes - 1956	25.5	1907
Jefferson	Yes - 1956	6.6	1899
Jefferson Square	Yes - 1956	4.6	1956
La Alma / Lincoln	Yes - 1956	15.0	1885
Lawson	Yes - 1956	2.5	1911
Lindsley	Yes - 1956	7.1	1937
Maestas	Yes - 1956	0.2	1913
McDonough	Yes - 1956	3.7	1906

Location	Designation Status	GIS Acres	Acquisition Year
McNichols	Yes - 1956	3.3	1950
Mestizo-Curtis	Yes - 1956	8.5	1868
Montclair	Yes - 1956	2.4	1886
Observatory	Yes - 1956	10.4	1904
Overland Municipal Golf Course	Yes - 1956	139.1	1919
Park Ave Parks	Yes - 1956	2.7	1874
Pferdesteller	Yes - 1956	3.0	1948
Pioneer Monument	Yes - 1956	0.1	1906
Platt	Yes - 1956	3.7	1894
Pulaski	Yes - 1956	13.4	1947
Quick	Yes - 1956	0.4	1948
Robinson	Yes - 1956	6.8	1941
Rocky Mountain Lake	Yes - 1956	55.6	1906
Rosedale	Yes - 1956	12.8	1921
Rude	Yes - 1956	10.4	1912
Russell Square	Yes - 1956	2.3	1911
Schafer	Yes - 1956	8.9	1948
Skyland	Yes - 1956	8.1	1952
Sloan's Lake	Yes - 1956	284.2	1906
Sunken Gardens	Yes - 1956	11.1	1907
Swansea	Yes - 1956	10.7	1947
Valverde	Yes - 1956	5.8	1944
Vanderbilt	Yes - 1956	24.4	1922
Vanderbilt East	Yes - 1956	3.5	1922
Washington	Yes - 1956	157.5	1898
Wellshire Golf Course	Yes - 1956	133.9	1936
West-Bar-Val-Wood	Yes - 1956	12.7	1955
Willis Case Golf Course	Yes - 1956	119.4	1935
20th St Rec Center	Yes	0.3	1980
Asbury & Tejon	Yes	5.8	1974
Ash Grove	Yes	7.3	1973
Ashland Rec Center	Yes	1.4	1977
Athmar	Yes	3.3	1977
Aztlan	Yes	3.7	1974
Barnum North	Yes	17.2	1951
Bates & Hobart	Yes	6.4	1963
Bezoff	Yes	5.3	1972
Bible	Yes	66.2	1961
Bow Mar Heights	Yes	18.0	1974
Boyd	Yes	4.9	1988
Buchtel Centennial	Yes	0.0	1927
Byers & Pecos	Yes	1.0	1966
Chavez	Yes	2.5	1977
Cherry Creek	Yes	2.4	1987

Location	Designation Status	GIS Acres	Acquisition Year
City of Chennai	Yes	7.7	1977
City of Karmiel	Yes	3.3	1978
City of Potenza	Yes	4.6	1977
City of Takayama	Yes	6.1	1966
Commons	Yes	17.6	1995
DCPA Sculpture Park	Yes	2.5	1905
Douglass	Yes	0.5	1974
Eastmoor	Yes	12.0	1972
Elmendorf	Yes	5.8	1966
Falcon	Yes	9.6	1966
Ferguson	Yes	0.3	1967
Flores	Yes	0.4	1971
Ford	Yes	4.4	1971
Four Mile	Yes	10.9	1975
Franco	Yes	0.6	1969
Garland & Saratoga	Yes	5.1	1979
Golden Key	Yes	2.8	1967
Governors	Yes	2.0	1966
Grant-Humphrey's	Yes	1.9	1977
Harvard Gulch	Yes	38.1	1977
Harvard Gulch Golf Course	Yes	13.0	1977
Harvard Gulch North	Yes	8.2	1980
Hutchinson	Yes	16.3	1967
Jacobs	Yes	12.0	1992
Jefferson & Kendall	Yes	2.4	1976
Kentucky & Knox	Yes	0.4	1976
Kittredge	Yes	2.2	1975
Lake of Lakes	Yes	5.6	1975
Loretto Heights	Yes	13.8	1977
MacIntosh	Yes	0.3	1982
Manley	Yes	1.4	1974
Martin Luther King	Yes	11.3	1968
Martinez	Yes	11.7	1956
Mayfair	Yes	4.9	1995
McClain	Yes	0.3	1983
McWilliams	Yes	7.9	1958
Montbello Central	Yes	36.9	1977
Montbello Civic Center	Yes	6.7	1967
Morrison	Yes	3.8	1974
Pinecrest Village	Yes	7.1	1963
Pinehurst	Yes	13.7	1975
Quality Hill	Yes	0.3	1979
Richthofen	Yes	0.1	1969
Rosamond	Yes	35.6	1963

Location	Designation Status	GIS Acres	Acquisition Year
Sanchez	Yes	29.9	1958
Silverman	Yes	9.0	1966
Skyline	Yes	2.6	1973
Southmoor	Yes	17.3	1966
Stout St Children's	Yes	0.2	1969
Thomas	Yes	29.4	1969
Verbena	Yes	7.2	1969
Viking	Yes	5.8	1980
Village Place	Yes	9.8	1979
Walker	Yes	1.0	1974
Wallace	Yes	24.8	1967
Wallace North	Yes	7.7	1967
Westwood	Yes	5.0	1961
Williams	Yes	0.6	1974
Zeckendorf Plaza	Yes	0.3	1966
Highland Senior Center	Partial - 2014 November	1.9	1977
Prairie	Partial - 2014 November	7.4	2005
51st & Broadway	Partial - 2014 May	1.3	1975
Lowry Open Space	Partial - 2014 May	56.6	2013
Bear Creek	Partial - 2014 January	86.4	1956
Railyard	Partial - 1993	0.8	2010
Chaffee	Partial - 1956	5.0	1892
Ciancio	Partial - 1956	4.0	1948
City of Brest	Partial - 1956	16.4	1936
Community Plaza	Partial - 1956	1.0	1908
DeBoer	Partial - 1956	4.7	1956
Denver Botanic Gardens	Partial - 1956	22.8	1890
Grant Frontier	Partial - 1956	8.9	1910
Sanderson Gulch	Partial - 1956	52.3	1951
St Charles Pl	Partial - 1956	2.5	1911
Weir Gulch North	Partial - 1956	20.6	1950
Babi-Yar	Partial	25.2	1970
Bear Valley	Partial	72.1	1960
City of Cuernavaca	Partial	24.8	1993
Florida & Raritan	Partial	15.6	1951
Garrison & Union	Partial	4.7	1973
Harvard Gulch Mini	Partial	0.6	1970
Harvard Gulch West	Partial	12.0	1970
Irving & Java	Partial	6.6	1951
Kennedy Golf Course	Partial	273.0	N/A - USA
St Patrick's	Partial	0.3	1981
Weir Gulch South	Partial	10.5	1960
14th & Kalamath	Not Eligible	0.4	N/A - ROW
38th Ave	Not Eligible	0.6	N/A - ROW

Location	Designation Status	GIS Acres	Acquisition Year
4th and Race	Not Eligible	0.1	N/A - ROW
6th & Josephine	Not Eligible	0.2	N/A - ROW
Ammons Islands	Not Eligible	0.1	N/A - ROW
Andrews Dr	Not Eligible	5.9	N/A - ROW
Auraria Pkwy	Not Eligible	3.1	N/A - ROW
Auraria Triangles	Not Eligible	1.4	N/A - ROW
Balsam Islands	Not Eligible	0.3	N/A - ROW
Barnes Islands	Not Eligible	1.3	N/A - ROW
Belcaro Triangles	Not Eligible	0.3	N/A - ROW
Bonnie Brae Blvd	Not Eligible	0.0	N/A - ROW
Broadway & Ohio	Not Eligible	0.3	N/A - ROW
Buchtel Blvd	Not Eligible	2.6	N/A - ROW
Capitol Hill Reservoir	Not Eligible	7.1	N/A - DW
Cherry Creek Dr North	Not Eligible	0.4	N/A - ROW
Cherry Creek Dr South	Not Eligible	1.2	N/A - ROW
City Park Esplanade	Not Eligible	6.3	N/A - ROW
Clear Creek Dr	Not Eligible	1.0	N/A - ROW
Clermont St	Not Eligible	2.5	N/A - ROW
Colfax Islands (Federal to Irving)	Not Eligible	0.2	N/A - ROW
Colfax Islands (Grant to Speer)	Not Eligible	0.2	N/A - ROW
Colfax Islands (Speer to Osage)	Not Eligible	0.1	N/A - ROW
Colorado Ave & Madison St	Not Eligible	0.4	N/A - ROW
Colorado Ave & St Paul St	Not Eligible	0.5	N/A - ROW
Colorado Blvd (Alameda to 40th)	Not Eligible	1.8	N/A - ROW
Colorado Blvd (Cornell to Girard)	Not Eligible	1.2	N/A - ROW
Colorado Blvd Park	Not Eligible	1.5	N/A - ROW
Creekfront	Not Eligible	0.8	N/A - ROW
Crestmoor Islands	Not Eligible	0.9	N/A - ROW
DEN Open Space	Not Eligible	198.2	N/A - DIA
Downing Islands (32nd & Champa)	Not Eligible	0.3	N/A - ROW
Downing Islands (36th & Marion)	Not Eligible	0.3	N/A - ROW
Downing St (Speer to 3rd)	Not Eligible	0.9	N/A - ROW
Downing St (Speer to Bayaud)	Not Eligible	0.8	N/A - ROW
E 17th Ave (Colorado to Monaco)	Not Eligible	16.3	N/A - ROW
E 1st Ave (Lafayette to University)	Not Eligible	1.5	N/A - ROW
E 45th Ave (Havana to Kingston)	Not Eligible	1.7	N/A - ROW
E 46th Ave (Andrews to Chambers)	Not Eligible	3.4	N/A - ROW
E 47th Ave (Havana to Kingston)	Not Eligible	1.5	N/A - ROW
E 49th Ave (Nome to Peoria)	Not Eligible	1.1	N/A - ROW
E 51st Ave (Havana to Nome)	Not Eligible	2.6	N/A - ROW
E 51st Ave (Uvalda to Durham)	Not Eligible	4.0	N/A - ROW
E 53rd Ave (Dunham to Chambers)	Not Eligible	1.6	N/A - ROW
E 56th Ave (Quebec to Havana)	Not Eligible	3.3	N/A - ROW
E 5th Ave (Quebec to Roslyn)	Not Eligible	1.1	N/A - ROW

Location	Designation Status	GIS Acres	Acquisition Year
E 6th Ave (Colorado to Quebec)	Not Eligible	19.5	N/A - ROW
E 6th Ave (Quebec to Uinta)	Not Eligible	5.7	N/A - ROW
E 7th Ave	Not Eligible	6.4	N/A - ROW
E Alameda Ave (Colorado to Jackson)	Not Eligible	0.1	N/A - ROW
E Alameda Ave (Colorado to Quebec)	Not Eligible	17.6	N/A - ROW
E Alameda Ave (Quebec to Galena)	Not Eligible	15.9	N/A - ROW
E Maxwell Pl	Not Eligible	3.7	N/A - ROW
Evans Ave	Not Eligible	0.6	N/A - ROW
Fairmont Dr	Not Eligible	0.7	N/A - ROW
Federal Blvd (20th to 48th)	Not Eligible	1.8	N/A - ROW
Federal Blvd (Dakota to 5th Ave)	Not Eligible	0.4	N/A - ROW
Forest St	Not Eligible	2.8	N/A - ROW
Franklin St	Not Eligible	0.6	N/A - ROW
Gilpin St	Not Eligible	0.6	N/A - ROW
Hale Pkwy	Not Eligible	4.2	N/A - ROW
Hampden Heights Islands	Not Eligible	0.7	N/A - ROW
Happy Canyon	Not Eligible	0.1	N/A - ROW
Havana St	Not Eligible	0.7	N/A - ROW
High St	Not Eligible	0.5	N/A - ROW
Highline Canal (Colorado to Parker)	Not Eligible	61.7	N/A - DW
Highline Canal (Parker to Havana)	Not Eligible	28.8	N/A - DW
Hillcrest Island	Not Eligible	0.1	N/A - ROW
I-25 and Broadway	Not Eligible	0.3	N/A - ROW
Irving & Moncrief	Not Eligible	0.0	N/A - ROW
Kelly Open Space	Not Eligible	59.5	N/A - Future?
Kennedy Ballfields	Not Eligible	56.7	N/A - USA
Kennedy Soccer	Not Eligible	39.2	N/A - USA
Logan St	Not Eligible	0.9	N/A - ROW
Lowry Blvd	Not Eligible	3.8	N/A - ROW
Marion St	Not Eligible	6.3	N/A - ROW
Mexico Ave & Steele St	Not Eligible	0.6	N/A - ROW
Milstein	Not Eligible	5.5	N/A - CDOT ROW
MLK Pkwy (Colorado to Quebec)	Not Eligible	4.6	N/A - ROW
MLK Pkwy (Elizabeth to Colorado)	Not Eligible	2.0	N/A - ROW
Monaco St Pkwy (17th to 38th)	Not Eligible	16.5	N/A - ROW
Monaco St Pkwy (17th to Leetsdale)	Not Eligible	11.7	N/A - ROW
Monaco St Pkwy (Evans to Quincy)	Not Eligible	3.5	N/A - ROW
Monaco St Pkwy (Leetsdale to Evans)	Not Eligible	1.3	N/A - ROW
Monaco Street Open Space	Not Eligible	1.6	N/A - ROW
Nome St	Not Eligible	1.1	N/A - ROW
Peoria St	Not Eligible	2.8	N/A - ROW
Quebec and Tamarac	Not Eligible	2.9	N/A - ROW
Quebec St (6th to Alameda)	Not Eligible	0.8	N/A - ROW
Quebec St (MLK to I-70)	Not Eligible	17.4	N/A - ROW

Location	Designation Status	GIS Acres	Acquisition Year
Quincy Islands	Not Eligible	0.8	N/A - ROW
Rampart Way	Not Eligible	0.3	N/A - ROW
Richthofen Place	Not Eligible	0.9	N/A - ROW
S Irving St	Not Eligible	0.7	N/A - ROW
S Monroe St	Not Eligible	0.3	N/A - ROW
S Yosemite St (Belleview to Kenyon)	Not Eligible	4.9	N/A - ROW
S Yosemite St (Hampden to Syracuse)	Not Eligible	3.2	N/A - ROW
S Zenobia St	Not Eligible	0.1	N/A - ROW
Sheridan Blvd	Not Eligible	3.9	N/A - ROW
Southmoor Island	Not Eligible	0.0	N/A - ROW
Speer Blvd (1st to 6th)	Not Eligible	15.1	N/A - ROW
Speer Blvd (6th to 29th)	Not Eligible	31.4	N/A - ROW
Steel St Bikeway	Not Eligible	0.6	N/A - ROW
Steele St	Not Eligible	0.4	N/A - ROW
Syracuse St	Not Eligible	4.5	N/A - ROW
Tamarac at I-225	Not Eligible	0.3	N/A - ROW
Temple Ave	Not Eligible	0.3	N/A - ROW
Tennessee Utility	Not Eligible	4.2	N/A - XCEL
Tulsa Ct	Not Eligible	1.3	N/A - ROW
Uinta Way	Not Eligible	2.5	N/A - ROW
University Blvd (1st to 2nd)	Not Eligible	0.4	N/A - ROW
University Blvd (Alameda to 1st)	Not Eligible	0.4	N/A - ROW
Uvalda St	Not Eligible	1.9	N/A - ROW
W 50th Ave	Not Eligible	0.5	N/A - ROW
W 8th Ave	Not Eligible	0.3	N/A - ROW
W Alameda Islands	Not Eligible	0.9	N/A - ROW
W Belleview Ave	Not Eligible	1.1	N/A - ROW
W Oxford Ave	Not Eligible	0.2	N/A - ROW
W Quincy St	Not Eligible	1.4	N/A - ROW
Westwood Utility	Not Eligible	3.4	N/A - XCEL
Whittier Islands	Not Eligible	0.4	N/A - ROW
Williams St Island	Not Eligible	0.1	N/A - ROW
Yale & I-25	Not Eligible	0.1	N/A - ROW
Yale Ave (Quebec to Syracuse)	Not Eligible	2.0	N/A - ROW
Yosemite St (11th to Dayton)	Not Eligible	2.2	N/A - ROW
34th & Arkins	No	2.1	2011
47th & Walden	No	14.5	2008
Aqua Golf	No	14.1	1976
Bear Creek	No	12.1	N/A
Bulk Fuel Farm	No	24.7	2015
Central Denver Rec Center	No	2.9	2010
Chambers Rd	No	13.1	1971
Cherry Creek	No	132.7	N/A
Confluence	No	2.8	1976

Location	Designation Status	GIS Acres	Acquisition Year
Confluence East	No	0.9	2001
Derby Canal	No	6.6	2008
Derby Lateral	No	9.7	2008
Diamond Hill	No	2.0	2008
Downtown Playground	No	0.8	1996
E 56th Ave	No	10.0	1971
First Creek Park	No	6.3	2015
First Creek Trail	No	12.2	2015
Ford Pl	No	1.4	1966
Frog Hollow	No	5.7	1976
Frontier West	No	2.8	1984
Garland North Greenbelt	No	5.4	1972
Garland South Greenbelt	No	2.5	1963
Glenarm Recreation Center	No	1.0	1969
Globeville Landing	No	8.0	1976
Globeville Rec Center	No	0.2	1977
Goldsmith Gulch	No	6.8	N/A
Goldsmith Gulch (North Middle)	No	4.5	1967
Goldsmith Gulch (North)	No	5.4	1965
Goldsmith Gulch Open Space	No	2.5	1965
Great Lawn Park	No	43.5	2010
Hampden Heights West	No	4.3	1973
Harvard Gulch East	No	10.7	1970
Heron Pond	No	42.9	1998
Highland Gateway	No	0.9	1994
Highline Canal (GVR Golf)	No	10.6	2002
Highline Canal (GVR)	No	29.2	1998
Highline Canal (Maxwell to 56th)	No	4.3	2002
Highline Canal (Orleans to Nepal)	No	1.0	2002
Highline Canal (Picadilly to Orleans)	No	2.8	2002
Hutchinson East	No	5.7	1973
La Familia Rec Center	No	0.9	1977
Lower Lakewood Gulch	No	6.1	2012
Lowry Dam	No	46.1	2015
Montbello Open Space	No	5.6	2014
Northfield Athletic Complex	No	20.9	2015
Northfield Pond	No	33.6	2008
Northside	No	14.3	1998
Overland Pond	No	8.5	1976
Platte River at Elitch Gardens	No	6.7	1976
Prairie Uplands	No	44.5	2015
Quebec & Wesley	No	0.6	1974
Sand Creek	No	40.0	N/A
Sand Creek Open Space	No	102.9	2015

Location	Designation Status	GIS Acres	Acquisition Year
South Platte River	No	236.6	N/A
Speer Blvd Park	No	3.5	1996
Stanford & Balsam	No	10.2	1989
SW Rec Center	No	6.2	1981
Swift Property	No	9.4	2015
Union & Dudley	No	0.7	1994
Wagon Trail	No	16.0	1981
Westerly Creek	No	69.0	2007
Westerly Creek (Lowry)	No	2.3	2007
	Total Acres	**6,200.7**	
Designation Status Percentage		**GIS Acres**	**Percent**
Designated		3,543.8	57.0%
Partial		737.8	11.9%
Not Eligible		784.7	12.6%
Not Designated		1,154.3	18.6%
	Total Acres and Percent	**6,200.7**	**100.0%**

Source: Table developed from park land designation data provided by Department of Parks and Recreation personnel.

Note: Some parcels listed here and in Table 6 do not have the same acreage. The primary reason is that Appendix B contains Geographic Information System (GIS) acres and Table 6 contains the precise acreage based on survey data gathered as part of the designation process. GIS acreage is not survey-grade data because the GIS data was built using various data sources. For example, one source was parcel data from the Assessor's Office, which does not have precise border information. Further, in some instances, the acres designated represent a portion of a park. For example, Appendix B shows that the total acreage of Magna Carta Park is approximately 3.6 acres, but Table 6 shows that only 0.2 acres of this park were designated in Round 6.

Appendix C – City and County of Denver and Denver Public Schools Land Transfer Map

Source: Geographic Information System map received from Department of Parks and Recreation personnel.
Note: The land transferred to Denver Public Schools is represented by the pink shading.

Appendix D – Timeline Related to City and County of Denver Land Transferred to Denver Public Schools

Date	Event
Early 1930s	There was a flood in the area where Parcel 31 is located.
1936	The City purchased Parcel 31 for flood mitigation purposes.
January 1, 1956	The City's Department of Improvements and Parks was separated into the Department of Public Works and the Department of Parks and Recreation. On January 1, 1956, land in DPR's inventory become de facto parks. Because the City purchased it for flood mitigation, and nothing was developed in the area at the time, Parcel 31 was placed under Public Works' management. No part of Parcel 31 was placed under DPR's management.
March 11, 1965	Denver annexed some land, including Parcel 31 and some privately owned land (a development called Hampden Heights). Part of this land would later be designated as Hentzell Park. Although Denver purchased Parcel 31 in 1936, it was still located in Arapahoe County. This annexation made it part of the City.
May 1975	Denver Water sold some land to the City. This land is north of Parcel 31, and was eventually designated as Hentzell Park.
June 20, 1983	Denver City Council passed Ordinance No. 385 to designate Paul A. Hentzell Park.
Mid 1990s	DPR took over maintenance of Parcel 31 when the City built a parking lot on a portion of the parcel.
1990s	The Parcel 31 land began to be referred to as Hampden Heights open space. Parks Division staff reported that during the 1990s, DPR began considering any land under its management that was green as a park, and other land as open space, primarily because it needed terms to describe the land it managed.
1997	Article VIII of Chapter 39 of the DRMC is adopted, granting the DPR Executive Director the power to adopt rules and regulations for the designation and preservation of natural areas.
November 20, 2007	DPR designated the Paul A. Hentzell natural area.
2008	Voters approved a bond for a new school for the southeast Denver neighborhoods, so DPS started looking for a site for the school.
September 2009	DPR developed the Draft Parks Designation Policy.
2011 to 2012	The City and County of Denver and Denver Public Schools worked on a deal to swap a parcel of City-owned land for a DPS-owned building.
December 13, 2012	DPRAB held its second meeting regarding the de-designation of the Hentzell Park natural area. At this meeting, the board voted 11-6 to recommend that the DPR Executive Director not de-designate the Hentzell Park natural area land.
January 2013	The DPR Executive Director rescinded the "natural area" designation for nine acres in the Hentzell Park natural area in order to secure the land transfer. The transfer included 11.5 acres of city-owned land – nine acres from the natural area, and 2.5 acres on which the parking lot was located. The parking lot was adjacent to the natural area but was not included in the natural area.

Date	Event
April 1, 2013	City Council approved the land transfer. Friends of Denver Parks (FODP) filed a lawsuit shortly afterwards, seeking to block transfer of the land to DPS. Plaintiffs included FODP and two individuals. Defendants included the City and County of Denver, DPS School District No. 1, and the City and County of Denver's Clerk and Recorder.
May 2, 2013	The Denver District Court judge ruled in favor of the City after both parties asked for a summary judgment.
July 5, 2013	The Denver District Court judge denied the plaintiff's motion for preliminary injunction.
December 26, 2013	The Colorado Court of Appeals affirmed the Denver District Court decision.
January 2014	Construction on the elementary school began. In August 2015, the Joe Shoemaker School opened.
October 28, 2015	Plaintiffs filed a request for the Colorado Supreme Court to hear the case.
April 2013 – November 2015	DPR designated almost 750 acres as parks in Rounds 1-6.

Source: Table developed from information provided by Department of Parks and Recreation personnel, as well as public documents related to the Friends of Denver Parks lawsuit.

AGENCY RESPONSE

Department of Finance
Controller's Office

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Denver, CO 80202
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DENVER
THE MILE HIGH CITY

March 8, 2016

Auditor Timothy M. O'Brien, CPA
Office of the Auditor
City and County of Denver
201 West Colfax Avenue, Dept. 705
Denver, Colorado 80202

Dear Mr. O'Brien,

The Office of the Auditor has conducted an audit of Citywide Land and Infrastructure Capital Assets.

This memorandum provides a written response for each reportable condition noted in the Auditor's Report final draft that was sent to us on February 17, 2016. This response complies with Section 20-276 (c) of the Denver Revised Municipal Code (D.R.M.C.).

AUDIT FINDING 1

The Controller's Office Can Take Additional Actions To Enhance the Accuracy of Land and Infrastructure Capital Assets Financial Reporting

RECOMMENDATION 1.1
The Controller's Office should update the Capital and Controlled Assets Fiscal Accountability Rule 4.2 and related procedures to distinguish between assets tracked in the City's financial system of record and those that are tracked by agencies outside of the system of record. The fiscal accountability rule and related procedures should also be expanded to include the rules and procedures applicable to assets not tracked in the system of record.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	June 30, 2016	Shanna Tohill 720-913-5008

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Narrative for Recommendation 1.1
The Controller's Office is in the process of updating Fiscal Rule 4.2 – Capital and Controlled Assets and the related procedures to clarify between what assets are required to be tracked in the City's system of record and those that are tracked outside the system of record by individual agencies/departments. The updated rule will also include language that dictates how assets not tracked in the system of record shall be tracked. Additionally, Fiscal Rule 11.2 – Year-End Reporting Package will be updated to include reporting requirements for agencies that have assets that are tracked outside the system of record.

RECOMMENDATION 1.2 In conjunction with the Department of Public Works Transportation Division, the Controller's Office should consider leveraging existing reported data to more accurately account for traffic signal disposals. Specifically, the Controller's Office should require reports from the Department of Public Works to include when the signal was placed into service, if available.		
Agree or Disagree with Recommendation	**Target date to complete implementation activities (Generally expected within 60 to 90 days)**	**Name and phone number of specific point of contact for implementation**
Agree	September 30, 2016	Shanna Tohill 720-913-5008

Narrative for Recommendation 1.2
The Controller's Office will request that the Department of Public Works include the date the signal was placed into service, if available. We will then re-evaluate our current methodology for accounting for disposals of traffic signals to determine if it's feasible to use the recommended method.

Please contact Kelli Bennett at 720-913-5156 with any questions.

Sincerely,

Beth Machann
City Controller

cc: Kip R. Memmott, MA, CGAP, CRMA, Director of Audit Services
Robyn Lamb, Audit Supervisor
Brendan Hanlon, CFO

Parks and Recreation
Manager's Office

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Auditor Timothy M. O'Brien, CPA
Office of the Auditor
City and County of Denver
201 West Colfax Avenue, Dept. 705
Denver, Colorado 80202

Dear Mr. O'Brien,

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AUDIT FINDING 2

The Department of Parks and Recreation Can Enhance Certain Land Asset Management Practices

RECOMMENDATION 2.1 The Department of Parks and Recreation Executive Director should review and assess the requirements specified in City Charter, Executive Order 134, and its Gifts policy to clarify whether they relate to all land donations received by DPR. After this review, the Department of Parks and Recreation Executive Director should clarify processes where needed and communicate with Department personnel to reiterate the requirements.		
Agree or Disagree with Recommendation	**Target date to complete implementation activities (Generally expected within 60 to 90 days)**	**Name and phone number of specific point of contact for implementation**
The Department agrees with the recommendation	A Standard Operating Procedure will be developed by May 31, 2016.	Fred Weiss

Narrative for Recommendation 2.1

RECOMMENDATION 2.2 The Department of Parks and Recreation Executive Director should review the draft Parks Designation Policy to ensure that it reflects the current park designation process, and incorporate any necessary changes to the process. Subsequently, the Department of

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Parks and Recreation Executive Director should take the necessary steps to formally adopt the Parks Designation Policy.		
Agree or Disagree with Recommendation	**Target date to complete implementation activities (Generally expected within 60 to 90 days)**	**Name and phone number of specific point of contact for implementation**
The Department agrees with the recommendation.	After the Department's internal review, the formal adoption of this policy will require the involvement of the City's Policy Review Committee, the DPR Parks Designation Committee, the Parks Committee of the Inter-Neighborhood Cooperation, and the Parks and Recreation Advisory Board. As a result we are estimating that the Policy will be formally adopted by September 30, 2016.	Scott Gilmore

Narrative for Recommendation 2.2

Please contact Fred Weiss at 720-913-0735 with any questions.

Sincerely,

Scott Gilmore

Scott Gilmore
Deputy Executive Director

cc: Kip R. Memmott, MA, CGAP, CRMA, Director of Audit Services
Robyn Lamb, Audit Supervisor