

CHAMBER ACTION

1 The Committee on Local Government & Veterans' Affairs recommends  
2 the following:

3  
4 **Committee Substitute**

5 Remove the entire bill and insert:

6 A bill to be entitled

7 An act relating to local government accountability;  
8 amending s. 11.40, F.S.; revising duties of the  
9 Legislative Auditing Committee; amending s. 11.45, F.S.;  
10 specifying requirements for a petition for a municipal  
11 audit; revising reporting requirements of the Auditor  
12 General; providing for technical advice by the Auditor  
13 General; amending ss. 11.51 and 61.181, F.S.; correcting  
14 cross references; amending s. 75.05, F.S.; deleting a  
15 requirement for an independent special district to submit  
16 a copy of a complaint to the Division of Bond Finance of  
17 the State Board of Administration; amending s. 112.08,  
18 F.S.; clarifying that local governments are authorized to  
19 provide health insurance; amending s. 112.625, F.S.;  
20 revising the definition of "governmental entity" to  
21 include counties and district school boards; amending s.  
22 112.63, F.S.; providing for additional information to be  
23 provided to the Department of Management Services in

HB 547

2004  
CS

24 actuarial reports with regard to retirement systems and  
25 plans and providing procedures therefor; providing for  
26 notification of the Department of Revenue and the  
27 Department of Financial Services in cases of noncompliance  
28 and authorizing the withholding of certain funds;  
29 requiring the Department of Management Services to notify  
30 the Department of Community Affairs in the case of  
31 affected special districts; correcting a cross reference;  
32 amending s. 130.04, F.S.; revising provisions governing  
33 notice of bids and disposition of bonds; amending s.  
34 132.02, F.S.; revising provisions relating to the  
35 authorization to issue refund bonds; amending s. 132.09,  
36 F.S.; revising provisions relating to the notice of sale,  
37 bids, and awards and private sale of bonds; amending s.  
38 163.05, F.S.; revising provisions governing the Small  
39 County Technical Assistance Program; amending s. 166.121,  
40 F.S.; revising provisions governing the issuance of bonds  
41 by a municipality; amending s. 166.241, F.S.; providing a  
42 municipal budget amendment process and requirements;  
43 amending s. 175.261, F.S.; correcting a cross reference;  
44 amending s. 185.221, F.S.; correcting a cross reference;  
45 amending s. 189.4044, F.S.; revising special procedures  
46 for determination of inactive special districts; amending  
47 s. 189.412, F.S.; revising duties of the Special District  
48 Information Program of the Department of Community  
49 Affairs; amending s. 189.418, F.S.; revising reporting  
50 requirements of newly created special districts;  
51 authorizing the governing body of a special district to

HB 547

2004  
CS

52 | amend its budget; amending s. 189.419, F.S.; revising  
53 | provisions relating to the failure of special districts to  
54 | file required reports; amending s. 189.421, F.S.; revising  
55 | provisions governing the failure of special districts to  
56 | disclose financial reports; providing for extension of  
57 | time for the filing of the reports; providing remedies for  
58 | noncompliance; providing for attorney's fees and costs;  
59 | amending s. 189.428, F.S.; revising provisions governing  
60 | the special district oversight review process; amending s.  
61 | 189.439, F.S.; revising provisions governing the issuance  
62 | of bonds by special districts; amending s. 191.005, F.S.;  
63 | exempting a candidate from campaign requirements under  
64 | specified conditions; providing for the removal of a board  
65 | member upon becoming unqualified; amending s. 218.075,  
66 | F.S.; revising provisions governing the reduction or  
67 | waiver of permit processing fees for certain counties;  
68 | amending s. 218.32, F.S., relating to annual financial  
69 | reports; requiring the Department of Financial Services to  
70 | notify the Speaker of the House of Representatives and the  
71 | President of the Senate of any municipality that has not  
72 | had financial activity for a specified period of time;  
73 | providing that such notice is sufficient to initiate  
74 | dissolution procedures; repealing s. 218.321, F.S.,  
75 | relating to annual financial statements of local  
76 | governmental entities; amending s. 218.36, F.S.; revising  
77 | reporting requirements for boards of county commissioners  
78 | relating to the failure of a county officer to comply with  
79 | the provisions of the section; amending s. 218.39, F.S.;

80 providing reporting requirements for certain special  
81 districts; amending s. 218.369, F.S.; revising the  
82 definition of "unit of local government" to include  
83 district school boards; renaming pt. V of ch. 218, F.S.,  
84 as "Local Governmental Entity and District School Board  
85 Financial Emergencies"; amending s. 218.50, F.S.; renaming  
86 ss. 218.50-218.504, F.S., as the "Local Governmental  
87 Entity and District School Board Financial Emergencies  
88 Act"; amending s. 218.501, F.S.; revising the stated  
89 purposes of pt. V of ch. 218, F.S.; amending s. 218.502,  
90 F.S.; revising the definition of "local governmental  
91 entity"; amending s. 218.503, F.S.; revising provisions  
92 governing the determination of a financial emergency for  
93 local governments and district school boards; amending s.  
94 218.504, F.S.; revising provisions relating to the  
95 authority of the Governor and authorizing the Commissioner  
96 of Education to terminate all state actions pursuant to  
97 ss. 218.50-218.504, F.S.; repealing ch. 131, F.S.,  
98 consisting of ss. 131.01, 131.02, 131.03, 131.04, 131.05,  
99 and 131.06, F.S., relating to refunding bonds of counties,  
100 municipalities, and special districts; repealing s.  
101 132.10, F.S., relating to minimum sale price of bonds;  
102 repealing s. 165.052, F.S., relating to special  
103 dissolution procedures for municipalities; repealing s.  
104 189.409, F.S., relating to determination of financial  
105 emergencies of special districts; repealing s. 189.422,  
106 F.S., relating to actions of the Department of Community  
107 Affairs and special districts; repealing s. 200.0684,

108 F.S., relating to an annual compliance report of the  
109 Department of Community Affairs regarding special  
110 districts; repealing s. 218.37(1)(h), F.S., relating to  
111 the requirement that the Division of Bond Finance use a  
112 served copy of the complaint for bond validation to verify  
113 compliance by special districts with the requirements in  
114 s. 218.38, F.S.; amending s. 215.195, F.S., relating to  
115 the Statewide Cost Allocation Plan; providing that the  
116 Department of Financial Services is responsible for the  
117 plan's preparation and the monitoring of agency  
118 compliance; amending s. 215.97, F.S., relating to the  
119 Florida Single Audit Act; revising and providing  
120 definitions; revising the uniform state audit requirements  
121 for state financial assistance that is provided by state  
122 agencies to nonstate entities; requiring the Department of  
123 Financial Services to adopt rules and perform additional  
124 duties with respect to the provision of financial  
125 assistance to carry out state projects; specifying duties  
126 of coordinating agencies; amending s. 288.9610, F.S.;  
127 correcting a cross reference; amending s. 1010.47, F.S.;  
128 providing that school districts must sell bonds in  
129 accordance with the provisions of s. 218.385, F.S.;  
130 deleting obsolete provisions relating to the sale of bonds  
131 by a school district; repealing s. 373.556, F.S., relating  
132 to investment of funds by the governing board of a water  
133 management district; transferring a position from the  
134 Executive Office of the Governor to the Department of  
135 Financial Services; providing an effective date.

HB 547

2004  
CS

136  
137  
138  
139  
140  
141  
142  
143  
144  
145  
146  
147  
148  
149  
150  
151  
152  
153  
154  
155  
156  
157  
158  
159  
160  
161  
162  
163

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

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

11.40 Legislative Auditing Committee.--

(5) Following notification by the Auditor General, the Department of Financial Services, or the Division of Bond Finance of the State Board of Administration of the failure of a local governmental entity, district school board, charter school, or charter technical career center to comply with the applicable provisions within s. 11.45(5)-(7), s. 218.32(1), or s. 218.38, the Legislative Auditing Committee may schedule a hearing. If a hearing is scheduled, the committee shall determine if the entity should be subject to further state action. If the committee determines that the entity should be subject to further state action, the committee shall:

(a) In the case of a local governmental entity or district school board, direct ~~request~~ the Department of Revenue and the Department of Financial Services to withhold any funds not pledged for bond debt service satisfaction which are payable to such entity until the entity complies with the law. The committee, ~~in its request~~, shall specify the date such action shall begin, and the directive ~~request~~ must be received by the Department of Revenue and the Department of Financial Services 30 days before the date of the distribution mandated by law. The Department of Revenue and the Department of Financial Services may implement the provisions of this paragraph.

164 (b) In the case of a special district, notify the  
 165 Department of Community Affairs that the special district has  
 166 failed to comply with the law. Upon receipt of notification, the  
 167 Department of Community Affairs shall proceed pursuant to the  
 168 provisions specified in s. ss. 189.421 and ~~189.422~~.

169 Section 2. Paragraph (g) of subsection (2), subsections  
 170 (3) and (5), paragraph (e) of subsection (7), and subsections  
 171 (8) and (9) of section 11.45, Florida Statutes, are amended to  
 172 read:

173 11.45 Definitions; duties; authorities; reports; rules.--

174 (2) DUTIES.--The Auditor General shall:

175 (g) At least every 2 years, conduct a performance audit of  
 176 the local government financial reporting system, which, for the  
 177 purpose of this chapter, means any statutory provisions related  
 178 to local government financial reporting. The purpose of such an  
 179 audit is to determine the accuracy, efficiency, and  
 180 effectiveness of the reporting system in achieving its goals and  
 181 to make recommendations to the local governments, the Governor,  
 182 and the Legislature as to how the reporting system can be  
 183 improved and how program costs can be reduced. The Auditor  
 184 General shall determine the scope of such audits. The local  
 185 government financial reporting system should provide for the  
 186 timely, accurate, uniform, and cost-effective accumulation of  
 187 financial and other information that can be used by the members  
 188 of the Legislature and other appropriate officials to accomplish  
 189 the following goals:

- 190 1. Enhance citizen participation in local government;
- 191 2. Improve the financial condition of local governments;

HB 547

2004  
CS

192           3. Provide essential government services in an efficient  
193 and effective manner; and

194           4. Improve decisionmaking on the part of the Legislature,  
195 state agencies, and local government officials on matters  
196 relating to local government.

197  
198 The Auditor General shall perform his or her duties  
199 independently but under the general policies established by the  
200 Legislative Auditing Committee. This subsection does not limit  
201 the Auditor General's discretionary authority to conduct other  
202 audits or engagements of governmental entities as authorized in  
203 subsection (3).

204           (3) AUTHORITY FOR AUDITS AND OTHER ENGAGEMENTS.-

205           ~~(a)~~ The Auditor General may, pursuant to his or her own  
206 authority, or at the direction of the Legislative Auditing  
207 Committee, conduct audits or other engagements as determined  
208 appropriate by the Auditor General of:

209           (a)~~1~~. The accounts and records of any governmental entity  
210 created or established by law.

211           (b)~~2~~. The information technology programs, activities,  
212 functions, or systems of any governmental entity created or  
213 established by law.

214           (c)~~3~~. The accounts and records of any charter school  
215 created or established by law.

216           (d)~~4~~. The accounts and records of any direct-support  
217 organization or citizen support organization created or  
218 established by law. The Auditor General is authorized to require



HB 547

2004  
CS

219 and receive any records from the direct-support organization or  
220 citizen support organization, or from its independent auditor.

221 (e)5- The public records associated with any appropriation  
222 made by the Legislature ~~General Appropriations Act~~ to a  
223 nongovernmental agency, corporation, or person. All records of a  
224 nongovernmental agency, corporation, or person with respect to  
225 the receipt and expenditure of such an appropriation shall be  
226 public records and shall be treated in the same manner as other  
227 public records are under general law.

228 (f)6- State financial assistance provided to any nonstate  
229 entity as defined by s. 215.97.

230 (g)7- The Tobacco Settlement Financing Corporation created  
231 pursuant to s. 215.56005.

232 ~~8. The Florida Virtual School created pursuant to s.~~  
233 ~~1002.37.~~

234 (h)9- Any purchases of federal surplus lands for use as  
235 sites for correctional facilities as described in s. 253.037.

236 (i)10- Enterprise Florida, Inc., including any of its  
237 boards, advisory committees, or similar groups created by  
238 Enterprise Florida, Inc., and programs. The audit report may  
239 not reveal the identity of any person who has anonymously made a  
240 donation to Enterprise Florida, Inc., pursuant to this paragraph  
241 ~~subparagraph~~. The identity of a donor or prospective donor to  
242 Enterprise Florida, Inc., who desires to remain anonymous and  
243 all information identifying such donor or prospective donor are  
244 confidential and exempt from the provisions of s. 119.07(1) and  
245 s. 24(a), Art. I of the State Constitution. Such anonymity shall  
246 be maintained in the auditor's report.

HB 547

2004  
CS

247        (j)~~11~~. The Florida Development Finance Corporation or the  
 248 capital development board or the programs or entities created by  
 249 the board. The audit or report may not reveal the identity of  
 250 any person who has anonymously made a donation to the board  
 251 pursuant to this paragraph ~~subparagraph~~. The identity of a donor  
 252 or prospective donor to the board who desires to remain  
 253 anonymous and all information identifying such donor or  
 254 prospective donor are confidential and exempt from the  
 255 provisions of s. 119.07(1) and s. 24(a), Art. I of the State  
 256 Constitution. Such anonymity shall be maintained in the  
 257 auditor's report.

258        (k)~~12~~. The records pertaining to the use of funds from  
 259 voluntary contributions on a motor vehicle registration  
 260 application or on a driver's license application authorized  
 261 pursuant to ss. 320.023 and 322.081.

262        (l)~~13~~. The records pertaining to the use of funds from the  
 263 sale of specialty license plates described in chapter 320.

264        (m)~~14~~. The transportation corporations under contract with  
 265 the Department of Transportation that are acting on behalf of  
 266 the state to secure and obtain rights-of-way for urgently needed  
 267 transportation systems and to assist in the planning and design  
 268 of such systems pursuant to ss. 339.401-339.421.

269        (n)~~15~~. The acquisitions and divestitures related to the  
 270 Florida Communities Trust Program created pursuant to chapter  
 271 380.

272        (o)~~16~~. The Florida Water Pollution Control Financing  
 273 Corporation created pursuant to s. 403.1837.

HB 547

2004  
CS

274        (p)~~17.~~ The Florida Partnership for School Readiness  
275        created pursuant to s. 411.01.

276        (q)~~18.~~ The Florida Special Disability Trust Fund Financing  
277        Corporation created pursuant to s. 440.49.

278        (r)~~19.~~ Workforce Florida, Inc., or the programs or  
279        entities created by Workforce Florida, Inc., created pursuant to  
280        s. 445.004.

281        (s)~~20.~~ The corporation defined in s. 455.32 that is under  
282        contract with the Department of Business and Professional  
283        Regulation to provide administrative, investigative,  
284        examination, licensing, and prosecutorial support services in  
285        accordance with the provisions of s. 455.32 and the practice act  
286        of the relevant profession.

287        (t)~~21.~~ The Florida Engineers Management Corporation  
288        created pursuant to chapter 471.

289        (u)~~22.~~ The Investment Fraud Restoration Financing  
290        Corporation created pursuant to chapter 517.

291        (v)~~23.~~ The books and records of any permitholder that  
292        conducts race meetings or jai alai exhibitions under chapter  
293        550.

294        (w)~~24.~~ The corporation defined in part II of chapter 946,  
295        known as the Prison Rehabilitative Industries and Diversified  
296        Enterprises, Inc., or PRIDE Enterprises.

297        (x) The Florida Virtual School pursuant to s. 1002.37.

298        ~~(b) The Auditor General is also authorized to:~~

299        ~~1. Promote the building of competent and efficient~~  
300        ~~accounting and internal audit organizations in the offices~~  
301        ~~administered by governmental entities.~~

HB 547

2004  
CS

302           ~~2. Provide consultation services to governmental entities~~  
 303           ~~on their financial and accounting systems, procedures, and~~  
 304           ~~related matters.~~

305           (5) PETITION FOR AN AUDIT BY THE AUDITOR GENERAL. -

306           (a) The Legislative Auditing Committee shall direct the  
 307 Auditor General to make an ~~a financial~~ audit of any municipality  
 308 whenever petitioned to do so by at least 20 percent of the  
 309 registered electors in the last general election of that  
 310 municipality pursuant to this subsection. The supervisor of  
 311 elections of the county in which the municipality is located  
 312 shall certify whether or not the petition contains the  
 313 signatures of at least 20 percent of the registered electors of  
 314 the municipality. After the completion of the audit, the Auditor  
 315 General shall determine whether the municipality has the fiscal  
 316 resources necessary to pay the cost of the audit. The  
 317 municipality shall pay the cost of the audit within 90 days  
 318 after the Auditor General's determination that the municipality  
 319 has the available resources. If the municipality fails to pay  
 320 the cost of the audit, the Department of Revenue shall, upon  
 321 certification of the Auditor General, withhold from that portion  
 322 of the distribution pursuant to s. 212.20(6)(d)6. which is  
 323 distributable to such municipality, a sum sufficient to pay the  
 324 cost of the audit and shall deposit that sum into the General  
 325 Revenue Fund of the state.

326           (b) At least one registered elector in the most recent  
 327 general election must file a letter of intent with the municipal  
 328 clerk prior to any petition of the electors of that municipality

HB 547

2004  
CS

329 for the purpose of an audit. Each petition must be submitted to  
330 the supervisor of elections and contain, at a minimum:

- 331 1. The elector's printed name.
- 332 2. The elector's signature.
- 333 3. The elector's residence address.
- 334 4. The elector's date of birth.
- 335 5. The date signed.

336  
337 All petitions must be submitted for verification within 1  
338 calendar year after the audit petition origination by the  
339 municipal electors.

340 (7) AUDITOR GENERAL REPORTING REQUIREMENTS.-

341 (e) The Auditor General shall notify the Governor or the  
342 Commissioner of Education, as appropriate, and the Legislative  
343 Auditing Committee of any audit report reviewed by the Auditor  
344 General pursuant to paragraph (b) which contains a statement  
345 that a the local governmental entity or district school board  
346 has met one or more of the conditions specified ~~is in a state of~~  
347 ~~financial emergency as provided~~ in s. 218.503. If the Auditor  
348 General requests a clarification regarding information included  
349 in an audit report to determine whether a local governmental  
350 entity or district school board has met one or more of the  
351 conditions specified in s. 218.503 ~~is in a state of financial~~  
352 ~~emergency,~~ the requested clarification must be provided within  
353 45 days after the date of the request. If the local governmental  
354 entity or district school board does not comply with the Auditor  
355 General's request, the Auditor General shall notify the  
356 Legislative Auditing Committee. If, after obtaining the

HB 547

2004  
CS

357 requested clarification, the Auditor General determines that the  
 358 local governmental entity or district school board has met one  
 359 or more of the conditions specified in s. 218.503 ~~is in a state~~  
 360 ~~of financial emergency~~, he or she shall notify the Governor or  
 361 the Commissioner of Education, as appropriate, and the  
 362 Legislative Auditing Committee.

363 (8) RULES OF THE AUDITOR GENERAL.-The Auditor General, in  
 364 consultation with the Board of Accountancy, shall adopt rules  
 365 for the form and conduct of all financial audits performed by  
 366 independent certified public accountants pursuant to ss.  
 367 215.981, 218.39, 1001.453, 1004.28, and 1004.70. The rules for  
 368 audits of local governmental entities and district school boards  
 369 must include, but are not limited to, requirements for the  
 370 reporting of information necessary to carry out the purposes of  
 371 the Local Governmental Entity and District School Board  
 372 ~~Government~~ Financial Emergencies Act as stated in s. 218.501.

373 (9) TECHNICAL ADVICE ~~OTHER GUIDANCE~~ PROVIDED BY THE  
 374 AUDITOR GENERAL.-The Auditor General may provide technical  
 375 advice to: ~~in consultation with~~

376 (a) The Department of Education in the development of,  
 377 ~~shall develop~~ a compliance supplement for the financial audit of  
 378 a district school board conducted by an independent certified  
 379 public accountant.

380 (b) Governmental entities on their financial and  
 381 accounting systems, procedures, and related matters.

382 (c) Governmental entities on promoting the building of  
 383 competent and efficient accounting and internal audit  
 384 organizations in their offices.

HB547

2004  
CS

385 Section 3. Subsection (4) of section 11.51, Florida  
386 Statutes, is amended to read:

387 11.51 Office of Program Policy Analysis and Government  
388 Accountability.--

389 (4) The Office of Program Policy Analysis and Government  
390 Accountability is authorized to examine all entities and records  
391 listed in s. 11.45(3)~~(a)~~.

392 Section 4. Subsection (10) of section 61.181, Florida  
393 Statutes, is amended to read:

394 61.181 Depository for alimony transactions, support,  
395 maintenance, and support payments; fees.--

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

399 Section 5. Subsection (3) of section 75.05, Florida  
400 Statutes, is amended to read:

401 75.05 Order and service.--

402 (3) ~~In the case of independent special districts as~~  
403 ~~defined in s. 218.31(7), a copy of the complaint shall be served~~  
404 ~~on the Division of Bond Finance of the State Board of~~  
405 ~~Administration.~~ Notwithstanding any other provision of law,  
406 whether a general law or special act, validation of bonds to be  
407 issued by a special district, other than a community development  
408 district established pursuant to chapter 190, as provided in s.  
409 190.016(12), is not mandatory, but is at the option of the  
410 issuer. However, the validation of bonds issued by such  
411 community development districts shall not be required on  
412 refunding issues.

413 Section 6. Paragraph (a) of subsection (2) of section  
414 112.08, Florida Statutes, is amended to read:

415 112.08 Group insurance for public officers, employees, and  
416 certain volunteers; physical examinations.--

417 (2)(a) Notwithstanding any general law or special act to  
418 the contrary, every local governmental unit is authorized to  
419 provide and pay out of its available funds for all or part of  
420 the premium for life, health, accident, hospitalization, legal  
421 expense, or annuity insurance, or all or any kinds of such  
422 insurance, for the officers and employees of the local  
423 governmental unit and for health, accident, hospitalization, and  
424 legal expense insurance for the dependents of such officers and  
425 employees upon a group insurance plan and, to that end, to enter  
426 into contracts with insurance companies or professional  
427 administrators to provide such insurance. Before entering any  
428 contract for insurance, the local governmental unit shall  
429 advertise for competitive bids; and such contract shall be let  
430 upon the basis of such bids. If a contracting health insurance  
431 provider becomes financially impaired as determined by the  
432 Office of Insurance Regulation of the Financial Services  
433 Commission or otherwise fails or refuses to provide the  
434 contracted-for coverage or coverages, the local government may  
435 purchase insurance, enter into risk management programs, or  
436 contract with third-party administrators and may make such  
437 acquisitions by advertising for competitive bids or by direct  
438 negotiations and contract. The local governmental unit may  
439 undertake simultaneous negotiations with those companies which  
440 have submitted reasonable and timely bids and are found by the



HB 547

2004  
CS

441 local governmental unit to be fully qualified and capable of  
 442 meeting all servicing requirements. Each local governmental unit  
 443 may self-insure any plan for health, accident, and  
 444 hospitalization coverage or enter into a risk management  
 445 consortium to provide such coverage, subject to approval based  
 446 on actuarial soundness by the Office of Insurance Regulation;  
 447 and each shall contract with an insurance company or  
 448 professional administrator qualified and approved by the office  
 449 to administer such a plan.

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

452 112.625 Definitions.--As used in this act:

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

457 Section 8. Subsections (2) and (4) of section 112.63,  
 458 Florida Statutes, are amended to read:

459 112.63 Actuarial reports and statements of actuarial  
 460 impact; review.--

461 (2) The frequency of actuarial reports must be at least  
 462 every 3 years commencing from the last actuarial report of the  
 463 plan or system or October 1, 1980, if no actuarial report has  
 464 been issued within the 3-year period prior to October 1, 1979.  
 465 The results of each actuarial report shall be filed with the  
 466 plan administrator within 60 days of certification. Thereafter,  
 467 the results of each actuarial report shall be made available for  
 468 inspection upon request. Additionally, each retirement system or

HB 547

2004  
CS

469 | plan covered by this act which is not administered directly by  
 470 | the Department of Management Services shall furnish a copy of  
 471 | each actuarial report to the Department of Management Services  
 472 | within 60 days after receipt from the actuary. The requirements  
 473 | of this section are supplemental to actuarial valuations  
 474 | necessary to comply with the requirements of s. ss. 218.321 and  
 475 | 218.39.

476 |       (4) Upon receipt, pursuant to subsection (2), of an  
 477 | actuarial report, or upon receipt, pursuant to subsection (3),  
 478 | of a statement of actuarial impact, the Department of Management  
 479 | Services shall acknowledge such receipt, but shall only review  
 480 | and comment on each retirement system's or plan's actuarial  
 481 | valuations at least on a triennial basis. If the department  
 482 | finds that the actuarial valuation is not complete, accurate, or  
 483 | based on reasonable assumptions or otherwise materially fails to  
 484 | satisfy the requirements of this part, if the department  
 485 | requires additional material information necessary to complete  
 486 | its review of the actuarial valuation of a system or plan or  
 487 | material information necessary to satisfy the duties of the  
 488 | department pursuant to s. 112.665(1), or if the department does  
 489 | not receive the actuarial report or statement of actuarial  
 490 | impact, the department shall notify the administrator of the  
 491 | affected retirement system or plan and the affected governmental  
 492 | entity ~~local government~~ and request appropriate adjustment, the  
 493 | additional material information, the required report, or the  
 494 | statement. The notification must inform the administrator of the  
 495 | affected retirement system or plan and the affected governmental  
 496 | entity of the consequences for failure to comply with the

HB 547

2004  
CS

497 requirements of this subsection. If, after a reasonable period  
 498 of time, a satisfactory adjustment is not made, or the  
 499 additional material information, the report, or the statement is  
 500 not provided, the department may notify the Department of  
 501 Revenue and the Department of Financial Services of such  
 502 noncompliance, in which case the Department of Revenue and the  
 503 Department of Financial Services shall withhold any funds not  
 504 pledged for satisfaction of bond debt service which are payable  
 505 to the affected governmental entity until the adjustment is made  
 506 or the additional material information, the report, or the  
 507 statement is provided to the department. The department shall  
 508 specify the date such action is to begin, and notification by  
 509 the department must be received by the Department of Revenue,  
 510 the Department of Financial Services, and the affected  
 511 governmental entity 30 days before the date the action begins.

512 (a) Within 21 days after receipt of the notice, the  
 513 affected governmental entity ~~local government or the department~~  
 514 may petition for a hearing under ~~the provisions of~~ ss. 120.569  
 515 and 120.57 with the Department of Management Services. The  
 516 Department of Revenue and the Department of Financial Services  
 517 may not be parties to any such hearing, but may request to  
 518 intervene if requested by the Department of Management Services  
 519 or if the Department of Revenue or the Department of Financial  
 520 Services determines its interests may be adversely affected by  
 521 the hearing. If the administrative law judge recommends in favor  
 522 of the department, the department shall perform an actuarial  
 523 review, ~~or~~ prepare the statement of actuarial impact, or collect  
 524 the requested material information. The cost to the department

HB 547

2004  
CS

525 | of performing such actuarial review, ~~or preparing the such~~  
 526 | statement, or collecting the requested material information  
 527 | shall be charged to the affected governmental entity of which  
 528 | the employees are covered by the retirement system or plan. If  
 529 | payment of such costs is not received by the department within  
 530 | 60 days after receipt by the affected governmental entity of the  
 531 | request for payment, the department shall certify to the  
 532 | Department of Revenue and the Department of Financial Services  
 533 | ~~Chief Financial Officer~~ the amount due, and the Department of  
 534 | Revenue and the Department of Financial Services ~~Chief Financial~~  
 535 | ~~Officer~~ shall pay such amount to the Department of Management  
 536 | Services from any funds not pledged for satisfaction of bond  
 537 | debt service that are payable to the affected governmental  
 538 | entity of which the employees are covered by the retirement  
 539 | system or plan. If the administrative law judge recommends in  
 540 | favor of the affected governmental entity ~~local retirement~~  
 541 | ~~system~~ and the department performs an actuarial review, prepares  
 542 | the statement of actuarial impact, or collects the requested  
 543 | material information, the cost to the department of performing  
 544 | the actuarial review, preparing the statement, or collecting the  
 545 | requested material information shall be paid by the Department  
 546 | of Management Services.

547 |       (b) In the case of an affected special district, the  
 548 | Department of Management Services shall also notify the  
 549 | Department of Community Affairs. Upon receipt of notification,  
 550 | the Department of Community Affairs shall proceed pursuant to  
 551 | the provisions of s. 189.421 with regard to the special  
 552 | district.

HB 547

2004  
CS

553 Section 9. Section 130.04, Florida Statutes, is amended to  
554 read:

555 130.04 Sale ~~Notice for bids and disposition~~ of bonds.--In  
556 case the issuing of bonds shall be authorized by the result of  
557 such election, the county commissioners shall sell the bonds in  
558 the manner provided in s. 218.385 ~~cause notice to be given by~~  
559 ~~publication in a newspaper published in the county, or in some~~  
560 ~~newspaper published in the same judicial circuit, if there be~~  
561 ~~none published in the county, that they will receive bids for~~  
562 ~~the purchase of county bonds at the clerk's office, on a date~~  
563 ~~not less than 10 days nor more than 60 days from the first~~  
564 ~~publication of such notice. The notice shall specify the amount~~  
565 ~~of bonds offered for sale, the rate of interest, and the time~~  
566 ~~when principal and installments of interest shall be due and~~  
567 ~~payable. Any and all bids shall be rejected if the commissioners~~  
568 ~~shall deem it to the best interest for the county so to do, and~~  
569 ~~they may cause a new notice to be given in like manner inviting~~  
570 ~~other bids for said bonds; provided, that when the rate of~~  
571 ~~interest on said bonds exceeds 5 percent per annum, said bonds~~  
572 ~~shall not be sold for less than 95 cents on the dollar, but when~~  
573 ~~any bonds have heretofore been provided for by election, and the~~  
574 ~~rate of interest is 5 percent per annum, or less, that in such~~  
575 ~~eases the county commissioners may accept less than 95 cents~~  
576 ~~upon the dollar, in the sale of said bonds, or for any portion~~  
577 ~~of said bonds not already sold; provided, however, no bonds~~  
578 ~~shall be sold for less than 90 cents on the dollar.~~

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

HB 547

2004  
CS

581 |           132.02 Taxing units may refund obligations.--

582 |           (1) Each county, municipality, ~~city, town, special road~~  
 583 | ~~and bridge district, special tax~~ school district, or ~~and~~ other  
 584 | taxing district ~~districts~~ in this state, herein sometimes called  
 585 | a unit, may issue, pursuant to a resolution or resolutions of  
 586 | the governing body thereof (meaning thereby the board or body  
 587 | vested with the power of determining the amount of tax levies  
 588 | required for taxing the taxable property of such unit for the  
 589 | purpose of such unit) and either with or without the approval of  
 590 | such bonds at an election, except as may be required by the  
 591 | Constitution of the state, bonds of such unit for the purpose of  
 592 | refunding any or all bonds, coupons, or interest on any such  
 593 | bonds, ~~or coupons or paving certificates of indebtedness or~~  
 594 | ~~interest on any such paving certificates of indebtedness~~, now or  
 595 | hereafter outstanding, or any other funded debt, all of which  
 596 | are herein referred to as bonds, whether such unit created such  
 597 | indebtedness or has assumed, or may become liable therefor, ~~and~~  
 598 | ~~whether indebtedness to be refunded has matured or to thereafter~~  
 599 | ~~become matured.~~

600 |           Section 11. Section 132.09, Florida Statutes, is amended  
 601 | to read:

602 |           132.09 Sale of bonds ~~Notice of sale; bids and award;~~  
 603 | ~~private sale.~~--When sold, the refunding bonds (except as  
 604 | otherwise expressly provided) shall be sold in the manner  
 605 | provided in s. 218.385 ~~pursuant to the terms of a notice of sale~~  
 606 | ~~which shall be published at least twice. The first publication~~  
 607 | ~~to be not less than 7 days before the date fixed for the sale~~  
 608 | ~~and to be published in a newspaper published in the unit, or if~~

HB 547

2004  
CS

609 ~~no newspaper is published in the unit, then in a newspaper~~  
610 ~~published in the county, or if no newspaper is published in the~~  
611 ~~county, then in a newspaper published in Tallahassee, and in the~~  
612 ~~discretion of the governing body of the unit may be published in~~  
613 ~~a financial newspaper in the City of New York. Such notices~~  
614 ~~shall state the time and place and when and where sealed bids~~  
615 ~~will be received, shall state the amount of bonds, their dates,~~  
616 ~~maturities, denominations and interest rate or rates (which may~~  
617 ~~be a maximum rate), interest payment dates, an outline of the~~  
618 ~~terms, if any, on which they are redeemable or become payable~~  
619 ~~before maturity, the amount which must be deposited with the bid~~  
620 ~~to secure its performance if accepted, and such other pertinent~~  
621 ~~information as the governing body of the unit may determine.~~  
622 ~~The notice of sale may require the bidders to fix the interest~~  
623 ~~rate or rates that the bonds are to bear subject to the terms of~~  
624 ~~the notice and the maximum rate permitted by this chapter. The~~  
625 ~~award of the bonds shall be made by the governing body of the~~  
626 ~~unit to the bidder making the most advantageous bid which shall~~  
627 ~~be determined by the governing body in its absolute and~~  
628 ~~uncontrolled discretion. The right to reject all bids shall be~~  
629 ~~reserved to the governing body of the unit. If no bids are~~  
630 ~~received at such public sale, or if all bids are rejected, the~~  
631 ~~bonds may be sold without notice at private sale at any time~~  
632 ~~within one year thereafter, but such bonds shall not be sold at~~  
633 ~~private sale on terms less favorable to the unit than were~~  
634 ~~contained in the best bid at the prior public sale.~~

635 Section 12. Paragraph (a) of subsection (2) of section  
636 163.05, Florida Statutes, is amended to read:

HB 547

2004  
CS

637 | 163.05 Small County Technical Assistance Program.--

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

640 | (a) The financial difficulties ~~fiscal emergencies~~  
641 | confronting small counties require an investment that will  
642 | facilitate efforts to improve the productivity and efficiency of  
643 | small counties' structures and operating procedures.

644 | Section 13. Subsection (2) of section 166.121, Florida  
645 | Statutes, is amended to read:

646 | 166.121 Issuance of bonds.--

647 | (2) The governing body of a municipality shall determine  
648 | the terms and manner of sale and distribution or other  
649 | disposition of any and all bonds it may issue, consistent with  
650 | the provisions of s. 218.385, and shall have any and all powers  
651 | necessary or convenient to such disposition.

652 | Section 14. Section 166.241, Florida Statutes, is amended  
653 | to read:

654 | 166.241 Fiscal years, ~~financial reports~~, appropriations,  
655 | ~~and budgets~~, and budget amendments.--

656 | ~~(1) Each municipality shall report its finances annually~~  
657 | ~~as provided by general law.~~

658 | (1)(2) Each municipality shall make provision for  
659 | establishing a fiscal year beginning October 1 of each year and  
660 | ending September 30 of the following year.

661 | (2)(3) The governing body of each municipality shall adopt  
662 | a budget each fiscal year. The budget must be adopted by  
663 | ordinance or resolution unless otherwise specified in the  
664 | respective municipality's charter. The amount available from



665 | taxation and other sources, including amounts carried over from  
 666 | prior fiscal years, must equal the total appropriations for  
 667 | expenditures and reserves. The budget must regulate expenditures  
 668 | of the municipality, and it is unlawful for any officer of a  
 669 | municipal government to expend or contract for expenditures in  
 670 | any fiscal year except in pursuance of budgeted appropriations.

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

674 | (a) Appropriations for expenditures within a fund may be  
 675 | decreased or increased by motion recorded in the minutes,  
 676 | provided that the total of the appropriations of the fund is not  
 677 | changed.

678 | (b) The governing body may establish procedures by which  
 679 | the designated budget officer may authorize certain budget  
 680 | amendments within a department, provided that the total of the  
 681 | appropriations of the department is not changed.

682 | (c) If a budget amendment is required for a purpose not  
 683 | specifically authorized in paragraph (a) or paragraph (b), the  
 684 | budget amendment must be adopted in the same manner as the  
 685 | original budget unless otherwise specified in the charter of the  
 686 | respective municipality.

687 | Section 15. Paragraph (b) of subsection (1) of section  
 688 | 175.261, Florida Statutes, is amended to read:

689 | 175.261 Annual report to Division of Retirement; actuarial  
 690 | valuations.--For any municipality, special fire control  
 691 | district, chapter plan, local law municipality, local law  
 692 | special fire control district, or local law plan under this

HB 547

2004  
CS

693 | chapter, the board of trustees for every chapter plan and local  
694 | law plan shall submit the following reports to the division:

695 |       (1) With respect to chapter plans:

696 |       (b) In addition to annual reports provided under paragraph  
697 | (a), by February 1 of each triennial year, an actuarial  
698 | valuation of the chapter plan must be made by the division at  
699 | least once every 3 years, as provided in s. 112.63, commencing 3  
700 | years from the last actuarial valuation of the plan or system  
701 | for existing plans, or commencing 3 years from issuance of the  
702 | initial actuarial impact statement submitted under s. 112.63 for  
703 | newly created plans. To that end, the chair of the board of  
704 | trustees for each firefighters' pension trust fund operating  
705 | under a chapter plan shall report to the division such data as  
706 | it needs to complete an actuarial valuation of each fund. The  
707 | forms for each municipality and special fire control district  
708 | shall be supplied by the division. The expense of this actuarial  
709 | valuation shall be borne by the firefighters' pension trust fund  
710 | established by ss. 175.041 and 175.121. The requirements of this  
711 | section are supplemental to the actuarial valuations necessary  
712 | to comply with s. ~~ss. 218.321~~ and 218.39.

713 |       Section 16. Paragraph (b) of subsection (1) of section  
714 | 185.221, Florida Statutes, is amended to read:

715 |       185.221 Annual report to Division of Retirement; actuarial  
716 | valuations.--For any municipality, chapter plan, local law  
717 | municipality, or local law plan under this chapter, the board of  
718 | trustees for every chapter plan and local law plan shall submit  
719 | the following reports to the division:

720 |       (1) With respect to chapter plans:

HB 547

2004  
CS

721 (b) In addition to annual reports provided under paragraph  
 722 (a), by February 1 of each triennial year, an actuarial  
 723 valuation of the chapter plan must be made by the division at  
 724 least once every 3 years, as provided in s. 112.63, commencing 3  
 725 years from the last actuarial valuation of the plan or system  
 726 for existing plans, or commencing 3 years from the issuance of  
 727 the initial actuarial impact statement submitted under s. 112.63  
 728 for newly created plans. To that end, the chair of the board of  
 729 trustees for each municipal police officers' retirement trust  
 730 fund operating under a chapter plan shall report to the division  
 731 such data as the division needs to complete an actuarial  
 732 valuation of each fund. The forms for each municipality shall be  
 733 supplied by the division. The expense of the actuarial valuation  
 734 shall be borne by the municipal police officers' retirement  
 735 trust fund established by s. 185.10. The requirements of this  
 736 section are supplemental to the actuarial valuations necessary  
 737 to comply with s. ss. 218.321 and 218.39.

738 Section 17. Section 189.4044, Florida Statutes, is amended  
 739 to read:

740 189.4044 Special procedures for inactive districts.--

741 (1) The department shall declare inactive any special  
 742 district in this state by documenting that ~~filing a report with~~  
 743 ~~the Speaker of the House of Representatives and the President of~~  
 744 ~~the Senate which shows that such special district is no longer~~  
 745 ~~active. The inactive status of the special district must be~~  
 746 ~~based upon a finding:~~

747 (a) ~~That~~ The special district meets one of the following  
 748 criteria:

HB 547

2004  
CS

749           1. The registered agent of the district, the chair of the  
750 governing body of the district, or the governing body of the  
751 appropriate local general-purpose government notifies the  
752 department in writing that the district has taken no action for  
753 2 or more calendar years;

754           2. Following an inquiry from the department, the  
755 registered agent of the district, the chair of the governing  
756 body of the district, or the governing body of the appropriate  
757 local general-purpose government notifies the department in  
758 writing that the district has not had a governing board or a  
759 sufficient number of governing board members to constitute a  
760 quorum for 2 or more years or the registered agent of the  
761 district, the chair of the governing body of the district, or  
762 the governing body of the appropriate local general-purpose  
763 government fails to respond to the department's inquiry within  
764 21 days; or 18 or more months;

765           3. The department determines, pursuant to s. 189.421, that  
766 the district has failed to file or make a good faith effort to  
767 file any of the reports listed in s. 189.419.; or

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

771           (b) The department, special district, or local general-  
772 purpose government published ~~That~~ a notice of the proposed  
773 declaration of inactive status has been published once a week  
774 ~~for 2 weeks~~ in a newspaper of general circulation in within the  
775 county or municipality in which ~~wherein~~ the territory of the  
776 special district is located and sent a copy of such notice by

HB 547

2004  
CS

777 certified mail to the registered agent or chair of the board, if  
 778 any. Such notice must include,~~stating~~ the name of the said  
 779 special district, the law under which it was organized and  
 780 operating, a general description of the territory included in  
 781 the said special district, and a statement ~~stating~~ that any  
 782 objections must be filed pursuant to chapter 120 within 21 days  
 783 after the publication date. ~~to the proposed declaration or to~~  
 784 ~~any claims against the assets of said special district shall be~~  
 785 ~~filed not later than 60 days following the date of last~~  
 786 ~~publication with the department; and~~

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

791 (2) If any special district is declared inactive pursuant  
 792 to this section, the property or assets of the special district  
 793 are subject to legal process for payment of any debts of the  
 794 district. After the payment of all the debts of said inactive  
 795 special district, the remainder of its property or assets shall  
 796 escheat to the county or municipality wherein located. If,  
 797 however, it shall be necessary, in order to pay any such debt,  
 798 to levy any tax or taxes on the property in the territory or  
 799 limits of the inactive special district, the same may be  
 800 assessed and levied by order of the local general-purpose  
 801 government wherein the same is situated and shall be assessed by  
 802 the county property appraiser and collected by the county tax  
 803 collector.

HB 547

2004  
CS

804           (3) In the case of a district created by special act of  
 805 the Legislature, the department shall send a notice of  
 806 declaration of inactive status to ~~notify~~ the Speaker of the  
 807 House of Representatives and the President of the Senate. The  
 808 notice of declaration of inactive status shall reference ~~of~~ each  
 809 known special act creating or amending the charter of any  
 810 special district declared to be inactive under this section.  
 811 The declaration of inactive status shall be sufficient notice as  
 812 required by s. 10, Art. III of the State Constitution to  
 813 authorize the Legislature to repeal any special laws so  
 814 reported. In the case of a district created by one or more local  
 815 general-purpose governments, the department shall send a notice  
 816 of declaration of inactive status to the chair of the governing  
 817 body of each local general-purpose government that created the  
 818 district. In the case of a district created by interlocal  
 819 agreement, the department shall send a notice of declaration of  
 820 inactive status to the chair of the governing body of each local  
 821 general-purpose government which entered into the interlocal  
 822 agreement.

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

827           Section 18. Subsection (1) of section 189.412, Florida  
 828 Statutes, is amended, and subsection (8) is added to said  
 829 section, to read:

830           189.412 Special District Information Program; duties and  
 831 responsibilities.--The Special District Information Program of

HB 547

2004  
CS

832 the Department of Community Affairs is created and has the  
833 following special duties:

834 (1) The collection and maintenance of special district  
835 noncompliance ~~compliance~~ status reports from the Department of  
836 Management Services Auditor General, the Department of Financial  
837 Services, the Division of Bond Finance of the State Board of  
838 Administration, and the Auditor General ~~the Department of~~  
839 ~~Management Services, the Department of Revenue, and the~~  
840 ~~Commission on Ethics~~ for the reporting required in ss. ~~112.3144,~~  
841 ~~112.3145, 112.3148, 112.3149, 112.63, 200.068, 218.32, 218.38,~~  
842 ~~and 218.39, and 280.17 and chapter 121 and from state agencies~~  
843 ~~administering programs that distribute money to special~~  
844 ~~districts. The noncompliance special district compliance status~~  
845 ~~reports must list those consist of a list of special districts~~  
846 ~~used in that state agency and a list of which special districts~~  
847 ~~that did not comply with the statutory reporting requirements~~  
848 ~~statutorily required by that agency.~~

849 (8) The provision of assistance to local general-purpose  
850 governments and certain state agencies in collecting delinquent  
851 reports or information, helping special districts comply with  
852 reporting requirements, declaring special districts inactive  
853 when appropriate, and, when directed by the Legislative Auditing  
854 Committee, initiating enforcement provisions as provided in ss.  
855 189.4044, 189.419, and 189.421.

856 Section 19. Subsections (1) and (2) of section 189.418,  
857 Florida Statutes, are amended, subsection (5) is renumbered as  
858 subsection (6), present subsection (6) is renumbered as

HB 547

2004  
CS

859 subsection (7) and amended, and a new subsection (5) is added to  
860 said section, to read:

861 189.418 Reports; budgets; audits.--

862 (1) When a new special district is created, the district  
863 must forward to the department, within 30 days after the  
864 adoption of the special act, rule, ordinance, resolution, or  
865 other document that provides for the creation of the district, a  
866 copy of the document and a written statement that includes a  
867 reference to the status of the special district as dependent or  
868 independent and the basis for such classification. In addition  
869 to the document or documents that create the district, the  
870 district must also submit a map of the district, showing any  
871 municipal boundaries that cross the district's boundaries, and  
872 any county lines if the district is located in more than one  
873 county. The department must notify the local government or other  
874 entity and the district within 30 days after receipt of the  
875 document or documents that create the district as to whether the  
876 district has been determined to be dependent or independent.

877 (2) Any amendment, modification, or update of the document  
878 by which the district was created, including changes in  
879 boundaries, must be filed with the department within 30 days  
880 after adoption. The department may initiate proceedings against  
881 special districts as provided in s. ss. 189.421 and 189.422 for  
882 failure to file the information required by this subsection.

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



HB547

2004  
CS

887        ~~(7)(6)~~ All reports or information required to be filed  
888 with a local governing authority under ss. 189.415, 189.416, and  
889 189.417, ~~218.32, and 218.39~~ and this section shall:

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

892        (b) When the district is a multicounty district, be filed  
893 with the clerk of the county commission in each county.

894        (c) When the local governing authority is a municipality,  
895 be filed at the place designated by the municipal governing  
896 body.

897        Section 20. Section 189.419, Florida Statutes, is amended  
898 to read:

899        189.419 Effect of failure to file certain reports or  
900 information.--

901        (1) If a special district fails to file the reports or  
902 information required under s. 189.415, s. 189.416, or s.  
903 189.417, ~~s. 189.418, s. 218.32, or s. 218.39~~ and a description  
904 ~~of all new bonds as provided in s. 218.38(1)~~ with the local  
905 governing authority, the person authorized to receive and read  
906 the reports or information shall notify the district's  
907 registered agent and the appropriate local governing authority  
908 or authorities. If requested by the district ~~At any time~~, the  
909 governing authority shall ~~may~~ grant an extension of time of up  
910 to 30 days for filing the required reports or information,  
911 ~~except that an extension may not exceed 30 days.~~

912        (2) If at any time the local governing authority or  
913 authorities or the board of county commissioners determines that  
914 there has been an unjustified failure to file the reports or

HB 547

2004  
CS

915 information described in subsection (1), it may notify ~~petition~~  
 916 the department and the department may proceed pursuant to  
 917 ~~initiate proceedings against the special district in the manner~~  
 918 ~~provided in s. 189.421.~~

919 (3) If a special district fails to file the reports or  
 920 information required under s. 112.63, s. 218.32, s. 218.38, or  
 921 s. 218.39 with the appropriate state agency, the agency shall  
 922 notify the department, and the department shall proceed pursuant  
 923 to s. 189.421 ~~may initiate proceedings against the special~~  
 924 ~~district in the manner provided in s. 189.421 or assess fines of~~  
 925 ~~not more than \$25, with an aggregate total not to exceed \$50,~~  
 926 ~~when formal inquiries do not resolve the noncompliance.~~

927 Section 21. Section 189.421, Florida Statutes, is amended  
 928 to read:

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

931 189.421 Failure of district to disclose financial  
 932 reports.--

933 (1) When notified pursuant to s. 189.419, the department  
 934 shall attempt to assist a special district to comply with its  
 935 financial reporting requirements by sending a certified letter  
 936 to the special district, and a copy of the letter to the chair  
 937 of the governing body of the local general-purpose government,  
 938 which includes the following: a description of the required  
 939 report, including statutory submission deadlines, a contact  
 940 telephone number for technical assistance to help the special  
 941 district comply, a 60-day extension of time for filing the  
 942 required report with the appropriate entity, the address where

HB 547

2004  
CS

943 the report must be filed, and an explanation of the penalties  
944 for noncompliance. The department may grant an additional 30-day  
945 extension of time if requested to do so in writing by the  
946 special district. The department shall notify the appropriate  
947 entity of the new extension of time. In the case of a special  
948 district that did not timely file the reports or information  
949 required by s. 218.38, the department shall send a certified  
950 technical assistance letter to the special district that  
951 summarizes the requirements and encourages the special district  
952 to take steps to prevent the noncompliance from reoccurring.

953 (2) Failure of a special district to comply with the  
954 financial reporting requirements after the procedures of  
955 subsection (1) are exhausted shall be deemed final action of the  
956 special district. The financial reporting requirements are  
957 declared to be essential requirements of law. Remedy for  
958 noncompliance shall be by writ of certiorari as set forth in  
959 subsection (3).

960 (3) Pursuant to s. 11.40(5)(b), the Legislative Auditing  
961 Committee shall notify the department of those districts that  
962 failed to file the required report. Within 30 days after  
963 receiving this notice or within 30 days after the extension date  
964 provided in subsection (1), whichever occurs later, the  
965 department shall proceed as follows: notwithstanding the  
966 provisions of chapter 120, the department shall file a petition  
967 for writ of certiorari with the circuit court. Venue for all  
968 actions pursuant to this subsection shall be in Leon County. The  
969 court shall award the prevailing party attorney's fees and costs  
970 in all cases filed pursuant to this section unless affirmatively

HB 547

2004  
CS

971 waived by all parties. A writ of certiorari shall be issued  
 972 unless a respondent establishes that the notification of the  
 973 Legislative Auditing Committee was issued as a result of  
 974 material error. Proceedings under this subsection shall  
 975 otherwise be governed by the Rules of Appellate Procedure.

976 Section 22. Subsection (5) of section 189.428, Florida  
 977 Statutes, is amended to read:

978 189.428 Special districts; oversight review process.--

979 (5) Those conducting the oversight review process shall,  
 980 at a minimum, consider the listed criteria for evaluating the  
 981 special district, but may also consider any additional factors  
 982 relating to the district and its performance. If any of the  
 983 listed criteria does ~~de~~ not apply to the special district being  
 984 reviewed, it ~~they~~ need not be considered. The criteria to be  
 985 considered by the reviewer include:

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

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

991 (c) The extent of municipal annexation or incorporation  
 992 activity occurring or likely to occur within the boundaries of  
 993 the special district and its impact on the delivery of services  
 994 by the special district.

995 (d) Whether there is a less costly alternative method of  
 996 delivering the service or services that would adequately provide  
 997 the district residents with the services provided by the  
 998 district.

HB 547

2004  
CS

999           (e) Whether transfer of the responsibility for delivery of  
1000 the service or services to an entity other than the special  
1001 district being reviewed could be accomplished without  
1002 jeopardizing the district's existing contracts, bonds, or  
1003 outstanding indebtedness.

1004           (f) Whether the Auditor General has notified the  
1005 Legislative Auditing Committee that the special district's audit  
1006 report, reviewed pursuant to s. 11.45(7), indicates that the  
1007 district has met any of the conditions specified in s.  
1008 218.503(1) or that a deteriorating financial condition exists  
1009 that may cause a condition described in s. 218.503(1) to occur  
1010 if actions are not taken to address such condition.

1011           ~~(g) Whether the Auditor General has determined that the~~  
1012 ~~special district is in a state of financial emergency as~~  
1013 ~~provided in s. 218.503(1), and has notified the Governor and the~~  
1014 ~~Legislative Auditing Committee.~~

1015           (g)(h) Whether the district is inactive according to the  
1016 official list of special districts, and whether the district is  
1017 meeting and discharging its responsibilities as required by its  
1018 charter, as well as projected increases or decreases in district  
1019 activity.

1020           (h)(i) Whether the special district has failed to comply  
1021 with any of the reporting requirements in this chapter,  
1022 including preparation of the public facilities report.

1023           (i)(j) Whether the special district has designated a  
1024 registered office and agent as required by s. 189.416, and has  
1025 complied with all open public records and meeting requirements.

HB 547

2004  
CS

1026 Section 23. Paragraph (a) of subsection (1) of section  
 1027 189.439, Florida Statutes, is amended to read:  
 1028 189.439 Bonds.--  
 1029 (1) AUTHORIZATION AND FORM OF BONDS.-  
 1030 (a) The authority may issue and sell bonds for any purpose  
 1031 for which the authority has the power to expend money,  
 1032 including, without limitation, the power to obtain working  
 1033 capital loans to finance the costs of any project and to refund  
 1034 any bonds or other indebtedness at the time outstanding at or  
 1035 before maturity. Bonds may be sold in the manner provided in s.  
 1036 218.385 and ~~by public or negotiated sale after advertisement, if~~  
 1037 ~~any, as the board considers advisable.~~ Bonds may be authorized  
 1038 by resolution of the board.

1039 Section 24. Subsections (1) and (2) of section 191.005,  
 1040 Florida Statutes, are amended to read:  
 1041 191.005 District boards of commissioners; membership,  
 1042 officers, meetings.--  
 1043 (1)(a) With the exception of districts whose governing  
 1044 boards are appointed collectively by the Governor, the county  
 1045 commission, and any cooperating city within the county, the  
 1046 business affairs of each district shall be conducted and  
 1047 administered by a five-member board. All three-member boards  
 1048 existing on the effective date of this act shall be converted to  
 1049 five-member boards, except those permitted to continue as a  
 1050 three-member board by special act adopted in 1997 or thereafter.  
 1051 The board shall be elected in nonpartisan elections by the  
 1052 electors of the district. Except as provided in this act, such  
 1053 elections shall be held at the time and in the manner prescribed

HB 547

2004  
CS

1054 | by law for holding general elections in accordance with s.  
 1055 | 189.405(2)(a) and (3), and each member shall be elected for a  
 1056 | term of 4 years and serve until the member's successor assumes  
 1057 | office. Candidates for the board of a district shall qualify  
 1058 | with the county supervisor of elections in whose jurisdiction  
 1059 | the district is located. If the district is a multicounty  
 1060 | district, candidates shall qualify with the Department of State.  
 1061 | All candidates may qualify by paying a filing fee of \$25 or by  
 1062 | obtaining the signatures of at least 25 registered electors of  
 1063 | the district on petition forms provided by the supervisor of  
 1064 | elections which petitions shall be submitted and checked in the  
 1065 | same manner as petitions filed by nonpartisan judicial  
 1066 | candidates pursuant to s. 105.035. Notwithstanding s. 106.021, a  
 1067 | candidate who does not collect contributions and whose only  
 1068 | expense is the filing fee is not required to appoint a campaign  
 1069 | treasurer or designate a primary campaign depository.

1070 |       (b)1. At the next general election following the effective  
 1071 | date of this act, or on or after the effective date of a special  
 1072 | act or general act of local application creating a new district,  
 1073 | the members of the board shall be elected by the electors of the  
 1074 | district in the manner provided in this section. The office of  
 1075 | each member of the board is designated as being a seat on the  
 1076 | board, distinguished from each of the other seats by a numeral:  
 1077 | 1, 2, 3, 4, or 5. The numerical seat designation does not  
 1078 | designate a geographical subdistrict unless such subdistrict  
 1079 | exists on the effective date of this act, in which case the  
 1080 | candidates must reside in the subdistrict, and only electors of  
 1081 | the subdistrict may vote in the election for the member from

HB 547

2004  
CS

1082 that subdistrict. Each candidate for a seat on the board shall  
1083 designate, at the time the candidate qualifies, the seat on the  
1084 board for which the candidate is qualifying. The name of each  
1085 candidate who qualifies for election to a seat on the board  
1086 shall be included on the ballot in a way that clearly indicates  
1087 the seat for which the candidate is a candidate. The candidate  
1088 for each seat who receives the most votes cast for a candidate  
1089 for the seat shall be elected to the board.

1090 2. If, on the effective date of this act, a district  
1091 presently in existence elects members of its board, the next  
1092 election shall be conducted in accordance with this section, but  
1093 this section does not require the early expiration of any  
1094 member's term of office by more than 60 days.

1095 3. If, on the effective date of this act, a district does  
1096 not elect the members of its board, the entire board shall be  
1097 elected in accordance with this section. However, in the first  
1098 election following the effective date of this act, seats 1, 3,  
1099 and 5 shall be designated for 4-year terms and seats 2 and 4  
1100 shall be designated for 2-year terms.

1101 4. If, on the effective date of this act, the district has  
1102 an elected three-member board, one of the two seats added by  
1103 this act shall, for the first election following the effective  
1104 date of this act, be designated for a 4-year term and the other  
1105 for a 2-year term, unless the terms of the three existing seats  
1106 all expire within 6 months of the first election following the  
1107 effective date of this act, in which case seats 1, 3, and 5  
1108 shall be designated for 4-year terms and seats 2 and 4 shall be  
1109 designated for 2-year terms.



HB 547

2004  
CS

1110           5. If the district has an elected three-member board  
1111 designated to remain three members by special act adopted in  
1112 1997 or thereafter, the terms of the board members shall be  
1113 staggered. In the first election following the effective date of  
1114 this act, seats 1 and 3 shall be designated for 4-year terms,  
1115 and seat 2 for a 2-year term.

1116           (c) The board of any district may request the local  
1117 legislative delegation that represents the area within the  
1118 district to create by special law geographical subdistricts for  
1119 board seats. Any board of five members or larger elected on a  
1120 subdistrict basis as of the effective date of this act shall  
1121 continue to elect board members from such previously designated  
1122 subdistricts, and this act shall not require the elimination of  
1123 board seats from such boards.

1124           (2) Each member of the board must be a qualified elector  
1125 at the time he or she qualifies and continually throughout his  
1126 or her term. Any board member who ceases to be a qualified  
1127 elector is automatically removed pursuant to this act.

1128           Section 25. Section 218.075, Florida Statutes, is amended  
1129 to read:

1130           218.075 Reduction or waiver of permit processing  
1131 fees.--Notwithstanding any other provision of law, the  
1132 Department of Environmental Protection and the water management  
1133 districts shall reduce or waive permit processing fees for  
1134 counties with a population of 50,000 or less on April 1, 1994,  
1135 until such counties exceed a population of 75,000 and  
1136 municipalities with a population of 25,000 or less, or any  
1137 county or municipality not included within a metropolitan

HB 547

2004  
CS

1138 statistical area. Fee reductions or waivers shall be approved on  
 1139 the basis of fiscal hardship or environmental need for a  
 1140 particular project or activity. The governing body must certify  
 1141 that the cost of the permit processing fee is a fiscal hardship  
 1142 due to one of the following factors:

1143 (1) Per capita taxable value is less than the statewide  
 1144 average for the current fiscal year;

1145 (2) Percentage of assessed property value that is exempt  
 1146 from ad valorem taxation is higher than the statewide average  
 1147 for the current fiscal year;

1148 (3) Any condition specified in s. 218.503(1) that results  
 1149 in the county or municipality being in s. 218.503, that  
 1150 ~~determines~~ a state of financial emergency;

1151 (4) Ad valorem operating millage rate for the current  
 1152 fiscal year is greater than 8 mills; or

1153 (5) A financial condition that is documented in annual  
 1154 financial statements at the end of the current fiscal year and  
 1155 indicates an inability to pay the permit processing fee during  
 1156 that fiscal year.

1157  
 1158 The permit applicant must be the governing body of a county or  
 1159 municipality or a third party under contract with a county or  
 1160 municipality and the project for which the fee reduction or  
 1161 waiver is sought must serve a public purpose. If a permit  
 1162 processing fee is reduced, the total fee shall not exceed \$100.

1163 Section 26. Subsection (3) is added to section 218.32,  
 1164 Florida Statutes, to read:

HB 547

2004  
CS

1165 218.32 Annual financial reports; local governmental  
1166 entities.--

1167 (3) The department shall notify the President of the  
1168 Senate and the Speaker of the House of Representatives of any  
1169 municipality that has not reported any financial activity for  
1170 the last 4 fiscal years. Such notice must be sufficient to  
1171 initiate dissolution procedures as described in s.  
1172 165.051(1)(a). Any special law authorizing the incorporation or  
1173 creation of the municipality must be included within the  
1174 notification.

1175 Section 27. Section 218.321, Florida Statutes, is  
1176 repealed.

1177 Section 28. Subsection (3) of section 218.36, Florida  
1178 Statutes, is amended to read:

1179 218.36 County officers; record and report of fees and  
1180 disposition of same.--

1181 (3) The board of county commissioners may ~~shall, on the~~  
1182 ~~32nd day following the close of the fiscal year,~~ notify the  
1183 Governor of the failure of any county officer to comply with the  
1184 provisions of this section. Such notification shall specify the  
1185 name of the officer and the office held by him or her at the  
1186 time of such failure and shall subject said officer to  
1187 suspension from office at the Governor's discretion.

1188 Section 29. Subsection (3) of section 218.39, Florida  
1189 Statutes, is amended to read:

1190 218.39 Annual financial audit reports.--

1191 (3)(a) A dependent special district may make provision for  
1192 an annual financial audit by being included within the audit of

HB 547

2004  
CS

1193 another local governmental entity upon which it is dependent.  
 1194 An independent special district may not make provision for an  
 1195 annual financial audit by being included within the audit of  
 1196 another local governmental entity.

1197 (b) A special district that is a component unit, as  
 1198 defined by generally accepted accounting principles, of a local  
 1199 governmental entity shall provide the local governmental entity,  
 1200 within a reasonable time period as established by the local  
 1201 governmental entity, with financial information necessary to  
 1202 comply with this section. The failure of a component unit to  
 1203 provide this financial information must be noted in the annual  
 1204 financial audit report of the local governmental entity.

1205 Section 30. Section 218.369, Florida Statutes, is amended  
 1206 to read:

1207 218.369 Definitions applicable to ss. 218.37-218.386.--As  
 1208 used in this section and in ss. 218.37, 218.38, 218.385, and  
 1209 218.386, the term "unit of local government," except where  
 1210 exception is made, means a county, municipality, special  
 1211 district, district school board, local agency, authority, or  
 1212 consolidated city-county government or any other local  
 1213 governmental body or public body corporate and politic  
 1214 authorized or created by general or special law and granted the  
 1215 power to issue general obligation or revenue bonds; and the  
 1216 words "general obligation or revenue bonds" shall be interpreted  
 1217 to include within their scope general obligation bonds, revenue  
 1218 bonds, special assessment bonds, limited revenue bonds, special  
 1219 obligation bonds, debentures, and other similar instruments, but  
 1220 not bond anticipation notes.

HB 547

2004  
CS

1221 Section 31. Part V of chapter 218, Florida Statutes,  
 1222 entitled "Financial Emergencies" is renamed "Local Governmental  
 1223 Entity and District School Board Financial Emergencies."

1224 Section 32. Section 218.50, Florida Statutes, is amended  
 1225 to read:

1226 218.50 Short title.--Sections 218.50-218.504 may be cited  
 1227 ~~shall be known~~ as the "Local Governmental Entity and District  
 1228 School Board Government Financial Emergencies Act."

1229 Section 33. Section 218.501, Florida Statutes, is amended  
 1230 to read:

1231 218.501 Purposes.--The purposes of ss. 218.50-218.504 are:

1232 (1) To promote ~~preserve and protect~~ the fiscal  
 1233 responsibility solvency of local governmental entities and  
 1234 district school boards.

1235 (2) To assist local governmental entities and district  
 1236 school boards in providing essential services without  
 1237 interruption and in meeting their financial obligations.

1238 (3) To assist local governmental entities and district  
 1239 school boards through the improvement of local financial  
 1240 management procedures.

1241 Section 34. Section 218.502, Florida Statutes, is amended  
 1242 to read:

1243 218.502 Definition.--As used in ss. 218.50-218.504, the  
 1244 term "local governmental entity" means a county, municipality,  
 1245 or special district, ~~or district school board~~.

1246 Section 35. Section 218.503, Florida Statutes, is amended  
 1247 to read:

1248 218.503 Determination of financial emergency.--

HB 547

2004  
CS

1249 (1) A Local governmental entities and district school  
 1250 boards shall be subject to review and oversight by the Governor  
 1251 or the Commissioner of Education ~~entity is in a state of~~  
 1252 ~~financial emergency~~ when any one of the following conditions  
 1253 occurs:

1254 (a) Failure within the same fiscal year in which due to  
 1255 pay short-term loans ~~from banks~~ or failure to make bond debt  
 1256 service or other long-term debt payments when due, as a result  
 1257 of a lack of funds.

1258 (b) Failure to pay uncontested claims from creditors  
 1259 within 90 days after the claim is presented, as a result of a  
 1260 lack of funds.

1261 (c)~~(b)~~ Failure to transfer at the appropriate time, due to  
 1262 lack of funds:

1263 1. Taxes withheld on the income of employees; or

1264 2. Employer and employee contributions for:

1265 a. Federal social security; or

1266 b. Any pension, retirement, or benefit plan of an  
 1267 employee.

1268 (d)~~(e)~~ Failure for one pay period to pay, due to lack of  
 1269 funds:

1270 1. Wages and salaries owed to employees; or

1271 2. Retirement benefits owed to former employees.

1272 (e)~~(d)~~ An unreserved or total fund balance or retained  
 1273 earnings deficit, or unrestricted or total net assets deficit,  
 1274 as reported on the balance sheet or statement of net assets on  
 1275 the general purpose or basic financial statements, for which  
 1276 sufficient resources of the local governmental entity, as

HB 547

2004  
CS

1277 reported on the balance sheet or statement of net assets on the  
 1278 general purpose or basic financial statements, are not available  
 1279 to cover the deficit for 2 successive years. Resources available  
 1280 to cover reported deficits include net assets that are not  
 1281 otherwise restricted by federal, state, or local laws, bond  
 1282 covenants, contractual agreements, or other legal constraints.  
 1283 Fixed or capital assets, the disposal of which would impair the  
 1284 ability of a local governmental entity to carry out its  
 1285 functions, are not considered resources available to cover  
 1286 reported deficits.

1287 ~~(e) Noncompliance of the local government retirement~~  
 1288 ~~system with actuarial conditions provided by law.~~

1289 (2) A local governmental entity shall notify the Governor  
 1290 and the Legislative Auditing Committee, and a district school  
 1291 board shall notify the Commissioner of Education and the  
 1292 Legislative Auditing Committee, when one or more of the  
 1293 conditions specified in subsection (1) have occurred or will  
 1294 occur if action is not taken to assist the local governmental  
 1295 entity or the district school board. In addition, any state  
 1296 agency must, within 30 days after a determination that one or  
 1297 more of the conditions specified in subsection (1) have occurred  
 1298 or will occur if action is not taken to assist the local  
 1299 governmental entity or the district school board ~~the~~  
 1300 ~~identification of the financial emergency~~, notify the Governor  
 1301 or the Commissioner of Education, as appropriate, and the  
 1302 Legislative Auditing Committee ~~when one or more of the~~  
 1303 ~~conditions specified in subsection (1) have occurred or will~~

HB 547

2004  
CS

1304 ~~occur if action is not taken to assist a local governmental~~  
1305 ~~entity.~~

1306 (3) Upon notification that one or more of the conditions  
1307 in subsection (1) exist, the Governor or his or her designee  
1308 shall contact the local governmental entity or the Commissioner  
1309 of Education or his or her designee shall contact the district  
1310 school board to determine what actions have been taken by the  
1311 local governmental entity or the district school board to  
1312 resolve the condition ~~financial emergency~~. The Governor or the  
1313 Commissioner of Education, as appropriate, shall determine  
1314 whether the local governmental entity or the district school  
1315 board needs state assistance to resolve the condition. If state  
1316 assistance is needed, the local governmental entity or the  
1317 district school board is considered to be in a state of  
1318 financial emergency. The Governor or the Commissioner of  
1319 Education, as appropriate, has the authority to implement  
1320 measures as set forth in ss. 218.50-218.504 to assist the local  
1321 governmental entity or the district school board in resolving  
1322 ~~resolve~~ the financial emergency. Such measures may include, but  
1323 are not limited to:

1324 (a) Requiring approval of the local governmental entity's  
1325 budget by the Governor or approval of the district school  
1326 board's budget by the Commissioner of Education.

1327 (b) Authorizing a state loan to a ~~the~~ local governmental  
1328 entity and providing for repayment of same.

1329 (c) Prohibiting a local governmental entity or a district  
1330 school board from issuing bonds, notes, certificates of



HB 547

2004  
CS

1331 indebtedness, or any other form of debt until such time as it is  
1332 no longer subject to this section.

1333 (d) Making such inspections and reviews of records,  
1334 information, reports, and assets of the local governmental  
1335 entity or the district school board. The appropriate local  
1336 officials shall cooperate in such, ~~in which~~ inspections and  
1337 reviews ~~the appropriate local officials shall cooperate~~.

1338 (e) Consulting with ~~the~~ officials and auditors of the  
1339 local governmental entity or the district school board and the  
1340 appropriate state officials ~~agency~~ regarding any steps necessary  
1341 to bring the books of account, accounting systems, financial  
1342 procedures, and reports into compliance with state requirements.

1343 (f) Providing technical assistance to the local  
1344 governmental entity or the district school board.

1345 (g)1. Establishing a financial emergency ~~emergencies~~ board  
1346 to oversee the activities of the local governmental entity or  
1347 the district school board. If a financial emergency ~~The board~~  
1348 ~~is,~~ if established for a local governmental entity, ~~shall be~~  
1349 ~~appointed by~~ the Governor shall appoint board members and select  
1350 a chair. If a financial emergency board is established for a  
1351 district school board, the State Board of Education shall  
1352 appoint board members and select a chair. ~~The Governor shall~~  
1353 ~~select a chair and such other officers as are necessary~~. The  
1354 financial emergency board shall adopt such rules as are  
1355 necessary for conducting board business. The board may:

1356 a. Make such reviews of records, reports, and assets of  
1357 the local governmental entity or the district school board as  
1358 are needed.

HB 547

2004  
CS

1359           b. Consult with ~~the~~ officials and auditors of the local  
1360 governmental entity or the district school board and the  
1361 appropriate state officials regarding any steps necessary to  
1362 bring the books of account, accounting systems, financial  
1363 procedures, and reports of the local governmental entity or the  
1364 district school board into compliance with state requirements.

1365           c. Review the operations, management, efficiency,  
1366 productivity, and financing of functions and operations of the  
1367 local governmental entity or the district school board.

1368           2. The recommendations and reports made by the financial  
1369 emergency board must be submitted to the Governor for local  
1370 governmental entities or to the Commissioner of Education and  
1371 the State Board of Education for district school boards for  
1372 appropriate action.

1373           (h) Requiring and approving a plan, to be prepared by  
1374 officials of the appropriate state agency in conjunction with  
1375 the local governmental entity or the district school board in  
1376 consultation with the appropriate state officials, prescribing  
1377 actions that will cause the local governmental entity or the  
1378 district school board to no longer be subject to this section.  
1379 The plan must include, but need not be limited to:

1380           1. Provision for payment in full of obligations outlined  
1381 in subsection (1), designated as priority items, that are  
1382 currently all payments due or will to come due on debt  
1383 obligations, pension payments, and all payments and charges  
1384 imposed or mandated by federal or state law and for all  
1385 judgments and past due accounts, as priority items of  
1386 expenditures.

HB 547

2004  
CS

1387           2. Establishment of ~~a basis of~~ priority budgeting or zero-  
1388 based budgeting in order, ~~so as~~ to eliminate ~~low-priority~~ items  
1389 that are not affordable.

1390           3. The prohibition of a level of operations which can be  
1391 sustained only with nonrecurring revenues.

1392           (4) ~~A During the financial emergency period,~~ the local  
1393 governmental entity or a district school board may not seek  
1394 application of laws under the bankruptcy provisions of the  
1395 United States Constitution except with the prior approval of the  
1396 Governor for local governmental entities or the Commissioner of  
1397 Education for district school boards.

1398           (5)(a) The governing authority of any municipality having  
1399 a resident population of 300,000 or more on or after April 1,  
1400 1999, which has been declared in a state of financial emergency  
1401 pursuant to this section may impose a discretionary per-vehicle  
1402 surcharge of up to 20 percent on the gross revenues of the sale,  
1403 lease, or rental of space at parking facilities within the  
1404 municipality which are open for use to the general public.

1405           (b) A municipal governing authority that imposes the  
1406 surcharge authorized by this subsection may use the proceeds of  
1407 such surcharge for the following purposes only:

1408           1. No less than 60 percent and no more than 80 percent of  
1409 the surcharge proceeds shall be used by the governing authority  
1410 to reduce its ad valorem tax millage rate or to reduce or  
1411 eliminate non-ad valorem assessments.

1412           2. A portion of the balance of the surcharge proceeds  
1413 shall be used by the governing authority to increase its budget  
1414 reserves; however, the governing authority shall not reduce the

HB 547

2004  
CS

1415 amount it allocates for budget reserves from other sources below  
 1416 the amount allocated for reserves in the fiscal year prior to  
 1417 the year in which the surcharge is initially imposed. When a 15-  
 1418 percent budget reserve is achieved, based on the average gross  
 1419 revenue for the most recent 3 prior fiscal years, the remaining  
 1420 proceeds from this subparagraph shall be used for the payment of  
 1421 annual debt service related to outstanding obligations backed or  
 1422 secured by a covenant to budget and appropriate from non-ad  
 1423 valorem revenues.

1424 (c) This subsection expires June 30, 2006.

1425 Section 36. Section 218.504, Florida Statutes, is amended  
 1426 to read:

1427 218.504 Cessation of state action.--The Governor or the  
 1428 Commissioner of Education, as appropriate, has the authority to  
 1429 terminate all state actions pursuant to ss. 218.50-218.504.

1430 Cessation of state action must not occur until the Governor or  
 1431 the Commissioner of Education, as appropriate, has determined  
 1432 that:

1433 (1) The local governmental entity or the district school  
 1434 board:

1435 (a) Has established and is operating an effective  
 1436 financial accounting and reporting system.

1437 (b) Has resolved ~~corrected or eliminated~~ the ~~fiscal~~  
 1438 ~~emergency~~ conditions outlined in s. 218.503(1).

1439 (2) None of the ~~No new fiscal emergency~~ conditions  
 1440 outlined in s. 218.503(1) exists ~~exist~~.

HB 547

2004  
CS

1441           Section 37. Chapter 131, Florida Statutes, consisting of  
1442 sections 131.01, 131.02, 131.03, 131.04, 131.05, and 131.06,  
1443 Florida Statutes, is repealed.

1444           Section 38. Section 132.10, Florida Statutes, is repealed.

1445           Section 39. Section 165.052, Florida Statutes, is  
1446 repealed.

1447           Section 40. Section 189.409, Florida Statutes, is  
1448 repealed.

1449           Section 41. Section 189.422, Florida Statutes, is  
1450 repealed.

1451           Section 42. Section 200.0684, Florida Statutes, is  
1452 repealed.

1453           Section 43. Paragraph (h) of subsection (1) of section  
1454 218.37, Florida Statutes, is repealed.

1455           Section 44. Section 215.195, Florida Statutes, is amended  
1456 to read:

1457           215.195 Agency deposits relating to the Statewide Cost  
1458 Allocation Plan.--

1459           (1) APPLICATION FOR ALLOCABLE STATEWIDE OVERHEAD.-Each  
1460 state agency, and the judicial branch, making application for  
1461 federal grant or contract funds shall, in accordance with the  
1462 Statewide Cost Allocation Plan, include in its application a  
1463 prorated share of the cost of services provided by state central  
1464 service agencies which are reimbursable to the state pursuant to  
1465 the provisions of Office of Management and Budget Circular A-87.  
1466 Preparation of the plan and coordination thereof with all  
1467 applicable parties is the responsibility of the Department of  
1468 Financial Services. The Department of Financial Services shall

HB 547

2004  
CS

1469 ensure that the plan presents the most favorable allocation of  
 1470 such costs allowable to the state by the Federal Government.

1471 (2) DEPOSIT OF OVERHEAD IN THE GENERAL REVENUE FUND.-If an  
 1472 application for federal grant or contract funds is approved, the  
 1473 state agency or judicial branch receiving the federal grant or  
 1474 contract shall identify that portion representing reimbursement  
 1475 of allocable statewide overhead and deposit that amount into the  
 1476 General Revenue Fund unallocated as directed by the Department  
 1477 of Financial Services ~~Executive Office of the Governor~~. The  
 1478 Department of Financial Services shall be responsible for  
 1479 monitoring agency compliance with this section.

1480 Section 45. Section 215.97, Florida Statutes, is amended  
 1481 to read:

1482 215.97 Florida Single Audit Act.--

1483 (1) The purposes of the section are to:

1484 (a) Establish uniform state audit requirements for state  
 1485 financial assistance provided by state agencies to nonstate  
 1486 entities to carry out state projects.

1487 (b) Promote sound financial management, including  
 1488 effective internal controls, with respect to state financial  
 1489 assistance administered by nonstate entities.

1490 (c) Promote audit economy and efficiency by relying to the  
 1491 extent possible on already required audits of federal financial  
 1492 assistance provided to nonstate entities.

1493 (d) Provide for identification of state financial  
 1494 assistance transactions in the appropriations act, state  
 1495 accounting records, and recipient organization records.

HB 547

2004  
CS

1496 (e) Promote improved coordination and cooperation within  
1497 and between affected state agencies providing state financial  
1498 assistance and nonstate entities receiving state assistance.

1499 (f) Ensure, to the maximum extent possible, that state  
1500 agencies monitor, use, and follow up ~~followup~~ on audits of state  
1501 financial assistance provided to nonstate entities.

1502 (2) Definitions; as used in this section, the term:

1503 (a) "Audit threshold" means the threshold amount used to  
1504 determine ~~to use in determining~~ when a state single audit or  
1505 project-specific audit of a nonstate entity shall be conducted  
1506 in accordance with this section. Each nonstate entity that  
1507 expends a total amount of state financial assistance equal to or  
1508 in excess of \$300,000 in any fiscal year of such nonstate entity  
1509 shall be required to have a state single audit, or a project-  
1510 specific audit performed by an independent auditor, for such  
1511 fiscal year in accordance with the requirements of this section.  
1512 Every 2 years the Auditor General, after consulting with the  
1513 Executive Office of the Governor, the Department of Financial  
1514 Services ~~Chief Financial Officer~~, and all state awarding  
1515 ~~agencies that provide state financial assistance to nonstate~~  
1516 ~~entities,~~ shall review the threshold amount for requiring audits  
1517 under this section and may adjust such threshold ~~dollar~~ amount  
1518 consistent with the purposes ~~purpose~~ of this section.

1519 (b) "Auditing standards" means the auditing standards as  
1520 stated in the rules of the Auditor General as applicable to for-  
1521 profit organizations, nonprofit organizations, or local  
1522 governmental entities.

HB 547

2004  
CS

1523 (c) "Catalog of State Financial Assistance" means a  
 1524 comprehensive listing of state projects. The Catalog of State  
 1525 Financial Assistance shall be issued by the Department of  
 1526 Financial Services ~~Executive Office of the Governor~~ after  
 1527 conferring with the Chief Financial Officer and all state  
 1528 awarding agencies ~~that provide state financial assistance to~~  
 1529 ~~nonstate entities~~. The Catalog of State Financial Assistance  
 1530 shall include for each listed state project: the responsible  
 1531 state awarding agency; standard state project number identifier;  
 1532 official title; legal authorization; and description of the  
 1533 state project, including objectives, restrictions, application  
 1534 and awarding procedures, and other relevant information  
 1535 determined necessary.

1536 (d) "Coordinating agency" means the state awarding agency  
 1537 that provides the predominant amount of state financial  
 1538 assistance expended by a recipient, as determined by the  
 1539 recipient's Schedule of Expenditures of State Financial  
 1540 Assistance. To provide continuity, the determination of the  
 1541 predominant amount of state financial assistance shall be based  
 1542 upon state financial assistance expended in the recipient's  
 1543 fiscal years ending in 2004, 2007, and 2010, and every third  
 1544 year thereafter.

1545 (e)~~(d)~~ "Financial reporting package" means the nonstate  
 1546 entities' financial statements, Schedule of Expenditures of  
 1547 State Financial Assistance, auditor's reports, management  
 1548 letter, auditee's written responses or corrective action plan,  
 1549 correspondence on followup of prior years' corrective actions  
 1550 taken, and such other information determined by the Auditor



HB 547

2004  
CS

1551 General to be necessary and consistent with the purposes of this  
1552 section.

1553 (f)~~(e)~~ "Federal financial assistance" means financial  
1554 assistance from federal sources passed through the state and  
1555 provided to nonstate organizations ~~entities~~ to carry out a  
1556 federal program. "Federal financial assistance" includes all  
1557 types of federal assistance as defined in applicable United  
1558 States Office of Management and Budget circulars.

1559 (g)~~(f)~~ "For-profit organization" means any organization or  
1560 sole proprietor but is not a local governmental entity or a  
1561 nonprofit organization.

1562 (h)~~(g)~~ "Independent auditor" means an independent external  
1563 ~~state or local government auditor or a~~ certified public  
1564 accountant licensed under chapter 473 ~~who meets the independence~~  
1565 ~~standards.~~

1566 (i)~~(h)~~ "Internal control over state projects" means a  
1567 process, effected by a nonstate ~~an~~ entity's management and other  
1568 personnel, designed to provide reasonable assurance regarding  
1569 the achievement of objectives in the following categories:

- 1570 1. Effectiveness and efficiency of operations.
- 1571 2. Reliability of financial operations.
- 1572 3. Compliance with applicable laws and regulations.

1573 (j)~~(i)~~ "Local governmental entity" means a county agency,  
1574 municipality, or special district or any other entity excluding  
1575 ~~(other than a district school board, charter school, or~~  
1576 ~~community college)~~, or public university, however styled, which  
1577 independently exercises any type of governmental function within  
1578 the state.

HB 547

2004  
CS

1579            (k)~~(j)~~ "Major state project" means any state project  
 1580 meeting the criteria as stated in the rules of the Department of  
 1581 Financial Services ~~Executive Office of the Governor~~. Such  
 1582 criteria shall be established after consultation with all ~~the~~  
 1583 ~~Chief Financial Officer and appropriate~~ state awarding agencies  
 1584 ~~that provide state financial assistance~~ and shall consider the  
 1585 amount of state project expenditures and ~~or~~ expenses or inherent  
 1586 risks. Each major state project shall be audited in accordance  
 1587 with the requirements of this section.

1588            (l)~~(k)~~ "Nonprofit organization" means any corporation,  
 1589 trust, association, cooperative, or other organization that:

- 1590            1. Is operated primarily for scientific, educational
- 1591 service, charitable, or similar purpose in the public interest;
- 1592            2. Is not organized primarily for profit;
- 1593            3. Uses net proceeds to maintain, improve, or expand the
- 1594 operations of the organization; and
- 1595            4. Has no part of its income or profit distributable to
- 1596 its members, directors, or officers.

1597            (m)~~(l)~~ "Nonstate entity" means a local governmental  
 1598 entity, nonprofit organization, or for-profit organization that  
 1599 receives state financial assistance ~~resources~~.

1600            (n)~~(m)~~ "Recipient" means a nonstate entity that receives  
 1601 state financial assistance directly from a state awarding  
 1602 agency.

1603            (o)~~(n)~~ "Schedule of Expenditures of State Financial  
 1604 Assistance" means a document prepared in accordance with the  
 1605 rules of the Department of Financial Services ~~Chief Financial~~

HB 547

2004  
CS

1606 ~~Officer~~ and included in each financial reporting package  
1607 required by this section.

1608 (p)~~(e)~~ "State awarding agency" means a ~~the~~ state agency,  
1609 as defined in s. 216.011, that provides ~~provided~~ state financial  
1610 assistance to a ~~the~~ nonstate entity.

1611 (q)~~(p)~~ "State financial assistance" means ~~financial~~  
1612 ~~assistance from~~ state resources, not including federal financial  
1613 assistance and state matching funds for federal programs,  
1614 provided to a nonstate entity ~~entities~~ to carry out a state  
1615 project. "State financial assistance" includes the ~~all~~ types of  
1616 state resources ~~assistance as~~ stated in the rules of the  
1617 Department of Financial Services ~~Executive Office of the~~  
1618 ~~Governor~~ established in consultation with all ~~the~~ Chief  
1619 ~~Financial Officer and~~ appropriate state awarding agencies that  
1620 ~~provide state financial assistance. It includes~~ State financial  
1621 assistance may be provided directly by state awarding agencies  
1622 or indirectly by nonstate entities ~~recipients of state awards or~~  
1623 ~~subrecipients. State financial assistance~~ ~~It~~ does not include  
1624 procurement contracts used to buy goods or services from vendors  
1625 and. ~~Audits of such procurement contracts with vendors are~~  
1626 ~~outside of the scope of this section. Also, audits of contracts~~  
1627 to operate state-owned ~~state government-owned~~ and contractor-  
1628 operated facilities ~~are excluded from the audit requirements of~~  
1629 ~~this section.~~

1630 (r)~~(q)~~ "State matching" means state resources provided to  
1631 a nonstate entity ~~entities to be used~~ to meet federal financial  
1632 participation matching requirements ~~of federal programs.~~

HB 547

2004  
CS

1633        (s) "State program" means a set of special purpose  
 1634 activities undertaken to realize identifiable goals and  
 1635 objectives in order to achieve a state agency's mission and  
 1636 legislative intent requiring accountability for state resources.

1637        (t)(r) "State project" means a state program that provides  
 1638 all state financial assistance to a nonstate organization and  
 1639 that must be entity assigned a single state project number  
 1640 identifier in the Catalog of State Financial Assistance.

1641        (u)(s) "State Projects Compliance Supplement" means a  
 1642 document issued by the Department of Financial Services  
 1643 Executive Office of the Governor, in consultation with the Chief  
 1644 Financial Officer and all state awarding agencies that provide  
 1645 state financial assistance. The State Projects Compliance  
 1646 Supplement shall identify state projects, the significant  
 1647 compliance requirements, eligibility requirements, matching  
 1648 requirements, suggested audit procedures, and other relevant  
 1649 information determined necessary.

1650        (v)(t) "State project-specific audit" means an audit of  
 1651 one state project performed in accordance with the requirements  
 1652 of subsection (10) (9).

1653        (w)(u) "State single audit" means an audit of a nonstate  
 1654 entity's financial statements and state financial assistance.  
 1655 Such audits shall be conducted in accordance with the auditing  
 1656 standards as stated in the rules of the Auditor General.

1657        (x)(v) "Subrecipient" means a nonstate entity that  
 1658 receives state financial assistance through another nonstate  
 1659 entity.

HB 547

2004  
CS

1660        ~~(y)~~~~(w)~~ "Vendor" means a dealer, distributor, merchant, or  
 1661 other seller providing goods or services that are required for  
 1662 the conduct of a state project. These goods or services may be  
 1663 for an organization's own use or for the use of beneficiaries of  
 1664 the state project.

1665        (3) The Executive Office of the Governor shall be  
 1666 responsible for notifying the Department of Financial Services  
 1667 of any actions during the budgetary process which impact the  
 1668 Catalog of State Financial Assistance.÷

1669        ~~(a) Upon conferring with the Chief Financial Officer and~~  
 1670 ~~all state awarding agencies, adopt rules necessary to provide~~  
 1671 ~~appropriate guidance to state awarding agencies, recipients and~~  
 1672 ~~subrecipients, and independent auditors of state financial~~  
 1673 ~~assistance relating to the requirements of this section,~~  
 1674 ~~including:~~

1675        1. ~~The types or classes of financial assistance considered~~  
 1676 ~~to be state financial assistance which would be subject to the~~  
 1677 ~~requirements of this section. This would include guidance to~~  
 1678 ~~assist in identifying when the state agency or recipient has~~  
 1679 ~~contracted with a vendor rather than with a recipient or~~  
 1680 ~~subrecipient.~~

1681        2. ~~The criteria for identifying a major state project.~~

1682        3. ~~The criteria for selecting state projects for audits~~  
 1683 ~~based on inherent risk.~~

1684        ~~(b) Be responsible for coordinating the initial~~  
 1685 ~~preparation and subsequent revisions of the Catalog of State~~  
 1686 ~~Financial Assistance after consultation with the Chief Financial~~  
 1687 ~~Officer and all state awarding agencies.~~

HB 547

2004  
CS

1688 ~~(c) Be responsible for coordinating the initial~~  
 1689 ~~preparation and subsequent revisions of the State Projects~~  
 1690 ~~Compliance Supplement, after consultation with the Chief~~  
 1691 ~~Financial Officer and all state awarding agencies.~~

1692 (4) The Department of Financial Services Chief Financial  
 1693 Officer shall:

1694 (a) Upon conferring with the Executive Office of the  
 1695 Governor and all state awarding agencies, adopt rules necessary  
 1696 to provide appropriate guidance to state awarding agencies,  
 1697 nonstate entities, and independent auditors of state financial  
 1698 assistance relating to the requirements of this section,  
 1699 including:

1700 1. The types or classes of state resources considered to  
 1701 be state financial assistance that would be subject to the  
 1702 requirements of this section. This would include guidance to  
 1703 assist in identifying when the state awarding agency or a  
 1704 nonstate entity has contracted with a vendor rather than with a  
 1705 recipient or subrecipient.

1706 2. The criteria for identifying a major state project.

1707 3. The criteria for selecting state projects for audits  
 1708 based on inherent risk.

1709 (b) Be responsible for coordinating revisions to the  
 1710 Catalog of State Financial Assistance after consultation with  
 1711 the Executive Office of the Governor and all state awarding  
 1712 agencies.

1713 (c) Be responsible for coordinating with the Executive  
 1714 Office of the Governor actions affecting the budgetary process  
 1715 under paragraph (b).

HB547

2004  
CS

1716            (d) Be responsible for coordinating revisions to the State  
 1717 Projects Compliance Supplement, after consultation with the  
 1718 Executive Office of the Governor and all state awarding  
 1719 agencies.

1720            (e)-(a) Make enhancements to the state's accounting system  
 1721 to provide for the:

1722            1. Recording of state financial assistance and federal  
 1723 financial assistance appropriations and expenditures within the  
 1724 state awarding agencies' operating funds.

1725            2. Recording of state project number identifiers, as  
 1726 provided in the Catalog of State Financial Assistance, for state  
 1727 financial assistance.

1728            3. Establishment and recording of an identification code  
 1729 for each financial transaction, including awarding state  
 1730 agencies' disbursements of state financial assistance and  
 1731 federal financial assistance, as to the corresponding type or  
 1732 organization that is party to the transaction (e.g., other  
 1733 governmental agencies, nonprofit organizations, and for-profit  
 1734 organizations), and disbursements of federal financial  
 1735 assistance, as to whether the party to the transaction is or is  
 1736 not a nonstate entity ~~recipient or subrecipient~~.

1737            (f)-(b) Upon conferring with the Executive Office of the  
 1738 Governor and all state awarding agencies, adopt rules necessary  
 1739 to provide appropriate guidance to state awarding agencies,  
 1740 nonstate entities ~~recipients and subrecipients~~, and independent  
 1741 auditors of state financial assistance relating to the format  
 1742 for the Schedule of Expenditures of State Financial Assistance.

HB 547

2004  
CS

1743            (g)~~(e)~~ Perform any inspections, reviews, investigations,  
1744 or audits of state financial assistance considered necessary in  
1745 carrying out the Department of Financial Services ~~Chief~~  
1746 ~~Financial Officer's~~ legal responsibilities for state financial  
1747 assistance or to comply with the requirements of this section.

1748            (5) Each state awarding agency shall:

1749            (a) Provide to each a recipient information needed by the  
1750 recipient to comply with the requirements of this section,  
1751 including:

1752            1. The audit and accountability requirements for state  
1753 projects as stated in this section and applicable ~~rules of the~~  
1754 ~~Executive Office of the Governor,~~ rules of the Department of  
1755 Financial Services ~~Chief Financial Officer,~~ and rules of the  
1756 Auditor General.

1757            2. Information from the Catalog of State Financial  
1758 Assistance, including the standard state project number  
1759 identifier; official title; legal authorization; and description  
1760 of the state project including objectives, restrictions, and  
1761 other relevant information determined necessary.

1762            3. Information from the State Projects Compliance  
1763 Supplement, including the significant compliance requirements,  
1764 eligibility requirements, matching requirements, suggested audit  
1765 procedures, and other relevant information determined necessary.

1766            (b) Require the recipient, as a condition of receiving  
1767 state financial assistance, to allow the state awarding agency,  
1768 the Department of Financial Services ~~Chief Financial Officer,~~  
1769 and the Auditor General access to the recipient's records and



HB 547

2004  
CS

1770 the recipient's independent auditor's working papers as  
1771 necessary for complying with the requirements of this section.

1772 (c) Notify the recipient that this section does not limit  
1773 the authority of the state awarding agency to conduct or arrange  
1774 for the conduct of additional audits or evaluations of state  
1775 financial assistance or limit the authority of any state  
1776 awarding agency inspector general, the Auditor General, or any  
1777 other state official.

1778 (d) Be provided one copy of each financial reporting  
1779 package prepared in accordance with the requirement of this  
1780 section.

1781 (e) Review the recipient's ~~recipient~~ financial reporting  
1782 package, including the management letters and corrective action  
1783 plans, to the extent necessary to determine whether timely and  
1784 appropriate corrective action has been taken with respect to  
1785 audit findings and recommendations pertaining to state financial  
1786 assistance that are specific to ~~provided by~~ the state awarding  
1787 agency.

1788 (f) Designate within the state awarding agency a division,  
1789 bureau, or other organizational unit that will be responsible  
1790 for reviewing financial reporting packages pursuant to paragraph  
1791 (e).

1792  
1793 If the state awarding agency is not the coordinating agency as  
1794 defined in paragraph (2)(d), the state awarding agency's  
1795 designated division, bureau, or other organizational unit shall  
1796 communicate to the coordinating agency the state awarding  
1797 agency's approval of the recipient's corrective action plan with

HB 547

2004  
CS

1798 respect to findings and recommendations that are not specific to  
 1799 the state awarding agency.

1800 (6) Each coordinating agency shall:

1801 (a) Review the recipient's financial reporting package,  
 1802 including the management letter and corrective action plan, to  
 1803 identify audit findings and recommendations that affect state  
 1804 financial assistance and that are not specific to a particular  
 1805 state awarding agency.

1806 (b) For any such findings and recommendations determine:

1807 1. Whether timely and appropriate corrective action has  
 1808 been taken.

1809 2. Promptly inform the state awarding agency's contact, as  
 1810 provided in paragraph (5)(f), of actions taken by the recipient  
 1811 to comply with the approved corrective action plan.

1812 (c) Maintain records of followup actions taken for the use  
 1813 of any succeeding coordinating agency.

1814 (7)(6) As a condition of receiving state financial  
 1815 assistance, each nonstate entity recipient that provides state  
 1816 financial assistance to a subrecipient shall:

1817 (a) Provide to each a subrecipient information needed by  
 1818 the subrecipient to comply with the requirements of this  
 1819 section, including:

- 1820 1. Identification of the state awarding agency.
- 1821 2. The audit and accountability requirements for state  
 1822 projects as stated in this section and applicable ~~rules of the~~  
 1823 ~~Executive Office of the Governor,~~ rules of the Department of  
 1824 Financial Services ~~Chief Financial Officer,~~ and rules of the  
 1825 Auditor General.

HB 547

2004  
CS

1826           3. Information from the Catalog of State Financial  
1827 Assistance, including the standard state project number  
1828 identifier; official title; legal authorization; and description  
1829 of the state project, including objectives, restrictions, and  
1830 other relevant information.

1831           4. Information from the State Projects Compliance  
1832 Supplement including the significant compliance requirements,  
1833 eligibility requirements, matching requirements, and suggested  
1834 audit procedures, and other relevant information determined  
1835 necessary.

1836           (b) Review the financial reporting package of the  
1837 subrecipient ~~audit reports~~, including the management letter and  
1838 corrective action plan letters, to the extent necessary to  
1839 determine whether timely and appropriate corrective action has  
1840 been taken with respect to audit findings and recommendations  
1841 pertaining to state financial assistance provided by a the state  
1842 awarding agency or a nonstate entity.

1843           (c) Perform any ~~such~~ other procedures ~~as~~ specified in  
1844 terms and conditions of the written agreement with the state  
1845 awarding agency or the nonstate entity, including any required  
1846 monitoring of the subrecipient's use of state financial  
1847 assistance through onsite visits, limited scope audits, or other  
1848 specified procedures.

1849           (d) Require subrecipients, as a condition of receiving  
1850 state financial assistance, to permit the independent auditor of  
1851 the nonstate entity recipient, the state awarding agency, the  
1852 Department of Financial Services ~~the Chief Financial Officer~~,  
1853 and the Auditor General access to the subrecipient's records and

HB 547

2004  
CS

1854 the subrecipient's independent auditor's working papers as  
1855 necessary to comply with the requirements of this section.

1856 (8)~~(7)~~ Each recipient or subrecipient of state financial  
1857 assistance shall comply with the following:

1858 (a) Each nonstate entity that ~~receives state financial~~  
1859 ~~assistance and~~ meets the audit threshold requirements, in any  
1860 fiscal year of the nonstate entity, as stated in the rules of  
1861 the Auditor General, shall have a state single audit conducted  
1862 for such fiscal year in accordance with the requirements of this  
1863 act and with additional requirements established in ~~rules of the~~  
1864 ~~Executive Office of the Governor,~~ rules of the Department of  
1865 Financial Services Chief Financial Officer, and rules of the  
1866 Auditor General. If only one state project is involved in a  
1867 nonstate entity's fiscal year, the nonstate entity may elect to  
1868 have only a state project-specific audit ~~of the state project~~  
1869 ~~for that fiscal year.~~

1870 (b) Each nonstate entity that ~~receives state financial~~  
1871 ~~assistance and~~ does not meet the audit threshold requirements,  
1872 in any fiscal year of the nonstate entity, as stated in this law  
1873 or the rules of the Auditor General is exempt for such fiscal  
1874 year from the state single audit requirements of this section.  
1875 However, such nonstate entity must meet terms and conditions  
1876 specified in the written agreement with the state awarding  
1877 agency or the nonstate entity.

1878 (c) Regardless of the amount of the state financial  
1879 assistance, the provisions of this section do not exempt a  
1880 nonstate entity from compliance with provisions of law relating  
1881 to maintaining records concerning state financial assistance to

HB 547

2004  
CS

1882 such nonstate entity or allowing access and examination of those  
 1883 records by the state awarding agency, the nonstate entity, the  
 1884 Department of Financial Services ~~Chief Financial Officer~~, or the  
 1885 Auditor General.

1886 (d) Audits conducted pursuant to this section shall be  
 1887 performed annually.

1888 (e) Audits conducted pursuant to this section shall be  
 1889 conducted by independent auditors in accordance with auditing  
 1890 standards as stated in rules of the Auditor General.

1891 (f) Upon completion of the audit as required by this  
 1892 section, a copy of the recipient's financial reporting package  
 1893 shall be filed with the state awarding agency and the Auditor  
 1894 General. Upon completion of the audit as required by this  
 1895 section, a copy of the subrecipient's financial reporting  
 1896 package shall be filed with the nonstate entity ~~recipient~~ that  
 1897 provided the state financial assistance and the Auditor General.  
 1898 The financial reporting package shall be filed in accordance  
 1899 with the rules of the Auditor General.

1900 (g) All financial reporting packages prepared pursuant to  
 1901 the requirements of this section shall be available for public  
 1902 inspection.

1903 (h) If an audit conducted pursuant to this section  
 1904 discloses any significant audit findings relating to state  
 1905 financial assistance, including material noncompliance with  
 1906 individual state project compliance requirements or reportable  
 1907 conditions in internal controls of the nonstate entity, the  
 1908 nonstate entity shall submit as part of the financial reporting  
 1909 ~~audit~~ package to the state awarding agency or the nonstate

HB 547

2004  
CS

1910 | entity a plan for corrective action to eliminate such audit  
 1911 | findings or a statement describing the reasons that corrective  
 1912 | action is not necessary.

1913 |       (i) An audit conducted in accordance with this section is  
 1914 | in addition to any audit of federal awards required by the  
 1915 | federal Single Audit Act and other federal laws and regulations.  
 1916 | To the extent that such federally required audits provide the  
 1917 | state awarding agency or the nonstate entity with information it  
 1918 | requires to carry out its responsibilities under state law or  
 1919 | other guidance, the a state awarding agency or the nonstate  
 1920 | entity shall rely upon and use that information.

1921 |       (j) Unless prohibited by law, the costs ~~cost~~ of audits  
 1922 | pursuant to this section are ~~is~~ allowable charges to state  
 1923 | projects. However, any charges to state projects should be  
 1924 | limited to those incremental costs incurred as a result of the  
 1925 | audit requirements of this section in relation to other audit  
 1926 | requirements. The nonstate entity should allocate such  
 1927 | incremental costs to all state projects for which it expended  
 1928 | state financial assistance.

1929 |       (k) Audit costs may not be charged to state projects when  
 1930 | audits required by this section have not been made or have been  
 1931 | made but not in accordance with this section. If a nonstate  
 1932 | entity fails to have an audit conducted consistent with this  
 1933 | section, a state awarding agency or a nonstate entity ~~agencies~~  
 1934 | may take appropriate corrective action to enforce compliance.

1935 |       (l) This section does not prohibit the state awarding  
 1936 | agency or the nonstate entity from including terms and  
 1937 | conditions in the written agreement which require additional

HB 547

2004  
CS

1938 | assurances that state financial assistance meets the applicable  
1939 | requirements of laws, regulations, and other compliance rules.

1940 |       (m) A state awarding agency or a nonstate entity that  
1941 | ~~provides state financial assistance to nonstate entities and~~  
1942 | conducts or arranges for audits of state financial assistance  
1943 | that are in addition to the audits conducted under this act,  
1944 | including audits of nonstate entities that do not meet the audit  
1945 | threshold requirements, shall, consistent with other applicable  
1946 | law, arrange for funding the full cost of such additional  
1947 | audits.

1948 |       (9)(8) The independent auditor when conducting a state  
1949 | single audit of a nonstate entity ~~recipients or subrecipients~~  
1950 | shall:

1951 |       (a) Determine whether the nonstate entity's financial  
1952 | statements are presented fairly in all material respects in  
1953 | conformity with generally accepted accounting principles.

1954 |       (b) Determine whether state financial assistance shown on  
1955 | the Schedule of Expenditures of State Financial Assistance is  
1956 | presented fairly in all material respects in relation to the  
1957 | nonstate entity's financial statements taken as a whole.

1958 |       (c) With respect to internal controls pertaining to each  
1959 | major state project:

- 1960 |           1. Obtain an understanding of internal controls;
- 1961 |           2. Assess control risk;
- 1962 |           3. Perform tests of controls unless the controls are
- 1963 |           deemed to be ineffective; and
- 1964 |           4. Determine whether the nonstate entity has internal
- 1965 |           controls in place to provide reasonable assurance of compliance

HB 547

2004  
CS

1966 | with the provisions of laws and rules pertaining to state  
 1967 | financial assistance that have a material effect on each major  
 1968 | state project.

1969 |         (d) Determine whether each major state project complied  
 1970 | with the provisions of laws, rules, and guidelines as identified  
 1971 | in the State Projects Compliance Supplement, or otherwise  
 1972 | identified by the state awarding agency, which have a material  
 1973 | effect on each major state project. When major state projects  
 1974 | are less than 50 percent of the nonstate entity's total  
 1975 | expenditures for all state financial assistance, the auditor  
 1976 | shall select and test additional state projects as major state  
 1977 | projects as necessary to achieve audit coverage of at least 50  
 1978 | percent of the expenditures for all state financial assistance  
 1979 | provided to the nonstate entity. Additional state projects  
 1980 | needed to meet the 50-percent requirement may be selected on an  
 1981 | inherent risk basis as stated in the rules of the Department of  
 1982 | Financial Services ~~Executive Office of the Governor~~.

1983 |         (e) Report on the results of any audit conducted pursuant  
 1984 | to this section in accordance with the ~~rules of the Executive~~  
 1985 | ~~Office of the Governor~~, rules of the Department of Financial  
 1986 | Services ~~Chief Financial Officer~~, and rules of the Auditor  
 1987 | General. Financial reporting packages must ~~Audit reports shall~~  
 1988 | include summaries of the auditor's results regarding the  
 1989 | nonstate entity's financial statements; Schedule of Expenditures  
 1990 | of State Financial Assistance; internal controls; and compliance  
 1991 | with laws, rules, and guidelines.

1992 |         (f) Issue a management letter as prescribed in the rules  
 1993 | of the Auditor General.



HB 547

2004  
CS

1994 (g) Upon notification by the nonstate entity, make  
 1995 available the working papers relating to the audit conducted  
 1996 pursuant to the requirements of this section to the state  
 1997 awarding agency, the Department of Financial Services ~~Chief~~  
 1998 ~~Financial Officer~~, or the Auditor General for review or copying.

1999 ~~(10)(9)~~ The independent auditor, when conducting a state  
 2000 project-specific audit of a nonstate entity ~~recipients or~~  
 2001 ~~subrecipients~~, shall:

2002 (a) Determine whether the nonstate entity's Schedule of  
 2003 Expenditure of State Financial Assistance is presented fairly in  
 2004 all material respects in conformity with stated accounting  
 2005 policies.

2006 (b) Obtain an understanding of internal controls ~~control~~  
 2007 and perform tests of internal controls ~~control~~ over the state  
 2008 project consistent with the requirements of a major state  
 2009 project.

2010 (c) Determine whether or not the auditee has complied with  
 2011 applicable provisions of laws, rules, and guidelines as  
 2012 identified in the State Projects Compliance Supplement, or  
 2013 otherwise identified by the state awarding agency, which could  
 2014 have a direct and material effect on the state project.

2015 (d) Report on the results of the ~~a~~ state project-specific  
 2016 audit consistent with the requirements of the state single audit  
 2017 and issue a management letter as prescribed in the rules of the  
 2018 Auditor General.

2019 (e) Upon notification by the nonstate entity, make  
 2020 available the working papers relating to the audit conducted  
 2021 pursuant to the requirements of this section to the state

HB 547

2004  
CS

2022 | awarding agency, the Department of Financial Services ~~Chief~~  
 2023 | ~~Financial Officer~~, or the Auditor General for review or copying.

2024 | (11)~~(10)~~ The Auditor General shall:

2025 | (a) Have the authority to audit state financial assistance  
 2026 | provided to any nonstate entity when determined necessary by the  
 2027 | Auditor General or when directed by the Legislative Auditing  
 2028 | Committee.

2029 | (b) Adopt rules that state the auditing standards that  
 2030 | independent auditors are to follow for audits of nonstate  
 2031 | entities required by this section.

2032 | (c) Adopt rules that describe the contents and the filing  
 2033 | deadlines for the financial reporting package.

2034 | (d) Provide technical advice upon request of the  
 2035 | Department of Financial Services ~~Chief Financial Officer,~~  
 2036 | ~~Executive Office of the Governor,~~ and state awarding agencies  
 2037 | relating to financial reporting and audit responsibilities  
 2038 | contained in this section.

2039 | (e) Be provided one copy of each financial reporting  
 2040 | package prepared in accordance with the requirements of this  
 2041 | section.

2042 | (f) Perform ongoing reviews of a sample of financial  
 2043 | reporting packages filed pursuant to the requirements of this  
 2044 | section to determine compliance with the reporting requirements  
 2045 | of this section and applicable ~~rules of the Executive Office of~~  
 2046 | ~~the Governor,~~ rules of the Department of Financial Services  
 2047 | ~~Chief Financial Officer,~~ and rules of the Auditor General.

2048 | Section 46. Subsection (1) of section 288.9610, Florida  
 2049 | Statutes, is amended to read:

HB 547

2004  
CS

2050           288.9610 Annual reports of Florida Development Finance  
2051 Corporation.--By December 1 of each year, the Florida  
2052 Development Finance Corporation shall submit to the Governor,  
2053 the President of the Senate, the Speaker of the House of  
2054 Representatives, the Senate Minority Leader, the House Minority  
2055 Leader, and the city or county activating the Florida  
2056 Development Finance Corporation a complete and detailed report  
2057 setting forth:

2058           (1) The evaluation required in s. 11.45(3)(j)~~(a)~~11.

2059           Section 47. Section 373.556, Florida Statutes, is  
2060 repealed.

2061           Section 48. Section 1010.47, Florida Statutes, is amended  
2062 to read:

2063           1010.47 Receiving bids and sale of bonds.--

2064           (1) If the issuance of bonds is authorized at the  
2065 election, or if any bonds outstanding against the district are  
2066 being refunded, the district school board shall sell the bonds  
2067 in the manner provided in s. 218.385. ~~cause notice to be given~~  
2068 ~~by publication in some newspaper published in the district that~~  
2069 ~~the board will receive bids for the purchase of the bonds at the~~  
2070 ~~office of the district school superintendent. The notice shall~~  
2071 ~~be published twice, and the first publication shall be given not~~  
2072 ~~less than 30 days prior to the date set for receiving the bids.~~  
2073 ~~The notice shall specify the amount of the bonds offered for~~  
2074 ~~sale, shall state whether the bids shall be sealed bids or~~  
2075 ~~whether the bonds are to be sold at auction, and shall give the~~  
2076 ~~schedule of maturities of the proposed bonds and such other~~  
2077 ~~pertinent information as may be prescribed by rules of the State~~

HB 547

2004  
CS

2078 ~~Board of Education. Bidders may be invited to name the rate of~~  
 2079 ~~interest that the bonds are to bear or the district school board~~  
 2080 ~~may name rates of interest and invite bids thereon. In addition~~  
 2081 ~~to publication of notice of the proposed sale as set forth in~~  
 2082 ~~this subsection, the district school board shall notify in~~  
 2083 ~~writing at least three recognized bond dealers in the state,~~  
 2084 ~~and, at the same time, notify the Department of Education~~  
 2085 ~~concerning the proposed sale and enclose a copy of the~~  
 2086 ~~advertisement.~~

2087       (2) ~~All bonds and refunding bonds issued as provided by~~  
 2088 ~~law shall be sold to the highest and best bidder at such public~~  
 2089 ~~sale unless sold at a better price or yield basis within 30 days~~  
 2090 ~~after failure to receive an acceptable bid at a duly advertised~~  
 2091 ~~public sale, provided that at no time shall bonds or refunding~~  
 2092 ~~bonds be sold or exchanged at less than par value except as~~  
 2093 ~~specifically authorized by the Department of Education; and~~  
 2094 ~~provided, further, that the district school board shall have the~~  
 2095 ~~right to reject all bids and cause a new notice to be given in~~  
 2096 ~~like manner inviting other bids for such bonds, or to sell all~~  
 2097 ~~or any part of such bonds to the State Board of Education at a~~  
 2098 ~~price and yield basis that shall not be less advantageous to the~~  
 2099 ~~district school board than that represented by the highest and~~  
 2100 ~~best bid received. In the marketing of the bonds, the district~~  
 2101 ~~school board shall be entitled to have such assistance as can be~~  
 2102 ~~rendered by the Division of Bond Finance, the Commissioner of~~  
 2103 ~~Education, or any other public state officer or agency. In~~  
 2104 ~~determining the highest and best bidder for bonds offered for~~  
 2105 ~~sale, the net interest cost to the school board as shown in~~

HB547

2004  
CS

2106 | standard bond tables shall govern, provided that the  
2107 | determination of the district school board as to the highest and  
2108 | best bidder shall be final.

2109 |       Section 49. Effective July 1, 2004, one full-time  
2110 | equivalent position is transferred from the Executive Office of  
2111 | the Governor to the Department of Financial Services.

2112 |       Section 50. This act shall take effect upon becoming a  
2113 | law.