

**COUNTY OF VENTURA
PUBLIC WORKS AGENCY
MEMORANDUM**

August 25, 2000

TO: Harry L. Hufford,
Interim Chief Administrative Officer

FROM: Ronald L. Coons,
Director of Public Works

SUBJECT: **1999-2000 GRAND JURY REPORT**

The recommendations of the Grand Jury with respect to an examination of special districts providing water to Ventura County are contained on pages 64 through 71 of the subject Report. These will be addressed by restating the number and text of each of them followed by my response. Each response applies to all the County Waterworks Districts (WWDs) governed by the Board of Supervisors (Waterworks Districts No. 1, 16, 17 and 19 and Lake Sherwood Community Services District) unless otherwise stated.

R-1 Districts that provide multiple services should develop accounting practices that allocate expenses, both direct and indirect, to each of the major services that they provide.

The recommended actions were implemented years ago for the two districts that provide water and sanitation services, i.e., Waterworks Districts 1 and 16. When WWD 1 and 16 started providing a second major service, a separate budget unit was created for the second major service. The separate budget units enable the County to allocate expenses, both direct and indirect, to water versus sanitation services. The remaining County WWDs (17, 19 and LSCSD) only offer water services.

R-2 Districts should adopt accounting procedures that produce data suitable for audit in accordance with standard practices and the State Controller's requirements for special district financial reporting.

The recommended actions are already in place. The financial reports are already prepared in a manner that has enabled them to successfully undergo audits by both internal and external auditors. Similarly, for years, the special districts' financial data has been submitted to the State Controller in the prescribed format.

R-4 Each district should identify and publicly report, the size and purpose of reserves and how they are invested.

The recommended actions were implemented years ago. The County's Adopted Budget Book already identifies the size and purpose of reserves and designations for each special district governed by the Board of Supervisors. As of this writing, the last budget book available is for fiscal year 1999-2000. Pages 501 and 502 of that budget book show the "Detail of Provisions for Reserves/Designations" for County WWDs. The cash associated with the reserves and designations is deposited with and invested by the County Treasurer in accordance with County procedures.

R-5 Districts should develop an analysis of administrative overhead costs associated with providing water services, along with a plan for reducing overhead and ultimately providing water at lower cost to the consumer.

The recommended actions are already in place. During budget preparation, PWA management reviews the necessity and reasonableness of the administrative overhead costs included in the budget proposal. During the fiscal year, there is an on-going review of expenditures to ensure they are necessary and reasonable.

Per a paper presented at an Association of California Water Agencies Conference, the ratio of administrative overhead to operating revenue for water agencies ranged from 10 to 30 %. For the County WWDs, the ratio is 15%, which is at the lower end of the range.

Please direct any questions to Paul Ruffin at 654-2084.

JCC:ks

cc: Paul W. Ruffin