

AUDIT AND FINANCE COMMITTEE

Georgetown Divide Public Utility District Georgetown

Reason for the Report

The Grand Jury selected the Georgetown Divide Public Utility District (GDPUD) as a general review for 2002/2003.

Scope of the Investigation

The members of the Grand Jury:

- Made an announced visit to GDPUD on January 23, 2002;
- Interviewed the General Manager and other staff members;
- Attended two GDPUD board meetings;
- Reviewed the GDPUD certified Incorporation Documents created in 1946;
- Reviewed the Five Year Facilities and Financial Planning Study dated February 1, 1999;
- Reviewed financial statements for fiscal year 2001/2002;
- Reviewed the budget for fiscal year 2002/2003;
- Reviewed previous Grand Jury reports and found no reports that dealt with GDPUD.

Background

The GDPUD is a special independent enterprise district. It is considered “independent” because it is a self-governed body, and the term “enterprise” means it can charge the public directly for services without relying on property taxes. As such GDPUD is more resistant to economic fluctuations. It maintains designated reserve funds for the servicing and replacement of fixed assets as well as undesignated reserve funds for future projects. For the fiscal year ending June 2002, designated reserve funds were \$2,661,358 and the undesignated reserve funds were \$9,847,331 (approximately three times the annual operating revenue of \$3,242,206). Net income for fiscal year 2001/2002 was \$542,254.

As a special district, GDPUD receives assistance from local, state and federal governments in the form of grants and low interest loans for special projects.

The water supply comes from Stumpy Meadows Reservoir and amounts to 20,000 acre-feet (or 327 surface acres). Approximately 3000 water connections and 1,100 wastewater disposal accounts exist within the district. Both Auburn Lake Trails and Walton Lake treatment plants

are approximately 30 years old, and have a 4.5 million gallon capacity. Nine storage tanks cumulatively hold about 3 million gallons. The general manager believes the district is prepared to accommodate the predicted one to two percent growth rate within its service area for the immediate future, however, the demand is estimated to exceed supply by 2025.

The district operates with no written personnel procedures or formal policies for employees and their evaluations.

The district has 20 employees and most of whom are cross-trained. The district has an unusually low employee turnover rate with an average of 15 plus years of service.

The District has two CPAs. One is a recently hired employee, and the other is an hourly contractor. For computerized accountancy software, GDPUD uses a program called Multiple Operations Manager (M.O.M.), while the Consultant uses the Solomon program. These two accounting programs are not compatible which may create problems with the exchange of data.

Findings

- F1. The undesignated reserve funds are approximately three times the annual operating revenues.
- F2. Stumpy Meadows Reservoir is the only source of water for GDPUD.
- F3. The district operates with no written personnel procedures or formal policies for employees and their evaluations.
- F4. The District has two CPAs. One is an employee, and the other is an hourly consultant.
- F5. GDPUD uses an accounting software program called Multiple Operations Manager (M.O.M.), while the Consultant uses Solomon.

Recommendations

- R1. GDPUD should adopt and publicize their policy for accumulating undesignated reserve funds as well as the planned use of the funds.
- R2. GDPUD should look into secondary water sources for the anticipated growth within the District.
- R3. GDPUD should create a personnel policies and procedures manual. The manual should be updated periodically as required.
- R4. There should only be one CPA. The time frame of the contract with the Consultant should be reduced and a termination date established.
- R5. For efficiency purposes, there should be one accounting software program.

R6. GDPUD should increase treated water storage capacities in the event of equipment breakdown or extended drought cycles.

Commendation

Management is very proactive in seeking to meet the needs of its customers and appears interested in the overall well being of the community.

Responses Required for Findings

F1 through F5

GDPUD Board of Directors
GDPUD General Manager

Responses Required for Recommendations

R1 through R6

GDPUD Board of Directors
GDPUD General Manager