

**Special Districts**  
**What the Public Should Know**

2018-2019 Nevada County Grand Jury

## Summary

Special districts are types of local government formed to provide services and infrastructure in their communities. They are governed by the residents they serve. The 2018-2019 Nevada County Grand Jury (Jury) investigated special districts because they provide essential services, have substantial fiscal and administrative responsibilities, and are often not well understood or engaged with by the public. The Jury surveyed two dozen special districts that operate in Nevada County. This report shares self-reported special district data divided into categories based on budget size. This report is intended to aid the public in better understanding their special districts, illuminate special district management and operations, and help special districts follow legal requirements and best practices.

The Jury found that special districts are more likely to perform better with public awareness, involvement, and oversight. The Jury encourages Nevada County residents to know about and participate in the special districts that serve their residences and businesses. Participation can include:

- reviewing special district websites,
- being aware of meeting agendas,
- attending meetings,
- reading meeting minutes,
- participating in electing new board members,
- serving on the board,
- volunteering for their special districts,
- reading and discussing articles in local papers about their special districts, and
- filing complaints if there are problems.

There are numerous organizations, checklists, and programs that can be used by special districts as resources to improve their service to the public. The Jury encourages special districts to comply with all applicable legal requirements, review and explore expanding their public outreach programs, consider establishing citizen oversight committees, seek and employ best practices, and pursue certifications and accreditations.

## Glossary

**LAFCo** Nevada County Local Agency Formation Commission  
**Jury** 2018-2019 Nevada County Grand Jury

## Background

This report is intended to aid the public in better understanding their special districts, illuminate special district management and operations, and help special districts follow legal requirements and best practices.

Special districts are agencies governed by local residents to provide services and infrastructure in their communities. In California, grand juries investigate local governments, including special districts. The Superior Court of Nevada County website describes the Nevada County Grand Jury as “a judicial body sanctioned by the Superior Court ... to inquire into and review the conduct of county government and special districts.” The website also says the Nevada County Grand Jury acts as “the conscience of the community.”

The Jury investigated special districts because they provide essential services, have substantial fiscal and administrative responsibilities, and are often not well understood or engaged with by the public. The Jury created a survey focused on special district management, which was sent to the 24 special districts that were both independent – meaning they were governed by an elected or appointed board – and had Nevada County Local Agency Formation Commission (LAFCo) boundary oversight. This survey excluded dependent special districts, which are run by officers of a local agency or their appointees, and excluded special districts that operate in Nevada County but have boundary oversight by the LAFCo of a different county in which they also operate. Some special districts that operate in Nevada County also operate in Placer, Sierra, Yuba, and El Dorado counties. This survey also excluded school districts, which are not considered special districts under the law.

## **Approach**

The Jury developed a survey that was sent to 24 special districts operating in Nevada County (see Appendix A). The self-reported data in the responses was analyzed; the Jury found grouping special districts into categories based on budget size facilitated analysis and comparison. The Jury also conducted interviews, conducted independent research, reviewed best practices materials, and observed a training hosted by Nevada County LAFCo.

## **Discussion**

### **Special Districts**

Special districts are types of local government formed to provide services and infrastructure in their communities. They are governed by the residents they serve. They often supply essential services such as water or road maintenance. The United States Census Bureau defines special districts as providing

specific services that are not being supplied by existing general purpose governments. Most perform a single function, but in some instances, their enabling legislation allows them to provide several, usually related, types of services. The services provided by these districts range from such basic social needs as hospitals and fire protection, to the less conspicuous tasks of mosquito abatement and upkeep of cemeteries.

Special districts benefit from the community knowing about them and participating in them. Some districts recognize this advantage by having a citizen oversight committee representing the

public. Special districts are governed by residents in the communities they serve. Residents fill positions as board members and sometimes as volunteer staff. Special districts have substantial autonomy – what the United States Census Bureau describes as “substantial administrative and fiscal independence from general purpose local governments” – so they benefit from community oversight. Residents fund special districts through property taxes and service fees. They can also receive funding from grants and other sources. Nevada County property tax bills show some fees paid to fund local special districts in the section titled “VOTER APPROVED TAXES / TAXING AGENCY DIRECT CHARGES & SPECIAL ASSESSMENTS / FEES” but do not include services that are billed separately, such as Nevada Irrigation District (NID) water fees. Tax bills are distributed via postal mail and accessible online at: <https://www.mynevadacounty.com/365/My-Tax-Bill>

Here are examples of tax bills with special district assessments:

2018-2019

COUNTY VALUES, EXEMPTIONS, AND TAXES				
PHONE #	DESCRIPTION	PRIOR	CURRENT	BILLED
INQUIRIES 530-265-1285	LAND	0	59522	59522
VALUATIONS 530-265-1232		0	0	0
TAX RATES 530-265-1244		0	0	0
EXEMPTIONS 530-265-1232	STRUCTURAL IMPROVEMENTS	0	134197	134197
PAYMENTS 1-888-243-1366		0	0	0
PERS PROP 530-265-1232		0	0	0
ADDR CHGS 530-265-1232		0	0	0
		0	0	0
<b>NET TAXABLE VALUE</b>				<b>193719</b>
<b>VALUES X TAX RATE PER \$100 1.000000</b>				<b>\$1,937.20</b>

VOTER APPROVED TAXES / TAXING AGENCY DIRECT CHARGES & SPECIAL ASSESSMENTS / FEES							
PHONE #	CODE	DESCRIPTION	ASSESSED VALUE	X	TAX RATE / 100	=	TAX AMOUNT
(530) 265-1244	35100	Voter Debt: Grass Valley Elem 2018	193719		0.023082		\$44.72
(530) 265-1244	35400	Voter Debt: Nevada Jt Union H.S. 2002	193719		0.007390		\$14.32
(530) 265-1244	35401	Voter Debt: Nevada Jt Union H.S. 2016	193719		0.019000		\$36.80
(530) 889-4173	35504	Voter Debt: Sierra College SFID #2 2004	193719		0.022795		\$44.16

PHONE #	DESCRIPTION	DIR CHRG	PHONE #	DESCRIPTION	DIR CHRG
(866) 807-6864	Nev Co Consolid. Fire 2012	\$56.98	(866) 807-6864	Nevada Co Consolide	\$123.14
			(530) 265-1402	CSA 16-Western Co S	\$29.70

	AGENCY TAXES	\$140.00
	PENALTY & COST	\$0.00
	AGENCY TAXES + DIRECT CHARGES + FEES	\$209.82
	AGENCY TAXES + DIRECT CHARGES + FEES + PENALTY + COST + DELINQUENT PENALTIES	\$349.82

<b>1st INSTALLMENT \$1,143.51</b>	<b>2nd INSTALLMENT \$1,143.51</b>	<b>TOTAL TAXES</b>
<b>PAID ON 11/07/2018</b>	<b>PAID ON 11/07/2018</b>	<b>\$2,287.02</b>

*Special district fees listed on a Nevada County property tax bill retrieved via website*

QUESTIONS? PHONE NUMBERS:	VOTER APPROVED TAXES, TAXING AGENCY DIRECT CHARGES AND SPECIAL ASSESSMENTS	ASSESSED VALUE	X	TAX RATE	=	AGENCY TAXES
530 889-4173	SIERRA COLLEGE SFID #2	303,600		.000231		70.13
530 265-1244	NUHS SERIES A & B	303,600		.000077		23.38
530 265-1244	NUHS ELECTION OF 2016-SERIES A ROUNDING ADJUSTMENT	303,600		.000190		57.68 <0.01>
530-265-1411	* LAKE WILDWOOD SEWER MAINTENANCE			045		712.00
530-265-1402	* CSA 16-WESTERN COUNTY SOLID WASTE SYSTEM			139		29.70
530-265-1411	* LAKE WILDWOOD SEWER IMPROVEMENT			179		283.00
530-432-2630	PENN VALLEY FIRE DIST.VOTER APPROVED PARCEL CHARGE			185		75.90
530-432-2630	PV AMBULANCE/RESCUE VOTER APPROVED PARCEL CHARGE			259		112.72
530-432-1990	WESTERN GATEWAY PARK VOTER APPROVED PARCEL CHARGE			267		12.94

*Special district fees listed on a Nevada County property tax bill received via postal mail*

### Surveyed Special Districts

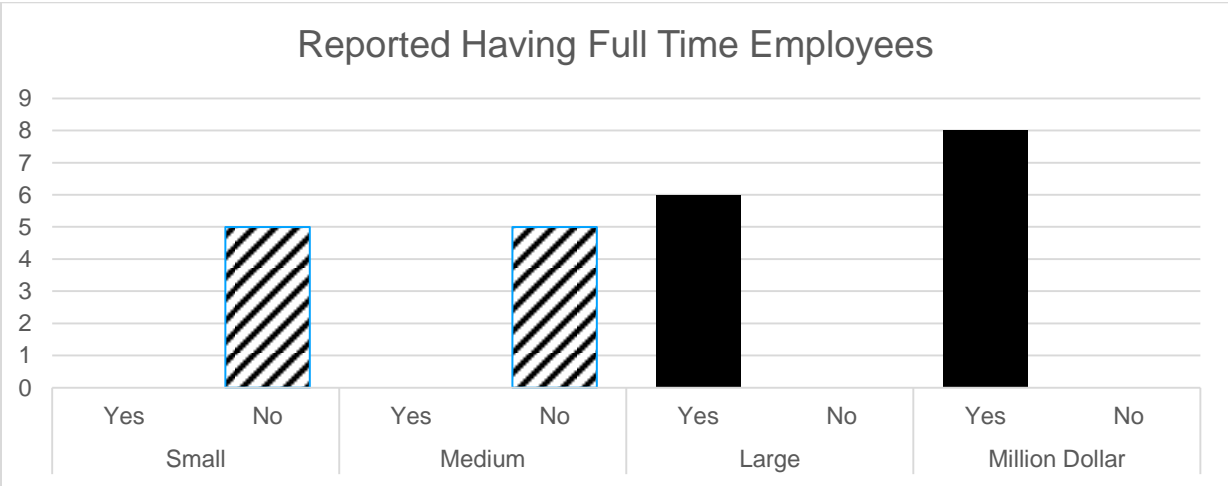
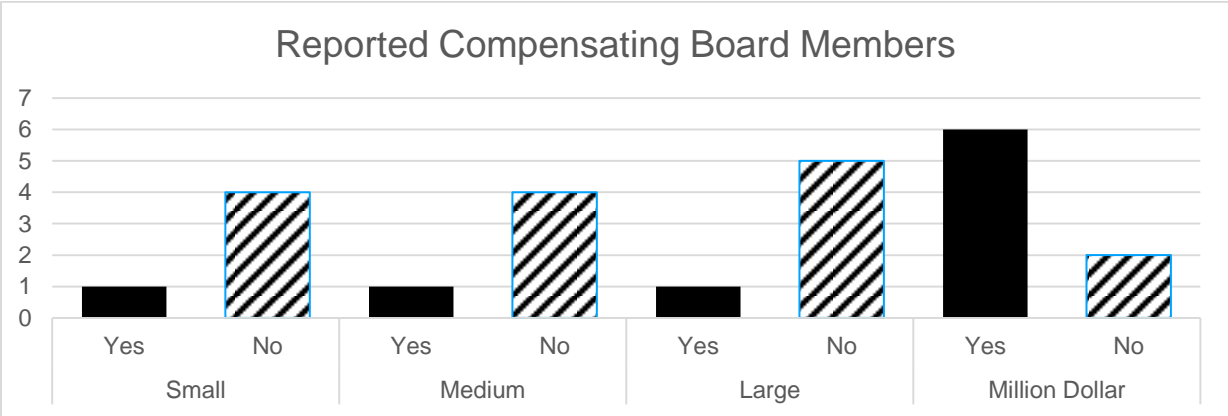
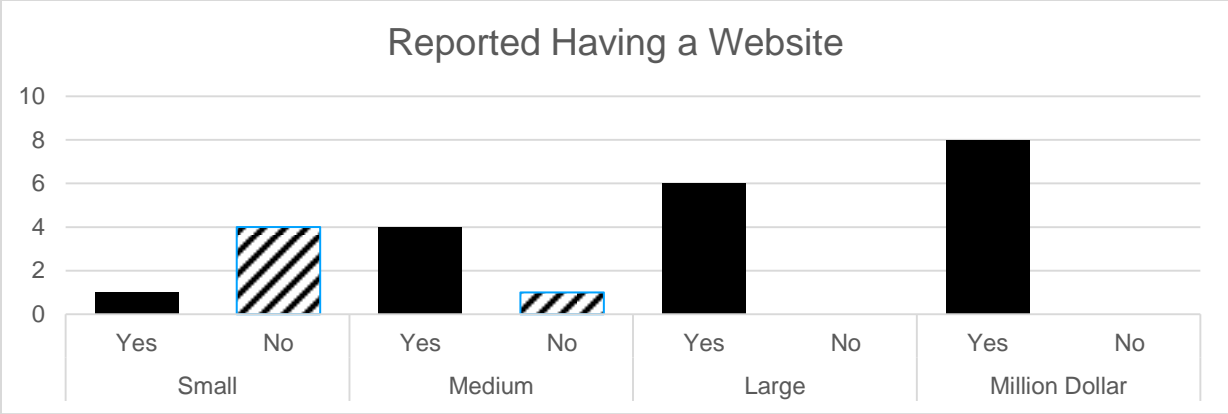
In 2018, the Jury surveyed the 24 special districts that were both independent and had Nevada County LAFCo boundary oversight. The surveyed special districts included:

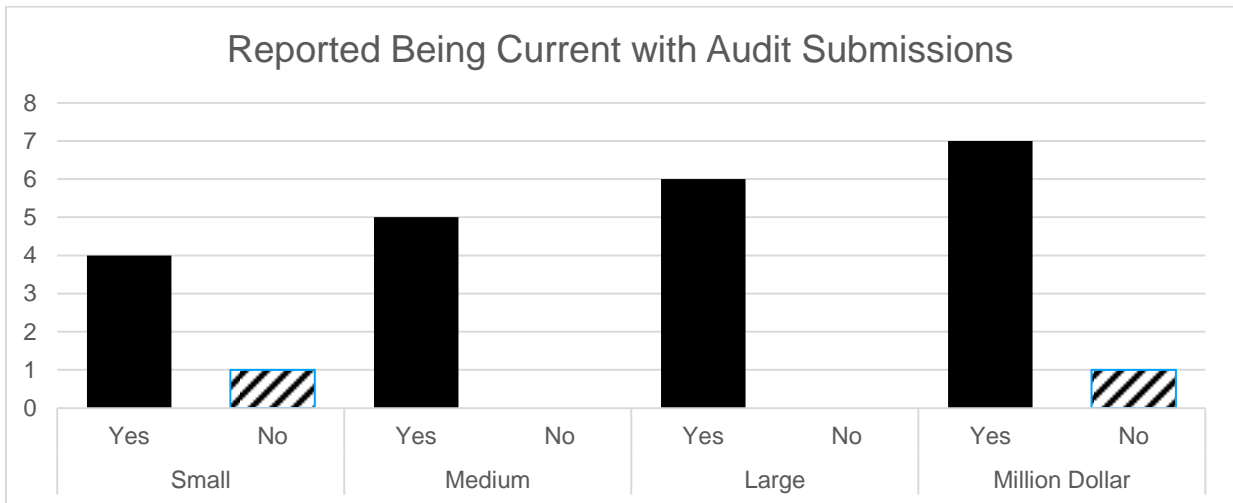
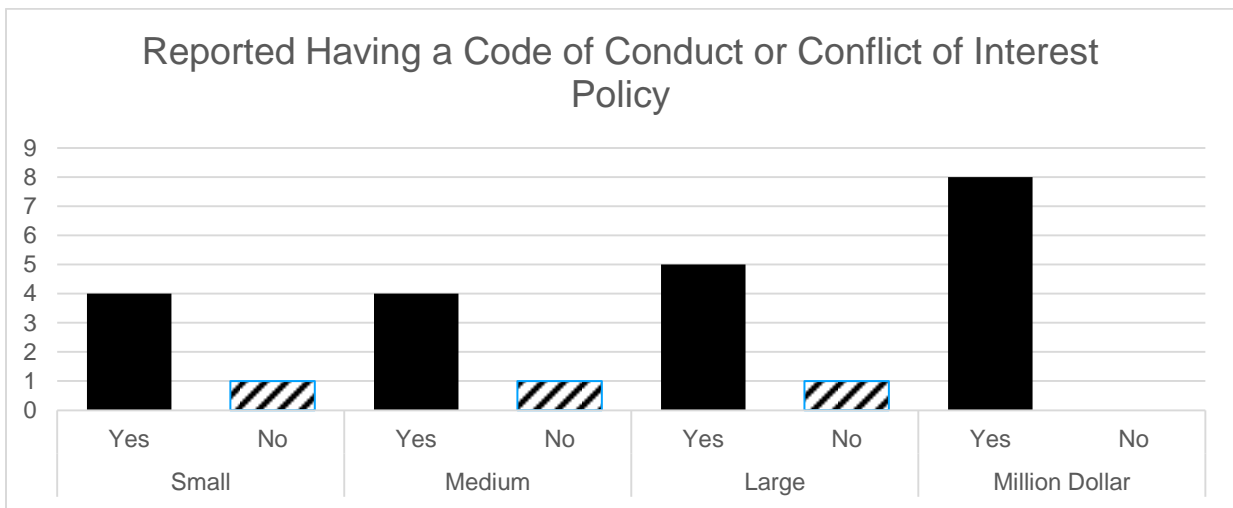
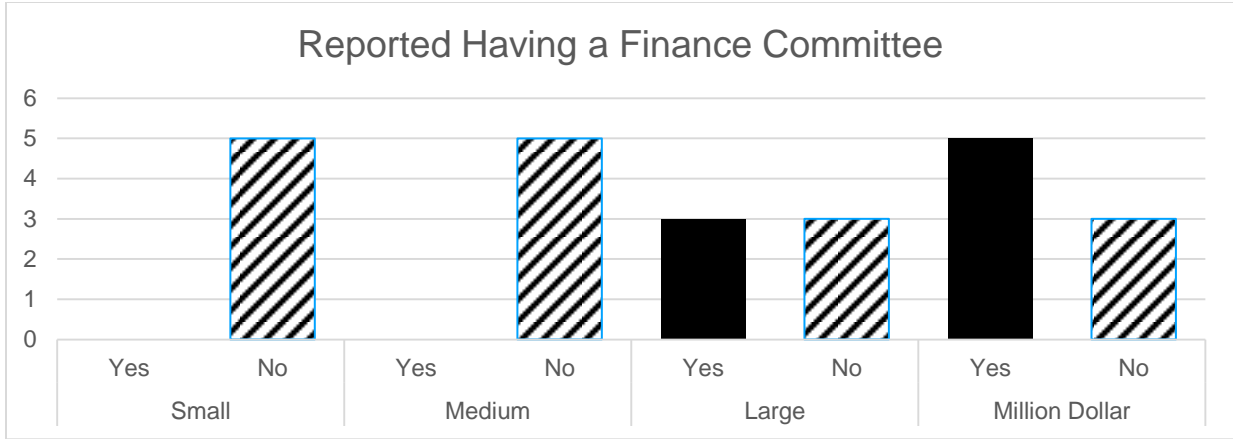
- eight fire districts,
- four recreation and park districts,
- four community service districts,
- three water districts,
- two cemetery districts,
- one public utility district that provided both water and electricity,
- one sanitation (wastewater) district, and
- one resource conservation district.

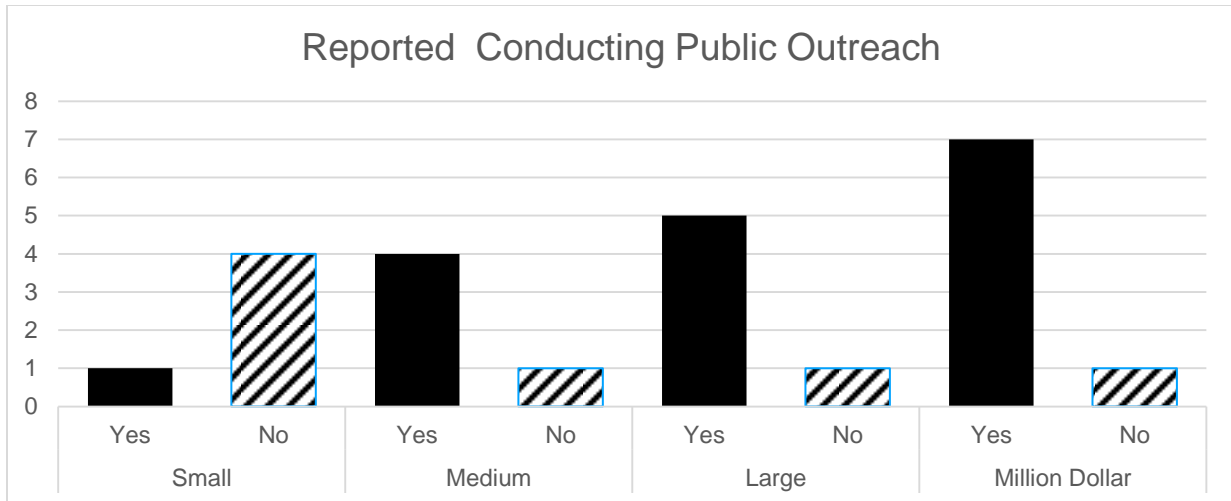
Special districts are funded by a combination of taxes, service fees, grants, and other revenues. The surveyed special districts had annual operating budgets ranging from \$12,800 to \$59.5 million. The Jury found that grouping special districts into categories based on budget size facilitated analysis. The categories used were:

- small-budget districts for annual operating budgets under \$100,000,
- medium-budget districts for annual operating budgets from \$100,000 up to \$200,000,
- large-budget districts for annual operating budgets from \$200,000 up to \$1 million, and
- million-dollar-budget districts for annual operating budgets of \$1 million or more.

When grouped by budget size, the special districts surveyed tended to have similar characteristics. All data provided was self-reported by the special districts. The Jury hopes that sharing its analysis of the information gathered will benefit both the public and the special districts themselves.







### Small-Budget Districts

Special districts with annual budgets under \$100,000 were classed by the Jury as small-budget districts. The Jury surveyed five special districts of this size. Their budgets ranged from \$12,800 to \$69,250.

Four of these districts had financial reserves. Four indicated they were current with submitting their certified financial audits to the Nevada County Auditor-Controller. All five of the districts indicated they had copies of their past three audits, current operating budget, and current financial reports available.

Four of the districts had bylaws. One of the districts had a website.

None of the districts had employees and the number of volunteers ranged from one to five.

Four of the districts had written conflict of interest policies and three had written code of conduct policies.

One district had a written reimbursement policy. None of the districts had written credit card use, check-signing, or nepotism policies. Three indicated they had policies and procedures manuals.

One district compensated board members \$90 per meeting; the others did not compensate board members.

Two of the districts had standing finance committees. None of the districts had ad hoc or any other standing committees.

One district reported conducting public outreach via mailings; the other four indicated they conducted no public outreach.

### Medium-Budget Districts



Special districts with annual budgets from \$100,000 to \$200,000 were classed by the Jury as medium-budget districts. The Jury surveyed five special districts of this size.

None of these districts had any full-time employees; four had three or four part time employees. Four districts used volunteers.

Two districts had a written credit card use policy. Two had written reimbursement policies. Three districts had written check-signing policies. Four districts had both a written conflict of interest policy and a written code of conduct policy. One had neither.

One district compensated board members \$100 per meeting; the others did not compensate board members.

Four of the districts indicated they had no public outreach programs; the other performed outreach to community groups.

Three districts had bylaws, one reported that bylaws were in process, and one cited a Nevada County Board of Supervisors formation resolution that can be used in lieu of creating bylaws.

All five of the districts indicated they were current with submitting certified financial audits to the Nevada County Auditor-Controller. None had finance committees.

All five of the districts reported that copies of their past three certified financial audits, current operating budgets, and current financial reports are available.

Four of the five districts had websites. Each website offered access to agendas and minutes. Four posted a list of the board members on their websites, four provided a map of their service area, two offered their past three certified financial audits, two provided their budgets, and one posted their bylaws online.

### **Large-Budget Districts**

Special districts with annual budgets from \$200,000 to \$1 million were classed by the Jury as large-budget districts. The Jury surveyed six special districts of this size, four of which were fire districts, making up half of the fire districts surveyed.

All of these districts had employees (either full or part time) and three used volunteers.

Half of the districts had standing finance committees. Five of six had written credit card policies. Four had written reimbursement policies. Three had written check-signing policies.

Four districts had written conflict of interest policies. Five had written code of conduct policies.

One district compensated board members \$200 per month; the others did not compensate board members.

Five districts had public outreach programs. One did not.

All of the districts were current with submissions of their audits to the Nevada County Auditor-Controller.

All of the districts had active websites but only four of six posted minutes and agendas on those websites. Four of six had bylaws, none offered them on their websites. Two posted their past three audits on their websites. All posted the names of their board member and maps of their service areas.

All of the districts reported copies of their past three audits, current operating budgets, and current financial reports are available.

### **Million-Dollar Districts**

Special districts with annual budgets over \$1 million were classed by the Jury as million-dollar districts. The Jury surveyed eight special districts of this size.

These districts ranged from having eight to 201 full time employees. Seven of the eight districts had an employee handbook. One reported not having a policies and procedures manual.

All of the districts had written policies for code of conduct, credit card use, reimbursement, check-signing, and conflict of interest. Six had written nepotism policies.

Six of the districts offered compensation for attending meetings, ranging from \$75 per meeting to \$14,851 per year.

Seven districts reported conducting several public outreach programs; one did none.

All of the districts had websites. All had agendas and minutes available on their websites. One district reported charging customers if printed copies were requested.

All of the districts had financial reserve policies. Seven were current with submitting their certified financial audits to the Nevada County Auditor-Controller. Five had standing finance committees.

Two districts reported they did not have bylaws; five of the remaining six offered their bylaws on their websites. All reported posting their current budgets on their websites. Seven had their past three certified financial audits on their websites. Seven posted their policies and procedures manuals on their websites. One district did not offer a map of its service area on its website. Six offered a board member list, including length of time in office, and five posted an organizational chart.

### **Special District Laws**

California has substantial legislation regarding special districts. The California Government Code (§ 16271) defines special districts as existing

for the local performance of governmental or proprietary functions within limited boundaries. ‘Special district’ includes a county service area, a maintenance district or area, an improvement district or improvement zone, or any other zone or area formed for the purpose of designating an area within which a property tax rate will be levied to pay for a service or improvement benefitting that area.

Special districts must comply with a number of state laws that help protect or aid consumers.

- The Public Records Act (California Government Code § 6250) requires that all public records maintained by state and local agencies be made available to all members of the public.
- The special district audit requirement (California Government Code § 26909) allows residents to access audits of every special district within the county.
- The special district website requirement (California Government Code § 53087.8) specifies districts have a website with contact information.
- Ethics law AB1234 (California Government Code § 53234) describes California requirements that guide elected officials and agency staff to ethically serve their communities.
- The Ralph M. Brown Act (California Government Code § 54950) guarantees residents’ rights to attend and participate in special district meetings. The act delineates many rights including the rights to be given notice of meeting topics and to record meetings.

### **Special District Best Practices**

Not all districts surveyed were in full compliance with legal requirements or industry best practices. Special districts should ensure they are meeting all legal requirements, such as maintaining the minimum number of board members and keeping their financials and audits up to date. The Nevada County Elections Office prepared a document that specifically addressed filling vacancies on special district boards called *How To Fill A Vacancy*:  
<https://www.mynevadacounty.com/DocumentCenter/View/13780/How-to-Fill-a-Vacancy-PDF>

Once all minimum legal requirements are met, special districts can focus on best practices such as performing public outreach. For example, a special district may want to perform outreach with local schools by awarding an annual scholarship, conducting outreach events at schools, or offering an internship program. Additional outreach might come in the form of events, open houses, public workshops, website postings, email alerts, direct mail, brochures, flyers, factsheets, newsletters, an information center or kiosk, newspaper advertising and articles, billboards, radio appearances, etc.

There are many resources for determining best practices. The Institute for Local Government is a non-profit organization promoting “good government at the local level with practical, impartial, and easy-to-use resources for California communities.” Their *Good Governance Checklist: Good and Better Practices* offers two levels of recommendations, which they term

“Minimum Standards/Good Practices” and “Beyond the Minimum/Better Practices.” Some Minimum Standards include offering a five year financial forecast and making complete current fiscal year budgets available on agency websites. The full checklist is available at: [https://www.ca-ilg.org/sites/main/files/file-attachments/checklist\\_v4.pdf](https://www.ca-ilg.org/sites/main/files/file-attachments/checklist_v4.pdf)

The Jury published reports *Special Districts’ Compliance with Brown Act and Ethics Laws* with details on those topics and *A Path to Transparency for Special Districts* with website and bylaws best practices recommendations. The 2015-2016 Nevada County Grand Jury report *Being A Better Board Member* offers best practices guidance and training information for board members.

There are many resources available to special districts to learn about best practices in their particular area(s) of service. In addition to the California Special Districts Association, there are numerous organizations special districts can join and use as resources. For example, water districts may explore the Association of California Water Agencies; recreation and park districts may explore the California Association of Recreation and Park Districts.

The Special District Leadership Foundation describes itself as a “non-profit organization formed to promote good governance and best practices among California’s special districts through certification, accreditation and other recognition programs.” Their *High Performing District Checklist* outlines best practices in the areas of finance and human resources. Their *District Transparency Certificate of Excellence* promotes transparency in operations and governance, with an emphasis on website content and outreach efforts.

### **Public Participation**

Special districts are governed by elected or appointed boards and funded by the public they serve. Participation by residents is vital. Broad understanding of their functions and funding helps districts operate in alignment with constituent needs. The public can learn more about and get involved with their special districts by:

- learning what special districts serve their residences and businesses,
- reviewing special district websites,
- being aware of meeting agendas,
- attending meetings,
- reading meeting minutes,
- participating in electing new board members,
- serving on the board,
- volunteering for their special districts,
- reading and discussing articles in local papers about their special districts, and
- filing complaints if there are problems.

Participating in electing new board members means being informed about who is running, and electing people with a broad diversity of skill sets, a basic financial understanding, management skills, and have the time to serve.

## **Findings**

- F1.** When grouped by budget size, the special districts surveyed tended to have similar characteristics that help the public have relevant expectations of their districts.
- F2.** Special districts generally perform better with public awareness, involvement, and oversight. Performing additional public outreach could encourage more public participation.
- F3.** Legal requirements for special districts ensure public access and effective and responsible operation. Not all surveyed Nevada County special districts were fully complying with special district laws. Because special districts are entrusted with public funds it is especially important to keep current with legally required audit filings and other laws.
- F4.** Best practice recommendations allow special districts to serve the public more effectively. Adopting best practices provides consistency the public can use in evaluating districts. Not all Nevada County special districts were complying with recognized best practices.
- F5.** There are numerous organizations, reports, and programs that can be used by special districts as resources to improve their service to the public.

## **Recommendations**

- R1.** Nevada County residents should know what special districts serve their residences and businesses.
- R2.** Nevada County residents should participate in their special districts by:
  - reviewing special district websites,
  - being aware of meeting agendas,
  - attending meetings,
  - reading meeting minutes,
  - participating in electing new board members,
  - serving on the board,
  - volunteering for their special districts,
  - reading and discussing articles in local papers about their special districts, and
  - filing complaints if there are problems.
- R3.** Special districts and the public should read the Jury's reports *Special Districts' Compliance with Brown Act and Ethics Laws* and *A Path to Transparency for Special Districts*, and the 2015-2016 Nevada County Grand Jury report *Being A Better Board Member*.

- R4.** Special districts should comply with all applicable legal requirements.
- R5.** Special districts should seek and employ best practices.
- R6.** Special districts should consider establishing citizen oversight committees.
- R7.** Special districts should review and explore expanding their public outreach programs.
- R8.** Special districts should pursue certifications and accreditations such as the Special District Leadership Foundation's *District Transparency Certificate of Excellence*.

### **Requests for Responses**

No responses are requested.

## **Appendix A: Surveyed Special Districts**

### **Small Districts**

- Beyers Lane Community Service District
- Kingsbury Greens Community Services District
- Mystic Mines Community Services District
- Oak Tree Park and Recreation District
- San Juan Ridge County Water District

### **Medium Districts**

- Bear River Recreation and Park District
- Lake of the Pines Ranchos Community Services District
- Truckee Cemetery District
- Washington County Water District
- Western Gateway Recreation and Park District

### **Large Districts**

- Nevada County Resource Conservation District
- Nevada Cemetery District
- North San Juan Fire Protection District
- Ophir Hill Fire Protection District
- Peardale-Chicago Park Fire Protection District
- Rough and Ready Fire Protection District

### **Million Dollar Districts**

- Higgins Fire Protection District
- Nevada County Consolidated Fire District
- Nevada Irrigation District
- Penn Valley Fire Protection District
- Truckee-Donner Public Utility District
- Truckee-Donner Recreation and Park District
- Truckee Fire Protection District
- Truckee Sanitary District