SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 708

SPONSOR: Senator Atwater

SUBJECT: Local Government Accountability

DATE: January 26, 2004 REVISED: 02/04/04

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Cooper	Yeatman	CP	Favorable
2.	Wilson	Wilson	GO	Fav/1 amendment
3.			ED	
4.			FT	
5.			ATD	
6.			AP	

I. Summary:

This bill addresses issues of local government financial accountability based on the Auditor General's performance audit of the Local Government Financial Reporting System (AG Report 01-075) and recommendations from other state agencies and local governments. The bill:

- Simplifies statutory provisions relating to the filing of complaints for bond validation and bond refunding issues; (Sections 4, 40 & 43)
- Clarifies that special districts have the authority to provide some form of health insurance benefit to their officers and employees; (Section 5)
- Provides additional authority to the Department of Management Services, Division of Retirement, to compel local governments to respond timely to requests for actuarial information for local pension plans; (Section 7)
- Provides procedures for amending budgets of municipalities and special districts; (Sections 13 & 16)
- Amends and clarifies procedures for dissolving municipalities and special districts; (Section 14 & 36)
- Requires information to clarify classification of special districts upon creation; (Section 16)
- Permits a candidate of a district board of trustees of a fire control board to not appoint a campaign treasurer or designate a primary campaign depository if they don't collect any contributions and whose only expense is the filing fee, and provides that any board member who ceases to be a qualified elector is automatically removed from the board; (Section 21)
- Amends notification requirements for counties to report missing county officer fee reports to match current practice; (Section 26)

- Revises the Local Government Financial Emergencies Act to reflect new accounting standards, to provide for an improved process for designating local governments as being in a financial emergency, and to clarify the applicability of the financial emergency law to district school boards; (Sections. 28-33) and
- Repeals ch. 131, and ss. 132.10, 165.052, 189.409, 189.422, 200.0684, 218.321, and 218.37(1)(h), F.S., that place unnecessary restrictions, and restrictions inconsistent with other provisions in law, on local governments regarding bond or local government reporting issues.

This bill amends the following sections of the Florida Statutes: 11.40, 11.45, 61.181, 75.05, 112.08, 112.625, 112.63, 130.04., 132.02, 132.09, 163.05, 166.121, 166.241, 189.4044, 189.412, 189.418, 189.419, 189.421, 189.428, 189.439, 191.005, 218.075, 218.32, 218.36, 218.369, 218.39, 218.50, 218.501, 218.502, 218.503, 218.504 & 1010.47.

This bill repeals the following sections of the Florida Statutes: Chapter 131, consisting of ss. 131.01, 131.02, 131.03, 131.04, 131.05, and 131.06 and ss. 132.10, 165.052, 189.409, 189.422, 200.0684, 281.321, and 218.37(1)(h).

II. Present Situation:

Filing Complaints for Bond Validation
Section 75.05(3), F.S., requires independent special districts to submit to the State Board of Administration, Division of Bond Finance (Division), copies of complaints for bond validation filed pursuant to s. 75.02, F.S. Section 218.37(1)(h), F.S., requires the Division to use the complaints to verify compliance with the provisions of s. 218.38, F.S., which requires that local governments provide information concerning debt-financing activities. The Division has established other effective means for ensuring that local governments file the required bond information. For example, the Division reviews a weekday periodical, the Bond Buyer, to verify that the required information has been submitted by local governments that have issued bonds.

DMS, Division of Retirement, Oversight of Local Governments Pension Plans
Chapter 112, part VII, F.S., the Florida Protection of Public Employee Retirement Benefits Act, is designated by s. 11.45(3)(c), F.S., as a component of the Local Government Financial Reporting System (System). Chapter 112, part VII, F.S., includes general provisions regarding the management, administration, operation, and funding of governmental retirement systems. Responsibility for administration of the Florida Protection of Public Employee Retirement Benefits Act has been assigned primarily to the Florida Department of Management Services, Division of Retirement (Division). The Division's Bureau of Local Retirement Systems is responsible for reviewing actuarial reports and impact statements for general employee, police, and fire retirement plans. The Bureau currently has a staff of 11 employees, including one full-time actuary, to carry out its responsibilities.

For local governments that have established retirement systems for their employees, proper management and adequate funding of those systems is vital. To help ensure that local governments maintain funding of retirement systems at an appropriate level, local governments are required to submit regularly scheduled actuarial reports to the Division for its review and approval.

As provided by s. 112.61, F.S., the intent of the Legislature is to prohibit the use of any procedure, methodology, or assumptions, the effect of which is to transfer to future taxpayers any portion of the costs which may reasonably have been expected to be paid by the current taxpayers and to establish minimum standards for the operation and funding of public employee retirement systems and plans.

In those instances in which a local government does not submit complete and adequate data necessary for the Division of Retirement to perform its statutorily required functions, the Division requests additional information needed to determine and ensure the actuarial soundness of the local government's pension plans or requests a clarification of the information submitted. This additional information may include, for example, legal clarification, copies of ordinances, and/or explanations of logic. These requests may or may not result in the Division rejecting the actuarial reports. In addition, the Division, upon completing a review, may notify the local government about concerns it has regarding the actuarial soundness of a plan(s).

Auditor General Report No. 01-075 disclosed that many local governments have not timely responded to the Division's notifications. According to Division records, 21 local governments had been sent written requests for additional information regarding 74 actuarial reports or impact statements relating to 26 plans without a response (the requests/notifications had been sent from 1 to 55 months prior to August 31, 2000). These included 6 local governments, regarding 17 actuarial reports or impact statements relating to 7 plans, that had been notified that their plans were currently not State-accepted (i.e., the plans were not accepted as being actuarially sound).

Group Insurance/Local Governments
Section 112.08(2)(a), F.S., authorizes units of local government to provide group health and life insurance for their officers and employees. However, the Attorney General recently opined that a mosquito control independent special district's commissioners are not entitled to participate in the district's group insurance plan on the basis that ch. 388, F.S., does not provide the specific authority for this (AGO 2002-30).

Independent Fire Control Districts
Chapter 191, F.S., is the Independent Fire Control District Act. Section 191.005(1)(a), F.S., requires non-appointed Fire Control District boards be elected, non-partisan five-member boards. All candidates for this board may qualify by paying a filing fee of $25 or by obtaining the signatures of at least 25 registered electors of the district on petition forms provided by the supervisor of elections. Section 106.021, F.S., requires each candidate for political office to appoint a campaign treasurer and designate a primary campaign depository prior to qualifying for office.

Section 191.005(2), F.S., requires that each member of the board must be a qualified elector at the time he or she qualifies and continually throughout his or her term.

Bond Refunding Issues
Pursuant to Article VII, Section 12 of the State Constitution, counties, municipalities, and special districts with taxing powers may issue bonds, certificates of indebtedness, or any other form of

tax anticipation certificates, payable from ad valorem taxation and maturing more than 12 months after issuance only:

- To finance or refinance capital projects authorized by law and only when approved by a vote of the electors who are owners of freeholds therein not wholly exempt from taxation or
- To refund outstanding bonds and interest and redemption premium thereon at a lower net average interest cost rate. Certain Florida Statutes (e.g., chapters 130, 131, 132, and 166, part II, F.S.) and special acts of the Legislature grant local governments the authority to issue bonds.

In 1980 the Legislature enacted s. 218.385, F.S., which requires that local government general obligation and revenue bonds be sold at public sale by competitive bids unless the governing body determines by resolution that a negotiated sale of such bonds is in the best interest of the issuer. The Legislature has recognized that there may be legitimate circumstances under which a negotiated sale is preferable over a competitive bid sale. However, chs. 131 and 132, F.S., with respect to refunding issues, include provisions that differ from the provisions of s. 218.385, F.S., and/or other laws granting local governments the authority to issue bonds, and could inhibit a local government's ability to issue refunding bonds, or to issue such bonds by negotiated sale. These differing provisions are as follows:

- Chapter 131, F.S., provides that refunding bonds may be issued within three months prior to the date of maturity of the obligations proposed to be refunded or within three months prior to the callable date. However, other laws authorizing local government bond issues such as ch. 130 and ch.166, part II, F.S., do not include language that restricts when refunding bonds may be issued. Therefore, local governments that issue refunding bonds pursuant to ch.131, F.S., may be subjected to more restrictions than those local governments that issue refunding bonds under other laws that authorize local government bond issues.

- Section 132.09, F.S., provides that local governments may issue refunding bonds through negotiated sale only after attempting to issue bonds by competitive bid at a public sale using detailed procedures as described therein. If all bids are rejected, the local government may sell bonds by negotiated sale provided that the terms are more favorable than each of the bids rejected at the public sale. Therefore, for those local governments that issue refunding bonds pursuant to ch. 132, F.S., an apparent conflict exists with s. 218.385, F.S., which requires only that a resolution be adopted by the governing body authorizing a negotiated sale.

The differences that currently exist among ch. 130, 131, 132, 166, 1010, F.S., s. 218.385, F.S., and other laws authorizing local government bond issues could result in unnecessary restrictions being placed on local governments regarding bond issues.

County Officer Fee Reports

Section 218.36(1), F.S., requires each county officer who receives any expenses or compensation in fees, commissions, or other remuneration to keep a complete record of all such amounts received and makes an annual report to the board of county commissioners within 31 days of the

close of the fiscal year. Pursuant to s. 218.36(3), F.S., the board of county commissioners is required to notify the Governor of the failure of any county officer to comply with the provisions of s. 218.36(1), F.S., even if such failure is a one-day delay in the filing of the report. Such notification shall subject said officer to suspension from the office at the Governor's discretion.

According to AG report number 01-075, although notification requirements provided for in s. 18.36(3), F.S., have existed since 1973, Executive Office of the Governor (EOG) records did not disclose evidence of, and EOG staff were not aware of, any instances where a board of county commissioners had notified the Governor of a county officer's noncompliance with s. 218.36(1), F.S. In addition, their survey of 66 counties, to which 40 responded to the survey, disclosed 14 instances (in 8 counties) in which county officers did not comply with the filing deadline imposed by s. 218.36(1), F.S., for the 1998-99 fiscal year.

There is no apparent benefit to be derived by requiring a board of county commissioners to notify the Governor of a county officer's noncompliance with the reporting requirement imposed by s. 218.36(1), F.S., particularly when such notification is required to occur only one day after the report deadline.

Dissolution of Municipalities/Financial Reporting
Section 165.052(1), F.S., requires that the Florida Secretary of State, by proclamation, declare inactive any municipality in the State upon a report being filed by DCA showing that such municipality is no longer active based on certain criteria specified therein. According to Auditor General audit report No. 13083, paragraph 169, 19 municipalities created by special act of the Legislature appear to be no longer active but have not been officially dissolved.

The DCA staff indicated that inactive municipalities were not a programmatic responsibility of the DCA and that the DCA does not have the staff capacity to research this issue nor is it required by the statutes to notify the Florida Secretary of State. According to DCA staff, it would cost nearly $225,000 to have these municipalities declared inactive under the provisions of s. 165.052(1), F.S.

Municipality and Special District Budget Amendment Procedures
While State law specifically addresses budget amendments for counties, similar statutory guidance does not exist for municipalities and special districts. Sections 166.241(3) and 218.34(1), F.S., require municipalities and special districts, respectively, to adopt a budget; however, these sections do not address whether municipalities and special districts can amend the budget, the manner in which the budget may be amended, or the time frame in which the budget may be amended. In some instances, a municipality's or special district's charter may address budget amendments; however, in other instances, the charter is silent or unclear, creating confusion as to whether budget amendments are permitted, how the amendments are to be done, and the time frame in which budget amendments may be made. This situation could result in governing bodies of municipalities and special districts making unauthorized budget amendments or failing to make necessary budget amendments.

Classification of Special Districts
Florida law provides for the establishment of special districts to perform specific governmental functions such as water management, community development, fire control, mosquito control,

and health care. Recognizing the importance of special districts to the delivery of government services to the citizens of the State of Florida, the Legislature has enacted laws intended to establish accountability on the part of special districts. Chapter 189, F.S., contains general provisions for the definition, creation, and operation of special districts and creates the Special District Information Program (SDIP) within the Florida Department of Community Affairs (DCA).

Section 189.412, F.S., sets forth the SDIP's responsibilities regarding special districts. The SDIP serves a vital role in administering the Local Government Financial Reporting System (System). For example, the SDIP is responsible for maintaining an Official List of Special Districts, which is used by many State and local officials (including the Auditor General in making a determination as to which special districts are required to provide for an annual audit). In addition, the SDIP has established procedures for following up on special districts reported as not being in compliance with the various reporting requirements established in ch. 218, part III, F.S.

According to the SDIP, there were 518 dependent and 562 independent special districts in the State of Florida as of February 1, 2002. The proper classification of special districts as either dependent or independent is important because legal and accountability requirements differ depending on a special district's classification. For example, dependent special districts may be audited as part of another local governmental entity (i.e., county or municipality) whereas independent special districts meeting the audit threshold established by s. 11.45(3)(a), F.S., must provide for a separate audit.

Section 189.403, F.S., distinguishes special districts as either dependent or independent. A dependent special district is defined as a special district that meets at least one of several criteria, including a criterion that specifies that all members of its governing body are appointed by the governing body of a single county or a single municipality. An independent special district is defined as a special district that is not a dependent special district as defined in law. In addition, a special district that includes more than one county is an independent special district unless the district lies wholly within the boundaries of a single municipality.

The SDIP is responsible for classifying special districts in a manner consistent with s. 189.403, F.S. Section 189.418(1), F.S., could be enhanced, however, to clarify the need for special districts to provide the SDIP with a statement as to the status of the special district as dependent or independent, and the basis for such classification.

Dissolution of Special Districts

Section 189.4044, F.S., requires DCA to declare inactive any special district in this state by filing a report with the Speaker of the House of Representatives and President of the Senate, based on two years of inactivity, and that notice of the proposed declaration had been published in a newspaper of general circulation once a week for two weeks within the county or municipality wherein the territory of the special district is located. Sixty days after the last publication of the proposed declaration is allowed for any claims against assets of the special district to be filed with DCA. After the district is declared inactive, and all payments of debts of the special district are resolved, the remainder of its property or assets escheat to the county or municipality wherein located. DCA must notify the Speaker of the House of Representatives and President of the

Senate of each special act creating or amending the charter of any special district declared to be inactive. A special district declared inactive must be dissolved by repeal of its enabling laws.

The DCA staff indicated that a cost of publication of two notices of inactivity is burdensome and the time allowed for claims against assets of the special district to be filed with DCA after publication of notice is excessive.

Section 189.421, F.S., requires DCA to investigate non compliance of special districts to report financial information filed when notified by entities that are required to receive such information pursuant to s. 189.419, F.S. If DCA determines that the special district has made a good faith effort to comply with the reporting requirement, it must grant a reasonable time for filing the required reports and notify the special district of the granting of the extension. If DCA determines that the special district has not made a good faith effort to comply with the reporting requirement or the special district has not responded to its notice to the district of non compliance, DCA may request an administrative hearing, pursuant to ss. 120.569 and 120.57, F.S., on the question of the inactivity of the district. Notice of the hearing must be served on the district's registered agent and published at least once a week for 2 successive weeks prior to the hearing in a newspaper of general circulation in the area affected. The notice must state the time, place, and nature of the hearing and that all interested parties may appear and be heard. Within 30 days of the hearing, the administrative law judge must file a report with the department in the manner provided in ch. 120, F.S.

The Local Government Financial Emergencies Act

Chapter 218, part V, F.S., known as the Local Government Financial Emergencies Act, was enacted to preserve and protect the fiscal solvency of local government entities, to assist local governmental entities in providing essential services without interruption and in meeting their financial obligations, and to assist local governmental entities through the improvement of local financial management procedures. Section 218.503(1), F.S., provides that a local governmental entity is in a state of financial emergency if one or more specified conditions occur.

One of the financial emergency conditions, as prescribed by section 218.503(1)(d), F.S., is the occurrence of a total or unreserved fund balance or retained earnings deficit for two consecutive years for which there are not sufficient resources available to cover the deficits. This language has resulted in much confusion to local governments and auditors as to what constitutes a financial emergency. This has resulted in a significant amount of effort being expended by the local governments, auditors, Auditor General's staff, and Governor's office.

Because of the above-noted condition, a local government may be determined to be in a statutory state of financial emergency as a result of the application of certain accounting practices, yet not actually experiencing a financial crisis. This could result in unwarranted adverse publicity for a local government. Currently, failure to make short-term loan or bond payments constitutes a financial emergency, yet failure to make other long-term debt payments, or payments to creditors for uncontested claims, does not. The condition prescribed by current s. 218.503(1)(e), F.S., appears to be too broad as it could result in a financial emergency due to technical noncompliance with an actuarial condition.

Under current law, the Auditor General (AG) has responsibilities related to notifying the Governor and Joint Legislative Auditing Committee (JLAC) of reported and unreported financial emergencies. Such responsibilities require AG staff to contact many local government officials or auditors. Also, AG staff is often consulted by JLAC and the Governor's Office staff regarding potential financial condition/financial emergency situations.

III. Effect of Proposed Changes:

Section 1 amends subsection (5) of s. 11.40, F.S., to give the Legislative Auditing Committee the authority to direct, as opposed to request, the Department of Revenue and the Department Financial Services to withhold any funds not pledged for bond debt service satisfaction which are payable to local entities which have failed to provide financial reports to the state pursuant to s. 11.45(5)-(7) and s. 218.32(1), F.S.

Section 2 amends s. 11.45, F.S., relating to the duties of the Auditor General, to conform with revisions to ch. 218, part V, F.S. [See sections 24-29 of this bill.] In addition, this section is amended to:

- clarify the Auditor General's authority to determine the scope of biannual performance audits of local governments;
- transfer provisions authorizing the Auditor General's authority to promote audit organizations in the offices administered by governmental entities and to provide consultation services to governmental entities on their financial and accounting systems, procedures, and related matters; and
- specify the procedures to petition for an audit by the Auditor General.

Section 3 amends s. 61.181(10), F.S. to correct a reference regarding county audit requirements.

Section 4 amends s. 75.05(3), F.S., to strike the requirement for independent special districts to file a copy of any bond validation complaint with the Division of Bond Finance. This eliminates an unnecessary requirement and conforms the law to the current administrative practice.

Section 5 amends s. 112.08, F.S., to clarify that special districts have the authority to provide some form of health insurance benefit to their officers and employees. This provides explicit authority for mosquito control districts to provide group insurance to the district's officers.

Section 6 amends s. 112.625(5), F.S., to add county and district school board to the definition of "governmental entity." However, there is no impact on counties and school boards because they participate in the Florida Retirement System and are currently subject to the reporting requirements in s. 112.63, F.S.

Section 7 amends s. 112.63(4), F.S., to authorize the Division of Retirement, DMS, to request additional information necessary to complete an actuarial valuation of local government retirement plans. If the request is not complied with, DMS may request that the Department of Revenue and the Department of Financial Services withhold state shared revenues (un-bonded only) from the local government until the requests are complied with. The proposed subsection (4)(b) directs DMS to also notify the Department of Community Affairs (DCA), and DCA is

directed to proceed pursuant to the provisions of s.189.421, F.S., regarding the affected special district.

Section 8 amends s. 130.04, F.S., to delete existing provisions governing notice of bids and disposition of county bonds authorized as the result of an election, and to require the sale of such bonds in the manner provided in s. 218.385, F.S.

Section 9 amends s. 132.02(1), F.S., relating to the authority of counties, municipalities, school districts, and specific special districts to refund obligations, to apply the provision to counties, municipalities, school districts, and other taxing districts.

Section 10 amends s. 132.09, F.S., to provide for the sale of county refunding bonds in the manner provided in s. 218.385, F.S.

Section 11 amends s. 163.05, F.S., relating to the Small County Technical Assistance Program, to conform with revisions to ch. 218, part V, F.S.

Section 12 amends s. 166.121(2), F.S., to require the issuance of bonds by municipalities to be consistent with s. 218.385, F.S.

Section 13 deletes current subsection (1) of s. 166.241, F.S., and renumbers subsections (2) and (3) as subsections (1) and (2), and adds a new subsection (3) to provide procedures for amending budgets of municipalities. Subsection (3) provides that the governing body of a municipality at any time within a fiscal year, or within up to 60 days following the end of the fiscal year, may amend a budget for that year as follows:

- Appropriations for expenditures within a fund may be decreased or increased by a motion recorded in the minutes, provided the total of the appropriations of the funds is not changed.

- The governing body may establish procedures by which the designated budget officer may authorize certain budget amendments within a department, provided that the total of the appropriations of the department is not changed.

- If a budget amendment is required for a purpose not specifically authorized in the two points immediately above, the budget amendment must be adopted in the same manner as the original budget unless otherwise specified in the respective municipality's charter.

These provisions are modeled after similar authority granted to counties in subsection (2) of section 129.06, F.S.

Section 14 amends s. 189.4044, F.S., to clarify and streamline procedures for declaring a special district inactive and dissolving it. DCA is required to declare inactive any special district in this state by documenting one of the following:

- If notified by the districts' registered agent, or chair of the district's governing body, or the governing body of the appropriate local general-purpose government in writing that the district has taken no action for two or more years;
- Following an inquiry from DCA, if notified by the districts' registered agent, or chair of the district's governing body, or the governing body of the appropriate local general-purpose government in writing that the district has not had a governing board or a sufficient number of governing board members to constitute a quorum for two or more years (rather than 18 months in current law), or the district fails to respond to DCA's inquiry within 21 days; or
- DCA determines, pursuant to 189.421, F.S., that the district has failed to file any of the financial reports listed in s. 189.419, F.S.

The DCA, special district, or general-purpose government must publish a notice of the Proposed Declaration of Inactive Status, once, rather than twice as required in current law, in a newspaper of general circulation within the county or municipality wherein the territory of the special district is located. However, a copy of such notice must be sent by certified mail to the registered agent or of the board, if any. Any objections must be filed pursuant to ch. 120, F.S., within twenty-one days of the publication date, rather than sixty days.

If the district was created by special act of the Legislature, DCA must send a notice of declaration of inactive status to the Speaker of the House of Representatives and the President of the Senate. If the district was created by one or more general purpose local governments, DCA must send a notice of declaration of inactive status to the governing body of each local general-purpose government that created the district.

Section 15 amends s. 189.412(1), F.S., to delete the requirement that the Special District Information Program collect compliance reports from DOR and the Commission on Ethics. Because these entities do not produce such report, this requirement is unnecessary.

Subsection (8) is created to correct cross references and create duties for providing assistance to general–purpose governments and certain state agencies in collecting delinquent reports or information, helping special districts comply with reporting requirements, declaring special districts inactive when appropriate, and, when directed by the Joint Legislative Auditing Committee, initiating enforcement provisions as provided in ss. 189.4044, 189.419, and 189.421, F.S.

Section 16 amends s. 189.418, F.S., to require that when a new special district is created, a written statement be provided to the Department of Community Affairs that includes a reference to the status of the special district as dependent or independent and the basis for such classification. The section is further amended to authorize the governing body of each special district at any time within a fiscal year or within up to 60 days following the end of the fiscal year to amend a budget for that year. The budget amendment must be adopted by resolution. Other technical cross-referencing changes are made.

Section 17 amends s. 189.419, F.S., to revise language relating to the effect of failure by special districts to file certain reports. The section is further amended to make technical cross-referencing changes.

Section 18 amends s. 189.421, F.S., to specify the duties of DCA in contacting and assisting special districts when notified pursuant to s. 189.419, F.S. or s. 11.40(5)(b), F.S., that the required financial reports have not been filed. Failure of special districts to comply with financial reporting requirements after such actions by DCA shall be remedied by writ of certiorari with the Circuit Court of Leon County, Florida.

Section 19 amends s. 189.428(5), F.S., relating to the oversight review process of special districts, to conform with revisions to ch. 218, part V, F.S.

Section 20 amends s. 189.439(1)(a), F.S., to authorize special districts to sell bonds in the manner provided in s. 218.385, F.S.

Section 21 amends s. 191.005, F.S., to permit a candidate of a district board of trustees of a fire control board to not appoint a campaign treasurer or designate a primary campaign depository if they don't collect any contributions and whose only expense is the filing fee, and provides that any board member who ceases to be a qualified elector is automatically removed from the board.

Section 22 amends subsection (3) of s. 218.075, F.S., relating to the reduction or waiver of permit fees, to conform with revisions to other sections of ch. 218, part V, F.S.

Section 23 creates a new subsection (3) to s. 218.32, F.S., to require the Department of Financial Services to notify the President of the Senate and the Speaker of the House of Representatives of any municipality that has not had financial activity for the last four fiscal years. Such notice is sufficient to initiate dissolution procedures described within s. 165.051(1)(a), F.S. Any special law authorizing the incorporation or creation of said municipality must be included within the notification.

Section 24 repeals s. 218.321, F.S., to eliminate obsolete language concerning local governments' financial statements. Subsection (3) is transferred to s. 218.39(3), F.S., in section 25 of this bill.

Section 25 amends s. 218.39, F.S., to include subsection (3) of s. 218.321, F.S., which was repealed by section 24 of this bill. This provision requires dependent special districts to provide to local government entities that govern the special district financial information necessary to complete annual audits.

Section 26 amends subsection (3) of s. 218.36, F.S., to authorize, rather than require, boards of county commissioners to notify the Governor when a board of county commissioners is unable to obtain county officer fee reports in a timely manner.

Section 27 amends s. 218.369, F.S., to include "school district" in the term "unit of local government" as it relates to refunding bonds in ss. 218.37-218.386, F.S.

Section 28 renames the "Local Financial Emergencies Act" as the "Local Governmental Entity and District School Board Financial Emergencies Act" to reflect the inclusion of district school boards.

Section 29 amends s. 218.50, F.S., to rename the "Local Financial Emergencies Act" as the "Local Governmental Entity and District School Board Financial Emergencies Act."

Section 30 amends s. 218.501, F.S., to include district school boards in part V of ch. 218, F.S., and to more accurately reflect the purposes to promote fiscal responsibility.

Section 31 amends s. 218.502, F.S., to delete district school board from the definition of "local governmental entity." This change helps clarify that district school boards are subject to the oversight of the Commissioner of Education rather than the Governor.

Section 32 amends s. 218.503, F.S., to clarify that local government entities and district school boards, in determination of financial emergencies, will be subject to review and oversight by the Governor, or the Commissioner of Education for district school boards. The section is further amended to revise conditions triggering such oversight (to conform with changes to new accounting standards in GASB 34), to revise oversight activities, and to provide conditions under which a local government or district school board may resolve the state of financial emergency.

Section 33 amends s. 218.504, F.S., to authorize the Commissioner of Education, as appropriate, to terminate state actions resulting from a declaration of financial emergency.

Section 34 repeals ch. 131, F.S. With respect to bond refunding issues, this chapter includes provisions that differ from the provisions of s. 218.385, F.S., or other laws granting local governments the authority to issue bonds, and could inhibit a local government's ability to issue refunding bonds, or to issue such bonds by negotiated sale.

Section 35 repeals s. 132.10, F.S., relating to minimum sales price of refunding bonds, to delete obsolete or conflicting language.

Section 36 repeals s. 165.052, F.S., relating to special dissolution procedures for municipalities.

Section 37 repeals s. 189.409, F.S., relating to determination of financial emergency (special districts), to conform with revisions to ch. 218, part V, F.S.

Section 38 repeals s. 189.422, F.S., relating to actions of DCA with respect to inactive special districts, to reflect revisions to s 189.421, F.S.

Section 39 repeals s. 200.0684, F.S., relating to annual compliance reports by DCA, to delete obsolete language.

Section 40 repeals paragraph (h) of subsection (1) s. 218.37, F.S., to remove the requirement that the Division of Bond Finance use the copy of the complaint for bond validation to verify compliance of independent special districts with other debt issuance reporting requirements. Reporting of debt issuance by local governments, including independent special districts, is verified through examination of bond industry publications by the Division of Bond Finance.

Section 41 amends s. 215.195, F.S., to provide the Chief Financial Officer with the responsibility of preparation of the Statewide Cost Allocation Plan (SWCAP), and to provide responsibilities to the Department of Financial Services associated with the SWCAP.

Section 42 amends s. 215.97, F.S., to clarify provisions and responsibilities associated with the Florida Single Audit Act. This section revises and provides the definitions of terms used in the Act, revises the Governor's responsibilities associated with the Act from a primary role to a supporting role in the Act, transfers the responsibilities to the Department of Financial Services, and provides responsibilities for state agencies that award grants.

Section 43 amends s. 1010.47, F.S., to require that school districts must sell bonds in accordance with s. 218.385, F.S., thus conforming this section to proposed changes made in this bill. Section 29 of this bill amends s. 218.369, F.S., to include district school boards in the definition of "unit of local government." Section 218.385, F.S., provides procedures for the sale of bonds for all "units of local government."

Section 44 transfers a position from the Executive Office of the Governor to the Department of Financial Services.

Section 45 provides that this act will take effect upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Revisions to statutory provisions governing the dissolution of municipalities and special districts should reduce state agency costs associated with these activities.

Section 44 provides for the transfer of one full-time equivalent from the Executive Office of the Governor to the Department of Financial Services. This is to accommodate the transfer of responsibilities associated with amendments to the Florida Single Audit Act contained in section 42 of the bill. No detail on the position affected or the funding amounts has been provided.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The bill defines the term "non-state organization" differently from "non-state entity" in its proposed amendments to the Florida Single Audit Act. It is unclear what the purpose of this definition change is since the subsequent provisions contained in the amended section do not use the newly defined term "non-state organization." One of the consequences that could result from this omission is an exclusion of such organizations from the very auditing and financial oversight roles the bill attempts to effect, notwithstanding their receipt of state financial assistance.

VIII. Amendments:

1 by Governmental Oversight and Productivity:
Removes the definition "non-state organization" from amendments to the Florida Single Audit Act in the absence of its use in the text of the amendment section.