

CHAMBER ACTION

1 The Committee on Procedures recommends the following:

2  
3 **Committee Substitute**

4 Remove the entire bill and insert:

5 A bill to be entitled

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

24 | plans and providing procedures therefor; providing for  
25 | notification of the Department of Revenue and the  
26 | Department of Financial Services in cases of noncompliance  
27 | and authorizing the withholding of certain funds;  
28 | requiring the Department of Management Services to notify  
29 | the Department of Community Affairs in the case of  
30 | affected special districts; correcting a cross reference;  
31 | amending s. 130.04, F.S.; revising provisions governing  
32 | notice of bids and disposition of bonds; amending s.  
33 | 132.02, F.S.; revising provisions relating to the  
34 | authorization to issue refund bonds; amending s. 132.09,  
35 | F.S.; revising provisions relating to the notice of sale,  
36 | bids, and awards and private sale of bonds; amending s.  
37 | 163.05, F.S.; revising provisions governing the Small  
38 | County Technical Assistance Program; amending s. 166.121,  
39 | F.S.; revising provisions governing the issuance of bonds  
40 | by a municipality; amending s. 166.241, F.S.; providing a  
41 | municipal budget amendment process and requirements;  
42 | amending s. 175.261, F.S.; correcting a cross reference;  
43 | amending s. 185.221, F.S.; correcting a cross reference;  
44 | amending s. 189.4044, F.S.; revising special procedures  
45 | for determination of inactive special districts; amending  
46 | s. 189.412, F.S.; revising duties of the Special District  
47 | Information Program of the Department of Community  
48 | Affairs; amending s. 189.418, F.S.; revising reporting  
49 | requirements of newly created special districts;  
50 | authorizing the governing body of a special district to  
51 | amend its budget; amending s. 189.419, F.S.; revising

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

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

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

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

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

140 11.40 Legislative Auditing Committee.--

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

152 (a) In the case of a local governmental entity or district  
153 school board, direct ~~request~~ the Department of Revenue and the  
154 Department of Financial Services to withhold any funds not  
155 pledged for bond debt service satisfaction which are payable to  
156 such entity until the entity complies with the law. The  
157 committee, ~~in its request~~, shall specify the date such action  
158 shall begin, and the directive ~~request~~ must be received by the  
159 Department of Revenue and the Department of Financial Services  
160 30 days before the date of the distribution mandated by law. The  
161 Department of Revenue and the Department of Financial Services  
162 may implement the provisions of this paragraph.

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

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

172 11.45 Definitions; duties; authorities; reports; rules.--

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

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

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

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

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

196  
197 The Auditor General shall perform his or her duties  
198 independently but under the general policies established by the  
199 Legislative Auditing Committee. This subsection does not limit  
200 the Auditor General's discretionary authority to conduct other  
201 audits or engagements of governmental entities as authorized in  
202 subsection (3).

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

335  
 336 All petitions must be submitted for verification within 1  
 337 calendar year after the audit petition origination by the  
 338 municipal electors.

339 (7) AUDITOR GENERAL REPORTING REQUIREMENTS.-

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

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

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

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

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

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

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

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

386 11.51 Office of Program Policy Analysis and Government  
387 Accountability.--

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

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

393 61.181 Depository for alimony transactions, support,  
394 maintenance, and support payments; fees.--

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

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

400 75.05 Order and service.--

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

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

414 112.08 Group insurance for public officers, employees, and  
415 certain volunteers; physical examinations.--

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



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

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

451 112.625 Definitions.--As used in this act:

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

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

458 112.63 Actuarial reports and statements of actuarial  
 459 impact; review.--

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

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

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

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

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

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

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

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

554 130.04 Sale ~~Notice for bids and disposition~~ of bonds.--In  
555 case the issuing of bonds shall be authorized by the result of  
556 such election, the county commissioners shall sell the bonds in  
557 the manner provided in s. 218.385 ~~cause notice to be given by~~  
558 ~~publication in a newspaper published in the county, or in some~~  
559 ~~newspaper published in the same judicial circuit, if there be~~  
560 ~~none published in the county, that they will receive bids for~~  
561 ~~the purchase of county bonds at the clerk's office, on a date~~  
562 ~~not less than 10 days nor more than 60 days from the first~~  
563 ~~publication of such notice. The notice shall specify the amount~~  
564 ~~of bonds offered for sale, the rate of interest, and the time~~  
565 ~~when principal and installments of interest shall be due and~~  
566 ~~payable. Any and all bids shall be rejected if the commissioners~~  
567 ~~shall deem it to the best interest for the county so to do, and~~  
568 ~~they may cause a new notice to be given in like manner inviting~~  
569 ~~other bids for said bonds; provided, that when the rate of~~  
570 ~~interest on said bonds exceeds 5 percent per annum, said bonds~~  
571 ~~shall not be sold for less than 95 cents on the dollar, but when~~  
572 ~~any bonds have heretofore been provided for by election, and the~~  
573 ~~rate of interest is 5 percent per annum, or less, that in such~~  
574 ~~eases the county commissioners may accept less than 95 cents~~  
575 ~~upon the dollar, in the sale of said bonds, or for any portion~~  
576 ~~of said bonds not already sold; provided, however, no bonds~~  
577 ~~shall be sold for less than 90 cents on the dollar.~~

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

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580 132.02 Taxing units may refund obligations.--

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

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

601 132.09 Sale of bonds ~~Notice of sale; bids and award;~~  
 602 ~~private sale.~~--When sold, the refunding bonds (except as  
 603 otherwise expressly provided) shall be sold in the manner  
 604 provided in s. 218.385 ~~pursuant to the terms of a notice of sale~~  
 605 ~~which shall be published at least twice. The first publication~~  
 606 ~~to be not less than 7 days before the date fixed for the sale~~  
 607 ~~and to be published in a newspaper published in the unit, or if~~

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

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

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636 163.05 Small County Technical Assistance Program.--

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

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

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

645 166.121 Issuance of bonds.--

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

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

653 166.241 Fiscal years, ~~financial reports~~, appropriations,  
654 ~~and budgets~~, and budget amendments.--

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

657 (1)(2) Each municipality shall make provision for  
658 establishing a fiscal year beginning October 1 of each year and  
659 ending September 30 of the following year.

660 (2)(3) The governing body of each municipality shall adopt  
661 a budget each fiscal year. The budget must be adopted by  
662 ordinance or resolution unless otherwise specified in the  
663 respective municipality's charter. The amount available from



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

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

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

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

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

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

688 175.261 Annual report to Division of Retirement; actuarial  
 689 valuations.--For any municipality, special fire control  
 690 district, chapter plan, local law municipality, local law  
 691 special fire control district, or local law plan under this

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

694 (1) With respect to chapter plans:

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

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

714 185.221 Annual report to Division of Retirement; actuarial  
715 valuations.--For any municipality, chapter plan, local law  
716 municipality, or local law plan under this chapter, the board of  
717 trustees for every chapter plan and local law plan shall submit  
718 the following reports to the division:

719 (1) With respect to chapter plans:

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

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

739 189.4044 Special procedures for inactive districts.--

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

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

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

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

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

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

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

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

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

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

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

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

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

829           189.412 Special District Information Program; duties and  
 830 responsibilities.--The Special District Information Program of

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

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

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

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

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

860 189.418 Reports; budgets; audits.--

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

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

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



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886        ~~(7)(6)~~ All reports or information required to be filed  
887 with a local governing authority under ss. 189.415, 189.416, and  
888 189.417, ~~218.32, and 218.39~~ and this section shall:

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

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

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

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

898        189.419 Effect of failure to file certain reports or  
899 information.--

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

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

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

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

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

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

930 189.421 Failure of district to disclose financial  
 931 reports.--

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

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

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

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

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

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

977 189.428 Special districts; oversight review process.--

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

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

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

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

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

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

1003 (f) Whether the Auditor General has notified the  
 1004 Legislative Auditing Committee that the special district's audit  
 1005 report, reviewed pursuant to s. 11.45(7), indicates that the  
 1006 district has met any of the conditions specified in s.  
 1007 218.503(1) or that a deteriorating financial condition exists  
 1008 that may cause a condition described in s. 218.503(1) to occur  
 1009 if actions are not taken to address such condition.

1010 ~~(g) Whether the Auditor General has determined that the~~  
 1011 ~~special district is in a state of financial emergency as~~  
 1012 ~~provided in s. 218.503(1), and has notified the Governor and the~~  
 1013 ~~Legislative Auditing Committee.~~

1014 (g)(h) Whether the district is inactive according to the  
 1015 official list of special districts, and whether the district is  
 1016 meeting and discharging its responsibilities as required by its  
 1017 charter, as well as projected increases or decreases in district  
 1018 activity.

1019 (h)(i) Whether the special district has failed to comply  
 1020 with any of the reporting requirements in this chapter,  
 1021 including preparation of the public facilities report.

1022 (i)(j) Whether the special district has designated a  
 1023 registered office and agent as required by s. 189.416, and has  
 1024 complied with all open public records and meeting requirements.

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1025 Section 23. Paragraph (a) of subsection (1) of section  
1026 189.439, Florida Statutes, is amended to read:

1027 189.439 Bonds.--

1028 (1) AUTHORIZATION AND FORM OF BONDS.-

1029 (a) The authority may issue and sell bonds for any purpose  
1030 for which the authority has the power to expend money,  
1031 including, without limitation, the power to obtain working  
1032 capital loans to finance the costs of any project and to refund  
1033 any bonds or other indebtedness at the time outstanding at or  
1034 before maturity. Bonds may be sold in the manner provided in s.  
1035 218.385 and ~~by public or negotiated sale after advertisement, if~~  
1036 ~~any, as the board considers advisable.~~ Bonds may be authorized  
1037 by resolution of the board.

1038 Section 24. Subsections (1) and (2) of section 191.005,  
1039 Florida Statutes, are amended to read:

1040 191.005 District boards of commissioners; membership,  
1041 officers, meetings.--

1042 (1)(a) With the exception of districts whose governing  
1043 boards are appointed collectively by the Governor, the county  
1044 commission, and any cooperating city within the county, the  
1045 business affairs of each district shall be conducted and  
1046 administered by a five-member board. All three-member boards  
1047 existing on the effective date of this act shall be converted to  
1048 five-member boards, except those permitted to continue as a  
1049 three-member board by special act adopted in 1997 or thereafter.  
1050 The board shall be elected in nonpartisan elections by the  
1051 electors of the district. Except as provided in this act, such  
1052 elections shall be held at the time and in the manner prescribed

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1053 | by law for holding general elections in accordance with s.  
 1054 | 189.405(2)(a) and (3), and each member shall be elected for a  
 1055 | term of 4 years and serve until the member's successor assumes  
 1056 | office. Candidates for the board of a district shall qualify  
 1057 | with the county supervisor of elections in whose jurisdiction  
 1058 | the district is located. If the district is a multicounty  
 1059 | district, candidates shall qualify with the Department of State.  
 1060 | All candidates may qualify by paying a filing fee of \$25 or by  
 1061 | obtaining the signatures of at least 25 registered electors of  
 1062 | the district on petition forms provided by the supervisor of  
 1063 | elections which petitions shall be submitted and checked in the  
 1064 | same manner as petitions filed by nonpartisan judicial  
 1065 | candidates pursuant to s. 105.035. Notwithstanding s. 106.021, a  
 1066 | candidate who does not collect contributions and whose only  
 1067 | expense is the filing fee is not required to appoint a campaign  
 1068 | treasurer or designate a primary campaign depository.

1069 | (b)1. At the next general election following the effective  
 1070 | date of this act, or on or after the effective date of a special  
 1071 | act or general act of local application creating a new district,  
 1072 | the members of the board shall be elected by the electors of the  
 1073 | district in the manner provided in this section. The office of  
 1074 | each member of the board is designated as being a seat on the  
 1075 | board, distinguished from each of the other seats by a numeral:  
 1076 | 1, 2, 3, 4, or 5. The numerical seat designation does not  
 1077 | designate a geographical subdistrict unless such subdistrict  
 1078 | exists on the effective date of this act, in which case the  
 1079 | candidates must reside in the subdistrict, and only electors of  
 1080 | the subdistrict may vote in the election for the member from

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1081 that subdistrict. Each candidate for a seat on the board shall  
1082 designate, at the time the candidate qualifies, the seat on the  
1083 board for which the candidate is qualifying. The name of each  
1084 candidate who qualifies for election to a seat on the board  
1085 shall be included on the ballot in a way that clearly indicates  
1086 the seat for which the candidate is a candidate. The candidate  
1087 for each seat who receives the most votes cast for a candidate  
1088 for the seat shall be elected to the board.

1089 2. If, on the effective date of this act, a district  
1090 presently in existence elects members of its board, the next  
1091 election shall be conducted in accordance with this section, but  
1092 this section does not require the early expiration of any  
1093 member's term of office by more than 60 days.

1094 3. If, on the effective date of this act, a district does  
1095 not elect the members of its board, the entire board shall be  
1096 elected in accordance with this section. However, in the first  
1097 election following the effective date of this act, seats 1, 3,  
1098 and 5 shall be designated for 4-year terms and seats 2 and 4  
1099 shall be designated for 2-year terms.

1100 4. If, on the effective date of this act, the district has  
1101 an elected three-member board, one of the two seats added by  
1102 this act shall, for the first election following the effective  
1103 date of this act, be designated for a 4-year term and the other  
1104 for a 2-year term, unless the terms of the three existing seats  
1105 all expire within 6 months of the first election following the  
1106 effective date of this act, in which case seats 1, 3, and 5  
1107 shall be designated for 4-year terms and seats 2 and 4 shall be  
1108 designated for 2-year terms.



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1109           5. If the district has an elected three-member board  
1110 designated to remain three members by special act adopted in  
1111 1997 or thereafter, the terms of the board members shall be  
1112 staggered. In the first election following the effective date of  
1113 this act, seats 1 and 3 shall be designated for 4-year terms,  
1114 and seat 2 for a 2-year term.

1115           (c) The board of any district may request the local  
1116 legislative delegation that represents the area within the  
1117 district to create by special law geographical subdistricts for  
1118 board seats. Any board of five members or larger elected on a  
1119 subdistrict basis as of the effective date of this act shall  
1120 continue to elect board members from such previously designated  
1121 subdistricts, and this act shall not require the elimination of  
1122 board seats from such boards.

1123           (2) Each member of the board must be a qualified elector  
1124 at the time he or she qualifies and continually throughout his  
1125 or her term. Any board member who ceases to be a qualified  
1126 elector is automatically removed pursuant to this act.

1127           Section 25. Section 218.075, Florida Statutes, is amended  
1128 to read:

1129           218.075 Reduction or waiver of permit processing  
1130 fees.--Notwithstanding any other provision of law, the  
1131 Department of Environmental Protection and the water management  
1132 districts shall reduce or waive permit processing fees for  
1133 counties with a population of 50,000 or less on April 1, 1994,  
1134 until such counties exceed a population of 75,000 and  
1135 municipalities with a population of 25,000 or less, or any  
1136 county or municipality not included within a metropolitan

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1137 statistical area. Fee reductions or waivers shall be approved on  
 1138 the basis of fiscal hardship or environmental need for a  
 1139 particular project or activity. The governing body must certify  
 1140 that the cost of the permit processing fee is a fiscal hardship  
 1141 due to one of the following factors:

1142 (1) Per capita taxable value is less than the statewide  
 1143 average for the current fiscal year;

1144 (2) Percentage of assessed property value that is exempt  
 1145 from ad valorem taxation is higher than the statewide average  
 1146 for the current fiscal year;

1147 (3) Any condition specified in s. 218.503(1) that results  
 1148 in the county or municipality being in s. 218.503, that  
 1149 ~~determines~~ a state of financial emergency;

1150 (4) Ad valorem operating millage rate for the current  
 1151 fiscal year is greater than 8 mills; or

1152 (5) A financial condition that is documented in annual  
 1153 financial statements at the end of the current fiscal year and  
 1154 indicates an inability to pay the permit processing fee during  
 1155 that fiscal year.

1156  
 1157 The permit applicant must be the governing body of a county or  
 1158 municipality or a third party under contract with a county or  
 1159 municipality and the project for which the fee reduction or  
 1160 waiver is sought must serve a public purpose. If a permit  
 1161 processing fee is reduced, the total fee shall not exceed \$100.

1162 Section 26. Subsection (3) is added to section 218.32,  
 1163 Florida Statutes, to read:

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1164 218.32 Annual financial reports; local governmental  
1165 entities.--

1166 (3) The department shall notify the President of the  
1167 Senate and the Speaker of the House of Representatives of any  
1168 municipality that has not reported any financial activity for  
1169 the last 4 fiscal years. Such notice must be sufficient to  
1170 initiate dissolution procedures as described in s.  
1171 165.051(1)(a). Any special law authorizing the incorporation or  
1172 creation of the municipality must be included within the  
1173 notification.

1174 Section 27. Section 218.321, Florida Statutes, is  
1175 repealed.

1176 Section 28. Subsection (3) of section 218.36, Florida  
1177 Statutes, is amended to read:

1178 218.36 County officers; record and report of fees and  
1179 disposition of same.--

1180 (3) The board of county commissioners may ~~shall, on the~~  
1181 ~~32nd day following the close of the fiscal year,~~ notify the  
1182 Governor of the failure of any county officer to comply with the  
1183 provisions of this section. Such notification shall specify the  
1184 name of the officer and the office held by him or her at the  
1185 time of such failure and shall subject said officer to  
1186 suspension from office at the Governor's discretion.

1187 Section 29. Subsection (3) of section 218.39, Florida  
1188 Statutes, is amended to read:

1189 218.39 Annual financial audit reports.--

1190 (3)(a) A dependent special district may make provision for  
1191 an annual financial audit by being included within the audit of

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1192 another local governmental entity upon which it is dependent.  
 1193 An independent special district may not make provision for an  
 1194 annual financial audit by being included within the audit of  
 1195 another local governmental entity.

1196 (b) A special district that is a component unit, as  
 1197 defined by generally accepted accounting principles, of a local  
 1198 governmental entity shall provide the local governmental entity,  
 1199 within a reasonable time period as established by the local  
 1200 governmental entity, with financial information necessary to  
 1201 comply with this section. The failure of a component unit to  
 1202 provide this financial information must be noted in the annual  
 1203 financial audit report of the local governmental entity.

1204 Section 30. Section 218.369, Florida Statutes, is amended  
 1205 to read:

1206 218.369 Definitions applicable to ss. 218.37-218.386.--As  
 1207 used in this section and in ss. 218.37, 218.38, 218.385, and  
 1208 218.386, the term "unit of local government," except where  
 1209 exception is made, means a county, municipality, special  
 1210 district, district school board, local agency, authority, or  
 1211 consolidated city-county government or any other local  
 1212 governmental body or public body corporate and politic  
 1213 authorized or created by general or special law and granted the  
 1214 power to issue general obligation or revenue bonds; and the  
 1215 words "general obligation or revenue bonds" shall be interpreted  
 1216 to include within their scope general obligation bonds, revenue  
 1217 bonds, special assessment bonds, limited revenue bonds, special  
 1218 obligation bonds, debentures, and other similar instruments, but  
 1219 not bond anticipation notes.

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1220           Section 31. Part V of chapter 218, Florida Statutes,  
1221 entitled "Financial Emergencies" is renamed "Local Governmental  
1222 Entity and District School Board Financial Emergencies."

1223           Section 32. Section 218.50, Florida Statutes, is amended  
1224 to read:

1225           218.50 Short title.--Sections 218.50-218.504 may be cited  
1226 ~~shall be known~~ as the "Local Governmental Entity and District  
1227 School Board Government Financial Emergencies Act."

1228           Section 33. Section 218.501, Florida Statutes, is amended  
1229 to read:

1230           218.501 Purposes.--The purposes of ss. 218.50-218.504 are:

1231           (1) To promote ~~preserve and protect~~ the fiscal  
1232 responsibility solvency of local governmental entities and  
1233 district school boards.

1234           (2) To assist local governmental entities and district  
1235 school boards in providing essential services without  
1236 interruption and in meeting their financial obligations.

1237           (3) To assist local governmental entities and district  
1238 school boards through the improvement of local financial  
1239 management procedures.

1240           Section 34. Section 218.502, Florida Statutes, is amended  
1241 to read:

1242           218.502 Definition.--As used in ss. 218.50-218.504, the  
1243 term "local governmental entity" means a county, municipality,  
1244 or special district, ~~or district school board~~.

1245           Section 35. Section 218.503, Florida Statutes, is amended  
1246 to read:

1247           218.503 Determination of financial emergency.--

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1248           (1) A Local governmental entities and district school  
 1249 boards shall be subject to review and oversight by the Governor  
 1250 or the Commissioner of Education ~~entity is in a state of~~  
 1251 ~~financial emergency~~ when any one of the following conditions  
 1252 occurs:

1253           (a) Failure within the same fiscal year in which due to  
 1254 pay short-term loans ~~from banks~~ or failure to make bond debt  
 1255 service or other long-term debt payments when due, as a result  
 1256 of a lack of funds.

1257           (b) Failure to pay uncontested claims from creditors  
 1258 within 90 days after the claim is presented, as a result of a  
 1259 lack of funds.

1260           (c)~~(b)~~ Failure to transfer at the appropriate time, due to  
 1261 lack of funds:

1262           1. Taxes withheld on the income of employees; or

1263           2. Employer and employee contributions for:

1264           a. Federal social security; or

1265           b. Any pension, retirement, or benefit plan of an  
 1266 employee.

1267           (d)~~(e)~~ Failure for one pay period to pay, due to lack of  
 1268 funds:

1269           1. Wages and salaries owed to employees; or

1270           2. Retirement benefits owed to former employees.

1271           (e)~~(d)~~ An unreserved or total fund balance or retained  
 1272 earnings deficit, or unrestricted or total net assets deficit,  
 1273 as reported on the balance sheet or statement of net assets on  
 1274 the general purpose or fund financial statements, for which  
 1275 sufficient resources of the local governmental entity, as

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1276 | reported on the balance sheet or statement of net assets on the  
 1277 | general purpose or fund financial statements, are not available  
 1278 | to cover the deficit ~~for 2 successive years.~~ Resources available  
 1279 | to cover reported deficits include net assets that are not  
 1280 | otherwise restricted by federal, state, or local laws, bond  
 1281 | covenants, contractual agreements, or other legal constraints.  
 1282 | Fixed or capital assets, the disposal of which would impair the  
 1283 | ability of a local governmental entity to carry out its  
 1284 | functions, are not considered resources available to cover  
 1285 | reported deficits.

1286 | ~~(e) Noncompliance of the local government retirement~~  
 1287 | ~~system with actuarial conditions provided by law.~~

1288 | (2) A local governmental entity shall notify the Governor  
 1289 | and the Legislative Auditing Committee, and a district school  
 1290 | board shall notify the Commissioner of Education and the  
 1291 | Legislative Auditing Committee, when one or more of the  
 1292 | conditions specified in subsection (1) have occurred or will  
 1293 | occur if action is not taken to assist the local governmental  
 1294 | entity or the district school board. In addition, any state  
 1295 | agency must, within 30 days after a determination that one or  
 1296 | more of the conditions specified in subsection (1) have occurred  
 1297 | or will occur if action is not taken to assist the local  
 1298 | governmental entity or the district school board ~~the~~  
 1299 | ~~identification of the financial emergency,~~ notify the Governor  
 1300 | or the Commissioner of Education, as appropriate, and the  
 1301 | Legislative Auditing Committee ~~when one or more of the~~  
 1302 | ~~conditions specified in subsection (1) have occurred or will~~

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1303 ~~occur if action is not taken to assist a local governmental~~  
1304 ~~entity.~~

1305 (3) Upon notification that one or more of the conditions  
1306 in subsection (1) exist, the Governor or his or her designee  
1307 shall contact the local governmental entity or the Commissioner  
1308 of Education or his or her designee shall contact the district  
1309 school board to determine what actions have been taken by the  
1310 local governmental entity or the district school board to  
1311 resolve the condition ~~financial emergency~~. The Governor or the  
1312 Commissioner of Education, as appropriate, shall determine  
1313 whether the local governmental entity or the district school  
1314 board needs state assistance to resolve the condition. If state  
1315 assistance is needed, the local governmental entity or the  
1316 district school board is considered to be in a state of  
1317 financial emergency. The Governor or the Commissioner of  
1318 Education, as appropriate, has the authority to implement  
1319 measures as set forth in ss. 218.50-218.504 to assist the local  
1320 governmental entity or the district school board in resolving  
1321 ~~resolve~~ the financial emergency. Such measures may include, but  
1322 are not limited to:

1323 (a) Requiring approval of the local governmental entity's  
1324 budget by the Governor or approval of the district school  
1325 board's budget by the Commissioner of Education.

1326 (b) Authorizing a state loan to a ~~the~~ local governmental  
1327 entity and providing for repayment of same.

1328 (c) Prohibiting a local governmental entity or a district  
1329 school board from issuing bonds, notes, certificates of



1330 indebtedness, or any other form of debt until such time as it is  
1331 no longer subject to this section.

1332 (d) Making such inspections and reviews of records,  
1333 information, reports, and assets of the local governmental  
1334 entity or the district school board. The appropriate local  
1335 officials shall cooperate in such, ~~in which~~ inspections and  
1336 reviews ~~the appropriate local officials shall cooperate~~.

1337 (e) Consulting with ~~the~~ officials and auditors of the  
1338 local governmental entity or the district school board and the  
1339 appropriate state officials ~~agency~~ regarding any steps necessary  
1340 to bring the books of account, accounting systems, financial  
1341 procedures, and reports into compliance with state requirements.

1342 (f) Providing technical assistance to the local  
1343 governmental entity or the district school board.

1344 (g)1. Establishing a financial emergency ~~emergencies~~ board  
1345 to oversee the activities of the local governmental entity or  
1346 the district school board. If a financial emergency ~~The board~~  
1347 ~~is,~~ if established for a local governmental entity, ~~shall be~~  
1348 ~~appointed by~~ the Governor shall appoint board members and select  
1349 a chair. If a financial emergency board is established for a  
1350 district school board, the State Board of Education shall  
1351 appoint board members and select a chair. ~~The Governor shall~~  
1352 ~~select a chair and such other officers as are necessary~~. The  
1353 financial emergency board shall adopt such rules as are  
1354 necessary for conducting board business. The board may:

1355 a. Make such reviews of records, reports, and assets of  
1356 the local governmental entity or the district school board as  
1357 are needed.

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1358           b. Consult with ~~the~~ officials and auditors of the local  
 1359 governmental entity or the district school board and the  
 1360 appropriate state officials regarding any steps necessary to  
 1361 bring the books of account, accounting systems, financial  
 1362 procedures, and reports of the local governmental entity or the  
 1363 district school board into compliance with state requirements.

1364           c. Review the operations, management, efficiency,  
 1365 productivity, and financing of functions and operations of the  
 1366 local governmental entity or the district school board.

1367           2. The recommendations and reports made by the financial  
 1368 emergency board must be submitted to the Governor for local  
 1369 governmental entities or to the Commissioner of Education and  
 1370 the State Board of Education for district school boards for  
 1371 appropriate action.

1372           (h) Requiring and approving a plan, to be prepared by  
 1373 officials of the appropriate state agency in conjunction with  
 1374 the local governmental entity or the district school board in  
 1375 consultation with the appropriate state officials, prescribing  
 1376 actions that will cause the local governmental entity or the  
 1377 district school board to no longer be subject to this section.  
 1378 The plan must include, but need not be limited to:

1379           1. Provision for payment in full of obligations outlined  
 1380 in subsection (1), designated as priority items, that are  
 1381 currently all payments due or will to come due on debt  
 1382 obligations, pension payments, and all payments and charges  
 1383 imposed or mandated by federal or state law and for all  
 1384 judgments and past due accounts, as priority items of  
 1385 expenditures.

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1386           2. Establishment of ~~a basis of~~ priority budgeting or zero-  
1387 based budgeting in order, ~~so as~~ to eliminate ~~low-priority~~ items  
1388 that are not affordable.

1389           3. The prohibition of a level of operations which can be  
1390 sustained only with nonrecurring revenues.

1391           (4) ~~A During the financial emergency period,~~ the local  
1392 governmental entity or a district school board may not seek  
1393 application of laws under the bankruptcy provisions of the  
1394 United States Constitution except with the prior approval of the  
1395 Governor for local governmental entities or the Commissioner of  
1396 Education for district school boards.

1397           (5)(a) The governing authority of any municipality having  
1398 a resident population of 300,000 or more on or after April 1,  
1399 1999, which has been declared in a state of financial emergency  
1400 pursuant to this section may impose a discretionary per-vehicle  
1401 surcharge of up to 20 percent on the gross revenues of the sale,  
1402 lease, or rental of space at parking facilities within the  
1403 municipality which are open for use to the general public.

1404           (b) A municipal governing authority that imposes the  
1405 surcharge authorized by this subsection may use the proceeds of  
1406 such surcharge for the following purposes only:

1407           1. No less than 60 percent and no more than 80 percent of  
1408 the surcharge proceeds shall be used by the governing authority  
1409 to reduce its ad valorem tax millage rate or to reduce or  
1410 eliminate non-ad valorem assessments.

1411           2. A portion of the balance of the surcharge proceeds  
1412 shall be used by the governing authority to increase its budget  
1413 reserves; however, the governing authority shall not reduce the

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1414 amount it allocates for budget reserves from other sources below  
 1415 the amount allocated for reserves in the fiscal year prior to  
 1416 the year in which the surcharge is initially imposed. When a 15-  
 1417 percent budget reserve is achieved, based on the average gross  
 1418 revenue for the most recent 3 prior fiscal years, the remaining  
 1419 proceeds from this subparagraph shall be used for the payment of  
 1420 annual debt service related to outstanding obligations backed or  
 1421 secured by a covenant to budget and appropriate from non-ad  
 1422 valorem revenues.

1423 (c) This subsection expires June 30, 2006.

1424 Section 36. Section 218.504, Florida Statutes, is amended  
 1425 to read:

1426 218.504 Cessation of state action.--The Governor or the  
 1427 Commissioner of Education, as appropriate, has the authority to  
 1428 terminate all state actions pursuant to ss. 218.50-218.504.

1429 Cessation of state action must not occur until the Governor or  
 1430 the Commissioner of Education, as appropriate, has determined  
 1431 that:

1432 (1) The local governmental entity or the district school  
 1433 board:

1434 (a) Has established and is operating an effective  
 1435 financial accounting and reporting system.

1436 (b) Has resolved ~~corrected or eliminated~~ the ~~fiscal~~  
 1437 ~~emergency~~ conditions outlined in s. 218.503(1).

1438 (2) None of the ~~No new fiscal emergency~~ conditions  
 1439 outlined in s. 218.503(1) exists ~~exist~~.

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1440           Section 37. Chapter 131, Florida Statutes, consisting of  
 1441 sections 131.01, 131.02, 131.03, 131.04, 131.05, and 131.06,  
 1442 Florida Statutes, is repealed.

1443           Section 38. Section 132.10, Florida Statutes, is repealed.

1444           Section 39. Section 165.052, Florida Statutes, is  
 1445 repealed.

1446           Section 40. Section 189.409, Florida Statutes, is  
 1447 repealed.

1448           Section 41. Section 189.422, Florida Statutes, is  
 1449 repealed.

1450           Section 42. Section 200.0684, Florida Statutes, is  
 1451 repealed.

1452           Section 43. Paragraph (h) of subsection (1) of section  
 1453 218.37, Florida Statutes, is repealed.

1454           Section 44. Section 215.195, Florida Statutes, is amended  
 1455 to read:

1456           215.195 Agency deposits relating to the Statewide Cost  
 1457 Allocation Plan.--

1458           (1) APPLICATION FOR ALLOCABLE STATEWIDE OVERHEAD.-Each  
 1459 state agency, and the judicial branch, making application for  
 1460 federal grant or contract funds shall, in accordance with the  
 1461 Statewide Cost Allocation Plan, include in its application a  
 1462 prorated share of the cost of services provided by state central  
 1463 service agencies which are reimbursable to the state pursuant to  
 1464 the provisions of Office of Management and Budget Circular A-87.  
 1465 Preparation of the plan and coordination thereof with all  
 1466 applicable parties is the responsibility of the Department of  
 1467 Financial Services. The Department of Financial Services shall

1468 ensure that the plan presents the most favorable allocation of  
 1469 such costs allowable to the state by the Federal Government.

1470 (2) DEPOSIT OF OVERHEAD IN THE GENERAL REVENUE FUND.-If an  
 1471 application for federal grant or contract funds is approved, the  
 1472 state agency or judicial branch receiving the federal grant or  
 1473 contract shall identify that portion representing reimbursement  
 1474 of allocable statewide overhead and deposit that amount into the  
 1475 General Revenue Fund unallocated as directed by the Department  
 1476 of Financial Services ~~Executive Office of the Governor~~. The  
 1477 Department of Financial Services shall be responsible for  
 1478 monitoring agency compliance with this section.

1479 Section 45. Section 215.97, Florida Statutes, is amended  
 1480 to read:

1481 215.97 Florida Single Audit Act.--

1482 (1) The purposes of the section are to:

1483 (a) Establish uniform state audit requirements for state  
 1484 financial assistance provided by state agencies to nonstate  
 1485 entities to carry out state projects.

1486 (b) Promote sound financial management, including  
 1487 effective internal controls, with respect to state financial  
 1488 assistance administered by nonstate entities.

1489 (c) Promote audit economy and efficiency by relying to the  
 1490 extent possible on already required audits of federal financial  
 1491 assistance provided to nonstate entities.

1492 (d) Provide for identification of state financial  
 1493 assistance transactions in the appropriations act, state  
 1494 accounting records, and recipient organization records.

1495 (e) Promote improved coordination and cooperation within  
 1496 and between affected state agencies providing state financial  
 1497 assistance and nonstate entities receiving state assistance.

1498 (f) Ensure, to the maximum extent possible, that state  
 1499 agencies monitor, use, and follow up ~~followup~~ on audits of state  
 1500 financial assistance provided to nonstate entities.

1501 (2) Definitions; as used in this section, the term:

1502 (a) "Audit threshold" means the threshold amount used to  
 1503 determine ~~to use in determining~~ when a state single audit or  
 1504 project-specific audit of a nonstate entity shall be conducted  
 1505 in accordance with this section. Each nonstate entity that  
 1506 expends a total amount of state financial assistance equal to or  
 1507 in excess of \$300,000 in any fiscal year of such nonstate entity  
 1508 shall be required to have a state single audit, or a project-  
 1509 specific audit performed by an independent auditor, for such  
 1510 fiscal year in accordance with the requirements of this section.  
 1511 Every 2 years the Auditor General, after consulting with the  
 1512 Executive Office of the Governor, the Department of Financial  
 1513 Services ~~Chief Financial Officer~~, and all state awarding  
 1514 ~~agencies that provide state financial assistance to nonstate~~  
 1515 ~~entities~~, shall review the threshold amount for requiring audits  
 1516 under this section and may adjust such threshold ~~dollar~~ amount  
 1517 consistent with the purposes ~~purpose~~ of this section.

1518 (b) "Auditing standards" means the auditing standards as  
 1519 stated in the rules of the Auditor General as applicable to for-  
 1520 profit organizations, nonprofit organizations, or local  
 1521 governmental entities.

1522 (c) "Catalog of State Financial Assistance" means a  
 1523 comprehensive listing of state projects. The Catalog of State  
 1524 Financial Assistance shall be issued by the Department of  
 1525 Financial Services ~~Executive Office of the Governor~~ after  
 1526 conferring with the Chief Financial Officer and all state  
 1527 awarding agencies ~~that provide state financial assistance to~~  
 1528 ~~nonstate entities~~. The Catalog of State Financial Assistance  
 1529 shall include for each listed state project: the responsible  
 1530 state awarding agency; standard state project number identifier;  
 1531 official title; legal authorization; and description of the  
 1532 state project, including objectives, restrictions, application  
 1533 and awarding procedures, and other relevant information  
 1534 determined necessary.

1535 (d) "Coordinating agency" means the state awarding agency  
 1536 that provides the predominant amount of state financial  
 1537 assistance expended by a recipient, as determined by the  
 1538 recipient's Schedule of Expenditures of State Financial  
 1539 Assistance. To provide continuity, the determination of the  
 1540 predominant amount of state financial assistance shall be based  
 1541 upon state financial assistance expended in the recipient's  
 1542 fiscal years ending in 2004, 2007, and 2010, and every third  
 1543 year thereafter.

1544 (e)~~(d)~~ "Financial reporting package" means the nonstate  
 1545 entities' financial statements, Schedule of Expenditures of  
 1546 State Financial Assistance, auditor's reports, management  
 1547 letter, auditee's written responses or corrective action plan,  
 1548 correspondence on followup of prior years' corrective actions  
 1549 taken, and such other information determined by the Auditor



1550 General to be necessary and consistent with the purposes of this  
1551 section.

1552 (f)~~(e)~~ "Federal financial assistance" means financial  
1553 assistance from federal sources passed through the state and  
1554 provided to nonstate organizations ~~entities~~ to carry out a  
1555 federal program. "Federal financial assistance" includes all  
1556 types of federal assistance as defined in applicable United  
1557 States Office of Management and Budget circulars.

1558 (g)~~(f)~~ "For-profit organization" means any organization or  
1559 sole proprietor but is not a local governmental entity or a  
1560 nonprofit organization.

1561 (h)~~(g)~~ "Independent auditor" means an independent external  
1562 ~~state or local government auditor or a~~ certified public  
1563 accountant licensed under chapter 473 ~~who meets the independence~~  
1564 ~~standards.~~

1565 (i)~~(h)~~ "Internal control over state projects" means a  
1566 process, effected by a nonstate ~~an~~ entity's management and other  
1567 personnel, designed to provide reasonable assurance regarding  
1568 the achievement of objectives in the following categories:

- 1569 1. Effectiveness and efficiency of operations.
- 1570 2. Reliability of financial operations.
- 1571 3. Compliance with applicable laws and regulations.

1572 (j)~~(i)~~ "Local governmental entity" means a county agency,  
1573 municipality, or special district or any other entity excluding  
1574 ~~(other than a district school board, charter school, or~~  
1575 ~~community college)~~, or public university, however styled, which  
1576 independently exercises any type of governmental function within  
1577 the state.

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1578        (k)~~(j)~~ "Major state project" means any state project  
 1579 meeting the criteria as stated in the rules of the Department of  
 1580 Financial Services ~~Executive Office of the Governor~~. Such  
 1581 criteria shall be established after consultation with all ~~the~~  
 1582 ~~Chief Financial Officer and appropriate~~ state awarding agencies  
 1583 ~~that provide state financial assistance~~ and shall consider the  
 1584 amount of state project expenditures and ~~or~~ expenses or inherent  
 1585 risks. Each major state project shall be audited in accordance  
 1586 with the requirements of this section.

1587        (l)~~(k)~~ "Nonprofit organization" means any corporation,  
 1588 trust, association, cooperative, or other organization that:

- 1589            1. Is operated primarily for scientific, educational
- 1590 service, charitable, or similar purpose in the public interest;
- 1591            2. Is not organized primarily for profit;
- 1592            3. Uses net proceeds to maintain, improve, or expand the
- 1593 operations of the organization; and
- 1594            4. Has no part of its income or profit distributable to
- 1595 its members, directors, or officers.

1596        (m)~~(l)~~ "Nonstate entity" means a local governmental  
 1597 entity, nonprofit organization, or for-profit organization that  
 1598 receives state financial assistance ~~resources~~.

1599        (n)~~(m)~~ "Recipient" means a nonstate entity that receives  
 1600 state financial assistance directly from a state awarding  
 1601 agency.

1602        (o)~~(n)~~ "Schedule of Expenditures of State Financial  
 1603 Assistance" means a document prepared in accordance with the  
 1604 rules of the Department of Financial Services ~~Chief Financial~~

1605 ~~Officer~~ and included in each financial reporting package  
1606 required by this section.

1607 (p)~~(e)~~ "State awarding agency" means a ~~the~~ state agency,  
1608 as defined in s. 216.011, that provides ~~provided~~ state financial  
1609 assistance to a ~~the~~ nonstate entity.

1610 (q)~~(p)~~ "State financial assistance" means ~~financial~~  
1611 ~~assistance from~~ state resources, not including federal financial  
1612 assistance and state matching funds for federal programs,  
1613 provided to a nonstate entity ~~entities~~ to carry out a state  
1614 project. "State financial assistance" includes the ~~all~~ types of  
1615 state resources ~~assistance~~ as stated in the rules of the  
1616 Department of Financial Services ~~Executive Office of the~~  
1617 ~~Governor~~ established in consultation with all ~~the~~ Chief  
1618 ~~Financial Officer~~ and appropriate state awarding agencies that  
1619 ~~provide state financial assistance. It includes~~ State financial  
1620 assistance may be provided directly by state awarding agencies  
1621 or indirectly by nonstate entities ~~recipients of state awards or~~  
1622 ~~subrecipients. State financial assistance~~ It does not include  
1623 procurement contracts used to buy goods or services from vendors  
1624 and. ~~Audits of such procurement contracts with vendors are~~  
1625 ~~outside of the scope of this section. Also, audits of contracts~~  
1626 to operate state-owned ~~state government-owned~~ and contractor-  
1627 operated facilities ~~are excluded from the audit requirements of~~  
1628 ~~this section.~~

1629 (r)~~(q)~~ "State matching" means state resources provided to  
1630 a nonstate entity ~~entities to be used~~ to meet federal financial  
1631 participation matching requirements ~~of federal programs.~~

1632           (s) "State program" means a set of special purpose  
 1633 activities undertaken to realize identifiable goals and  
 1634 objectives in order to achieve a state agency's mission and  
 1635 legislative intent requiring accountability for state resources.

1636           (t)(r) "State project" means a state program that provides  
 1637 all state financial assistance to a nonstate organization and  
 1638 that must be entity assigned a single state project number  
 1639 identifier in the Catalog of State Financial Assistance.

1640           (u)(s) "State Projects Compliance Supplement" means a  
 1641 document issued by the Department of Financial Services  
 1642 Executive Office of the Governor, in consultation with the Chief  
 1643 Financial Officer and all state awarding agencies that provide  
 1644 state financial assistance. The State Projects Compliance  
 1645 Supplement shall identify state projects, the significant  
 1646 compliance requirements, eligibility requirements, matching  
 1647 requirements, suggested audit procedures, and other relevant  
 1648 information determined necessary.

1649           (v)(t) "State project-specific audit" means an audit of  
 1650 one state project performed in accordance with the requirements  
 1651 of subsection (10) (9).

1652           (w)(u) "State single audit" means an audit of a nonstate  
 1653 entity's financial statements and state financial assistance.  
 1654 Such audits shall be conducted in accordance with the auditing  
 1655 standards as stated in the rules of the Auditor General.

1656           (x)(v) "Subrecipient" means a nonstate entity that  
 1657 receives state financial assistance through another nonstate  
 1658 entity.

1659        ~~(y)(w)~~ "Vendor" means a dealer, distributor, merchant, or  
 1660 other seller providing goods or services that are required for  
 1661 the conduct of a state project. These goods or services may be  
 1662 for an organization's own use or for the use of beneficiaries of  
 1663 the state project.

1664        (3) The Executive Office of the Governor shall be  
 1665 responsible for notifying the Department of Financial Services  
 1666 of any actions during the budgetary process which impact the  
 1667 Catalog of State Financial Assistance.÷

1668        ~~(a) Upon conferring with the Chief Financial Officer and~~  
 1669 ~~all state awarding agencies, adopt rules necessary to provide~~  
 1670 ~~appropriate guidance to state awarding agencies, recipients and~~  
 1671 ~~subrecipients, and independent auditors of state financial~~  
 1672 ~~assistance relating to the requirements of this section,~~  
 1673 ~~including:~~

1674        ~~1. The types or classes of financial assistance considered~~  
 1675 ~~to be state financial assistance which would be subject to the~~  
 1676 ~~requirements of this section. This would include guidance to~~  
 1677 ~~assist in identifying when the state agency or recipient has~~  
 1678 ~~contracted with a vendor rather than with a recipient or~~  
 1679 ~~subrecipient.~~

1680        ~~2. The criteria for identifying a major state project.~~

1681        ~~3. The criteria for selecting state projects for audits~~  
 1682 ~~based on inherent risk.~~

1683        ~~(b) Be responsible for coordinating the initial~~  
 1684 ~~preparation and subsequent revisions of the Catalog of State~~  
 1685 ~~Financial Assistance after consultation with the Chief Financial~~  
 1686 ~~Officer and all state awarding agencies.~~

1687 ~~(c) Be responsible for coordinating the initial~~  
 1688 ~~preparation and subsequent revisions of the State Projects~~  
 1689 ~~Compliance Supplement, after consultation with the Chief~~  
 1690 ~~Financial Officer and all state awarding agencies.~~

1691 (4) The Department of Financial Services ~~Chief Financial~~  
 1692 ~~Officer~~ shall:

1693 (a) Upon conferring with the Executive Office of the  
 1694 Governor and all state awarding agencies, adopt rules necessary  
 1695 to provide appropriate guidance to state awarding agencies,  
 1696 nonstate entities, and independent auditors of state financial  
 1697 assistance relating to the requirements of this section,  
 1698 including:

1699 1. The types or classes of state resources considered to  
 1700 be state financial assistance that would be subject to the  
 1701 requirements of this section. This would include guidance to  
 1702 assist in identifying when the state awarding agency or a  
 1703 nonstate entity has contracted with a vendor rather than with a  
 1704 recipient or subrecipient.

1705 2. The criteria for identifying a major state project.

1706 3. The criteria for selecting state projects for audits  
 1707 based on inherent risk.

1708 (b) Be responsible for coordinating revisions to the  
 1709 Catalog of State Financial Assistance after consultation with  
 1710 the Executive Office of the Governor and all state awarding  
 1711 agencies.

1712 (c) Be responsible for coordinating with the Executive  
 1713 Office of the Governor actions affecting the budgetary process  
 1714 under paragraph (b).

1715            (d) Be responsible for coordinating revisions to the State  
 1716 Projects Compliance Supplement, after consultation with the  
 1717 Executive Office of the Governor and all state awarding  
 1718 agencies.

1719            (e)-(a) Make enhancements to the state's accounting system  
 1720 to provide for the:

1721            1. Recording of state financial assistance and federal  
 1722 financial assistance appropriations and expenditures within the  
 1723 state awarding agencies' operating funds.

1724            2. Recording of state project number identifiers, as  
 1725 provided in the Catalog of State Financial Assistance, for state  
 1726 financial assistance.

1727            3. Establishment and recording of an identification code  
 1728 for each financial transaction, including awarding state  
 1729 agencies' disbursements of state financial assistance and  
 1730 federal financial assistance, as to the corresponding type or  
 1731 organization that is party to the transaction (e.g., other  
 1732 governmental agencies, nonprofit organizations, and for-profit  
 1733 organizations), and disbursements of federal financial  
 1734 assistance, as to whether the party to the transaction is or is  
 1735 not a nonstate entity ~~recipient or subrecipient~~.

1736            (f)-(b) Upon conferring with the Executive Office of the  
 1737 Governor and all state awarding agencies, adopt rules necessary  
 1738 to provide appropriate guidance to state awarding agencies,  
 1739 nonstate entities ~~recipients and subrecipients~~, and independent  
 1740 auditors of state financial assistance relating to the format  
 1741 for the Schedule of Expenditures of State Financial Assistance.

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1742            (g)~~(e)~~ Perform any inspections, reviews, investigations,  
 1743 or audits of state financial assistance considered necessary in  
 1744 carrying out the Department of Financial Services ~~Chief~~  
 1745 ~~Financial Officer's~~ legal responsibilities for state financial  
 1746 assistance or to comply with the requirements of this section.

1747            (5) Each state awarding agency shall:

1748            (a) Provide to each a recipient information needed by the  
 1749 recipient to comply with the requirements of this section,  
 1750 including:

1751            1. The audit and accountability requirements for state  
 1752 projects as stated in this section and applicable ~~rules of the~~  
 1753 ~~Executive Office of the Governor,~~ rules of the Department of  
 1754 Financial Services ~~Chief Financial Officer,~~ and rules of the  
 1755 Auditor General.

1756            2. Information from the Catalog of State Financial  
 1757 Assistance, including the standard state project number  
 1758 identifier; official title; legal authorization; and description  
 1759 of the state project including objectives, restrictions, and  
 1760 other relevant information determined necessary.

1761            3. Information from the State Projects Compliance  
 1762 Supplement, including the significant compliance requirements,  
 1763 eligibility requirements, matching requirements, suggested audit  
 1764 procedures, and other relevant information determined necessary.

1765            (b) Require the recipient, as a condition of receiving  
 1766 state financial assistance, to allow the state awarding agency,  
 1767 the Department of Financial Services ~~Chief Financial Officer,~~  
 1768 and the Auditor General access to the recipient's records and



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1769 the recipient's independent auditor's working papers as  
1770 necessary for complying with the requirements of this section.

1771 (c) Notify the recipient that this section does not limit  
1772 the authority of the state awarding agency to conduct or arrange  
1773 for the conduct of additional audits or evaluations of state  
1774 financial assistance or limit the authority of any state  
1775 awarding agency inspector general, the Auditor General, or any  
1776 other state official.

1777 (d) Be provided one copy of each financial reporting  
1778 package prepared in accordance with the requirement of this  
1779 section.

1780 (e) Review the recipient's ~~recipient~~ financial reporting  
1781 package, including the management letters and corrective action  
1782 plans, to the extent necessary to determine whether timely and  
1783 appropriate corrective action has been taken with respect to  
1784 audit findings and recommendations pertaining to state financial  
1785 assistance that are specific to ~~provided by~~ the state awarding  
1786 agency.

1787 (f) Designate within the state awarding agency a division,  
1788 bureau, or other organizational unit that will be responsible  
1789 for reviewing financial reporting packages pursuant to paragraph  
1790 (e).

1791  
1792 If the state awarding agency is not the coordinating agency as  
1793 defined in paragraph (2)(d), the state awarding agency's  
1794 designated division, bureau, or other organizational unit shall  
1795 communicate to the coordinating agency the state awarding  
1796 agency's approval of the recipient's corrective action plan with

1797 respect to findings and recommendations that are not specific to  
 1798 the state awarding agency.

1799 (6) Each coordinating agency shall:

1800 (a) Review the recipient's financial reporting package,  
 1801 including the management letter and corrective action plan, to  
 1802 identify audit findings and recommendations that affect state  
 1803 financial assistance and that are not specific to a particular  
 1804 state awarding agency.

1805 (b) For any such findings and recommendations determine:

1806 1. Whether timely and appropriate corrective action has  
 1807 been taken.

1808 2. Promptly inform the state awarding agency's contact, as  
 1809 provided in paragraph (5)(f), of actions taken by the recipient  
 1810 to comply with the approved corrective action plan.

1811 (c) Maintain records of followup actions taken for the use  
 1812 of any succeeding coordinating agency.

1813 (7)(6) As a condition of receiving state financial  
 1814 assistance, each nonstate entity recipient that provides state  
 1815 financial assistance to a subrecipient shall:

1816 (a) Provide to each a subrecipient information needed by  
 1817 the subrecipient to comply with the requirements of this  
 1818 section, including:

- 1819 1. Identification of the state awarding agency.
- 1820 2. The audit and accountability requirements for state
- 1821 projects as stated in this section and applicable ~~rules of the~~
- 1822 ~~Executive Office of the Governor,~~ rules of the Department of
- 1823 Financial Services ~~Chief Financial Officer,~~ and rules of the
- 1824 Auditor General.

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1825           3. Information from the Catalog of State Financial  
1826 Assistance, including the standard state project number  
1827 identifier; official title; legal authorization; and description  
1828 of the state project, including objectives, restrictions, and  
1829 other relevant information.

1830           4. Information from the State Projects Compliance  
1831 Supplement including the significant compliance requirements,  
1832 eligibility requirements, matching requirements, and suggested  
1833 audit procedures, and other relevant information determined  
1834 necessary.

1835           (b) Review the financial reporting package of the  
1836 subrecipient ~~audit reports~~, including the management letter and  
1837 corrective action plan letters, to the extent necessary to  
1838 determine whether timely and appropriate corrective action has  
1839 been taken with respect to audit findings and recommendations  
1840 pertaining to state financial assistance provided by a the state  
1841 awarding agency or a nonstate entity.

1842           (c) Perform any ~~such~~ other procedures ~~as~~ specified in  
1843 terms and conditions of the written agreement with the state  
1844 awarding agency or the nonstate entity, including any required  
1845 monitoring of the subrecipient's use of state financial  
1846 assistance through onsite visits, limited scope audits, or other  
1847 specified procedures.

1848           (d) Require subrecipients, as a condition of receiving  
1849 state financial assistance, to permit the independent auditor of  
1850 the nonstate entity recipient, the state awarding agency, the  
1851 Department of Financial Services ~~the Chief Financial Officer~~,  
1852 and the Auditor General access to the subrecipient's records and

1853 | the subrecipient's independent auditor's working papers as  
 1854 | necessary to comply with the requirements of this section.

1855 |        ~~(8)(7)~~ Each recipient or subrecipient of state financial  
 1856 | assistance shall comply with the following:

1857 |        (a) Each nonstate entity that ~~receives state financial~~  
 1858 | ~~assistance and~~ meets the audit threshold requirements, in any  
 1859 | fiscal year of the nonstate entity, as stated in the rules of  
 1860 | the Auditor General, shall have a state single audit conducted  
 1861 | for such fiscal year in accordance with the requirements of this  
 1862 | act and with additional requirements established in ~~rules of the~~  
 1863 | ~~Executive Office of the Governor,~~ rules of the Department of  
 1864 | Financial Services Chief Financial Officer, and rules of the  
 1865 | Auditor General. If only one state project is involved in a  
 1866 | nonstate entity's fiscal year, the nonstate entity may elect to  
 1867 | have only a state project-specific audit ~~of the state project~~  
 1868 | ~~for that fiscal year.~~

1869 |        (b) Each nonstate entity that ~~receives state financial~~  
 1870 | ~~assistance and~~ does not meet the audit threshold requirements,  
 1871 | in any fiscal year of the nonstate entity, as stated in this law  
 1872 | or the rules of the Auditor General is exempt for such fiscal  
 1873 | year from the state single audit requirements of this section.  
 1874 | However, such nonstate entity must meet terms and conditions  
 1875 | specified in the written agreement with the state awarding  
 1876 | agency or the nonstate entity.

1877 |        (c) Regardless of the amount of the state financial  
 1878 | assistance, the provisions of this section do not exempt a  
 1879 | nonstate entity from compliance with provisions of law relating  
 1880 | to maintaining records concerning state financial assistance to

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1881 such nonstate entity or allowing access and examination of those  
 1882 records by the state awarding agency, the nonstate entity, the  
 1883 Department of Financial Services ~~Chief Financial Officer~~, or the  
 1884 Auditor General.

1885 (d) Audits conducted pursuant to this section shall be  
 1886 performed annually.

1887 (e) Audits conducted pursuant to this section shall be  
 1888 conducted by independent auditors in accordance with auditing  
 1889 standards as stated in rules of the Auditor General.

1890 (f) Upon completion of the audit as required by this  
 1891 section, a copy of the recipient's financial reporting package  
 1892 shall be filed with the state awarding agency and the Auditor  
 1893 General. Upon completion of the audit as required by this  
 1894 section, a copy of the subrecipient's financial reporting  
 1895 package shall be filed with the nonstate entity ~~recipient~~ that  
 1896 provided the state financial assistance and the Auditor General.  
 1897 The financial reporting package shall be filed in accordance  
 1898 with the rules of the Auditor General.

1899 (g) All financial reporting packages prepared pursuant to  
 1900 the requirements of this section shall be available for public  
 1901 inspection.

1902 (h) If an audit conducted pursuant to this section  
 1903 discloses any significant audit findings relating to state  
 1904 financial assistance, including material noncompliance with  
 1905 individual state project compliance requirements or reportable  
 1906 conditions in internal controls of the nonstate entity, the  
 1907 nonstate entity shall submit as part of the financial reporting  
 1908 ~~audit~~ package to the state awarding agency or the nonstate

1909 entity a plan for corrective action to eliminate such audit  
 1910 findings or a statement describing the reasons that corrective  
 1911 action is not necessary.

1912 (i) An audit conducted in accordance with this section is  
 1913 in addition to any audit of federal awards required by the  
 1914 federal Single Audit Act and other federal laws and regulations.  
 1915 To the extent that such federally required audits provide the  
 1916 state awarding agency or the nonstate entity with information it  
 1917 requires to carry out its responsibilities under state law or  
 1918 other guidance, the a state awarding agency or the nonstate  
 1919 entity shall rely upon and use that information.

1920 (j) Unless prohibited by law, the costs ~~cost~~ of audits  
 1921 pursuant to this section are ~~is~~ allowable charges to state  
 1922 projects. However, any charges to state projects should be  
 1923 limited to those incremental costs incurred as a result of the  
 1924 audit requirements of this section in relation to other audit  
 1925 requirements. The nonstate entity should allocate such  
 1926 incremental costs to all state projects for which it expended  
 1927 state financial assistance.

1928 (k) Audit costs may not be charged to state projects when  
 1929 audits required by this section have not been made or have been  
 1930 made but not in accordance with this section. If a nonstate  
 1931 entity fails to have an audit conducted consistent with this  
 1932 section, a state awarding agency or a nonstate entity ~~agencies~~  
 1933 may take appropriate corrective action to enforce compliance.

1934 (l) This section does not prohibit the state awarding  
 1935 agency or the nonstate entity from including terms and  
 1936 conditions in the written agreement which require additional

1937 | assurances that state financial assistance meets the applicable  
 1938 | requirements of laws, regulations, and other compliance rules.

1939 |       (m) A state awarding agency or a nonstate entity that  
 1940 | ~~provides state financial assistance to nonstate entities and~~  
 1941 | conducts or arranges for audits of state financial assistance  
 1942 | that are in addition to the audits conducted under this act,  
 1943 | including audits of nonstate entities that do not meet the audit  
 1944 | threshold requirements, shall, consistent with other applicable  
 1945 | law, arrange for funding the full cost of such additional  
 1946 | audits.

1947 |       (9)(8) The independent auditor when conducting a state  
 1948 | single audit of a nonstate entity ~~recipients or subrecipients~~  
 1949 | shall:

1950 |       (a) Determine whether the nonstate entity's financial  
 1951 | statements are presented fairly in all material respects in  
 1952 | conformity with generally accepted accounting principles.

1953 |       (b) Determine whether state financial assistance shown on  
 1954 | the Schedule of Expenditures of State Financial Assistance is  
 1955 | presented fairly in all material respects in relation to the  
 1956 | nonstate entity's financial statements taken as a whole.

1957 |       (c) With respect to internal controls pertaining to each  
 1958 | major state project:

- 1959 |           1. Obtain an understanding of internal controls;
- 1960 |           2. Assess control risk;
- 1961 |           3. Perform tests of controls unless the controls are
- 1962 |           deemed to be ineffective; and
- 1963 |           4. Determine whether the nonstate entity has internal
- 1964 |           controls in place to provide reasonable assurance of compliance

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1965 | with the provisions of laws and rules pertaining to state  
 1966 | financial assistance that have a material effect on each major  
 1967 | state project.

1968 |         (d) Determine whether each major state project complied  
 1969 | with the provisions of laws, rules, and guidelines as identified  
 1970 | in the State Projects Compliance Supplement, or otherwise  
 1971 | identified by the state awarding agency, which have a material  
 1972 | effect on each major state project. When major state projects  
 1973 | are less than 50 percent of the nonstate entity's total  
 1974 | expenditures for all state financial assistance, the auditor  
 1975 | shall select and test additional state projects as major state  
 1976 | projects as necessary to achieve audit coverage of at least 50  
 1977 | percent of the expenditures for all state financial assistance  
 1978 | provided to the nonstate entity. Additional state projects  
 1979 | needed to meet the 50-percent requirement may be selected on an  
 1980 | inherent risk basis as stated in the rules of the Department of  
 1981 | Financial Services ~~Executive Office of the Governor~~.

1982 |         (e) Report on the results of any audit conducted pursuant  
 1983 | to this section in accordance with the ~~rules of the Executive~~  
 1984 | ~~Office of the Governor~~, rules of the Department of Financial  
 1985 | Services ~~Chief Financial Officer~~, and rules of the Auditor  
 1986 | General. Financial reporting packages must ~~Audit reports shall~~  
 1987 | include summaries of the auditor's results regarding the  
 1988 | nonstate entity's financial statements; Schedule of Expenditures  
 1989 | of State Financial Assistance; internal controls; and compliance  
 1990 | with laws, rules, and guidelines.

1991 |         (f) Issue a management letter as prescribed in the rules  
 1992 | of the Auditor General.



1993 (g) Upon notification by the nonstate entity, make  
 1994 available the working papers relating to the audit conducted  
 1995 pursuant to the requirements of this section to the state  
 1996 awarding agency, the Department of Financial Services ~~Chief~~  
 1997 ~~Financial Officer~~, or the Auditor General for review or copying.

1998 ~~(10)~~<sup>(9)</sup> The independent auditor, when conducting a state  
 1999 project-specific audit of a nonstate entity recipients or  
 2000 ~~subrecipients~~, shall:

2001 (a) Determine whether the nonstate entity's Schedule of  
 2002 Expenditure of State Financial Assistance is presented fairly in  
 2003 all material respects in conformity with stated accounting  
 2004 policies.

2005 (b) Obtain an understanding of internal controls ~~control~~  
 2006 and perform tests of internal controls ~~control~~ over the state  
 2007 project consistent with the requirements of a major state  
 2008 project.

2009 (c) Determine whether or not the auditee has complied with  
 2010 applicable provisions of laws, rules, and guidelines as  
 2011 identified in the State Projects Compliance Supplement, or  
 2012 otherwise identified by the state awarding agency, which could  
 2013 have a direct and material effect on the state project.

2014 (d) Report on the results of the a state project-specific  
 2015 audit consistent with the requirements of the state single audit  
 2016 and issue a management letter as prescribed in the rules of the  
 2017 Auditor General.

2018 (e) Upon notification by the nonstate entity, make  
 2019 available the working papers relating to the audit conducted  
 2020 pursuant to the requirements of this section to the state

2021 | awarding agency, the Department of Financial Services ~~Chief~~  
 2022 | ~~Financial Officer~~, or the Auditor General for review or copying.

2023 | (11)~~(10)~~ The Auditor General shall:

2024 | (a) Have the authority to audit state financial assistance  
 2025 | provided to any nonstate entity when determined necessary by the  
 2026 | Auditor General or when directed by the Legislative Auditing  
 2027 | Committee.

2028 | (b) Adopt rules that state the auditing standards that  
 2029 | independent auditors are to follow for audits of nonstate  
 2030 | entities required by this section.

2031 | (c) Adopt rules that describe the contents and the filing  
 2032 | deadlines for the financial reporting package.

2033 | (d) Provide technical advice upon request of the  
 2034 | Department of Financial Services ~~Chief Financial Officer,~~  
 2035 | ~~Executive Office of the Governor,~~ and state awarding agencies  
 2036 | relating to financial reporting and audit responsibilities  
 2037 | contained in this section.

2038 | (e) Be provided one copy of each financial reporting  
 2039 | package prepared in accordance with the requirements of this  
 2040 | section.

2041 | (f) Perform ongoing reviews of a sample of financial  
 2042 | reporting packages filed pursuant to the requirements of this  
 2043 | section to determine compliance with the reporting requirements  
 2044 | of this section and applicable ~~rules of the Executive Office of~~  
 2045 | ~~the Governor,~~ rules of the Department of Financial Services  
 2046 | ~~Chief Financial Officer,~~ and rules of the Auditor General.

2047 | Section 46. Subsection (1) of section 288.9610, Florida  
 2048 | Statutes, is amended to read:

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2049           288.9610 Annual reports of Florida Development Finance  
2050 Corporation.--By December 1 of each year, the Florida  
2051 Development Finance Corporation shall submit to the Governor,  
2052 the President of the Senate, the Speaker of the House of  
2053 Representatives, the Senate Minority Leader, the House Minority  
2054 Leader, and the city or county activating the Florida  
2055 Development Finance Corporation a complete and detailed report  
2056 setting forth:

2057           (1) The evaluation required in s. 11.45(3)(j)~~(a)~~11.

2058           Section 47. Section 373.556, Florida Statutes, is  
2059 repealed.

2060           Section 48. Section 1010.47, Florida Statutes, is amended  
2061 to read:

2062           1010.47 Receiving bids and sale of bonds.--

2063           (1) If the issuance of bonds is authorized at the  
2064 election, or if any bonds outstanding against the district are  
2065 being refunded, the district school board shall sell the bonds  
2066 in the manner provided in s. 218.385. ~~cause notice to be given~~  
2067 ~~by publication in some newspaper published in the district that~~  
2068 ~~the board will receive bids for the purchase of the bonds at the~~  
2069 ~~office of the district school superintendent. The notice shall~~  
2070 ~~be published twice, and the first publication shall be given not~~  
2071 ~~less than 30 days prior to the date set for receiving the bids.~~  
2072 ~~The notice shall specify the amount of the bonds offered for~~  
2073 ~~sale, shall state whether the bids shall be sealed bids or~~  
2074 ~~whether the bonds are to be sold at auction, and shall give the~~  
2075 ~~schedule of maturities of the proposed bonds and such other~~  
2076 ~~pertinent information as may be prescribed by rules of the State~~

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2077 ~~Board of Education. Bidders may be invited to name the rate of~~  
 2078 ~~interest that the bonds are to bear or the district school board~~  
 2079 ~~may name rates of interest and invite bids thereon. In addition~~  
 2080 ~~to publication of notice of the proposed sale as set forth in~~  
 2081 ~~this subsection, the district school board shall notify in~~  
 2082 ~~writing at least three recognized bond dealers in the state,~~  
 2083 ~~and, at the same time, notify the Department of Education~~  
 2084 ~~concerning the proposed sale and enclose a copy of the~~  
 2085 ~~advertisement.~~

2086 (2) ~~All bonds and refunding bonds issued as provided by~~  
 2087 ~~law shall be sold to the highest and best bidder at such public~~  
 2088 ~~sale unless sold at a better price or yield basis within 30 days~~  
 2089 ~~after failure to receive an acceptable bid at a duly advertised~~  
 2090 ~~public sale, provided that at no time shall bonds or refunding~~  
 2091 ~~bonds be sold or exchanged at less than par value except as~~  
 2092 ~~specifically authorized by the Department of Education; and~~  
 2093 ~~provided, further, that the district school board shall have the~~  
 2094 ~~right to reject all bids and cause a new notice to be given in~~  
 2095 ~~like manner inviting other bids for such bonds, or to sell all~~  
 2096 ~~or any part of such bonds to the State Board of Education at a~~  
 2097 ~~price and yield basis that shall not be less advantageous to the~~  
 2098 ~~district school board than that represented by the highest and~~  
 2099 ~~best bid received. In the marketing of the bonds, the district~~  
 2100 ~~school board shall be entitled to have such assistance as can be~~  
 2101 ~~rendered by the Division of Bond Finance, the Commissioner of~~  
 2102 ~~Education, or any other public state officer or agency. In~~  
 2103 ~~determining the highest and best bidder for bonds offered for~~  
 2104 ~~sale, the net interest cost to the school board as shown in~~

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2105 | standard bond tables shall govern, provided that the  
2106 | determination of the district school board as to the highest and  
2107 | best bidder shall be final.

2108 |         Section 49. Effective July 1, 2004, one full-time  
2109 | equivalent position is transferred from the Executive Office of  
2110 | the Governor to the Department of Financial Services.

2111 |         Section 50. This act shall take effect upon becoming a  
2112 | law.