Office Of The City Auditor
Colorado Springs, Colorado

Denny L. Nester, City Auditor
MBA CPA CIA CFE CGFM CGAP

19-15 City of Colorado Springs and Colorado Springs Utilities Qualifying Stormwater Expenses Verification

July 2019

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 2018 spending.

Highlights

We conclude, based on preliminary financial statements, the identified activities, timing, and $25.9 million of expenditures and encumbrances claimed in the *Stormwater Control Program Inter-Governmental Agreement (IGA) Annual Report of Final Expenditures Calendar Year 2018* (IGA Report) met the criteria for the IGA between the City, Utilities, and Pueblo County. Reported expenditures exceeded the minimum annual and average annual commitment. During the course of our review, auditors noted underreported items in the draft data and changes were made to include adjustments to those items in the final IGA report.

The City and Utilities are required collectively to invest $20.0 million annually, on average during the first five years on the Stormwater Control Program per the IGA. The program 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. For the 2018 calendar year reporting period, the City and Utilities have invested a total of $25.9 million with Utilities reporting $3.7 million on the Sanitary Sewer Creek Crossing Program (SSCC). To evaluate the City's and Utilities' spending, we reviewed 100% of the expenditures for the 16 IGA required capital projects, 23 other Stormwater Capital Projects (see page 2), operations and maintenance of the stormwater facilities, compliance with the MS4 Permit, and all Utilities SSCC activities for the following criteria:

- Expenditures were made between 1/1/2018 and 12/31/2018.
- Infrastructure expenditures were undertaken primarily to provide stormwater control.
- Activities were not required by other regulatory permits, consent agreements, or governmental regulations.

	Minimum Annual Commitment (2016-2020)	Average Annual Commitment (2016-2020)	2018 Expenditures*
City SW Program	$ 13,500,000	$ 17,000,000	$ 22,227,832
Utilities SSCC	$ 3,000,000	$ 3,000,000	$ 3,700,166
Total	$ 16,500,000	$ 20,000,000	$ 25,927,998

*The IGA defines expenditures as both actual expenditures and encumbered funds. Encumbered funds must be appropriated and placed into a restricted fund or account.

(Continued on page 2)

City Council's Office of the City Auditor
City Hall, 107 North Nevada Ave. Suite 205, Mail Code 1542, Colorado Springs CO 80901-1575
Tel 719-385-5991 Fax 719-385-5699 Reporting Hotline 719-385-2387
www.ColoradoSprings.gov

In addition, we inquired if outside technical engineering experts hired by Pueblo County had any concerns or comments on the final 2018 IGA report. As of the end of our review, none had been expressed.

Expenditures, from preliminary financial statements, were verified in the City of Colorado Springs financial accounting system. All expenses claimed on the 2018 IGA report for Drainage O&M, MS4 Program, and Capital Projects were validated as paid from the General Fund or as of July 2018, 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.

Colorado Springs 2018 IGA Capital Projects Detail

IGA Project No.	Project name	Actual Spend ($)
1	Emergency Stormwater Projects	$ 1,430,123
5	Downtown Drainage Improvements (Pikes Peak Avenue)	$ 218
6	USAFA Drainages (Monument Branch)	$ 25,407
7	Fairfax Tributary Detention Pond	$ 6,072
8	King Street Detention Pond	$ 151,436
9	Pine Creek Drainage Corridor Detention Pond	$ 64,667
11	Camp Creek Phase I	$ 105,856
13	Water Quality Project	$ 1,015,584
15	Citadel Mall Neighborhood Improvements	$ 120,359
23	North Chelton Road	$ 105,963
26	Platte Stabilization Grant Match	$ 11,585
31	Rangewood Tributary Detention Pond	$ 118,385
35	Pine Creek Channel Phase I	$ 329,004
52	Scarborough Drive Sub-Regional Detention Facility	$ 67,817
65	Cottonwood Creek Detention Basins	$ 143,952
0	FEMA Grant Projects (City Funds)	$ 1,111,672
Various	Project Scoping and Definition (IGA Projects)	$ 285,978
	Total 2018 Stormwater Capital Project Expenditures	**$ 5,094,078**
Other	Non-IGA Stormwater Capital Projects Expenditures	$ 4,903,336
	TOTAL Stormwater Capital Projects Expenditures	**$ 9,997,414**

Colorado Springs Utilities SSCC Program Activities

Project name	Actual Spend ($)
Monument Creek Stream Stabilization Upstream of Pikeview Intake	$ 2,727,014
CSR Sludgeline Bank Protection, Design	$ 21,234
Dry Creek Stream Stabilization Downstream of Dawson Drive, Design	$ 47,709
Fountain Creek Bank Stabilization (Pipeline Protection)	$ 36,193
Sand Creek Downstream of West Fork Confluence Bank Stabilization	$ 204,100
Revegetation Services Monument Creek Wetlands Upstream of Pikeview	$ 100,966
Cottonwood Creek at John Pinkerton Service Center	$ 562,950
Total Utilities SSCC Program 2018 Project Costs	**$ 3,700,166**

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.