



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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21-16 City of Colorado Springs and Colorado Springs Utilities Qualifying Stormwater Expenses Verification

August 2021

Purpose

The purpose of this audit was to monitor and verify the level of stormwater spending by City of Colorado Springs (City) and Colorado Springs Utilities (Utilities) as specified in the Intergovernmental Agreement (IGA) between the City, Utilities, and Pueblo County. This audit reviewed calendar year 2020 spending.

Highlights

We conclude, based on audited financial statements and our expenditures review, the City and Utilities exceeded the minimum annual and average annual commitment per the IGA. Activities, timing, expenditures and encumbrances claimed in the *Stormwater Control Program IGA Annual Report of Final Expenditures, Calendar Year 2020*, complied with the IGA between the City, Utilities, and Pueblo County.

The City and Utilities were required collectively to invest a minimum of \$16.5 million annually and \$20.0 million on average during the first five years on the Stormwater Control Program per the IGA. Year 2020 was year five of the agreement. For 2020, \$17.7 million was budgeted and \$21.5 million was actual expended dollars. Actual expended dollars included prior year's encumbered funds. See 2020 actual expenditures detail on page 2 of this report. Utilities reported no expenditures in 2020 as it had met its total IGA obligation in the years 2016—2019.

The IGA includes a Capital Improvements Program, provisions for operation and maintenance of the City's stormwater facilities, compliance with the City's MS4 Permit, and protection of Utilities infrastructure from stormwater. The City's expenditures were verified in the City of Colorado Springs financial accounting system. All expenses claimed on the 2020 IGA report were validated as paid from the General Fund, Capital Fund, or from the Stormwater Enterprise Fund. The accounting for encumbrances for stormwater expenditures was reviewed and found to be restricted or reserved in accordance with the City's established process.

To evaluate the City's spending, we reviewed 99.5% of the expenditures for the 16 IGA required capital projects, 17 other Stormwater Capital Projects (see page 2), operations and maintenance of the stormwater facilities, and compliance with the MS4 Permit, for the following criteria:

- Expenditures were made between 1/1/2020 and 12/31/2020
- Infrastructure expenditures were undertaken primarily to provide stormwater control
- Activities were not required by other regulatory permits, consent agreements, or governmental regulations

In addition, we inquired if outside technical engineering experts hired by Pueblo County had any concerns or comments on the March 31, 2021 version of the 2020 IGA report. As of the end of our review, none had been expressed.

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21-16 CITY OF COLORADO SPRINGS AND COLORADO SPRINGS UTILITIES QUALIFYING STORMWATER EXPENSES VERIFICATION

Colorado Springs 2020 IGA Stormwater Control Program Activities (Actual Expenditures) Detail

IGA Project No.	Project name	Actual Spend (\$)
1	Emergency Stormwater Projects	\$966,859
6	USAFA Drainages (Monument Branch)	\$ 56,281
7	Fairfax Tributary Detention Pond	\$ 27,460
11	Camp Creek Phase I	\$ 507,395
13	Water Quality Project	\$ 1,110,028
15	Citadel Mall Neighborhood Improvements	\$ 1,474,326
21	Monument Creek at Talemine	\$1,693
23	North Chelton Road	\$ 49,312
31	Rangewood Tributary Detention Pond	\$ 1,180
61	Channel/Grade Control Sand Creek Karr to West Fork	\$1,084
65	Cottonwood Creek Detention Basins	\$ 4,117,865
100	Pine Creek Drainage Corridor Detention Pond	\$ 149,740
103	Pine Creek Channel Improvements Phase I	\$509,634
105	Flying Horse Pond 1 Retrofit	\$175,924
109	USAFA Supplemental Black Squirrel Creek	\$4,860
0	FEMA Grant Projects (City Funds)	\$ 1,631,307
Various	Project Scoping and Definition (IGA Projects)	\$ 68,114
	Total 2020 Stormwater Capital Project Expenditures	\$ 10,853,062
Other	Other Qualifying Stormwater Capital Projects Expenditures	\$ 1,190,008
	Total Stormwater Capital Projects Expenditures	\$ 12,043,070
	Drainage O&M — Actual Expenditures	\$4,222,353
	Stormwater MS4 Program — Actual Expenditures	\$5,277,950
	Total 2020 Actual Expenditures	\$21,543,373

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