

HOME GARDEN COMMUNITY SERVICES DISTRICT

SYNOPSIS

The Home Garden Community Services District (HGCS D) has been working to improve the operation of the District. There are still some areas of improvement needed. These concern the office of Treasurer, the position of Water Master, and recovery of a payment incorrectly made.

WHY THE GRAND JURY INVESTIGATED

This report is a follow-up of the investigation of the HGCS D by the 2007-2008 Grand Jury.

AUTHORITY

California Penal Code Section 933.5. The Grand Jury may at any time examine the books and records of any special purpose assessing or taxing district in the County.

METHOD OF INVESTIGATION

Interviews were conducted, documents were reviewed, meetings were attended, and on-site visits were made.

BACKGROUND AND FACTS

The District was formed in 1959. The District operates with five elected Board Members. Board members are required to be residents of the District. Staff consists of District Manager, Office Manager, part time office help, and two utility workers, one of whom the District calls Water Master. In addition, the District has hired a new law firm.

Currently the District does not hold licenses to operate the distribution of water, or for the water treatment facilities. At this time they are using the licenses of an outside source. This will be discontinued when Phase II of the water treatment facility is completed.

The Board of Directors voted three to two declining payment of \$25,000 to their former attorney, who initiated, but did not complete, writing a grant to pay for Phase II of the water treatment facility. However, two members of the Board signed a voucher to authorize the payment be made. In addition to the payment not being approved by the Board, the check was drawn on the wrong account. To date the Board has been unable to recover the payment which was made without Board authorization.

Under the provisions of Government Code sections 61050, 61052 and 61053, the Board is required to designate a treasurer if the county treasurer does not act as the District's treasurer. At present the District does not have an in-house person designated as treasurer. The Board is under the assumption that their accounting firm is performing this function; however, the accounting firm denies that they are the District's Treasurer.

There appears to be a lack of control of who handles money coming in to the District Office, and who makes deposits to bank accounts. It was found that at least three to four employees are handling District daily receipts.

FINDINGS AND RECOMMENDATIONS

Finding 1 The District does not have a licensed Water Treatment Plant Operator (Water Master), though one utility employee and an assistant perform that work.

Recommendation 1 The District should comply with State requirements and employ a licensed Water Treatment Plant Operator when Phase II of the water treatment facility is complete. The District should also obtain a license to operate the distribution of water.

Finding 2 An unauthorized payment of \$25,000, signed by two members of the Board of Directors, was paid to the former attorney.

Recommendation 2 The Board of Directors should continue to pursue the recovery of the \$25,000 from either the former attorney or the two board members who signed the voucher without authority to do so.

Finding 3 The District does not have a designated treasurer.

Recommendation 3 Because of a past history of alleged mishandling of funds, the Board of Directors should consider using the Kings County Treasurer. If the District does not use the Kings County Treasurer, the Board of Directors should designate an in-house treasurer in compliance with Government Code section 61053.

Finding 4 Several employees currently handle money coming in to the District Office.

Recommendation 4 Only the District Manager and/or the Office Manager should be collecting, posting, and depositing the daily receipts.

COMMENTS

The Grand Jury commends the Home Garden Community Services District for implementing the majority of the recommendations in the 2007-2008 Grand Jury final report. The District has established and operates with a generally accepted form of Bylaws. The Board is receiving training that will greatly improve its understanding of authority, responsibilities, and Board meeting procedures. The Board has hired a District Manager, and has installed a fireproof-locking safe in the District Office.

RESPONSE REQUIREMENT

Penal Code Section 933 and 933.05 require that specific responses to both the findings and recommendations contained in this report be submitted to the Presiding Judge of the Superior Court of Kings County.

Home Garden Community Services District Board of Directors (90 days from the time of receipt of this report).