

By the Committee on Comprehensive Planning; and Senator
Atwater

316-2359-03

1 A bill to be entitled
2 An act relating to local government
3 accountability; amending s. 11.40, F.S.;
4 revising duties of the Legislative Auditing
5 Committee; amending s. 11.45, F.S.; revising
6 reporting requirements of the Auditor General;
7 amending s. 61.181, F.S.; correcting a
8 cross-reference; amending s. 75.05, F.S.;
9 deleting a requirement for an independent
10 special district to submit a copy of a
11 complaint to the Division of Bond Finance of
12 the State Board of Administration; amending s.
13 112.061, F.S.; authorizing local governments to
14 provide for per diem rates; amending s. 112.08,
15 F.S.; clarifying that local governments are
16 authorized to provide health insurance;
17 amending s. 112.625, F.S.; revising the
18 definition of "governmental entity" to include
19 counties and district school boards; amending
20 s. 112.63, F.S.; providing for additional
21 information to be provided to the Department of
22 Management Services in actuarial reports with
23 regard to retirement systems and plans and
24 providing procedures therefor; providing for
25 notification of the Department of Revenue and
26 the Department of Financial Services in cases
27 of noncompliance and authorizing the
28 withholding of certain funds; requiring the
29 Department of Management Services to notify the
30 Department of Community Affairs in the case of
31 affected special districts; amending s.

1 191.005, F.S.; exempting a candidate from
2 campaign requirements under specified
3 conditions; providing for the removal of a
4 board member upon becoming unqualified;
5 amending s. 130.04, F.S.; revising provisions
6 governing notice of bids and disposition of
7 bonds; amending s. 132.02, F.S.; revising
8 provisions relating to the authorization to
9 issue refund bonds; amending s. 132.09, F.S.;
10 revising provisions relating to the notice of
11 sale, bids, and awards and private sale of
12 bonds; amending s. 163.05, F.S.; revising
13 provisions governing the Small County Technical
14 Assistance Program; amending s. 166.121, F.S.;
15 revising provisions governing the issuance of
16 bonds by a municipality; amending s. 166.241,
17 F.S.; providing a municipal budget amendment
18 process and requirements; amending s. 189.4044,
19 F.S.; revising special procedures for
20 determination of inactive special districts;
21 amending s. 189.412, F.S.; revising duties of
22 the Special District Information Program of the
23 Department of Community Affairs; amending s.
24 189.418, F.S.; revising reporting requirements
25 of newly created special districts; authorizing
26 the governing body of a special district to
27 amend its budget; amending s. 189.419, F.S.;
28 revising provisions relating to the failure of
29 special districts to file required reports;
30 amending s. 189.421, F.S.; revising provisions
31 governing the failure of special districts to

1 disclose financial reports; providing for
2 extension of time for the filing of said
3 reports; providing remedies for noncompliance;
4 providing for attorney's fees and costs;
5 amending s. 189.428, F.S.; revising provisions
6 governing the special district oversight review
7 process; amending s. 189.439, F.S.; revising
8 provisions governing the issuance of bonds by
9 special districts; amending s. 191.005, F.S.;
10 exempting a candidate from campaign
11 requirements under specified conditions;
12 providing for the removal of a board member
13 upon becoming unqualified; amending s. 215.981,
14 F.S.; exempting state agency direct-support
15 organizations and citizen support organizations
16 meeting specified expense levels from audit
17 requirements; amending s. 218.075, F.S.;
18 revising provisions governing the reduction or
19 waiver of permit processing fees for certain
20 counties; amending s. 218.32, F.S., relating to
21 annual financial reports; requiring the
22 Department of Financial Services to notify the
23 Speaker of the House of Representatives and the
24 President of the Senate of any municipality
25 that has not had financial activity for a
26 specified period of time; providing that such
27 notice is sufficient to initiate dissolution
28 procedures; repealing s. 218.321, F.S.,
29 relating to annual financial statements of
30 local governmental entities; amending s.
31 218.39, F.S.; providing reporting requirements

1 for certain special districts; amending s.
2 218.36, F.S.; revising reporting requirements
3 for boards of county commissioners relating to
4 the failure of a county officer to comply with
5 the provisions of the section; amending s.
6 218.369, F.S.; revising the definition of "unit
7 of local government" to include district school
8 boards; renaming pt. V of ch. 218, F.S., as
9 "Local Governmental Entity and District School
10 Board Financial Emergencies"; amending s.
11 218.50, F.S.; renaming ss. 218.50-218.504,
12 F.S., as the "Local Governmental Entity and
13 District School Board Act"; amending s.
14 218.501, F.S.; revising the stated purposes of
15 pt. V of ch. 218, F.S.; amending s. 218.502,
16 F.S.; revising the definition of "local
17 governmental entity"; amending s. 218.503,
18 F.S.; revising provisions governing the
19 determination of financial emergency for local
20 governments and district school boards;
21 amending s. 218.504, F.S.; revising provisions
22 relating to the authority of the Governor and
23 authorizing the Commissioner of Education to
24 terminate all state actions pursuant to ss.
25 218.50-218.504, F.S.; repealing ch. 131, F.S.,
26 consisting of ss. 131.01, 131.02, 131.03,
27 131.04, 131.05, and 131.06, F.S., relating to
28 refunding bonds of counties, municipalities,
29 and special districts; repealing s. 132.10,
30 F.S., relating to minimum sale price of bonds;
31 repealing s. 165.052, F.S., relating to special

1 dissolution procedures for municipalities;
2 repealing s. 189.409, F.S., relating to
3 determination of financial emergencies of
4 special districts; repealing s. 189.422, F.S.,
5 relating to actions of the Department of
6 Community Affairs and special districts;
7 repealing s. 200.0684, F.S., relating to an
8 annual compliance report of the Department of
9 Community Affairs regarding special districts;
10 repealing s. 218.37(1)(h), F.S., relating to
11 the requirement that the Division of Bond
12 Finance use a served copy of the complaint for
13 bond validation to verify compliance by special
14 districts with the requirements in s. 218.38,
15 F.S.; amending s. 1010.47, F.S.; providing that
16 school districts must sell bonds; deleting
17 obsolete provisions relating to the sale of
18 bonds by a school district; transferring a
19 position from the Executive Office of the
20 Governor to the Department of Financial
21 Services; providing an effective date.

22
23 Be It Enacted by the Legislature of the State of Florida:

24
25 Section 1. Paragraphs (a) and (b) of subsection (5) of
26 section 11.40, Florida Statutes, are amended to read:

27 11.40 Legislative Auditing Committee.--

28 (5) Following notification by the Auditor General, the
29 Department of Financial Services ~~Banking and Finance~~, or the
30 Division of Bond Finance of the State Board of Administration
31 of the failure of a local governmental entity, district school

1 board, charter school, or charter technical career center to
2 comply with the applicable provisions within s. 11.45(5)-(7),
3 s. 218.32(1), or s. 218.38, the Legislative Auditing Committee
4 may schedule a hearing. If a hearing is scheduled, the
5 committee shall determine if the entity should be subject to
6 further state action. If the committee determines that the
7 entity should be subject to further state action, the
8 committee shall:

9 (a) In the case of a local governmental entity or
10 district school board, direct ~~request~~ the Department of
11 Revenue and the Department of Financial Services ~~Banking and~~
12 ~~Finance~~ to withhold any funds not pledged for bond debt
13 service satisfaction which are payable to such entity until
14 the entity complies with the law. The committee, ~~in its~~
15 ~~request~~, shall specify the date such action shall begin, and
16 the directive ~~request~~ must be received by the Department of
17 Revenue and the Department of Financial Services ~~Banking and~~
18 ~~Finance~~ 30 days before the date of the distribution mandated
19 by law. The Department of Revenue and the Department of
20 Financial Services ~~Banking and Finance~~ are authorized to
21 implement the provisions of this paragraph.

22 (b) In the case of a special district, notify the
23 Department of Community Affairs that the special district has
24 failed to comply with the law. Upon receipt of notification,
25 the Department of Community Affairs shall proceed pursuant to
26 the provisions specified in s. ss. 189.421 ~~and 189.422~~.

27 Section 2. Subsection (5), paragraph (e) of subsection
28 (7), and subsection (8) of section 11.45, Florida Statutes,
29 are amended to read:

30 11.45 Definitions; duties; authorities; reports;
31 rules.--

1 (5) PETITION FOR AN AUDIT BY THE AUDITOR GENERAL.--The
2 Legislative Auditing Committee shall direct the Auditor
3 General to make an ~~a financial~~ audit of any municipality
4 whenever petitioned to do so by at least 20 percent of the
5 electors of that municipality. The supervisor of elections of
6 the county in which the municipality is located shall certify
7 whether or not the petition contains the signatures of at
8 least 20 percent of the electors of the municipality. After
9 the completion of the audit, the Auditor General shall
10 determine whether the municipality has the fiscal resources
11 necessary to pay the cost of the audit. The municipality shall
12 pay the cost of the audit within 90 days after the Auditor
13 General's determination that the municipality has the
14 available resources. If the municipality fails to pay the cost
15 of the audit, the Department of Revenue shall, upon
16 certification of the Auditor General, withhold from that
17 portion of the distribution pursuant to s. 212.20(6)(d)6.
18 which is distributable to such municipality, a sum sufficient
19 to pay the cost of the audit and shall deposit that sum into
20 the General Revenue Fund of the state.

21 (7) AUDITOR GENERAL REPORTING REQUIREMENTS.--

22 (e) The Auditor General shall notify the Governor or
23 the Commissioner of Education, as appropriate, and the
24 Legislative Auditing Committee of any audit report reviewed by
25 the Auditor General pursuant to paragraph (b) that ~~which~~
26 contains a statement that a ~~the~~ local governmental entity or
27 district school board has met one or more of the conditions
28 specified ~~is in a state of financial emergency as provided in~~
29 s. 218.503. If the Auditor General requests a clarification
30 regarding information included in an audit report to determine
31 whether a local governmental entity or district school board

1 has met one or more of the conditions specified in s. 218.503
2 ~~is in a state of financial emergency~~, the requested
3 clarification must be provided within 45 days after the date
4 of the request. If the local governmental entity or district
5 school board does not comply with the Auditor General's
6 request, the Auditor General shall notify the Legislative
7 Auditing Committee. If, after obtaining the requested
8 clarification, the Auditor General determines that the local
9 governmental entity or district school board has met one or
10 more of the conditions specified in s. 218.503 ~~is in a state~~
11 ~~of financial emergency~~, he or she shall notify the Governor or
12 the Commissioner of Education, as appropriate, and the
13 Legislative Auditing Committee.

14 (8) RULES OF THE AUDITOR GENERAL.--The Auditor
15 General, in consultation with the Board of Accountancy, shall
16 adopt rules for the form and conduct of all financial audits
17 performed by independent certified public accountants pursuant
18 to ss. 215.981, 218.39, 1001.453, 1004.28, and 1004.70. The
19 rules for audits of local governmental entities and district
20 school boards must include, but are not limited to,
21 requirements for the reporting of information necessary to
22 carry out the purposes of the Local Governmental Entity and
23 District School Board ~~Government~~ Financial Emergencies Act as
24 stated in s. 218.501.

25 Section 3. Subsection (10) of section 61.181, Florida
26 Statutes, is amended to read:

27 61.181 Depository for alimony transactions, support,
28 maintenance, and support payments; fees.--

29 (10) Compliance with the requirements of this section
30 shall be included as part of the annual county audit required
31 pursuant to s. 218.39 ~~11.45~~.

1 Section 4. Subsection (3) of section 75.05, Florida
2 Statutes, is amended to read:

3 75.05 Order and service.--

4 ~~(3) In the case of independent special districts as~~
5 ~~defined in s. 218.31(7), a copy of the complaint shall be~~
6 ~~served on the Division of Bond Finance of the State Board of~~
7 ~~Administration.~~Notwithstanding any other provision of law,
8 whether a general law or special act, validation of bonds to
9 be issued by a special district, other than a community
10 development district established pursuant to chapter 190, as
11 provided in s. 190.016(12), is not mandatory, but is at the
12 option of the issuer. However, the validation of bonds issued
13 by such community development districts shall not be required
14 on refunding issues.

15 Section 5. Subsection (14) is added to section
16 112.061, Florida Statutes, to read:

17 112.061 Per diem and travel expenses of public
18 officers, employees, and authorized persons.--

19 (14) Notwithstanding the provisions for per diem and
20 travel expenses of public officers, employees, and authorized
21 persons set forth in s. 112.061, the governing body of a
22 county, municipality, or special district may provide for per
23 diem and travel expenses of its officials, officers,
24 employees, and authorized persons as the governing body
25 determines is reasonable. Any policy on per diem and travel
26 expenses provided by a county, municipality, or special
27 district on January 1, 2003, is valid and in effect for that
28 local government until otherwise amended. If the governing
29 body of a local government unit does not provide for per diem
30 and travel expenses, the local government shall adhere to s.
31 112.061(6).

1 Section 6. Paragraph (a) of subsection (2) of section
2 112.08, Florida Statutes, is amended to read:

3 112.08 Group insurance for public officers, employees,
4 and certain volunteers; physical examinations.--

5 (2)(a) Notwithstanding any general law or special act
6 to the contrary, every local governmental unit is authorized
7 to provide and pay out of its available funds for all or part
8 of the premium for life, health, accident, hospitalization,
9 legal expense, or annuity insurance, or all or any kinds of
10 such insurance, for the officers and employees of the local
11 governmental unit and for health, accident, hospitalization,
12 and legal expense insurance for the dependents of such
13 officers and employees upon a group insurance plan and, to
14 that end, to enter into contracts with insurance companies or
15 professional administrators to provide such insurance. Before
16 entering any contract for insurance, the local governmental
17 unit shall advertise for competitive bids; and such contract
18 shall be let upon the basis of such bids. If a contracting
19 health insurance provider becomes financially impaired as
20 determined by the Department of Insurance or otherwise fails
21 or refuses to provide the contracted-for coverage or
22 coverages, the local government may purchase insurance, enter
23 into risk management programs, or contract with third-party
24 administrators and may make such acquisitions by advertising
25 for competitive bids or by direct negotiations and contract.
26 The local governmental unit may undertake simultaneous
27 negotiations with those companies which have submitted
28 reasonable and timely bids and are found by the local
29 governmental unit to be fully qualified and capable of meeting
30 all servicing requirements. Each local governmental unit may
31 self-insure any plan for health, accident, and hospitalization

1 coverage or enter into a risk management consortium to provide
2 such coverage, subject to approval based on actuarial
3 soundness by the Department of Insurance; and each shall
4 contract with an insurance company or professional
5 administrator qualified and approved by the Department of
6 Insurance to administer such a plan.

7 Section 7. Subsection (5) of section 112.625, Florida
8 Statutes, is amended to read:

9 112.625 Definitions.--As used in this act:

10 (5) "Governmental entity" means the state, for the
11 Florida Retirement System, and the county, municipality, ~~or~~
12 special district, or district school board which is the
13 employer of the member of a local retirement system or plan.

14 Section 8. Subsection (4) of section 112.63, Florida
15 Statutes, is amended to read:

16 112.63 Actuarial reports and statements of actuarial
17 impact; review.--

18 (4) Upon receipt, pursuant to subsection (2), of an
19 actuarial report, or upon receipt, pursuant to subsection (3),
20 of a statement of actuarial impact, the Department of
21 Management Services shall acknowledge such receipt, but shall
22 only review and comment on each retirement system's or plan's
23 actuarial valuations at least on a triennial basis. If the
24 department finds that the actuarial valuation is not complete,
25 accurate, or based on reasonable assumptions or otherwise
26 fails to satisfy the requirements of this part, the department
27 requires additional information necessary to complete its
28 review of the actuarial valuation of a system or plan or
29 information necessary to satisfy the duties of the department
30 pursuant to s. 112.665(1), or if the department does not
31 receive the actuarial report or statement of actuarial impact,

1 the department shall notify the administrator of the affected
2 retirement system or plan and the affected governmental entity
3 ~~local government~~ and request appropriate adjustment, the
4 additional information, or the required report or statement.
5 The notification shall inform the administrator of the
6 affected retirement system or plan and the affected
7 governmental entity of the consequences for failure to comply
8 with the requirements of this subsection. If, after a
9 reasonable period of time, a satisfactory adjustment is not
10 made or the report, statement, or additional information is
11 not provided, the department may notify the Department of
12 Revenue and the Department of Financial Services of such
13 noncompliance, in which case the Department of Revenue and the
14 Department of Financial Services shall withhold any funds not
15 pledged for bond debt service satisfaction that are payable to
16 the affected governmental entity until the adjustment is made
17 or the report, statement, or additional information is
18 provided to the department. The department shall specify the
19 date such action is to begin and notification by the
20 department must be received by the Department of Revenue, the
21 Department of Financial Services, and the affected
22 governmental entity 30 days before the date the action is to
23 begin.

24 (a) Within 21 days after receipt of the notice, the
25 affected governmental entity ~~local government or the~~
26 ~~department~~ may petition for a hearing under the provisions of
27 ss. 120.569 and 120.57 with the Department of Management
28 Services. The Department of Revenue and the Department of
29 Financial Services shall not be parties to any such hearing
30 but may request to intervene if requested by the Department of
31 Management Services or if either the Department of Revenue or

1 the Department of Financial Services determines its interests
2 may be adversely affected by the hearing. If the
3 administrative law judge recommends in favor of the
4 department, the department shall perform an actuarial review
5 or prepare the statement of actuarial impact, or collect the
6 requested information. The cost to the department of
7 performing such actuarial review, ~~or preparing such statement,~~
8 or collecting the requested information shall be charged to
9 the affected governmental entity of which the employees are
10 covered by the retirement system or plan. If payment of such
11 costs is not received by the department within 60 days after
12 receipt by the affected governmental entity of the request for
13 payment, the department shall certify to the Department of
14 Revenue and the Department of Financial Services ~~Comptroller~~
15 the amount due, and the Department of Revenue and the
16 Department of Financial Services ~~Comptroller~~ shall pay such
17 amount to the Department of Management Services from any funds
18 not pledged for bond debt service satisfaction that are
19 payable to the affected governmental entity of which the
20 employees are covered by the retirement system or plan. If the
21 administrative law judge recommends in favor of the affected
22 governmental entity ~~local retirement system~~ and the department
23 performs an actuarial review, prepares the statement of
24 actuarial impact, or collects the requested information, the
25 cost to the department of performing the actuarial review,
26 preparing the statement, or collecting the requested
27 information shall be paid by the Department of Management
28 Services.

29 (b) In the case of an affected special district, the
30 Department of Management Services shall also notify the
31 Department of Community Affairs. Upon receipt of notification,

1 the Department of Community Affairs shall proceed pursuant to
2 the provisions of s. 189.421 with regard to the special
3 district.

4 Section 9. Section 130.04, Florida Statutes, is
5 amended to read:

6 130.04 Sale ~~Notice for bids and disposition of~~
7 bonds.--In case the issuing of bonds shall be authorized by
8 the result of such election, the county commissioners shall
9 sell the bonds in the manner provided in s. 218.385 ~~cause~~
10 ~~notice to be given by publication in a newspaper published in~~
11 ~~the county, or in some newspaper published in the same~~
12 ~~judicial circuit, if there be none published in the county,~~
13 ~~that they will receive bids for the purchase of county bonds~~
14 ~~at the clerk's office, on a date not less than 10 days nor~~
15 ~~more than 60 days from the first publication of such notice.~~
16 ~~The notice shall specify the amount of bonds offered for sale,~~
17 ~~the rate of interest, and the time when principal and~~
18 ~~installments of interest shall be due and payable. Any and all~~
19 ~~bids shall be rejected if the commissioners shall deem it to~~
20 ~~the best interest for the county so to do, and they may cause~~
21 ~~a new notice to be given in like manner inviting other bids~~
22 ~~for said bonds; provided, that when the rate of interest on~~
23 ~~said bonds exceeds 5 percent per annum, said bonds shall not~~
24 ~~be sold for less than 95 cents on the dollar, but when any~~
25 ~~bonds have heretofore been provided for by election, and the~~
26 ~~rate of interest is 5 percent per annum, or less, that in such~~
27 ~~cases the county commissioners may accept less than 95 cents~~
28 ~~upon the dollar, in the sale of said bonds, or for any portion~~
29 ~~of said bonds not already sold; provided, however, no bonds~~
30 ~~shall be sold for less than 90 cents on the dollar.~~

31

1 Section 10. Subsection (1) of section 132.02, Florida
2 Statutes, is amended to read:

3 132.02 Taxing units may refund obligations.--

4 (1) Each county, municipality, ~~city, town, special~~
5 ~~road and bridge district, special tax school district, or and~~
6 other taxing district ~~districts~~ in this state, herein
7 sometimes called a unit, may issue, pursuant to a resolution
8 or resolutions of the governing body thereof (meaning thereby
9 the board or body vested with the power of determining the
10 amount of tax levies required for taxing the taxable property
11 of such unit for the purpose of such unit) and either with or
12 without the approval of such bonds at an election, except as
13 may be required by the Constitution of the state, bonds of
14 such unit for the purpose of refunding any or all bonds,
15 coupons, or interest on any such bonds, ~~or coupons or paving~~
16 ~~certificates of indebtedness or interest on any such paving~~
17 ~~certificates of indebtedness~~, now or hereafter outstanding, or
18 any other funded debt, all of which are herein referred to as
19 bonds, whether such unit created such indebtedness or has
20 assumed, or may become liable therefor, ~~and whether~~
21 ~~indebtedness to be refunded has matured or to thereafter~~
22 ~~become matured.~~

23 Section 11. Section 132.09, Florida Statutes, is
24 amended to read:

25 132.09 Sale of bonds ~~Notice of sale; bids and award;~~
26 ~~private sale.~~--When sold, the refunding bonds (except as
27 otherwise expressly provided) shall be sold in the manner
28 provided in s. 218.385 ~~pursuant to the terms of a notice of~~
29 ~~sale which shall be published at least twice. The first~~
30 ~~publication to be not less than 7 days before the date fixed~~
31 ~~for the sale and to be published in a newspaper published in~~

1 ~~the unit, or if no newspaper is published in the unit, then in~~
2 ~~a newspaper published in the county, or if no newspaper is~~
3 ~~published in the county, then in a newspaper published in~~
4 ~~Tallahassee, and in the discretion of the governing body of~~
5 ~~the unit may be published in a financial newspaper in the City~~
6 ~~of New York. Such notices shall state the time and place and~~
7 ~~when and where sealed bids will be received, shall state the~~
8 ~~amount of bonds, their dates, maturities, denominations and~~
9 ~~interest rate or rates (which may be a maximum rate), interest~~
10 ~~payment dates, an outline of the terms, if any, on which they~~
11 ~~are redeemable or become payable before maturity, the amount~~
12 ~~which must be deposited with the bid to secure its performance~~
13 ~~if accepted, and such other pertinent information as the~~
14 ~~governing body of the unit may determine. The notice of sale~~
15 ~~may require the bidders to fix the interest rate or rates that~~
16 ~~the bonds are to bear subject to the terms of the notice and~~
17 ~~the maximum rate permitted by this chapter. The award of the~~
18 ~~bonds shall be made by the governing body of the unit to the~~
19 ~~bidder making the most advantageous bid which shall be~~
20 ~~determined by the governing body in its absolute and~~
21 ~~uncontrolled discretion. The right to reject all bids shall~~
22 ~~be reserved to the governing body of the unit. If no bids are~~
23 ~~received at such public sale, or if all bids are rejected, the~~
24 ~~bonds may be sold without notice at private sale at any time~~
25 ~~within one year thereafter, but such bonds shall not be sold~~
26 ~~at private sale on terms less favorable to the unit than were~~
27 ~~contained in the best bid at the prior public sale.~~

28 Section 12. Paragraph (a) of subsection (2) of section
29 163.05, Florida Statutes, is amended to read:

30 163.05 Small County Technical Assistance Program.--

31

1 (2) Recognizing the findings in subsection (1), the
2 Legislature declares that:

3 (a) The financial difficulties ~~fiscal emergencies~~
4 confronting small counties require an investment that will
5 facilitate efforts to improve the productivity and efficiency
6 of small counties' structures and operating procedures.

7 Section 13. Subsection (2) of section 166.121, Florida
8 Statutes, is amended to read:

9 166.121 Issuance of bonds.--

10 (2) The governing body of a municipality shall
11 determine the terms and manner of sale and distribution or
12 other disposition of any and all bonds it may issue,
13 consistent with the provisions of s. 218.385, and shall have
14 any and all powers necessary or convenient to such
15 disposition.

16 Section 14. Section 166.241, Florida Statutes, is
17 amended to read:

18 166.241 Fiscal years, ~~financial reports,~~
19 ~~appropriations, and budgets,~~ and budget amendments.--

20 ~~(1) Each municipality shall report its finances~~
21 ~~annually as provided by general law.~~

22 (1)(2) Each municipality shall make provision for
23 establishing a fiscal year beginning October 1 of each year
24 and ending September 30 of the following year.

25 (2)(3) The governing body of each municipality shall
26 adopt a budget each fiscal year. The budget must be adopted by
27 ordinance unless otherwise specified in the respective
28 municipality's charter, except that municipalities required to
29 establish millage pursuant to chapter 200 shall adopt the
30 budget by resolution or ordinance in the manner specified in
31 s. 200.065(2). The amount available from taxation and other

1 sources, including amounts carried over from prior fiscal
2 years, must equal the total appropriations for expenditures
3 and reserves. The budget must regulate expenditures of the
4 municipality, and it is unlawful for any officer of a
5 municipal government to expend or contract for expenditures in
6 any fiscal year except in pursuance of budgeted
7 appropriations.

8 (3) The governing body of each municipality at any
9 time within a fiscal year or within up to 60 days following
10 the end of the fiscal year may amend a budget for that year as
11 follows:

12 (a) Appropriations for expenditures within a fund may
13 be decreased or increased by motion recorded in the minutes,
14 provided that the total of the appropriations of the fund is
15 not changed.

16 (b) The governing body may establish procedures by
17 which the designated budget officer may authorize certain
18 budget amendments within a department, provided that the total
19 of the appropriations of the department is not changed.

20 (c) If a budget amendment is required for a purpose
21 not specifically authorized in paragraph (a) or paragraph (b),
22 the budget amendment must be adopted in the same manner as the
23 original budget unless otherwise specified in the charter of
24 the respective municipality.

25 Section 15. Section 189.4044, Florida Statutes, is
26 amended to read:

27 189.4044 Special procedures for inactive districts.--

28 (1) The department shall declare inactive any special
29 district in this state by documenting the following ~~filing a~~
30 ~~report with the Speaker of the House of Representatives and~~
31 ~~the President of the Senate which shows that such special~~

1 ~~district is no longer active. The inactive status of the~~
2 ~~special district must be based upon a finding:~~

3 (a) ~~That~~ The special district meets one of the
4 following criteria:

5 1. The registered agent of the district, the chair of
6 the governing body of the district, or the governing body of
7 the appropriate local general-purpose government notifies the
8 department in writing that the district has taken no action
9 for 2 or more calendar years;

10 2. Following an inquiry from the department, the
11 registered agent of the district, the chair of the governing
12 body of the district, or the governing body of the appropriate
13 local general-purpose government notifies the department in
14 writing that the district has not had a governing board or a
15 sufficient number of governing board members to constitute a
16 quorum for 2 or more years or the registered agent of the
17 district, the chair of the governing body of the district, or
18 the governing body of the appropriate local general-purpose
19 government fails to respond to the department's inquiry within
20 21 days; or 18 or more months;

21 3. The department determines, pursuant to s. 189.421,
22 that the district has failed to file or make a good faith
23 effort to file any of the reports listed in s. 189.419. ~~or~~

24 4. ~~The district has failed, for 2 consecutive fiscal~~
25 ~~years, to pay fees assessed by the Special District~~
26 ~~Information Program pursuant to this chapter.~~

27 (b) The department, special district, or local
28 general-purpose government published ~~That~~ a notice of the
29 proposed declaration of inactive status ~~has been published~~
30 ~~once a week for 2 weeks~~ in a newspaper of general circulation
31 in within the county or municipality in which ~~wherein~~ the

1 territory of the special district is located and sent a copy
2 of such notice by certified mail to the registered agent or
3 chair of the board, if any. Such notice shall include, stating
4 the name of said special district, the law under which it was
5 organized and operating, a general description of the
6 territory included in said special district, and a statement
7 ~~stating~~ that any objections must be filed pursuant to chapter
8 120 within 21 days after the publication date to the proposed
9 ~~declaration or to any claims against the assets of said~~
10 ~~special district shall be filed not later than 60 days~~
11 ~~following the date of last publication with the department;~~
12 and

13 (c) Twenty-one ~~That 60~~ days have elapsed from the last
14 publication date of the notice of proposed declaration of
15 inactive status and no administrative appeals were sustained
16 ~~objections have been~~ filed.

17 (2) If any special district is declared inactive
18 pursuant to this section, the property or assets of the
19 special district are subject to legal process for payment of
20 any debts of the district. After the payment of all the debts
21 of said inactive special district, the remainder of its
22 property or assets shall escheat to the county or municipality
23 wherein located. If, however, it shall be necessary, in order
24 to pay any such debt, to levy any tax or taxes on the property
25 in the territory or limits of the inactive special district,
26 the same may be assessed and levied by order of the local
27 general-purpose government wherein the same is situated and
28 shall be assessed by the county property appraiser and
29 collected by the county tax collector.

30 (3) In the case of a district created by special act
31 of the Legislature, the department shall send a notice of

1 declaration of inactive status to ~~notify~~ the Speaker of the
2 House of Representatives and the President of the Senate. The
3 notice of declaration of inactive status shall reference of
4 each known special act creating or amending the charter of any
5 special district declared to be inactive under this
6 section. The declaration of inactive status shall be
7 sufficient notice as required by s. 10, Art. III of the State
8 Constitution to authorize the Legislature to repeal any
9 special laws so reported. In the case of a district created by
10 one or more local general-purpose governments, the department
11 shall send a notice of declaration of inactive status to the
12 chair of the governing body of each local general-purpose
13 government that created the district. In the case of a
14 district created by interlocal agreement, the department shall
15 send a notice of declaration of inactive status to the chair
16 of the governing body of each local general-purpose government
17 that entered into the interlocal agreement.

18 (4) The entity that created a special district
19 declared inactive under this section must dissolve the special
20 district ~~be dissolved by repealing~~ ~~repeal~~ of its enabling laws
21 or by other appropriate means.

22 Section 16. Subsection (1) of section 189.412, Florida
23 Statutes, is amended, and subsection (8) is added to that
24 section, to read:

25 189.412 Special District Information Program; duties
26 and responsibilities.--The Special District Information
27 Program of the Department of Community Affairs is created and
28 has the following special duties:

29 (1) The collection and maintenance of special district
30 noncompliance ~~compliance~~ status reports from the Department of
31 Management Services ~~Auditor General~~, the Department of

1 ~~Financial Services Banking and Finance~~, the Division of Bond
2 Finance of the State Board of Administration, and the Auditor
3 General ~~the Department of Management Services, the Department~~
4 ~~of Revenue, and the Commission on Ethics~~ for the reporting
5 required in ss. ~~112.3144, 112.3145, 112.3148, 112.3149,~~
6 ~~112.63, 200.068, 218.32, 218.38, and 218.39,~~ and 280.17 and
7 ~~chapter 121 and from state agencies administering programs~~
8 ~~that distribute money to special districts.~~ The noncompliance
9 ~~special district compliance status~~ reports must list those
10 ~~consist of a list of special districts used in that state~~
11 ~~agency and a list of which special districts that did not~~
12 ~~comply with the statutory reporting requirements~~ statutorily
13 ~~required by that agency.~~

14 (8) Providing assistance to local general-purpose
15 governments and certain state agencies in collecting
16 delinquent reports or information, helping special districts
17 comply with reporting requirements, declaring special
18 districts inactive when appropriate, and, when directed by the
19 Legislative Auditing Committee, initiating enforcement
20 provisions as provided in ss. 189.4044, 189.419, and 189.421.

21 Section 17. Subsections (1) and (2) of section
22 189.418, Florida Statutes, are amended, subsection (5) is
23 renumbered as subsection (6), present subsection (6) is
24 renumbered as subsection (7) and amended, and a new subsection
25 (5) is added to that section, to read:

26 189.418 Reports; budgets; audits.--

27 (1) When a new special district is created, the
28 district must forward to the department, within 30 days after
29 the adoption of the special act, rule, ordinance, resolution,
30 or other document that provides for the creation of the
31 district, a copy of the document and a written statement that

1 includes a reference to the status of the special district as
2 dependent or independent and the basis for such
3 classification. In addition to the document or documents that
4 create the district, the district must also submit a map of
5 the district, showing any municipal boundaries that cross the
6 district's boundaries, and any county lines if the district is
7 located in more than one county. The department must notify
8 the local government or other entity and the district within
9 30 days after receipt of the document or documents that create
10 the district as to whether the district has been determined to
11 be dependent or independent.

12 (2) Any amendment, modification, or update of the
13 document by which the district was created, including changes
14 in boundaries, must be filed with the department within 30
15 days after adoption. The department may initiate proceedings
16 against special districts as provided in s. ss. 189.421 and
17 ~~189.422~~ for failure to file the information required by this
18 subsection.

19 (5) The governing body of each special district at any
20 time within a fiscal year or within up to 60 days following
21 the end of the fiscal year may amend a budget for that
22 year. The budget amendment must be adopted by resolution.

23 ~~(7)(6)~~ All reports or information required to be filed
24 with a local governing authority under ss. 189.415, 189.416,
25 and 189.417, 218.32, and 218.39 and this section shall:

26 (a) When the local governing authority is a county, be
27 filed with the clerk of the board of county commissioners.

28 (b) When the district is a multicounty district, be
29 filed with the clerk of the county commission in each county.
30
31

1 (c) When the local governing authority is a
2 municipality, be filed at the place designated by the
3 municipal governing body.

4 Section 18. Section 189.419, Florida Statutes, is
5 amended to read:

6 189.419 Effect of failure to file certain reports or
7 information.--

8 (1) If a special district fails to file the reports or
9 information required under s. 189.415, s. 189.416, or s.
10 ~~189.417, s. 189.418, s. 218.32, or s. 218.39~~ and a description
11 ~~of all new bonds as provided in s. 218.38(1)~~ with the local
12 governing authority, the person authorized to receive and read
13 the reports or information shall notify the district's
14 registered agent and the appropriate local governing authority
15 or authorities. If requested by the district ~~At any time~~, the
16 governing authority shall ~~may~~ grant an extension of time of up
17 to 30 days for filing the required reports or information, ~~7~~
18 ~~except that an extension may not exceed 30 days.~~

19 (2) If at any time the local governing authority or
20 authorities or the board of county commissioners determines
21 that there has been an unjustified failure to file the reports
22 or information described in subsection (1), it may notify
23 ~~petition~~ the department and the department may proceed
24 pursuant to initiate proceedings against the special district
25 ~~in the manner provided in s. 189.421.~~

26 (3) If a special district fails to file the reports or
27 information required under s. 112.63, s. 218.32, s. 218.38, or
28 s. 218.39 with the appropriate state agency, the agency shall
29 notify the department, and the department shall proceed
30 pursuant to s. 189.421 ~~may initiate proceedings against the~~
31 ~~special district in the manner provided in s. 189.421 or~~

1 ~~assess fines of not more than \$25, with an aggregate total not~~
2 ~~to exceed \$50, when formal inquiries do not resolve the~~
3 ~~noncompliance.~~

4 Section 19. Section 189.421, Florida Statutes, is
5 amended to read:

6 (Substantial rewording of section. See
7 s. 189.421, F.S., for present text.)

8 189.421 Failure of district to disclose financial
9 reports.--

10 (1) When notified pursuant to s. 189.419, the
11 department shall attempt to assist a special district to
12 comply with its financial reporting requirements by sending a
13 certified letter to the special district, and a copy of the
14 letter to the chair of the governing body of the local
15 general-purpose government, which includes the following: a
16 description of the required report, including statutory
17 submission deadlines, a contact telephone number for technical
18 assistance to help the special district comply, a 60-day
19 extension of time for filing the required report with the
20 appropriate entity, the address where the report must be
21 filed, and an explanation of the penalties for
22 noncompliance. The department may grant an additional 30-day
23 extension of time if requested to do so in writing by the
24 special district. The department shall notify the appropriate
25 entity of the new extension of time. In the case of a special
26 district that did not timely file the reports or information
27 required by s. 218.38, the department shall send a certified
28 technical assistance letter to the special district that
29 summarizes the requirements and encourages the special
30 district to take steps to prevent the noncompliance from
31 reoccurring.

1 (2) Failure of a special district to comply with the
2 financial reporting requirements after the procedures of
3 subsection (1) are exhausted shall be deemed final action of
4 the special district. The financial reporting requirements
5 are hereby declared to be essential requirements of
6 law. Remedy for noncompliance shall be by writ of certiorari
7 as set forth in subsection (3).

8 (3) Pursuant to s. 11.40(5)(b), the Legislative
9 Auditing Committee shall notify the department of those
10 districts that failed to file the required report. Within 30
11 days after receiving this notice or within 30 days after the
12 extension date provided in subsection (1), whichever occurs
13 later, the department shall proceed as follows:
14 notwithstanding the provisions of chapter 120, the department
15 shall file a petition for writ of certiorari with the circuit
16 court. Venue for all actions pursuant to this subsection shall
17 be in Leon County. The court shall award the prevailing party
18 attorney's fees and costs in all cases filed pursuant to this
19 section unless affirmatively waived by all parties. A writ of
20 certiorari shall be issued unless a respondent establishes
21 that the notification of the Legislative Auditing Committee
22 was issued as a result of material error. Proceedings under
23 this subsection shall otherwise be governed by the Rules of
24 Appellate Procedure.

25 Section 20. Subsection (5) of section 189.428, Florida
26 Statutes, is amended to read:

27 189.428 Special districts; oversight review process.--

28 (5) Those conducting the oversight review process
29 shall, at a minimum, consider the listed criteria for
30 evaluating the special district, but may also consider any
31 additional factors relating to the district and its

1 performance. If any of the listed criteria does ~~do~~ not apply
2 to the special district being reviewed, it ~~they~~ need not be
3 considered. The criteria to be considered by the reviewer
4 include:

5 (a) The degree to which the service or services
6 offered by the special district are essential or contribute to
7 the well-being of the community.

8 (b) The extent of continuing need for the service or
9 services currently provided by the special district.

10 (c) The extent of municipal annexation or
11 incorporation activity occurring or likely to occur within the
12 boundaries of the special district and its impact on the
13 delivery of services by the special district.

14 (d) Whether there is a less costly alternative method
15 of delivering the service or services that would adequately
16 provide the district residents with the services provided by
17 the district.

18 (e) Whether transfer of the responsibility for
19 delivery of the service or services to an entity other than
20 the special district being reviewed could be accomplished
21 without jeopardizing the district's existing contracts, bonds,
22 or outstanding indebtedness.

23 (f) Whether the Auditor General has notified the
24 Legislative Auditing Committee that the special district's
25 audit report, reviewed pursuant to s. 11.45(7), indicates that
26 the district has met any of the conditions specified in s.
27 218.503(1) or that a deteriorating financial condition exists
28 that may cause a condition described in s. 218.503(1) to occur
29 if actions are not taken to address such condition.

30 ~~(g) Whether the Auditor General has determined that~~
31 ~~the special district is in a state of financial emergency as~~

1 ~~provided in s. 218.503(1), and has notified the Governor and~~
2 ~~the Legislative Auditing Committee.~~

3 (g)~~(h)~~ Whether the district is inactive according to
4 the official list of special districts, and whether the
5 district is meeting and discharging its responsibilities as
6 required by its charter, as well as projected increases or
7 decreases in district activity.

8 (h)~~(i)~~ Whether the special district has failed to
9 comply with any of the reporting requirements in this chapter,
10 including preparation of the public facilities report.

11 (i)~~(j)~~ Whether the special district has designated a
12 registered office and agent as required by s. 189.416, and has
13 complied with all open public records and meeting
14 requirements.

15 Section 21. Paragraph (a) of subsection (1) of section
16 189.439, Florida Statutes, is amended to read:

17 189.439 Bonds.--

18 (1) AUTHORIZATION AND FORM OF BONDS.--

19 (a) The authority may issue and sell bonds for any
20 purpose for which the authority has the power to expend money,
21 including, without limitation, the power to obtain working
22 capital loans to finance the costs of any project and to
23 refund any bonds or other indebtedness at the time outstanding
24 at or before maturity. Bonds may be sold in the manner
25 provided in s. 218.385 and ~~by public or negotiated sale after~~
26 ~~advertisement, if any, as the board considers~~
27 ~~advisable.~~ Bonds may be authorized by resolution of the
28 board.

29 Section 22. Subsections (1) and (2) of section
30 191.005, Florida Statutes, is amended to read:

31

1 191.005 District boards of commissioners; membership,
2 officers, meetings.--

3 (1)(a) With the exception of districts whose governing
4 boards are appointed collectively by the Governor, the county
5 commission, and any cooperating city within the county, the
6 business affairs of each district shall be conducted and
7 administered by a five-member board. All three-member boards
8 existing on the effective date of this act shall be converted
9 to five-member boards, except those permitted to continue as a
10 three-member board by special act adopted in 1997 or
11 thereafter. The board shall be elected in nonpartisan
12 elections by the electors of the district. Except as provided
13 in this act, such elections shall be held at the time and in
14 the manner prescribed by law for holding general elections in
15 accordance with s. 189.405(2)(a) and (3), and each member
16 shall be elected for a term of 4 years and serve until the
17 member's successor assumes office. Candidates for the board of
18 a district shall qualify with the county supervisor of
19 elections in whose jurisdiction the district is located. If
20 the district is a multicounty district, candidates shall
21 qualify with the Department of State. All candidates may
22 qualify by paying a filing fee of \$25 or by obtaining the
23 signatures of at least 25 registered electors of the district
24 on petition forms provided by the supervisor of elections
25 which petitions shall be submitted and checked in the same
26 manner as petitions filed by nonpartisan judicial candidates
27 pursuant to s. 105.035. Notwithstanding s. 106.021, a
28 candidate who does not collect contributions and whose only
29 expense is the filing fee shall not be required to appoint a
30 campaign treasurer or designate a primary campaign depository.

31

1 (b)1. At the next general election following the
2 effective date of this act, or on or after the effective date
3 of a special act or general act of local application creating
4 a new district, the members of the board shall be elected by
5 the electors of the district in the manner provided in this
6 section. The office of each member of the board is designated
7 as being a seat on the board, distinguished from each of the
8 other seats by a numeral: 1, 2, 3, 4, or 5. The numerical
9 seat designation does not designate a geographical subdistrict
10 unless such subdistrict exists on the effective date of this
11 act, in which case the candidates must reside in the
12 subdistrict, and only electors of the subdistrict may vote in
13 the election for the member from that subdistrict. Each
14 candidate for a seat on the board shall designate, at the time
15 the candidate qualifies, the seat on the board for which the
16 candidate is qualifying. The name of each candidate who
17 qualifies for election to a seat on the board shall be
18 included on the ballot in a way that clearly indicates the
19 seat for which the candidate is a candidate. The candidate
20 for each seat who receives the most votes cast for a candidate
21 for the seat shall be elected to the board.

22 2. If, on the effective date of this act, a district
23 presently in existence elects members of its board, the next
24 election shall be conducted in accordance with this section,
25 but this section does not require the early expiration of any
26 member's term of office by more than 60 days.

27 3. If, on the effective date of this act, a district
28 does not elect the members of its board, the entire board
29 shall be elected in accordance with this section. However, in
30 the first election following the effective date of this act,
31

1 seats 1, 3, and 5 shall be designated for 4-year terms and
2 seats 2 and 4 shall be designated for 2-year terms.

3 4. If, on the effective date of this act, the district
4 has an elected three-member board, one of the two seats added
5 by this act shall, for the first election following the
6 effective date of this act, be designated for a 4-year term
7 and the other for a 2-year term, unless the terms of the three
8 existing seats all expire within 6 months of the first
9 election following the effective date of this act, in which
10 case seats 1, 3, and 5 shall be designated for 4-year terms
11 and seats 2 and 4 shall be designated for 2-year terms.

12 5. If the district has an elected three-member board
13 designated to remain three members by special act adopted in
14 1997 or thereafter, the terms of the board members shall be
15 staggered. In the first election following the effective date
16 of this act, seats 1 and 3 shall be designated for 4-year
17 terms, and seat 2 for a 2-year term.

18 (c) The board of any district may request the local
19 legislative delegation that represents the area within the
20 district to create by special law geographical subdistricts
21 for board seats. Any board of five members or larger elected
22 on a subdistrict basis as of the effective date of this act
23 shall continue to elect board members from such previously
24 designated subdistricts, and this act shall not require the
25 elimination of board seats from such boards.

26 (2) Each member of the board must be a qualified
27 elector at the time he or she qualifies and continually
28 throughout his or her term. Any board members who ceases to be
29 a qualified elector is automatically removed pursuant to this
30 act.

31

1 Section 23. Section 215.981, Florida Statutes, is
2 amended to read:

3 215.981 Audits of state agency direct-support
4 organizations and citizen support organizations.--

5 (1) Each direct-support organization and each citizen
6 support organization, created or authorized pursuant to law,
7 and created, approved, or administered by a state agency,
8 other than a university, district board of trustees of a
9 community college, or district school board, shall provide for
10 an annual financial audit of its accounts and records to be
11 conducted by an independent certified public accountant in
12 accordance with rules adopted by the Auditor General pursuant
13 to s. 11.45(8) and the state agency that created, approved, or
14 administers the direct-support organization or citizen support
15 organization. The audit report shall be submitted within 9
16 months after the end of the fiscal year to the Auditor General
17 and to the state agency responsible for creation,
18 administration, or approval of the direct-support organization
19 or citizen support organization, whenever the organization's
20 expenditures and expenses exceed \$100,000. Such state agency,
21 the Auditor General, and the Office of Program Policy Analysis
22 and Government Accountability shall have the authority to
23 require and receive from the organization or from the
24 independent auditor any records relative to the operation of
25 the organization.

26 (2) Notwithstanding the provisions of subsection (1),
27 and for the 2002-2003 fiscal year only, citizen support
28 organizations for the Department of Environmental Protection
29 that are not for profit and that have annual expenditures of
30 less than \$100,000 are not required to have an independent
31 audit. This subsection expires July 1, 2003.

1 Section 24. Subsection (3) of section 218.075, Florida
2 Statutes, is amended to read:

3 218.075 Reduction or waiver of permit processing
4 fees.--Notwithstanding any other provision of law, the
5 Department of Environmental Protection and the water
6 management districts shall reduce or waive permit processing
7 fees for counties with a population of 50,000 or less on April
8 1, 1994, until such counties exceed a population of 75,000 and
9 municipalities with a population of 25,000 or less, or any
10 county or municipality not included within a metropolitan
11 statistical area. Fee reductions or waivers shall be approved
12 on the basis of fiscal hardship or environmental need for a
13 particular project or activity. The governing body must
14 certify that the cost of the permit processing fee is a fiscal
15 hardship due to one of the following factors:

16 (3) Any condition specified in s. 218.503(1), that
17 results in the county or municipality being in ~~determines~~ a
18 state of financial emergency;

19
20 The permit applicant must be the governing body of a county or
21 municipality or a third party under contract with a county or
22 municipality and the project for which the fee reduction or
23 waiver is sought must serve a public purpose. If a permit
24 processing fee is reduced, the total fee shall not exceed
25 \$100.

26 Section 25. Subsection (3) is added to section 218.32,
27 Florida Statutes, to read:

28 218.32 Annual financial reports; local governmental
29 entities.--

30 (3) The department shall notify the President of the
31 Senate and the Speaker of the House of Representatives of any

1 municipality that has not reported any financial activity for
2 the last 4 fiscal years. Such notice shall be sufficient to
3 initiate dissolution procedures described in s.
4 165.051(1)(a). Any special law authorizing the incorporation
5 or creation of said municipality shall be included within the
6 notification.

7 Section 26. Section 218.321, Florida Statutes, is
8 repealed.

9 Section 27. Subsection (3) of section 218.39, Florida
10 Statutes, is amended to read:

11 218.39 Annual financial audit reports.--

12 (3)(a) A dependent special district may make provision
13 for an annual financial audit by being included within the
14 audit of another local governmental entity upon which it is
15 dependent. An independent special district may not make
16 provision for an annual financial audit by being included
17 within the audit of another local governmental entity.

18 (b) A special district that is a component unit, as
19 defined by generally accepted accounting principles, of a
20 local government entity shall provide the local governmental
21 entity, within a reasonable time period as established by the
22 local governmental entity, with financial information
23 necessary to comply with this section. The failure of a
24 component unit to provide this financial information must be
25 noted in the annual financial audit report of the local
26 governmental entity.

27 Section 28. Subsection (3) of section 218.36, Florida
28 Statutes, is amended to read:

29 218.36 County officers; record and report of fees and
30 disposition of same.--

31

1 (3) The board of county commissioners may ~~shall, on~~
2 ~~the 32nd day following the close of the fiscal year,~~ notify
3 the Governor of the failure of any county officer to comply
4 with the provisions of this section. Such notification shall
5 specify the name of the officer and the office held by him or
6 her at the time of such failure and shall subject said officer
7 to suspension from office at the Governor's discretion.

8 Section 29. Section 218.369, Florida Statutes, is
9 amended to read:

10 218.369 Definitions applicable to ss.
11 218.37-218.386.--As used in this section and in ss. 218.37,
12 218.38, 218.385, and 218.386, the term "unit of local
13 government," except where exception is made, means a county,
14 municipality, special district, district school board, local
15 agency, authority, or consolidated city-county government or
16 any other local governmental body or public body corporate and
17 politic authorized or created by general or special law and
18 granted the power to issue general obligation or revenue
19 bonds; and the words "general obligation or revenue bonds"
20 shall be interpreted to include within their scope general
21 obligation bonds, revenue bonds, special assessment bonds,
22 limited revenue bonds, special obligation bonds, debentures,
23 and other similar instruments, but not bond anticipation
24 notes.

25 Section 30. Part V of chapter 218, Florida Statutes,
26 entitled "Financial Emergencies" is renamed "Local
27 Governmental Entity and District School Board Financial
28 Emergencies."

29 Section 31. Section 218.50, Florida Statutes, is
30 amended to read:

31

1 218.50 Popular name ~~Short title~~.--Sections
2 218.50-218.504 shall be known by the popular name as the
3 "Local Governmental Entity and District School Board
4 ~~Government~~ Financial Emergencies Act."

5 Section 32. Section 218.501, Florida Statutes, is
6 amended to read:

7 218.501 Purposes.--The purposes of ss. 218.50-218.504
8 are:

9 (1) To promote ~~preserve and protect~~ the fiscal
10 responsibility ~~solvency~~ of local governmental entities and
11 district school boards.

12 (2) To assist local governmental entities and district
13 school boards in providing essential services without
14 interruption and in meeting their financial obligations.

15 (3) To assist local governmental entities and district
16 school boards through the improvement of local financial
17 management procedures.

18 Section 33. Section 218.502, Florida Statutes, is
19 amended to read:

20 218.502 Definition.--As used in ss. 218.50-218.504,
21 the term "local governmental entity" means a county,
22 municipality, or special district, ~~or district school board~~.

23 Section 34. Section 218.503, Florida Statutes, is
24 amended to read:

25 218.503 Determination of financial emergency.--

26 (1) ~~A~~ Local governmental entities and district school
27 boards shall be subject to review and oversight by the
28 Governor or the Commissioner of Education ~~entity is in a state~~
29 ~~of financial emergency~~ when any one of the following
30 conditions occurs:
31

1 (a) Failure within the same fiscal year in which due
2 to pay short-term loans ~~from banks~~ or failure to make bond
3 debt service or other long-term debt payments when due, as a
4 result of a lack of funds.

5 (b) Failure to pay uncontested claims from creditors
6 within 90 days after the claim is presented, as a result of a
7 lack of funds.

8 (c)~~(b)~~ Failure to transfer at the appropriate time,
9 due to lack of funds:

- 10 1. Taxes withheld on the income of employees; or
11 2. Employer and employee contributions for:
12 a. Federal social security; or
13 b. Any pension, retirement, or benefit plan of an
14 employee.

15 (d)~~(c)~~ Failure for one pay period to pay, due to lack
16 of funds:

- 17 1. Wages and salaries owed to employees; or
18 2. Retirement benefits owed to former employees.

19 (e)~~(d)~~ An unreserved or total fund balance or retained
20 earnings deficit, or unrestricted or total net assets deficit,
21 as reported on the balance sheet or statement of net assets on
22 the general purpose or basic financial statements, for which
23 sufficient resources of the local governmental entity, as
24 reported on the balance sheet or statement of net assets on
25 the general purpose or basic financial statements, are not
26 available to cover the deficit for 2 successive years.
27 Resources available to cover reported deficits include net
28 assets that are not otherwise restricted by federal, state, or
29 local laws, bond covenants, contractual agreements, or other
30 legal constraints. Fixed or capital assets the disposal of
31 which would impair the ability of a local governmental entity

1 to carry out its functions are not considered resources
2 available to cover reported deficits.

3 ~~(e) Noncompliance of the local government retirement~~
4 ~~system with actuarial conditions provided by law.~~

5 (2) A local governmental entity shall notify the
6 Governor and the Legislative Auditing Committee, and a
7 district school board shall notify the Commissioner of
8 Education and the Legislative Auditing Committee, when one or
9 more of the conditions specified in subsection (1) have
10 occurred or will occur if action is not taken to assist the
11 local governmental entity or district school board. In
12 addition, any state agency must, within 30 days after a
13 determination that one or more of the conditions specified in
14 subsection (1) have occurred or will occur if action is not
15 taken to assist the local governmental entity or district
16 school board ~~the identification of the financial emergency,~~
17 notify the Governor or the Commissioner of Education, as
18 appropriate, and the Legislative Auditing Committee ~~when one~~
19 ~~or more of the conditions specified in subsection (1) have~~
20 ~~occurred or will occur if action is not taken to assist a~~
21 ~~local governmental entity.~~

22 (3) Upon notification that one or more of the
23 conditions in subsection (1) exist, the Governor or his or her
24 designee shall contact the local governmental entity or the
25 Commissioner of Education or his or her designee shall contact
26 the district school board to determine what actions have been
27 taken by the local governmental entity or the district school
28 board to resolve the condition ~~financial emergency.~~ The
29 Governor or the Commissioner of Education, as appropriate,
30 shall determine whether the local governmental entity or the
31 district school board needs state assistance to resolve the

1 condition. If state assistance is needed, the local
2 governmental entity or district school board is considered to
3 be in a state of financial emergency. The Governor or the
4 Commissioner of Education, as appropriate,has the authority
5 to implement measures as set forth in ss. 218.50-218.504 to
6 assist the local governmental entity or district school board
7 in resolving ~~resolve~~ the financial emergency. Such measures
8 may include, but are not limited to:

9 (a) Requiring approval of the local governmental
10 entity's budget by the Governor or approval of the district
11 school board's budget by the Commissioner of Education.

12 (b) Authorizing a state loan to a ~~the~~ local
13 governmental entity and providing for repayment of same.

14 (c) Prohibiting a local governmental entity or
15 district school board from issuing bonds, notes, certificates
16 of indebtedness, or any other form of debt until such time as
17 it is no longer subject to this section.

18 (d) Making such inspections and reviews of records,
19 information, reports, and assets of the local governmental
20 entity or district school board. The appropriate local
21 officials shall cooperate in such, ~~in which~~ inspections and
22 reviews ~~the appropriate local officials shall cooperate.~~

23 (e) Consulting with ~~the~~ officials and auditors of the
24 local governmental entity or the district school board and the
25 appropriate state officials ~~agency~~ regarding any steps
26 necessary to bring the books of account, accounting systems,
27 financial procedures, and reports into compliance with state
28 requirements.

29 (f) Providing technical assistance to the local
30 governmental entity or the district school board.

31

1 (g)1. Establishing a financial emergency ~~emergencies~~
2 board to oversee the activities of the local governmental
3 entity or the district school board. If a financial emergency
4 ~~The board, if is~~ established for a local governmental entity,
5 ~~shall be appointed by~~ the Governor shall appoint board members
6 and select a chair. If a financial emergency board is
7 established for a district school board, the State Board of
8 Education shall appoint board members and select a chair. ~~The~~
9 ~~Governor shall select a chair and such other officers as are~~
10 ~~necessary.~~ The financial emergency board shall adopt such
11 rules as are necessary for conducting board business. The
12 board may:
13 a. Make such reviews of records, reports, and assets
14 of the local governmental entity or the district school board
15 as are needed.
16 b. Consult with ~~the~~ officials and auditors of the
17 local governmental entity or the district school board and the
18 appropriate state officials regarding any steps necessary to
19 bring the books of account, accounting systems, financial
20 procedures, and reports of the local governmental entity or
21 the district school board into compliance with state
22 requirements.
23 c. Review the operations, management, efficiency,
24 productivity, and financing of functions and operations of the
25 local governmental entity or district school board.
26 2. The recommendations and reports made by the
27 financial emergency board must be submitted to the Governor
28 for local governmental entities or to the Commissioner of
29 Education and the State Board of Education for district school
30 boards for appropriate action.
31

1 (h) Requiring and approving a plan, to be prepared by
2 ~~officials of the appropriate state agency in conjunction with~~
3 ~~the local governmental entity or the district school board in~~
4 ~~consultation with the appropriate state officials,~~ prescribing
5 actions that will cause the local governmental entity or
6 district school board to no longer be subject to this
7 section. The plan must include, but need not be limited to:

8 1. Provision for payment in full of obligations
9 outlined in subsection (1), designated as priority items, that
10 are currently all payments due or will to come due on debt
11 obligations, pension payments, and all payments and charges
12 imposed or mandated by federal or state law and for all
13 judgments and past due accounts, as priority items of
14 expenditures.

15 2. Establishment of ~~a basis of~~ priority budgeting or
16 zero-based budgeting in order, ~~so as~~ to eliminate ~~low-priority~~
17 items that are not affordable.

18 3. The prohibition of a level of operations which can
19 be sustained only with nonrecurring revenues.

20 (4) ~~A During the financial emergency period,~~ the local
21 governmental entity or district school board may not seek
22 application of laws under the bankruptcy provisions of the
23 United States Constitution except with the prior approval of
24 the Governor for local governmental entities or the
25 Commissioner of Education for district school boards.

26 (5)(a) The governing authority of any municipality
27 having a resident population of 300,000 or more on or after
28 April 1, 1999, which has been declared in a state of financial
29 emergency pursuant to this section may impose a discretionary
30 per-vehicle surcharge of up to 20 percent on the gross
31 revenues of the sale, lease, or rental of space at parking

1 facilities within the municipality which are open for use to
2 the general public.

3 (b) A municipal governing authority that imposes the
4 surcharge authorized by this subsection may use the proceeds
5 of such surcharge for the following purposes only:

6 1. No less than 60 percent and no more than 80 percent
7 of the surcharge proceeds shall be used by the governing
8 authority to reduce its ad valorem tax millage rate or to
9 reduce or eliminate non-ad valorem assessments.

10 2. A portion of the balance of the surcharge proceeds
11 shall be used by the governing authority to increase its
12 budget reserves; however, the governing authority shall not
13 reduce the amount it allocates for budget reserves from other
14 sources below the amount allocated for reserves in the fiscal
15 year prior to the year in which the surcharge is initially
16 imposed. When a 15-percent budget reserve is achieved, based
17 on the average gross revenue for the most recent 3 prior
18 fiscal years, the remaining proceeds from this subparagraph
19 shall be used for the payment of annual debt service related
20 to outstanding obligations backed or secured by a covenant to
21 budget and appropriate from non-ad valorem revenues.

22 (c) This subsection expires June 30, 2006.

23 Section 35. Section 218.504, Florida Statutes, is
24 amended to read:

25 218.504 Cessation of state action.--The Governor or
26 the Commissioner of Education, as appropriate,has the
27 authority to terminate all state actions pursuant to ss.
28 218.50-218.504. Cessation of state action must not occur
29 until the Governor or the Commissioner of Education, as
30 appropriate,has determined that:

1 (1) The local governmental entity or district school
2 board:

3 (a) Has established and is operating an effective
4 financial accounting and reporting system.

5 (b) Has resolved ~~corrected or eliminated~~ the ~~fiscal~~
6 ~~emergency~~ conditions outlined in s. 218.503(1).

7 (2) None of the ~~No new fiscal emergency~~ conditions
8 outlined in s. 218.503(1) exists ~~exist~~.

9 Section 36. Chapter 131, Florida Statutes, consisting
10 of sections 131.01, 131.02, 131.03, 131.04, 131.05, and
11 131.06, Florida Statutes, is repealed.

12 Section 37. Section 132.10, Florida Statutes, is
13 repealed.

14 Section 38. Section 165.052, Florida Statutes, is
15 repealed.

16 Section 39. Section 189.409, Florida Statutes, is
17 repealed.

18 Section 40. Section 189.422, Florida Statutes, is
19 repealed.

20 Section 41. Section 200.0684, Florida Statutes, is
21 repealed.

22 Section 42. Paragraph (h) of subsection (1) of section
23 218.37, Florida Statutes, is repealed.

24 Section 43. Section 215.195, Florida Statutes, is
25 amended to read:

26 215.195 Agency deposits relating to the Statewide Cost
27 Allocation Plan.--

28 (1) APPLICATION FOR ALLOCABLE STATEWIDE
29 OVERHEAD.--Each state agency, and the judicial branch, making
30 application for federal grant or contract funds shall, in
31 accordance with the Statewide Cost Allocation Plan (SWCAP),

1 include in its application a prorated share of the cost of
2 services provided by state central service agencies which are
3 reimbursable to the state pursuant to the provisions of Office
4 of Management and Budget Circular A-87. Preparation of the
5 Statewide Cost Allocation Plan and coordination thereof with
6 all applicable parties is the responsibility of the Department
7 of Financial Services. The Department of Financial Services
8 shall ensure that the SWCAP presents the most favorable
9 allocation of central services cost allowable to the state by
10 the Federal Government.

11 (2) DEPOSIT OF OVERHEAD IN THE GENERAL REVENUE
12 FUND.--If an application for federal grant or contract funds
13 is approved, the state agency or judicial branch receiving the
14 federal grant or contract shall identify that portion
15 representing reimbursement of allocable statewide overhead and
16 deposit that amount into the General Revenue Fund unallocated
17 as directed by the Department of Financial Services ~~Executive~~
18 ~~Office of the Governor.~~ The Department of Financial Services
19 shall be responsible for monitoring agency compliance with
20 this section.

21 Section 44. Section 215.97, Florida Statutes, is
22 amended to read:

23 215.97 Florida Single Audit Act.--

24 (1) The purposes of the section are to:

25 (a) Establish uniform state audit requirements for
26 state financial assistance provided by state agencies to
27 nonstate entities to carry out state projects.

28 (b) Promote sound financial management, including
29 effective internal controls, with respect to state financial
30 assistance administered by nonstate entities.

31

1 (c) Promote audit economy and efficiency by relying to
2 the extent possible on already required audits of federal
3 financial assistance provided to nonstate entities.

4 (d) Provide for identification of state financial
5 assistance transactions in the appropriations act, state
6 accounting records, and recipient organization records.

7 (e) Promote improved coordination and cooperation
8 within and between affected state agencies providing state
9 financial assistance and nonstate entities receiving state
10 assistance.

11 (f) Ensure, to the maximum extent possible, that state
12 agencies monitor, use, and followup on audits of state
13 financial assistance provided to nonstate entities.

14 (2) Definitions; as used in this section, the term:

15 (a) "Audit threshold" means the threshold amount used
16 to determine to use in determining when a state single audit
17 or project-specific audit of a nonstate entity shall be
18 conducted in accordance with this section. Each nonstate
19 entity that expends a total amount of state financial
20 assistance equal to or in excess of \$300,000 in any fiscal
21 year of such nonstate entity shall be required to have a state
22 single audit, or a project-specific audit performed by an
23 independent auditor, for such fiscal year in accordance with
24 the requirements of this section. Every 2 years the Auditor
25 General, after consulting with the Executive Office of the
26 Governor, the Department of Financial Services Comptroller,
27 and all state awarding agencies ~~that provide state financial~~
28 ~~assistance to nonstate entities,~~ shall review the threshold
29 amount for requiring audits under this section and may adjust
30 such threshold dollar amount consistent with the purposes
31 purpose of this section.

1 (b) "Auditing standards" means the auditing standards
2 as stated in the rules of the Auditor General as applicable to
3 for-profit organizations, nonprofit organizations, or local
4 governmental entities.

5 (c) "Catalog of State Financial Assistance" means a
6 comprehensive listing of state projects. The Catalog of State
7 Financial Assistance shall be issued by the Department of
8 Financial Services ~~Executive Office of the Governor~~ after
9 conferring with ~~the Comptroller~~ and all state awarding
10 ~~agencies that provide state financial assistance to nonstate~~
11 ~~entities~~. The Catalog of State Financial Assistance shall
12 include for each listed state project: the responsible state
13 awarding agency; standard state project number identifier;
14 official title; legal authorization; and description of the
15 state project, including objectives, restrictions, application
16 and awarding procedures, and other relevant information
17 determined necessary.

18 (d) "Coordinating agency" means the state awarding
19 agency that provides the predominant amount of state financial
20 assistance expended by a recipient, as determined by the
21 recipient's Schedule of Expenditures of State Financial
22 Assistance. To provide continuity, the determination of the
23 predominant amount of state financial assistance shall be
24 based upon state financial assistance expended in the
25 recipient's fiscal years ending in 2003, 2006, and 2009, and
26 every third year thereafter.

27 (e)~~(d)~~ "Financial reporting package" means the
28 nonstate entities' financial statements, Schedule of
29 Expenditures of State Financial Assistance, auditor's reports,
30 management letter, auditee's written responses or corrective
31 action plan, correspondence on followup of prior years'

1 corrective actions taken, and such other information
2 determined by the Auditor General to be necessary and
3 consistent with the purposes of this section.

4 (f)~~(e)~~ "Federal financial assistance" means financial
5 assistance from federal sources passed through the state and
6 provided to nonstate organizations ~~entities~~ to carry out a
7 federal program. "Federal financial assistance" includes all
8 types of federal assistance as defined in applicable United
9 States Office of Management and Budget circulars.

10 (g)~~(f)~~ "For-profit organization" means any
11 organization or sole proprietor that ~~but~~ is not a local
12 governmental entity or a nonprofit organization.

13 (h)~~(g)~~ "Independent auditor" means an independent
14 ~~external state or local government auditor or a certified~~
15 public accountant licensed under chapter 473 ~~who meets the~~
16 ~~independence standards.~~

17 (i)~~(h)~~ "Internal control over state projects" means a
18 process, effected by a nonstate ~~an~~ entity's management and
19 other personnel, designed to provide reasonable assurance
20 regarding the achievement of objectives in the following
21 categories:

- 22 1. Effectiveness and efficiency of operations.
- 23 2. Reliability of financial operations.
- 24 3. Compliance with applicable laws and regulations.

25 (j)~~(i)~~ "Local governmental entity" means a county
26 ~~agency~~, municipality, or special district or any other entity
27 (other than a district school board, charter school, or
28 community college, or public university), however styled,
29 which independently exercises any type of governmental
30 function within the state.

31

1 (k)(j) "Major state project" means any state project
2 meeting the criteria as stated in the rules of the Department
3 of Financial Services ~~Executive Office of the Governor~~. Such
4 criteria shall be established after consultation with all ~~the~~
5 ~~Comptroller and appropriate~~ state awarding agencies ~~that~~
6 ~~provide state financial assistance~~ and shall consider the
7 amount of state project expenditures and ~~or~~ expenses or
8 inherent risks. Each major state project shall be audited in
9 accordance with the requirements of this section.

10 (l)(k) "Nonprofit organization" means any corporation,
11 trust, association, cooperative, or other organization that:

12 1. Is operated primarily for scientific, educational
13 service, charitable, or similar purpose in the public
14 interest;

15 2. Is not organized primarily for profit;

16 3. Uses net proceeds to maintain, improve, or expand
17 the operations of the organization; and

18 4. Has no part of its income or profit distributable
19 to its members, directors, or officers.

20 (m)(l) "Nonstate entity" means a local governmental
21 entity, nonprofit organization, or for-profit organization
22 that receives state financial assistance ~~resources~~.

23 (n) "Nonstate organization" means a local governmental
24 entity, nonprofit organization, or for-profit organization
25 that receives state resources.

26 (o)(m) "Recipient" means a nonstate entity that
27 receives state financial assistance directly from a state
28 awarding agency.

29 (p)(n) "Schedule of Expenditures of State Financial
30 Assistance" means a document prepared in accordance with the
31 rules of the Department of Financial Services ~~Comptroller~~ and

1 included in each financial reporting package required by this
2 section.

3 (q)~~(o)~~ "State awarding agency" means a ~~the~~ state
4 agency, as defined in s. 216.011, that provides ~~provided~~ state
5 financial assistance to a ~~the~~ nonstate entity.

6 (r)~~(p)~~ "State financial assistance" means ~~financial~~
7 ~~assistance from~~ state resources, not including federal
8 financial assistance and state matching on federal programs,
9 provided to a nonstate entity ~~entities~~ to carry out a state
10 project. "State financial assistance" shall include the
11 ~~includes all~~ types of state resources ~~assistance as~~ stated in
12 the rules of the Department of Financial Services ~~Executive~~
13 ~~Office of the Governor~~ established in consultation with all
14 ~~the Comptroller and appropriate~~ state awarding agencies that
15 ~~provide state financial assistance. It includes~~ State
16 financial assistance may be provided directly by state
17 awarding agencies or indirectly by nonstate entities
18 ~~recipients of state awards or subrecipients. State financial~~
19 assistance ~~It~~ does not include procurement contracts used to
20 buy goods or services from vendors and. ~~Audits of such~~
21 ~~procurement contracts with vendors are outside of the scope of~~
22 ~~this section. Also, audits of~~ contracts to operate state-owned
23 ~~state-government-owned~~ and contractor-operated facilities ~~are~~
24 ~~excluded from the audit requirements of this section.~~

25 (s)~~(q)~~ "State matching" means state resources provided
26 to a nonstate entity ~~entities to be used~~ to meet federal
27 financial participation matching requirements ~~of federal~~
28 ~~programs.~~

29 (t) "State program" means a set of special purpose
30 activities undertaken to realize identifiable goals and
31 objectives in order to achieve a state agency's mission and

1 legislative intent requiring accountability for state
2 resources.

3 (u)(r) "State project" means a state program that
4 provides all state financial assistance to a nonstate
5 organization and that must be ~~entity~~ assigned a ~~single~~ state
6 project number identifier in the Catalog of State Financial
7 Assistance.

8 (v)(s) "State Projects Compliance Supplement" means a
9 document issued by the Department of Financial Services
10 ~~Executive Office of the Governor~~, in consultation with ~~the~~
11 ~~Comptroller and~~ all state awarding agencies that provide state
12 ~~financial assistance~~. The State Projects Compliance Supplement
13 shall identify state projects, the significant compliance
14 requirements, eligibility requirements, matching requirements,
15 suggested audit procedures, and other relevant information
16 determined necessary.

17 (w)(t) "State project-specific audit" means an audit
18 of one state project performed in accordance with the
19 requirements of subsection (10)(9).

20 (x)(u) "State single audit" means an audit of a
21 nonstate entity's financial statements and state financial
22 assistance. Such audits shall be conducted in accordance with
23 the auditing standards as stated in the rules of the Auditor
24 General.

25 (y)(v) "Subrecipient" means a nonstate entity that
26 receives state financial assistance through another nonstate
27 entity.

28 (z)(w) "Vendor" means a dealer, distributor, merchant,
29 or other seller providing goods or services that are required
30 for the conduct of a state project. These goods or services
31

1 may be for an organization's own use or for the use of
2 beneficiaries of the state project.

3 (3) The Executive Office of the Governor shall be
4 responsible for notifying the Department of Financial Services
5 of any actions during the budgetary process which impact the
6 Catalog of State Financial Assistance.†

7 ~~(a) Upon conferring with the Comptroller and all state~~
8 ~~awarding agencies, adopt rules necessary to provide~~
9 ~~appropriate guidance to state awarding agencies, recipients~~
10 ~~and subrecipients, and independent auditors of state financial~~
11 ~~assistance relating to the requirements of this section,~~
12 ~~including:~~

13 1. ~~The types or classes of financial assistance~~
14 ~~considered to be state financial assistance which would be~~
15 ~~subject to the requirements of this section. This would~~
16 ~~include guidance to assist in identifying when the state~~
17 ~~agency or recipient has contracted with a vendor rather than~~
18 ~~with a recipient or subrecipient.~~

19 2. ~~The criteria for identifying a major state project.~~

20 3. ~~The criteria for selecting state projects for~~
21 ~~audits based on inherent risk.~~

22 ~~(b) Be responsible for coordinating the initial~~
23 ~~preparation and subsequent revisions of the Catalog of State~~
24 ~~Financial Assistance after consultation with the Comptroller~~
25 ~~and all state awarding agencies.~~

26 ~~(c) Be responsible for coordinating the initial~~
27 ~~preparation and subsequent revisions of the State Projects~~
28 ~~Compliance Supplement, after consultation with the Comptroller~~
29 ~~and all state awarding agencies.~~

30 (4) The Department of Financial Services ~~Comptroller~~
31 shall:

1 (a) Upon conferring with the Executive Office of the
2 Governor and all state awarding agencies, adopt rules
3 necessary to provide appropriate guidance to state awarding
4 agencies, nonstate entities, and independent auditors of state
5 financial assistance relating to the requirements of this
6 section, including:

7 1. The types or classes of state resources considered
8 to be state financial assistance that would be subject to the
9 requirements of this section. This would include guidance to
10 assist in identifying when the state awarding agency or a
11 nonstate entity has contracted with a vendor rather than with
12 a recipient or subrecipient.

13 2. The criteria for identifying a major state project.

14 3. The criteria for selecting state projects for
15 audits based on inherent risk.

16 (b) Be responsible for coordinating revisions to the
17 Catalog of State Financial Assistance after consultation with
18 the Executive Office of the Governor and all state awarding
19 agencies.

20 (c) Be responsible for coordinating with the Executive
21 Office of the Governor actions affecting the budgetary process
22 under paragraph (b).

23 (d) Be responsible for coordinating revisions to the
24 State Projects Compliance Supplement, after consultation with
25 the Executive Office of the Governor and all state awarding
26 agencies.

27 (e)~~(a)~~ Make enhancements to the state's accounting
28 system to provide for the:

29 1. Recording of state financial assistance and federal
30 financial assistance appropriations and expenditures within
31 the state awarding agencies' operating funds.

1 2. Recording of state project number identifiers, as
2 provided in the Catalog of State Financial Assistance, for
3 state financial assistance.

4 3. Establishment and recording of an identification
5 code for each financial transaction, including state awarding
6 agencies' disbursements of state financial assistance and
7 federal financial assistance, as to the corresponding type or
8 organization that is party to the transaction(e.g., other
9 governmental agencies, nonprofit organizations, and for-profit
10 organizations), and disbursements of federal financial
11 assistance, as to whether the party to the transaction is or
12 is not a nonstate entity ~~recipient or subrecipient~~.

13 (f)~~(b)~~ Upon conferring with the Executive Office of
14 the Governor and all state awarding agencies, adopt rules
15 necessary to provide appropriate guidance to state awarding
16 agencies, nonstate entities ~~recipients and subrecipients~~, and
17 independent auditors of state financial assistance relating to
18 the format for the Schedule of Expenditures of State Financial
19 Assistance.

20 (g)~~(c)~~ Perform any inspections, reviews,
21 investigations, or audits of state financial assistance
22 considered necessary in carrying out the Department of
23 Financial Services's ~~Comptroller's~~ legal responsibilities for
24 state financial assistance or to comply with the requirements
25 of this section.

26 (5) Each state awarding agency shall:

27 (a) Provide to each ~~a~~ recipient information needed by
28 the recipient to comply with the requirements of this section,
29 including:

30 1. The audit and accountability requirements for state
31 projects as stated in this section and applicable ~~rules of the~~

1 ~~Executive Office of the Governor~~, rules of the Department of
2 Financial Services Comptroller, and rules of the Auditor
3 General.

4 2. Information from the Catalog of State Financial
5 Assistance, including the standard state project number
6 identifier; official title; legal authorization; and
7 description of the state project including objectives,
8 restrictions, and other relevant information determined
9 necessary.

10 3. Information from the State Projects Compliance
11 Supplement, including the significant compliance requirements,
12 eligibility requirements, matching requirements, suggested
13 audit procedures, and other relevant information determined
14 necessary.

15 (b) Require the recipient, as a condition of receiving
16 state financial assistance, to allow the state awarding
17 agency, the Department of Financial Services Comptroller, and
18 the Auditor General access to the recipient's records and the
19 recipient's independent auditor's working papers as necessary
20 for complying with the requirements of this section.

21 (c) Notify the recipient that this section does not
22 limit the authority of the state awarding agency to conduct or
23 arrange for the conduct of additional audits or evaluations of
24 state financial assistance or limit the authority of any state
25 awarding agency inspector general, the Auditor General, or any
26 other state official.

27 (d) Be provided one copy of each financial reporting
28 package prepared in accordance with the requirement of this
29 section.

30 (e) Review the recipient's ~~recipient~~ financial
31 reporting package, including the management letters and

1 corrective action plans, to the extent necessary to determine
2 whether timely and appropriate corrective action has been
3 taken with respect to audit findings and recommendations
4 pertaining to state financial assistance that are specific to
5 ~~provided by~~ the state awarding agency.

6 (f) Designate within the state awarding agency a
7 division, bureau, or other organizational unit that will be
8 responsible for reviewing financial reporting packages
9 pursuant to paragraph (e).

10
11 If the state awarding agency is not the coordinating agency as
12 defined in paragraph (2)(d), the state awarding agency's
13 designated division, bureau, or other organizational unit
14 shall communicate to the coordinating agency the state
15 awarding agency's approval of the recipient's corrective
16 action plan with respect to findings and recommendations that
17 are not specific to the state awarding agency.

18 (6) Each coordinating agency shall:

19 (a) Review the recipient's financial reporting
20 package, including the management letter and corrective action
21 plan, to identify audit findings and recommendations that
22 affect state financial assistance which are not specific to a
23 particular state awarding agency.

24 (b) For any such findings and recommendations
25 determine:

26 1. Whether timely and appropriate corrective action
27 has been taken.

28 2. Promptly inform the state awarding agency's
29 contact, as designated pursuant to paragraph (5)(f), of
30 actions taken by the recipient to comply with the approved
31 corrective action plan.

1 (c) Maintain records of followup actions taken for the
2 use of any succeeding coordinating agency.

3 ~~(7)(6)~~ As a condition of receiving state financial
4 assistance, each nonstate entity recipient that provides state
5 financial assistance to a subrecipient shall:

6 (a) Provide to each a subrecipient information needed
7 by the subrecipient to comply with the requirements of this
8 section, including:

9 1. Identification of the state awarding agency.

10 2. The audit and accountability requirements for state
11 projects as stated in this section and applicable ~~rules of the~~
12 ~~Executive Office of the Governor~~, rules of the Department of
13 Financial Services Comptroller, and rules of the Auditor
14 General.

15 3. Information from the Catalog of State Financial
16 Assistance, including the standard state project number
17 identifier; official title; legal authorization; and
18 description of the state project, including objectives,
19 restrictions, and other relevant information.

20 4. Information from the State Projects Compliance
21 Supplement including the significant compliance requirements,
22 eligibility requirements, matching requirements, and suggested
23 audit procedures, and other relevant information determined
24 necessary.

25 (b) Review the financial reporting package of the
26 subrecipient ~~audit reports~~, including the management letter
27 and corrective action plan letters, to the extent necessary to
28 determine whether timely and appropriate corrective action has
29 been taken with respect to audit findings and recommendations
30 pertaining to state financial assistance provided by a the
31 state awarding agency or nonstate entity.

1 (c) Perform such other procedures as specified in
2 terms and conditions of the written agreement with the state
3 awarding agency or nonstate entity including any required
4 monitoring of the subrecipient's use of state financial
5 assistance through onsite visits, limited scope audits, or
6 other specified procedures.

7 (d) Require subrecipients, as a condition of receiving
8 state financial assistance, to permit the independent auditor
9 of the nonstate entity recipient, the state awarding agency,
10 the Department of Financial Services Comptroller, and the
11 Auditor General access to the subrecipient's records and the
12 subrecipient's independent auditor's working papers as
13 necessary to comply with the requirements of this section.

14 ~~(8)(7)~~ Each recipient or subrecipient of state
15 financial assistance shall comply with the following:

16 (a) Each nonstate entity that ~~receives state financial~~
17 ~~assistance and~~ meets the audit threshold requirements, in any
18 fiscal year of the nonstate entity, as stated in the rules of
19 the Auditor General, shall have a state single audit conducted
20 for such fiscal year in accordance with the requirements of
21 this act and with additional requirements established in ~~rules~~
22 ~~of the Executive Office of the Governor,~~ rules of the
23 Department of Financial Services Comptroller, and rules of the
24 Auditor General. If only one state project is involved in a
25 nonstate entity's fiscal year, the nonstate entity may elect
26 to have only a state project-specific audit ~~of the state~~
27 ~~project for that fiscal year.~~

28 (b) Each nonstate entity that ~~receives state financial~~
29 ~~assistance and~~ does not meet the audit threshold requirements,
30 in any fiscal year of the nonstate entity, as stated in this
31 law or the rules of the Auditor General is exempt for such

1 fiscal year from the state single audit requirements of this
2 section. However, such nonstate entity must meet terms and
3 conditions specified in the written agreement with the state
4 awarding agency or nonstate entity.

5 (c) Regardless of the amount of ~~the~~ state financial
6 assistance, the provisions of this section do not exempt a
7 nonstate entity from compliance with provisions of law
8 relating to maintaining records concerning state financial
9 assistance to such nonstate entity or allowing access and
10 examination of those records by the state awarding agency,
11 nonstate entity, the Department of Financial Services
12 ~~Comptroller~~, or the Auditor General.

13 (d) Audits conducted pursuant to this section shall be
14 performed annually.

15 (e) Audits conducted pursuant to this section shall be
16 conducted by independent auditors in accordance with auditing
17 standards as stated in rules of the Auditor General.

18 (f) Upon completion of the audit as required by this
19 section, a copy of the recipient's financial reporting package
20 shall be filed with the state awarding agency and the Auditor
21 General. Upon completion of the audit as required by this
22 section, a copy of the subrecipient's financial reporting
23 package shall be filed with the nonstate entity recipient that
24 provided the state financial assistance and the Auditor
25 General. The financial reporting package shall be filed in
26 accordance with the rules of the Auditor General.

27 (g) All financial reporting packages prepared pursuant
28 to the requirements of this section shall be available for
29 public inspection.

30 (h) If an audit conducted pursuant to this section
31 discloses any significant audit findings relating to state

1 financial assistance, including material noncompliance with
2 individual state project compliance requirements or reportable
3 conditions in internal controls of the nonstate entity, the
4 nonstate entity shall submit as part of the financial
5 reporting ~~audit~~ package to the state awarding agency or
6 nonstate entity a plan for corrective action to eliminate such
7 audit findings or a statement describing the reasons that
8 corrective action is not necessary.

9 (i) An audit conducted in accordance with this section
10 is in addition to any audit of federal awards required by the
11 federal Single Audit Act and other federal laws and
12 regulations. To the extent that such federally required audits
13 provide the state awarding agency or nonstate entity with
14 information it requires to carry out its responsibilities
15 under state law or other guidance, the ~~a~~ state awarding agency
16 or nonstate entity shall rely upon and use that information.

17 (j) Unless prohibited by law, the costs ~~cost~~ of audits
18 pursuant to this section are ~~is~~ allowable charges to state
19 projects. However, any charges to state projects should be
20 limited to those incremental costs incurred as a result of the
21 audit requirements of this section in relation to other audit
22 requirements. The nonstate entity should allocate such
23 incremental costs to all state projects for which it expended
24 state financial assistance.

25 (k) Audit costs may not be charged to state projects
26 when audits required by this section have not been made or
27 have been made but not in accordance with this section. If a
28 nonstate entity fails to have an audit conducted consistent
29 with this section, a state awarding agency or nonstate entity
30 ~~agencies~~ may take appropriate corrective action to enforce
31 compliance.

1 (1) This section does not prohibit the state awarding
2 agency or nonstate entity from including terms and conditions
3 in the written agreement which require additional assurances
4 that state financial assistance meets the applicable
5 requirements of laws, regulations, and other compliance rules.

6 (m) A state awarding agency or nonstate entity that
7 ~~provides state financial assistance to nonstate entities and~~
8 conducts or arranges for audits of state financial assistance
9 that are in addition to the audits conducted under this act,
10 including audits of nonstate entities that do not meet the
11 audit threshold requirements, shall, consistent with other
12 applicable law, arrange for funding the full cost of such
13 additional audits.

14 ~~(9)(8)~~ The independent auditor when conducting a state
15 single audit of a nonstate entity ~~recipients or subrecipients~~
16 shall:

17 (a) Determine whether the nonstate entity's financial
18 statements are presented fairly in all material respects in
19 conformity with generally accepted accounting principles.

20 (b) Determine whether state financial assistance shown
21 on the Schedule of Expenditures of State Financial Assistance
22 is presented fairly in all material respects in relation to
23 the nonstate entity's financial statements taken as a whole.

24 (c) With respect to internal controls pertaining to
25 each major state project:

- 26 1. Obtain an understanding of internal controls;
- 27 2. Assess control risk;
- 28 3. Perform tests of controls unless the controls are
29 deemed to be ineffective; and
- 30 4. Determine whether the nonstate entity has internal
31 controls in place to provide reasonable assurance of

1 compliance with the provisions of laws and rules pertaining to
2 state financial assistance that have a material effect on each
3 major state project.

4 (d) Determine whether each major state project
5 complied with the provisions of laws, rules, and guidelines as
6 identified in the State Projects Compliance Supplement, or
7 otherwise identified by the state awarding agency, which have
8 a material effect on each major state project. When major
9 state projects are less than 50 percent of the nonstate
10 entity's total expenditures for all state financial
11 assistance, the auditor shall select and test additional state
12 projects as major state projects as necessary to achieve audit
13 coverage of at least 50 percent of the expenditures for all
14 state financial assistance provided to the nonstate entity.
15 Additional state projects needed to meet the 50-percent
16 requirement may be selected on an inherent risk basis as
17 stated in the rules of the Department of Financial Services
18 ~~Executive Office of the Governor~~.

19 (e) Report on the results of any audit conducted
20 pursuant to this section in accordance with the ~~rules of the~~
21 ~~Executive Office of the Governor~~, rules of the Department of
22 Financial Services Comptroller, and rules of the Auditor
23 General. Financial reporting packages ~~Audit reports~~ shall
24 include summaries of the auditor's results regarding the
25 nonstate entity's financial statements; Schedule of
26 Expenditures of State Financial Assistance; internal controls;
27 and compliance with laws, rules, and guidelines.

28 (f) Issue a management letter as prescribed in the
29 rules of the Auditor General.

30 (g) Upon notification by the nonstate entity, make
31 available the working papers relating to the audit conducted

1 pursuant to the requirements of this section to the state
2 awarding agency, the Department of Financial Services
3 ~~Comptroller~~, or the Auditor General for review or copying.

4 (10)~~(9)~~ The independent auditor, when conducting a
5 state project-specific audit of a nonstate entity recipients
6 ~~or subrecipients~~, shall:

7 (a) Determine whether the nonstate entity's Schedule
8 of Expenditures of State Financial Assistance is presented
9 fairly in all material respects in conformity with stated
10 accounting policies.

11 (b) Obtain an understanding of internal controls
12 ~~control~~ and perform tests of internal controls ~~control~~ over
13 the state project consistent with the requirements of a major
14 state project.

15 (c) Determine whether or not the auditee has complied
16 with applicable provisions of laws, rules, and guidelines as
17 identified in the State Projects Compliance Supplement, or
18 otherwise identified by the state awarding agency, which could
19 have a direct and material effect on the state project.

20 (d) Report on the results of the ~~a~~ state
21 project-specific audit consistent with the requirements of the
22 state single audit and issue a management letter as prescribed
23 in the rules of the Auditor General.

24 (e) Upon notification by the nonstate entity, make
25 available the working papers relating to the audit conducted
26 pursuant to the requirements of this section to the state
27 awarding agency, the Department of Financial Services
28 ~~Comptroller~~, or the Auditor General for review or copying.

29 (11)~~(10)~~ The Auditor General shall:

30 (a) Have the authority to audit state financial
31 assistance provided to any nonstate entity when determined

1 necessary by the Auditor General or when directed by the
2 Legislative Auditing Committee.

3 (b) Adopt rules that state the auditing standards that
4 independent auditors are to follow for audits of nonstate
5 entities required by this section.

6 (c) Adopt rules that describe the contents and the
7 filing deadlines for the financial reporting package.

8 (d) Provide technical advice upon request of the
9 Department of Financial Services Comptroller, Executive Office
10 ~~of the Governor,~~ and state awarding agencies relating to
11 financial reporting and audit responsibilities contained in
12 this section.

13 (e) Be provided one copy of each financial reporting
14 package prepared in accordance with the requirements of this
15 section.

16 (f) Perform ongoing reviews of a sample of financial
17 reporting packages filed pursuant to the requirements of this
18 section to determine compliance with the reporting
19 requirements of this section and applicable ~~rules of the~~
20 ~~Executive Office of the Governor,~~ rules of the Department of
21 Financial Services Comptroller, and rules of the Auditor
22 General.

23 Section 45. Section 1010.47, Florida Statutes, is
24 amended to read:

25 1010.47 Receiving bids and sale of bonds.--

26 (1) If the issuance of bonds is authorized at the
27 election, or if any bonds outstanding against the district are
28 being refunded, the district school board shall sell the bonds
29 in the manner provided in s. 218.385. ~~cause notice to be given~~
30 ~~by publication in some newspaper published in the district~~
31 ~~that the board will receive bids for the purchase of the bonds~~

1 ~~at the office of the district school superintendent. The~~
2 ~~notice shall be published twice, and the first publication~~
3 ~~shall be given not less than 30 days prior to the date set for~~
4 ~~receiving the bids. The notice shall specify the amount of the~~
5 ~~bonds offered for sale, shall state whether the bids shall be~~
6 ~~sealed bids or whether the bonds are to be sold at auction,~~
7 ~~and shall give the schedule of maturities of the proposed~~
8 ~~bonds and such other pertinent information as may be~~
9 ~~prescribed by rules of the State Board of Education. Bidders~~
10 ~~may be invited to name the rate of interest that the bonds are~~
11 ~~to bear or the district school board may name rates of~~
12 ~~interest and invite bids thereon. In addition to publication~~
13 ~~of notice of the proposed sale as set forth in this~~
14 ~~subsection, the district school board shall notify in writing~~
15 ~~at least three recognized bond dealers in the state, and, at~~
16 ~~the same time, notify the Department of Education concerning~~
17 ~~the proposed sale and enclose a copy of the advertisement.~~

18 (2) ~~All bonds and refunding bonds issued as provided~~
19 ~~by law shall be sold to the highest and best bidder at such~~
20 ~~public sale unless sold at a better price or yield basis~~
21 ~~within 30 days after failure to receive an acceptable bid at a~~
22 ~~duly advertised public sale, provided that at no time shall~~
23 ~~bonds or refunding bonds be sold or exchanged at less than par~~
24 ~~value except as specifically authorized by the Department of~~
25 ~~Education; and provided, further, that the district school~~
26 ~~board shall have the right to reject all bids and cause a new~~
27 ~~notice to be given in like manner inviting other bids for such~~
28 ~~bonds, or to sell all or any part of such bonds to the State~~
29 ~~Board of Education at a price and yield basis that shall not~~
30 ~~be less advantageous to the district school board than that~~
31 ~~represented by the highest and best bid received. In the~~

1 marketing of the bonds, the district school board shall be
2 entitled to have such assistance as can be rendered by the
3 Division of Bond Finance, the Commissioner of Education, or
4 any other public state officer or agency. In determining the
5 highest and best bidder for bonds offered for sale, the net
6 interest cost to the school board as shown in standard bond
7 tables shall govern, provided that the determination of the
8 district school board as to the highest and best bidder shall
9 be final.

10 Section 46. Effective July 1, 2003, one full-time
11 equivalent position is transferred from the Executive Office
12 of the Governor to the Department of Financial Services.

13 Section 47. This act shall take effect upon becoming a
14 law.

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STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
COMMITTEE SUBSTITUTE FOR
Senate Bill 2566

- * Allows local governments' governing bodies to set travel and per diem rates for their officers, employees and other authorized persons;
- * Clarifies that special districts have the authority to provide group health insurance benefits to their officers and employees.
- * Permits a candidate of a district board of trustees of a fire control board to not appoint a campaign treasurer or designate a primary campaign depository if they don't collect any contributions and whose only expense is the filing fee, and provides that any board member who ceases to be a qualified elector is automatically removed from the board;
- * Eliminates obsolete language concerning local governments' financial statements and transfers the remaining provision into the law related to annual financial audits of local governments;
- * Clarifies the definition of an independent auditor; and
- * Requires that school district must sell bonds in accordance with s. 218.385, F.S. This conforms the law with current practice, and is consistent with related provisions in the bill.