

By the Committees on Finance and Taxation; Education; and  
Senator Atwater

314-2154-04

1                                   A bill to be entitled  
2           An act relating to local government  
3           accountability; amending s. 11.40, F.S.;  
4           revising duties of the Legislative Auditing  
5           Committee; amending s. 11.45, F.S.; specifying  
6           requirements for a petition for a municipal  
7           audit; revising reporting requirements of the  
8           Auditor General; providing for technical advice  
9           by the Auditor General; amending s. 11.51,  
10          F.S.; conforming provisions to changes made by  
11          the act; amending s. 61.181, F.S.; correcting a  
12          cross-reference; amending s. 75.05, F.S.;  
13          deleting a requirement for an independent  
14          special district to submit a copy of a  
15          complaint to the Division of Bond Finance of  
16          the State Board of Administration; amending s.  
17          112.08, F.S.; clarifying that local governments  
18          are authorized to provide health insurance;  
19          amending s. 112.625, F.S.; revising the  
20          definition of "governmental entity" to include  
21          counties and district school boards; amending  
22          s. 112.63, F.S.; providing for additional  
23          material information to be provided to the  
24          Department of Management Services in actuarial  
25          reports with regard to retirement systems and  
26          plans and providing procedures therefor;  
27          providing for notification of the Department of  
28          Revenue and the Department of Financial  
29          Services in cases of noncompliance and  
30          authorizing the withholding of certain funds;  
31          requiring the Department of Management Services

1 to notify the Department of Community Affairs  
2 in the case of affected special districts;  
3 amending s. 130.04, F.S.; revising provisions  
4 governing notice of bids and disposition of  
5 bonds; amending s. 132.02, F.S.; revising  
6 provisions relating to the authorization to  
7 issue refund bonds; amending s. 132.09, F.S.;  
8 revising provisions relating to the notice of  
9 sale, bids, and awards and private sale of  
10 bonds; amending s. 163.05, F.S.; revising  
11 provisions governing the Small County Technical  
12 Assistance Program; amending s. 166.121, F.S.;  
13 revising provisions governing the issuance of  
14 bonds by a municipality; amending s. 166.241,  
15 F.S.; providing a municipal budget amendment  
16 process and requirements; amending ss. 175.261  
17 and 185.221, F.S.; conforming provisions to  
18 changes made by the act; amending s. 189.4044,  
19 F.S.; revising special procedures for  
20 determination of inactive special districts;  
21 amending s. 189.412, F.S.; revising duties of  
22 the Special District Information Program of the  
23 Department of Community Affairs; amending s.  
24 189.418, F.S.; revising reporting requirements  
25 of newly created special districts; authorizing  
26 the governing body of a special district to  
27 amend its budget; amending s. 189.419, F.S.;  
28 revising provisions relating to the failure of  
29 special districts to file required reports;  
30 amending s. 189.421, F.S.; revising provisions  
31 governing the failure of special districts to

1 disclose financial reports; providing for  
2 extension of time for the filing of the  
3 reports; providing remedies for noncompliance;  
4 providing for attorney's fees and costs;  
5 amending s. 189.428, F.S.; revising provisions  
6 governing the special district oversight review  
7 process; amending s. 189.439, F.S.; revising  
8 provisions governing the issuance of bonds by  
9 special districts; amending s. 191.005, F.S.;  
10 exempting a candidate from campaign  
11 requirements under specified conditions;  
12 providing for the removal of a board member  
13 upon becoming unqualified; amending s. 218.075,  
14 F.S.; revising provisions governing the  
15 reduction or waiver of permit processing fees  
16 for certain counties; amending s. 218.32, F.S.,  
17 relating to annual financial reports; requiring  
18 the Department of Financial Services to notify  
19 the Speaker of the House of Representatives and  
20 the President of the Senate of any municipality  
21 that has not had financial activity for a  
22 specified period of time; providing that such  
23 notice is sufficient to initiate dissolution  
24 procedures; repealing s. 218.321, F.S.,  
25 relating to annual financial statements of  
26 local governmental entities; amending s.  
27 218.39, F.S.; providing reporting requirements  
28 for certain special districts; amending s.  
29 218.36, F.S.; revising reporting requirements  
30 for boards of county commissioners relating to  
31 the failure of a county officer to comply with

1 the provisions of the section; amending s.  
2 218.369, F.S.; revising the definition of "unit  
3 of local government" to include district school  
4 boards; renaming pt. V of ch. 218, F.S., as  
5 "Local Governmental Entity and District School  
6 Board Financial Emergencies"; amending s.  
7 218.50, F.S.; renaming ss. 218.50-218.504,  
8 F.S., as the "Local Governmental Entity and  
9 District School Board Act"; amending s.  
10 218.501, F.S.; revising the stated purposes of  
11 pt. V of ch. 218, F.S.; amending s. 218.502,  
12 F.S.; revising the definition of "local  
13 governmental entity"; amending s. 218.503,  
14 F.S.; revising provisions governing the  
15 determination of a financial emergency for  
16 local governments and district school boards;  
17 amending s. 218.504, F.S.; revising provisions  
18 relating to the authority of the Governor and  
19 authorizing the Commissioner of Education to  
20 terminate all state actions pursuant to ss.  
21 218.50-218.504, F.S.; repealing ch. 131, F.S.,  
22 consisting of ss. 131.01, 131.02, 131.03,  
23 131.04, 131.05, and 131.06, F.S., relating to  
24 refunding bonds of counties, municipalities,  
25 and special districts; repealing s. 132.10,  
26 F.S., relating to minimum sale price of bonds;  
27 repealing s. 165.052, F.S., relating to special  
28 dissolution procedures for municipalities;  
29 repealing s. 189.409, F.S., relating to  
30 determination of financial emergencies of  
31 special districts; repealing s. 189.422, F.S.,

1 relating to actions of the Department of  
2 Community Affairs and special districts;  
3 repealing s. 200.0684, F.S., relating to an  
4 annual compliance report of the Department of  
5 Community Affairs regarding special districts;  
6 repealing s. 218.37(1)(h), F.S., relating to  
7 the requirement that the Division of Bond  
8 Finance use a served copy of the complaint for  
9 bond validation to verify compliance by special  
10 districts with the requirements in s. 218.38,  
11 F.S.; amending s. 215.195, F.S., relating to  
12 the Statewide Cost Allocation Plan; providing  
13 that the Department of Financial Services is  
14 responsible for the plan's preparation and the  
15 monitoring of agency compliance; amending s.  
16 215.97, F.S., relating to the Florida Single  
17 Audit Act; revising and providing definitions;  
18 revising the uniform state audit requirements  
19 for state financial assistance that is provided  
20 by state agencies to nonstate entities;  
21 requiring the Department of Financial Services  
22 to adopt rules and perform additional duties  
23 with respect to the provision of financial  
24 assistance to carry out state projects;  
25 specifying duties of coordinating agencies;  
26 amending s. 1010.47, F.S.; providing that  
27 school districts must sell bonds; deleting  
28 obsolete provisions relating to the sale of  
29 bonds by a school district; amending s.  
30 288.9610, F.S.; correcting a cross-reference;  
31 transferring a position from the Executive

1 Office of the Governor to the Department of  
2 Financial Services; repealing s. 373.556, F.S.,  
3 relating to the investment of funds by the  
4 governing board of a water management district;  
5 providing an effective date.

6  
7 Be It Enacted by the Legislature of the State of Florida:

8  
9 Section 1. Paragraphs (a) and (b) of subsection (5) of  
10 section 11.40, Florida Statutes, are amended to read:

11 11.40 Legislative Auditing Committee.--

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

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

1 mandated by law. The Department of Revenue and the Department  
2 of Financial Services may implement the provisions of this  
3 paragraph.

4 (b) In the case of a special district, notify the  
5 Department of Community Affairs that the special district has  
6 failed to comply with the law. Upon receipt of notification,  
7 the Department of Community Affairs shall proceed pursuant to  
8 the provisions specified in s. ss-189.421 and ~~189.422~~.

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

13 11.45 Definitions; duties; authorities; reports;  
14 rules.--

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

16 (g) At least every 2 years, conduct a performance  
17 audit of the local government financial reporting system,  
18 which, for the purpose of this chapter, means any statutory  
19 provisions related to local government financial reporting.  
20 The purpose of such an audit is to determine the accuracy,  
21 efficiency, and effectiveness of the reporting system in  
22 achieving its goals and to make recommendations to the local  
23 governments, the Governor, and the Legislature as to how the  
24 reporting system can be improved and how program costs can be  
25 reduced. The Auditor General shall determine the scope of such  
26 audits. The local government financial reporting system should  
27 provide for the timely, accurate, uniform, and cost-effective  
28 accumulation of financial and other information that can be  
29 used by the members of the Legislature and other appropriate  
30 officials to accomplish the following goals:

31 1. Enhance citizen participation in local government;

1           2. Improve the financial condition of local  
2 governments;

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

5           4. Improve decisionmaking on the part of the  
6 Legislature, state agencies, and local government officials on  
7 matters relating to local government.

8  
9 The Auditor General shall perform his or her duties  
10 independently but under the general policies established by  
11 the Legislative Auditing Committee. This subsection does not  
12 limit the Auditor General's discretionary authority to conduct  
13 other audits or engagements of governmental entities as  
14 authorized in subsection (3).

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

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

20           (a)1. The accounts and records of any governmental  
21 entity created or established by law.

22           (b)2. The information technology programs, activities,  
23 functions, or systems of any governmental entity created or  
24 established by law.

25           (c)3. The accounts and records of any charter school  
26 created or established by law.

27           (d)4. The accounts and records of any direct-support  
28 organization or citizen support organization created or  
29 established by law. The Auditor General is authorized to  
30 require and receive any records from the direct-support  
31



1 organization or citizen support organization, or from its  
2 independent auditor.

3 (e)~~5~~. The public records associated with any  
4 appropriation made by the Legislature ~~General Appropriations~~  
5 ~~Act~~ to a nongovernmental agency, corporation, or person. All  
6 records of a nongovernmental agency, corporation, or person  
7 with respect to the receipt and expenditure of such an  
8 appropriation shall be public records and shall be treated in  
9 the same manner as other public records are under general law.

10 (f)~~6~~. State financial assistance provided to any  
11 nonstate entity as defined by s. 215.97.

12 (g)~~7~~. The Tobacco Settlement Financing Corporation  
13 created pursuant to s. 215.56005.

14 ~~8. The Florida Virtual School created pursuant to s.~~  
15 ~~1002.37.~~

16 (h)~~9~~. Any purchases of federal surplus lands for use  
17 as sites for correctional facilities as described in s.  
18 253.037.

19 (i)~~10~~. Enterprise Florida, Inc., including any of its  
20 boards, advisory committees, or similar groups created by  
21 Enterprise Florida, Inc., and programs. The audit report may  
22 not reveal the identity of any person who has anonymously made  
23 a donation to Enterprise Florida, Inc., pursuant to this  
24 subparagraph. The identity of a donor or prospective donor to  
25 Enterprise Florida, Inc., who desires to remain anonymous and  
26 all information identifying such donor or prospective donor  
27 are confidential and exempt from the provisions of s.  
28 119.07(1) and s. 24(a), Art. I of the State Constitution. Such  
29 anonymity shall be maintained in the auditor's report.

30 (j)~~11~~. The Florida Development Finance Corporation or  
31 the capital development board or the programs or entities

1 created by the board. The audit or report may not reveal the  
2 identity of any person who has anonymously made a donation to  
3 the board pursuant to this subparagraph. The identity of a  
4 donor or prospective donor to the board who desires to remain  
5 anonymous and all information identifying such donor or  
6 prospective donor are confidential and exempt from the  
7 provisions of s. 119.07(1) and s. 24(a), Art. I of the State  
8 Constitution. Such anonymity shall be maintained in the  
9 auditor's report.

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

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

16 (m)~~14~~. The transportation corporations under contract  
17 with the Department of Transportation that are acting on  
18 behalf of the state to secure and obtain rights-of-way for  
19 urgently needed transportation systems and to assist in the  
20 planning and design of such systems pursuant to ss.  
21 339.401-339.421.

22 (n)~~15~~. The acquisitions and divestitures related to  
23 the Florida Communities Trust Program created pursuant to  
24 chapter 380.

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

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

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

31

1           (r)~~19~~. Workforce Florida, Inc., or the programs or  
2 entities created by Workforce Florida, Inc., created pursuant  
3 to s. 445.004.

4           (s)~~20~~. The corporation defined in s. 455.32 that is  
5 under contract with the Department of Business and  
6 Professional Regulation to provide administrative,  
7 investigative, examination, licensing, and prosecutorial  
8 support services in accordance with the provisions of s.  
9 455.32 and the practice act of the relevant profession.

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

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

14           (v)~~23~~. The books and records of any permitholder that  
15 conducts race meetings or jai alai exhibitions under chapter  
16 550.

17           (w)~~24~~. The corporation defined in part II of chapter  
18 946, known as the Prison Rehabilitative Industries and  
19 Diversified Enterprises, Inc., or PRIDE Enterprises.

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

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

22           ~~1. Promote the building of competent and efficient~~  
23 ~~accounting and internal audit organizations in the offices~~  
24 ~~administered by governmental entities.~~

25           ~~2. Provide consultation services to governmental~~  
26 ~~entities on their financial and accounting systems,~~  
27 ~~procedures, and related matters.~~

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

29           (a) The Legislative Auditing Committee shall direct  
30 the Auditor General to make an ~~a financial~~ audit of any  
31 municipality whenever petitioned to do so by at least 20

1 percent of the registered electors in the last general  
2 election of that municipality pursuant to this subsection. The  
3 supervisor of elections of the county in which the  
4 municipality is located shall certify whether or not the  
5 petition contains the signatures of at least 20 percent of the  
6 registered electors of the municipality. After the completion  
7 of the audit, the Auditor General shall determine whether the  
8 municipality has the fiscal resources necessary to pay the  
9 cost of the audit. The municipality shall pay the cost of the  
10 audit within 90 days after the Auditor General's determination  
11 that the municipality has the available resources. If the  
12 municipality fails to pay the cost of the audit, the  
13 Department of Revenue shall, upon certification of the Auditor  
14 General, withhold from that portion of the distribution  
15 pursuant to s. 212.20(6)(d)6. which is distributable to such  
16 municipality, a sum sufficient to pay the cost of the audit  
17 and shall deposit that sum into the General Revenue Fund of  
18 the state.

19 (b) At least one registered elector in the most recent  
20 general election must file a letter of intent with the  
21 municipal clerk prior to any petition of the electors of that  
22 municipality for the purpose of an audit. Each petition must  
23 be submitted to the supervisor of elections and contain, at a  
24 minimum:

- 25 1. The elector's printed name;
- 26 2. The signature of the elector;
- 27 3. The elector's residence address;
- 28 4. The elector's date of birth; and
- 29 5. The date signed.

30  
31

1 All petitions must be submitted for verification within 1  
2 calendar year after the audit petition origination by the  
3 municipal electors.

4 (7) AUDITOR GENERAL REPORTING REQUIREMENTS.--

5 (e) The Auditor General shall notify the Governor or  
6 the Commissioner of Education, as appropriate,and the  
7 Legislative Auditing Committee of any audit report reviewed by  
8 the Auditor General pursuant to paragraph (b) which contains a  
9 statement that a the local governmental entity or district  
10 school board has met one or more of the conditions specified  
11 ~~is in a state of financial emergency as provided~~ in s.

12 218.503. If the Auditor General requests a clarification  
13 regarding information included in an audit report to determine  
14 whether a local governmental entity or district school board  
15 has met one or more of the conditions specified in s. 218.503  
16 ~~is in a state of financial emergency,~~ the requested  
17 clarification must be provided within 45 days after the date  
18 of the request. If the local governmental entity or district  
19 school board does not comply with the Auditor General's  
20 request, the Auditor General shall notify the Legislative  
21 Auditing Committee. If, after obtaining the requested  
22 clarification, the Auditor General determines that the local  
23 governmental entity or district school board has met one or  
24 more of the conditions specified in s. 218.503 ~~is in a state~~  
25 ~~of financial emergency,~~ he or she shall notify the Governor or  
26 the Commissioner of Education, as appropriate,and the  
27 Legislative Auditing Committee.

28 (8) RULES OF THE AUDITOR GENERAL.--The Auditor  
29 General, in consultation with the Board of Accountancy, shall  
30 adopt rules for the form and conduct of all financial audits  
31 performed by independent certified public accountants pursuant

1 to ss. 215.981, 218.39, 1001.453, 1004.28, and 1004.70. The  
2 rules for audits of local governmental entities and district  
3 school boards must include, but are not limited to,  
4 requirements for the reporting of information necessary to  
5 carry out the purposes of the Local Governmental Entity and  
6 District School Board Government Financial Emergencies Act as  
7 stated in s. 218.501.

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

11 (a) The Department of Education in the development of,  
12 ~~shall develop~~ a compliance supplement for the financial audit  
13 of a district school board conducted by an independent  
14 certified public accountant.

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

17 (c) Governmental entities on promoting the building of  
18 competent and efficient accounting and internal audit  
19 organizations in their offices.

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

22 11.51 Office of Program Policy Analysis and Government  
23 Accountability.--

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

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

29 61.181 Depository for alimony transactions, support,  
30 maintenance, and support payments; fees.--

31

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

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

6           75.05 Order and service.--

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

18           Section 6. Paragraph (a) of subsection (2) of section  
19 112.08, Florida Statutes, is amended to read:

20           112.08 Group insurance for public officers, employees,  
21 and certain volunteers; physical examinations.--

22           (2)(a) Notwithstanding any general law or special act  
23 to the contrary, every local governmental unit is authorized  
24 to provide and pay out of its available funds for all or part  
25 of the premium for life, health, accident, hospitalization,  
26 legal expense, or annuity insurance, or all or any kinds of  
27 such insurance, for the officers and employees of the local  
28 governmental unit and for health, accident, hospitalization,  
29 and legal expense insurance for the dependents of such  
30 officers and employees upon a group insurance plan and, to  
31 that end, to enter into contracts with insurance companies or

1 professional administrators to provide such insurance. Before  
2 entering any contract for insurance, the local governmental  
3 unit shall advertise for competitive bids; and such contract  
4 shall be let upon the basis of such bids. If a contracting  
5 health insurance provider becomes financially impaired as  
6 determined by the Office of Insurance Regulation of the  
7 Financial Services Commission or otherwise fails or refuses to  
8 provide the contracted-for coverage or coverages, the local  
9 government may purchase insurance, enter into risk management  
10 programs, or contract with third-party administrators and may  
11 make such acquisitions by advertising for competitive bids or  
12 by direct negotiations and contract. The local governmental  
13 unit may undertake simultaneous negotiations with those  
14 companies which have submitted reasonable and timely bids and  
15 are found by the local governmental unit to be fully qualified  
16 and capable of meeting all servicing requirements. Each local  
17 governmental unit may self-insure any plan for health,  
18 accident, and hospitalization coverage or enter into a risk  
19 management consortium to provide such coverage, subject to  
20 approval based on actuarial soundness by the Office of  
21 Insurance Regulation; and each shall contract with an  
22 insurance company or professional administrator qualified and  
23 approved by the office to administer such a plan.

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

26 112.625 Definitions.--As used in this act:

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

31



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

3           112.63 Actuarial reports and statements of actuarial  
4 impact; review.--

5           (4) Upon receipt, pursuant to subsection (2), of an  
6 actuarial report, or upon receipt, pursuant to subsection (3),  
7 of a statement of actuarial impact, the Department of  
8 Management Services shall acknowledge such receipt, but shall  
9 only review and comment on each retirement system's or plan's  
10 actuarial valuations at least on a triennial basis. If the  
11 department finds that the actuarial valuation is not complete,  
12 accurate, or based on reasonable assumptions or otherwise  
13 materially fails to satisfy the requirements of this part, if  
14 the department requires additional material information  
15 necessary to complete its review of the actuarial valuation of  
16 a system or plan or material information necessary to satisfy  
17 the duties of the department pursuant to s. 112.665(1), or if  
18 the department does not receive the actuarial report or  
19 statement of actuarial impact, the department shall notify the  
20 administrator of the affected retirement system or plan and  
21 the affected governmental entity ~~local government~~ and request  
22 appropriate adjustment, the additional material information,  
23 or the required report or statement. The notification must  
24 inform the administrator of the affected retirement system or  
25 plan and the affected governmental entity of the consequences  
26 for failure to comply with the requirements of this  
27 subsection.If, after a reasonable period of time, a  
28 satisfactory adjustment is not made or the report, statement,  
29 or additional material information is not provided, the  
30 department may notify the Department of Revenue and the  
31 Department of Financial Services of such noncompliance, in

1 which case the Department of Revenue and the Department of  
2 Financial Services shall withhold any funds not pledged for  
3 satisfaction of bond debt service which are payable to the  
4 affected governmental entity until the adjustment is made or  
5 the report, statement, or additional material information is  
6 provided to the department. The department shall specify the  
7 date such action is to begin, and notification by the  
8 department must be received by the Department of Revenue, the  
9 Department of Financial Services, and the affected  
10 governmental entity 30 days before the date the action begins.

11 (a) Within 21 days after receipt of the notice, the  
12 affected governmental entity ~~local government or the~~  
13 ~~department~~ may petition for a hearing under ~~the provisions of~~  
14 ss. 120.569 and 120.57 with the Department of Management  
15 Services. The Department of Revenue and the Department of  
16 Financial Services may not be parties to any such hearing, but  
17 may request to intervene if requested by the Department of  
18 Management Services or if the Department of Revenue or the  
19 Department of Financial Services determines its interests may  
20 be adversely affected by the hearing. If the administrative  
21 law judge recommends in favor of the department, the  
22 department shall perform an actuarial review, ~~or~~ prepare the  
23 statement of actuarial impact, ~~or~~ collect the requested  
24 material information. The cost to the department of performing  
25 such actuarial review, ~~or~~ preparing ~~the~~ ~~such~~ statement, ~~or~~  
26 collecting the requested material information shall be charged  
27 to the affected governmental entity of which the employees are  
28 covered by the retirement system or plan. If payment of such  
29 costs is not received by the department within 60 days after  
30 receipt by the affected governmental entity of the request for  
31 payment, the department shall certify to the Department of

1 Revenue and the Department of Financial Services Chief  
2 ~~Financial Officer~~ the amount due, and the Department of  
3 Revenue and the Department of Financial Services Chief  
4 ~~Financial Officer~~ shall pay such amount to the Department of of  
5 Management Services from any funds not pledged for  
6 satisfaction of bond debt service which are payable to the  
7 affected governmental entity of which the employees are  
8 covered by the retirement system or plan. If the  
9 administrative law judge recommends in favor of the affected  
10 governmental entity local retirement system and the department  
11 performs an actuarial review, prepares the statement of  
12 actuarial impact, or collects the requested material  
13 information, the cost to the department of performing the  
14 actuarial review, preparing the statement, or collecting the  
15 requested material information shall be paid by the Department  
16 of Management Services.

17 (b) In the case of an affected special district, the  
18 Department of Management Services shall also notify the  
19 Department of Community Affairs. Upon receipt of notification,  
20 the Department of Community Affairs shall proceed pursuant to  
21 the provisions of s. 189.421 with regard to the special  
22 district.

23 Section 9. Section 130.04, Florida Statutes, is  
24 amended to read:

25 130.04 Sale Notice for bids and disposition of  
26 bonds.--In case the issuing of bonds shall be authorized by  
27 the result of such election, the county commissioners shall  
28 sell the bonds in the manner provided in s. 218.385. cause  
29 ~~notice to be given by publication in a newspaper published in~~  
30 ~~the county, or in some newspaper published in the same~~  
31 ~~judicial circuit, if there be none published in the county,~~

1 ~~that they will receive bids for the purchase of county bonds~~  
2 ~~at the clerk's office, on a date not less than 10 days nor~~  
3 ~~more than 60 days from the first publication of such notice.~~  
4 ~~The notice shall specify the amount of bonds offered for sale,~~  
5 ~~the rate of interest, and the time when principal and~~  
6 ~~installments of interest shall be due and payable. Any and all~~  
7 ~~bids shall be rejected if the commissioners shall deem it to~~  
8 ~~the best interest for the county so to do, and they may cause~~  
9 ~~a new notice to be given in like manner inviting other bids~~  
10 ~~for said bonds; provided, that when the rate of interest on~~  
11 ~~said bonds exceeds 5 percent per annum, said bonds shall not~~  
12 ~~be sold for less than 95 cents on the dollar, but when any~~  
13 ~~bonds have heretofore been provided for by election, and the~~  
14 ~~rate of interest is 5 percent per annum, or less, that in such~~  
15 ~~cases the county commissioners may accept less than 95 cents~~  
16 ~~upon the dollar, in the sale of said bonds, or for any portion~~  
17 ~~of said bonds not already sold; provided, however, no bonds~~  
18 ~~shall be sold for less than 90 cents on the dollar.~~

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

21 132.02 Taxing units may refund obligations.--

22 (1) Each county, municipality, ~~city, town, special~~  
23 ~~road and bridge district, special tax~~ school district, or ~~and~~  
24 other taxing district ~~districts~~ in this state, herein  
25 sometimes called a unit, may issue, pursuant to a resolution  
26 or resolutions of the governing body thereof (meaning thereby  
27 the board or body vested with the power of determining the  
28 amount of tax levies required for taxing the taxable property  
29 of such unit for the purpose of such unit) and either with or  
30 without the approval of such bonds at an election, except as  
31 may be required by the Constitution of the state, bonds of

1 such unit for the purpose of refunding any or all bonds,  
2 coupons, or interest on any such bonds, ~~or coupons or paving~~  
3 ~~certificates of indebtedness or interest on any such paving~~  
4 ~~certificates of indebtedness,~~ now or hereafter outstanding, or  
5 any other funded debt, all of which are herein referred to as  
6 bonds, whether such unit created such indebtedness or has  
7 assumed, or may become liable therefor, ~~and whether~~  
8 ~~indebtedness to be refunded has matured or to thereafter~~  
9 ~~become matured.~~

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

12 132.09 Sale of bonds ~~Notice of sale; bids and award;~~  
13 ~~private sale.~~--When sold, the refunding bonds (except as  
14 otherwise expressly provided) shall be sold in the manner  
15 provided in s. 218.385 ~~pursuant to the terms of a notice of~~  
16 ~~sale which shall be published at least twice. The first~~  
17 ~~publication to be not less than 7 days before the date fixed~~  
18 ~~for the sale and to be published in a newspaper published in~~  
19 ~~the unit, or if no newspaper is published in the unit, then in~~  
20 ~~a newspaper published in the county, or if no newspaper is~~  
21 ~~published in the county, then in a newspaper published in~~  
22 ~~Tallahassee, and in the discretion of the governing body of~~  
23 ~~the unit may be published in a financial newspaper in the City~~  
24 ~~of New York. Such notices shall state the time and place and~~  
25 ~~when and where sealed bids will be received, shall state the~~  
26 ~~amount of bonds, their dates, maturities, denominations and~~  
27 ~~interest rate or rates (which may be a maximum rate), interest~~  
28 ~~payment dates, an outline of the terms, if any, on which they~~  
29 ~~are redeemable or become payable before maturity, the amount~~  
30 ~~which must be deposited with the bid to secure its performance~~  
31 ~~if accepted, and such other pertinent information as the~~

1 ~~governing body of the unit may determine. The notice of sale~~  
2 ~~may require the bidders to fix the interest rate or rates that~~  
3 ~~the bonds are to bear subject to the terms of the notice and~~  
4 ~~the maximum rate permitted by this chapter. The award of the~~  
5 ~~bonds shall be made by the governing body of the unit to the~~  
6 ~~bidder making the most advantageous bid which shall be~~  
7 ~~determined by the governing body in its absolute and~~  
8 ~~uncontrolled discretion. The right to reject all bids shall~~  
9 ~~be reserved to the governing body of the unit. If no bids are~~  
10 ~~received at such public sale, or if all bids are rejected, the~~  
11 ~~bonds may be sold without notice at private sale at any time~~  
12 ~~within one year thereafter, but such bonds shall not be sold~~  
13 ~~at private sale on terms less favorable to the unit than were~~  
14 ~~contained in the best bid at the prior public sale.~~

15 Section 12. Paragraph (a) of subsection (2) of section  
16 163.05, Florida Statutes, is amended to read:

17 163.05 Small County Technical Assistance Program.--

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

20 (a) The financial difficulties ~~fiscal emergencies~~  
21 confronting small counties require an investment that will  
22 facilitate efforts to improve the productivity and efficiency  
23 of small counties' structures and operating procedures.

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

26 166.121 Issuance of bonds.--

27 (2) The governing body of a municipality shall  
28 determine the terms and manner of sale and distribution or  
29 other disposition of any and all bonds it may issue,  
30 consistent with the provisions of s. 218.385, and shall have  
31

1 any and all powers necessary or convenient to such  
2 disposition.

3 Section 14. Section 166.241, Florida Statutes, is  
4 amended to read:

5 166.241 Fiscal years, ~~financial reports,~~  
6 appropriations, ~~and budgets, and budget amendments.~~--

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

9 (1)(2) Each municipality shall make provision for  
10 establishing a fiscal year beginning October 1 of each year  
11 and ending September 30 of the following year.

12 (2)(3) The governing body of each municipality shall  
13 adopt a budget each fiscal year. The budget must be adopted by  
14 ordinance or resolution unless otherwise specified in the  
15 respective municipality's charter. The amount available from  
16 taxation and other sources, including amounts carried over  
17 from prior fiscal years, must equal the total appropriations  
18 for expenditures and reserves. The budget must regulate  
19 expenditures of the municipality, and it is unlawful for any  
20 officer of a municipal government to expend or contract for  
21 expenditures in any fiscal year except in pursuance of  
22 budgeted appropriations.

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

27 (a) Appropriations for expenditures within a fund may  
28 be decreased or increased by motion recorded in the minutes,  
29 provided that the total of the appropriations of the fund is  
30 not changed.

31

1           (b) The governing body may establish procedures by  
2 which the designated budget officer may authorize certain  
3 budget amendments within a department, provided that the total  
4 of the appropriations of the department is not changed.

5           (c) If a budget amendment is required for a purpose  
6 not specifically authorized in paragraph (a) or paragraph (b),  
7 the budget amendment must be adopted in the same manner as the  
8 original budget unless otherwise specified in the charter of  
9 the respective municipality.

10           Section 15. Paragraph (b) of subsection (1) of section  
11 175.261, Florida Statutes, is amended to read:

12           175.261 Annual report to Division of Retirement;  
13 actuarial valuations.--For any municipality, special fire  
14 control district, chapter plan, local law municipality, local  
15 law special fire control district, or local law plan under  
16 this chapter, the board of trustees for every chapter plan and  
17 local law plan shall submit the following reports to the  
18 division:

19           (1) With respect to chapter plans:

20           (b) In addition to annual reports provided under  
21 paragraph (a), by February 1 of each triennial year, an  
22 actuarial valuation of the chapter plan must be made by the  
23 division at least once every 3 years, as provided in s.  
24 112.63, commencing 3 years from the last actuarial valuation  
25 of the plan or system for existing plans, or commencing 3  
26 years from issuance of the initial actuarial impact statement  
27 submitted under s. 112.63 for newly created plans. To that  
28 end, the chair of the board of trustees for each firefighters'  
29 pension trust fund operating under a chapter plan shall report  
30 to the division such data as it needs to complete an actuarial  
31 valuation of each fund. The forms for each municipality and



1 special fire control district shall be supplied by the  
2 division. The expense of this actuarial valuation shall be  
3 borne by the firefighters' pension trust fund established by  
4 ss. 175.041 and 175.121. The requirements of this section are  
5 supplemental to the actuarial valuations necessary to comply  
6 with s. ss. 218.321 and 218.39.

7 Section 16. Paragraph (b) of subsection (1) of section  
8 185.221, Florida Statutes, is amended to read:

9 185.221 Annual report to Division of Retirement;  
10 actuarial valuations.--For any municipality, chapter plan,  
11 local law municipality, or local law plan under this chapter,  
12 the board of trustees for every chapter plan and local law  
13 plan shall submit the following reports to the division:

14 (1) With respect to chapter plans:

15 (b) In addition to annual reports provided under  
16 paragraph (a), by February 1 of each triennial year, an  
17 actuarial valuation of the chapter plan must be made by the  
18 division at least once every 3 years, as provided in s.  
19 112.63, commencing 3 years from the last actuarial valuation  
20 of the plan or system for existing plans, or commencing 3  
21 years from the issuance of the initial actuarial impact  
22 statement submitted under s. 112.63 for newly created plans.  
23 To that end, the chair of the board of trustees for each  
24 municipal police officers' retirement trust fund operating  
25 under a chapter plan shall report to the division such data as  
26 the division needs to complete an actuarial valuation of each  
27 fund. The forms for each municipality shall be supplied by  
28 the division. The expense of the actuarial valuation shall be  
29 borne by the municipal police officers' retirement trust fund  
30 established by s. 185.10. The requirements of this section are  
31

1 supplemental to the actuarial valuations necessary to comply  
2 with ~~s.ss. 218.321 and~~ 218.39.

3 Section 17. Section 189.4044, Florida Statutes, is  
4 amended to read:

5 189.4044 Special procedures for inactive districts.--

6 (1) The department shall declare inactive any special  
7 district in this state by documenting that ~~filing a report~~  
8 ~~with the Speaker of the House of Representatives and the~~  
9 ~~President of the Senate which shows that such special district~~  
10 ~~is no longer active. The inactive status of the special~~  
11 ~~district must be based upon a finding:~~

12 (a) ~~That~~ The special district meets one of the  
13 following criteria:

14 1. The registered agent of the district, the chair of  
15 the governing body of the district, or the governing body of  
16 the appropriate local general-purpose government notifies the  
17 department in writing that the district has taken no action  
18 for 2 or more calendar years;

19 2. Following an inquiry from the department, the  
20 registered agent of the district, the chair of the governing  
21 body of the district, or the governing body of the appropriate  
22 local general-purpose government notifies the department in  
23 writing that the district has not had a governing board or a  
24 sufficient number of governing board members to constitute a  
25 quorum for 2 or more years or the registered agent of the  
26 district, the chair of the governing body of the district, or  
27 the governing body of the appropriate local general-purpose  
28 government fails to respond to the department's inquiry within  
29 21 days; or ~~18 or more months~~

1           3. The department determines, pursuant to s. 189.421,  
2 that the district has failed to file ~~or make a good faith~~  
3 ~~effort to file~~ any of the reports listed in s. 189.419. ~~7 or~~

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

7           (b) The department, special district, or local  
8 general-purpose government published ~~That~~ a notice of ~~the~~  
9 proposed declaration of inactive status ~~has been published~~  
10 ~~once a week for 2 weeks~~ in a newspaper of general circulation  
11 in within the county or municipality in which ~~wherein~~ the  
12 territory of the special district is located and sent a copy  
13 of such notice by certified mail to the registered agent or  
14 chair of the board, if any. Such notice must include, stating  
15 the name of the ~~said~~ special district, the law under which it  
16 was organized and operating, a general description of the  
17 territory included in the ~~said~~ special district, and a  
18 statement stating that any objections must be filed pursuant  
19 to chapter 120 within 21 days after the publication date to  
20 ~~the proposed declaration or to any claims against the assets~~  
21 ~~of said special district shall be filed not later than 60 days~~  
22 ~~following the date of last publication with the department;~~  
23 and

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

28           (2) If any special district is declared inactive  
29 pursuant to this section, the property or assets of the  
30 special district are subject to legal process for payment of  
31 any debts of the district. After the payment of all the debts

1 of said inactive special district, the remainder of its  
2 property or assets shall escheat to the county or municipality  
3 wherein located. If, however, it shall be necessary, in order  
4 to pay any such debt, to levy any tax or taxes on the property  
5 in the territory or limits of the inactive special district,  
6 the same may be assessed and levied by order of the local  
7 general-purpose government wherein the same is situated and  
8 shall be assessed by the county property appraiser and  
9 collected by the county tax collector.

10 (3) In the case of a district created by special act  
11 of the Legislature, the department shall send a notice of  
12 declaration of inactive status to ~~notify~~ the Speaker of the  
13 House of Representatives and the President of the Senate. The  
14 notice of declaration of inactive status shall reference of  
15 each known special act creating or amending the charter of any  
16 special district declared to be inactive under this  
17 section. The declaration of inactive status shall be  
18 sufficient notice as required by s. 10, Art. III of the State  
19 Constitution to authorize the Legislature to repeal any  
20 special laws so reported. In the case of a district created by  
21 one or more local general-purpose governments, the department  
22 shall send a notice of declaration of inactive status to the  
23 chair of the governing body of each local general-purpose  
24 government that created the district. In the case of a  
25 district created by interlocal agreement, the department shall  
26 send a notice of declaration of inactive status to the chair  
27 of the governing body of each local general-purpose government  
28 which entered into the interlocal agreement.

29 (4) The entity that created a special district  
30 declared inactive under this section must dissolve the special  
31

1 ~~district be dissolved~~ by repealing ~~repeal~~ of its enabling laws  
2 or by other appropriate means.

3 Section 18. Subsection (1) of section 189.412, Florida  
4 Statutes, is amended, and subsection (8) is added to that  
5 section, to read:

6 189.412 Special District Information Program; duties  
7 and responsibilities.--The Special District Information  
8 Program of the Department of Community Affairs is created and  
9 has the following special duties:

10 (1) The collection and maintenance of special district  
11 noncompliance ~~compliance~~ status reports from the Department of  
12 Management Services Auditor General, the Department of  
13 Financial Services, the Division of Bond Finance of the State  
14 Board of Administration, and the Auditor General ~~the~~  
15 ~~Department of Management Services, the Department of Revenue,~~  
16 ~~and the Commission on Ethics~~ for the reporting required in ss.  
17 ~~112.3144, 112.3145, 112.3148, 112.3149, 112.63, 200.068,~~  
18 ~~218.32, 218.38, and 218.39, and 280.17 and chapter 121 and~~  
19 ~~from state agencies administering programs that distribute~~  
20 ~~money to special districts. The noncompliance ~~special district~~~~  
21 ~~compliance~~ status reports must list those ~~consist of a list of~~  
22 ~~special districts used in that state agency and a list of~~  
23 ~~which~~ special districts that did not comply with the statutory  
24 reporting requirements ~~statutorily required by that agency.~~

25 (8) Providing assistance to local general-purpose  
26 governments and certain state agencies in collecting  
27 delinquent reports or information, helping special districts  
28 comply with reporting requirements, declaring special  
29 districts inactive when appropriate, and, when directed by the  
30 Legislative Auditing Committee, initiating enforcement  
31 provisions as provided in ss. 189.4044, 189.419, and 189.421.

1           Section 19. Subsections (1) and (2) of section  
2 189.418, Florida Statutes, are amended, subsection (5) is  
3 renumbered as subsection (6), present subsection (6) is  
4 renumbered as subsection (7) and amended, and a new subsection  
5 (5) is added to that section, to read:

6           189.418 Reports; budgets; audits.--

7           (1) When a new special district is created, the  
8 district must forward to the department, within 30 days after  
9 the adoption of the special act, rule, ordinance, resolution,  
10 or other document that provides for the creation of the  
11 district, a copy of the document and a written statement that  
12 includes a reference to the status of the special district as  
13 dependent or independent and the basis for such  
14 classification. In addition to the document or documents that  
15 create the district, the district must also submit a map of  
16 the district, showing any municipal boundaries that cross the  
17 district's boundaries, and any county lines if the district is  
18 located in more than one county. The department must notify  
19 the local government or other entity and the district within  
20 30 days after receipt of the document or documents that create  
21 the district as to whether the district has been determined to  
22 be dependent or independent.

23           (2) Any amendment, modification, or update of the  
24 document by which the district was created, including changes  
25 in boundaries, must be filed with the department within 30  
26 days after adoption. The department may initiate proceedings  
27 against special districts as provided in s.~~ss.~~189.421 and  
28 ~~189.422~~ for failure to file the information required by this  
29 subsection.

30           (5) The governing body of each special district at any  
31 time within a fiscal year or within up to 60 days following

1 the end of the fiscal year may amend a budget for that  
2 year. The budget amendment must be adopted by resolution.

3 ~~(7)(6)~~ All reports or information required to be filed  
4 with a local governing authority under ss. 189.415, 189.416,  
5 and 189.417, ~~218.32, and 218.39~~ and this section shall:

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

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

10 (c) When the local governing authority is a  
11 municipality, be filed at the place designated by the  
12 municipal governing body.

13 Section 20. Section 189.419, Florida Statutes, is  
14 amended to read:

15 189.419 Effect of failure to file certain reports or  
16 information.--

17 (1) If a special district fails to file the reports or  
18 information required under s. 189.415, s. 189.416, or s.  
19 ~~189.417, s. 189.418, s. 218.32, or s. 218.39~~ and a description  
20 ~~of all new bonds as provided in s. 218.38(1)~~ with the local  
21 governing authority, the person authorized to receive and read  
22 the reports or information shall notify the district's  
23 registered agent and the appropriate local governing authority  
24 or authorities. If requested by the district ~~At any time~~, the  
25 governing authority shall ~~may~~ grant an extension of time of up  
26 to 30 days for filing the required reports or information, ~~7~~  
27 ~~except that an extension may not exceed 30 days.~~

28 (2) If at any time the local governing authority or  
29 authorities or the board of county commissioners determines  
30 that there has been an unjustified failure to file the reports  
31 or information described in subsection (1), it may notify

1 ~~petition~~ the department and the department may proceed  
2 pursuant to initiate proceedings against the special district  
3 in the manner provided in s. 189.421.

4 (3) If a special district fails to file the reports or  
5 information required under s. 112.63, s. 218.32, s. 218.38, or  
6 s. 218.39 with the appropriate state agency, the agency shall  
7 notify the department, and the department shall proceed  
8 pursuant to s. 189.421 may initiate proceedings against the  
9 special district in the manner provided in s. 189.421 or  
10 assess fines of not more than \$25, with an aggregate total not  
11 to exceed \$50, when formal inquiries do not resolve the  
12 noncompliance.

13 Section 21. Section 189.421, Florida Statutes, is  
14 amended to read:

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

17 189.421 Failure of district to disclose financial  
18 reports.--

19 (1) When notified pursuant to s. 189.419, the  
20 department shall attempt to assist a special district to  
21 comply with its financial reporting requirements by sending a  
22 certified letter to the special district, and a copy of the  
23 letter to the chair of the governing body of the local  
24 general-purpose government, which includes the following: a  
25 description of the required report, including statutory  
26 submission deadlines, a contact telephone number for technical  
27 assistance to help the special district comply, a 60-day  
28 extension of time for filing the required report with the  
29 appropriate entity, the address where the report must be  
30 filed, and an explanation of the penalties for  
31 noncompliance. The department may grant an additional 30-day



1 extension of time if requested to do so in writing by the  
2 special district. The department shall notify the appropriate  
3 entity of the new extension of time. In the case of a special  
4 district that did not timely file the reports or information  
5 required by s. 218.38, the department shall send a certified  
6 technical assistance letter to the special district which  
7 summarizes the requirements and encourages the special  
8 district to take steps to prevent the noncompliance from  
9 reoccurring.

10 (2) Failure of a special district to comply with the  
11 financial reporting requirements after the procedures of  
12 subsection (1) are exhausted shall be deemed final action of  
13 the special district. The financial reporting requirements  
14 are declared to be essential requirements of law. Remedy for  
15 noncompliance shall be by writ of certiorari as set forth in  
16 subsection (3).

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

1 this subsection shall otherwise be governed by the Rules of  
2 Appellate Procedure.

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

5 189.428 Special districts; oversight review process.--

6 (5) Those conducting the oversight review process  
7 shall, at a minimum, consider the listed criteria for  
8 evaluating the special district, but may also consider any  
9 additional factors relating to the district and its  
10 performance. If any of the listed criteria does ~~do~~ not apply  
11 to the special district being reviewed, it ~~they~~ need not be  
12 considered. The criteria to be considered by the reviewer  
13 include:

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

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

19 (c) The extent of municipal annexation or  
20 incorporation activity occurring or likely to occur within the  
21 boundaries of the special district and its impact on the  
22 delivery of services by the special district.

23 (d) Whether there is a less costly alternative method  
24 of delivering the service or services that would adequately  
25 provide the district residents with the services provided by  
26 the district.

27 (e) Whether transfer of the responsibility for  
28 delivery of the service or services to an entity other than  
29 the special district being reviewed could be accomplished  
30 without jeopardizing the district's existing contracts, bonds,  
31 or outstanding indebtedness.

1           (f) Whether the Auditor General has notified the  
2 Legislative Auditing Committee that the special district's  
3 audit report, reviewed pursuant to s. 11.45(7), indicates that  
4 the district has met any of the conditions specified in s.  
5 218.503(1) or that a deteriorating financial condition exists  
6 that may cause a condition described in s. 218.503(1) to occur  
7 if actions are not taken to address such condition.

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

12           (g)(h) Whether the district is inactive according to  
13 the official list of special districts, and whether the  
14 district is meeting and discharging its responsibilities as  
15 required by its charter, as well as projected increases or  
16 decreases in district activity.

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

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

24           Section 23. Paragraph (a) of subsection (1) of section  
25 189.439, Florida Statutes, is amended to read:

26           189.439 Bonds.--

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

28           (a) The authority may issue and sell bonds for any  
29 purpose for which the authority has the power to expend money,  
30 including, without limitation, the power to obtain working  
31 capital loans to finance the costs of any project and to

1 refund any bonds or other indebtedness at the time outstanding  
2 at or before maturity. Bonds may be sold in the manner  
3 provided in s. 218.385 and by public or negotiated sale after  
4 advertisement, if any, as the board considers  
5 advisable. Bonds may be authorized by resolution of the  
6 board.

7 Section 24. Subsections (1) and (2) of section  
8 191.005, Florida Statutes, are amended to read:

9 191.005 District boards of commissioners; membership,  
10 officers, meetings.--

11 (1)(a) With the exception of districts whose governing  
12 boards are appointed collectively by the Governor, the county  
13 commission, and any cooperating city within the county, the  
14 business affairs of each district shall be conducted and  
15 administered by a five-member board. All three-member boards  
16 existing on the effective date of this act shall be converted  
17 to five-member boards, except those permitted to continue as a  
18 three-member board by special act adopted in 1997 or  
19 thereafter. The board shall be elected in nonpartisan  
20 elections by the electors of the district. Except as provided  
21 in this act, such elections shall be held at the time and in  
22 the manner prescribed by law for holding general elections in  
23 accordance with s. 189.405(2)(a) and (3), and each member  
24 shall be elected for a term of 4 years and serve until the  
25 member's successor assumes office. Candidates for the board of  
26 a district shall qualify with the county supervisor of  
27 elections in whose jurisdiction the district is located. If  
28 the district is a multicounty district, candidates shall  
29 qualify with the Department of State. All candidates may  
30 qualify by paying a filing fee of \$25 or by obtaining the  
31 signatures of at least 25 registered electors of the district

1 on petition forms provided by the supervisor of elections  
2 which petitions shall be submitted and checked in the same  
3 manner as petitions filed by nonpartisan judicial candidates  
4 pursuant to s. 105.035. Notwithstanding s. 106.021, a  
5 candidate who does not collect contributions and whose only  
6 expense is the filing fee is not required to appoint a  
7 campaign treasurer or designate a primary campaign depository.

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

29 2. If, on the effective date of this act, a district  
30 presently in existence elects members of its board, the next  
31 election shall be conducted in accordance with this section,

1 but this section does not require the early expiration of any  
2 member's term of office by more than 60 days.

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

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

18 5. If the district has an elected three-member board  
19 designated to remain three members by special act adopted in  
20 1997 or thereafter, the terms of the board members shall be  
21 staggered. In the first election following the effective date  
22 of this act, seats 1 and 3 shall be designated for 4-year  
23 terms, and seat 2 for a 2-year term.

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

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

6           Section 25. Section 218.075, Florida Statutes, is  
7 amended to read:

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

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

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

26           (3) Any condition specified in s. 218.503(1) which  
27 results in the county or municipality being in ~~s. 218.503,~~  
28 that determines a state of financial emergency;

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

31

1           (5) A financial condition that is documented in annual  
2 financial statements at the end of the current fiscal year and  
3 indicates an inability to pay the permit processing fee during  
4 that fiscal year.

5  
6 The permit applicant must be the governing body of a county or  
7 municipality or a third party under contract with a county or  
8 municipality and the project for which the fee reduction or  
9 waiver is sought must serve a public purpose. If a permit  
10 processing fee is reduced, the total fee shall not exceed  
11 \$100.

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

14           218.32 Annual financial reports; local governmental  
15 entities.--

16           (3) The department shall notify the President of the  
17 Senate and the Speaker of the House of Representatives of any  
18 municipality that has not reported any financial activity for  
19 the last 4 fiscal years. Such notice must be sufficient to  
20 initiate dissolution procedures as described in s.  
21 165.051(1)(a). Any special law authorizing the incorporation  
22 or creation of the municipality must be included within the  
23 notification.

24           Section 27. Section 218.321, Florida Statutes, is  
25 repealed.

26           Section 28. Subsection (3) of section 218.39, Florida  
27 Statutes, is amended to read:

28           218.39 Annual financial audit reports.--

29           (3)(a) A dependent special district may make provision  
30 for an annual financial audit by being included within the  
31 audit of another local governmental entity upon which it is



1 dependent. An independent special district may not make  
2 provision for an annual financial audit by being included  
3 within the audit of another local governmental entity.

4 (b) A special district that is a component unit, as  
5 defined by generally accepted accounting principles, of a  
6 local government entity shall provide the local governmental  
7 entity, within a reasonable time period as established by the  
8 local governmental entity, with financial information  
9 necessary to comply with this section. The failure of a  
10 component unit to provide this financial information must be  
11 noted in the annual financial audit report of the local  
12 governmental entity.

13 Section 29. Subsection (3) of section 218.36, Florida  
14 Statutes, is amended to read:

15 218.36 County officers; record and report of fees and  
16 disposition of same.--

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

24 Section 30. Section 218.369, Florida Statutes, is  
25 amended to read:

26 218.369 Definitions applicable to ss.  
27 218.37-218.386.--As used in this section and in ss. 218.37,  
28 218.38, 218.385, and 218.386, the term "unit of local  
29 government," except where exception is made, means a county,  
30 municipality, special district, district school board, local  
31 agency, authority, or consolidated city-county government or

1 any other local governmental body or public body corporate and  
2 politic authorized or created by general or special law and  
3 granted the power to issue general obligation or revenue  
4 bonds; and the words "general obligation or revenue bonds"  
5 shall be interpreted to include within their scope general  
6 obligation bonds, revenue bonds, special assessment bonds,  
7 limited revenue bonds, special obligation bonds, debentures,  
8 and other similar instruments, but not bond anticipation  
9 notes.

10 Section 31. Part V of chapter 218, Florida Statutes,  
11 entitled "Financial Emergencies" is renamed "Local  
12 Governmental Entity and District School Board Financial  
13 Emergencies."

14 Section 32. Section 218.50, Florida Statutes, is  
15 amended to read:

16 218.50 Short title.--Sections 218.50-218.504 may be  
17 cited ~~shall be known~~ as the "Local Governmental Entity and  
18 District School Board Government Financial Emergencies Act."

19 Section 33. Section 218.501, Florida Statutes, is  
20 amended to read:

21 218.501 Purposes.--The purposes of ss. 218.50-218.504  
22 are:

23 (1) To promote ~~preserve and protect~~ the fiscal  
24 responsibility ~~solvency~~ of local governmental entities and  
25 district school boards.

26 (2) To assist local governmental entities and district  
27 school boards in providing essential services without  
28 interruption and in meeting their financial obligations.

29 (3) To assist local governmental entities and district  
30 school boards through the improvement of local financial  
31 management procedures.

1           Section 34. Section 218.502, Florida Statutes, is  
2 amended to read:

3           218.502 Definition.--As used in ss. 218.50-218.504,  
4 the term "local governmental entity" means a county,  
5 municipality, or special district, ~~or district school board~~.

6           Section 35. Section 218.503, Florida Statutes, is  
7 amended to read:

8           218.503 Determination of financial emergency.--

9           (1) ~~A~~ Local governmental entities and district school  
10 boards shall be subject to review and oversight by the  
11 Governor or the Commissioner of Education ~~entity is in a state~~  
12 ~~of financial emergency~~ when any one of the following  
13 conditions occurs:

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

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

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

- 23           1. Taxes withheld on the income of employees; or  
24           2. Employer and employee contributions for:  
25           a. Federal social security; or  
26           b. Any pension, retirement, or benefit plan of an  
27 employee.

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

- 30           1. Wages and salaries owed to employees; or  
31           2. Retirement benefits owed to former employees.

1           ~~(e)(d)~~ An unreserved or total fund balance or retained  
2 earnings deficit, or unrestricted or total net assets deficit,  
3 as reported on the balance sheet or statement of net assets on  
4 the general purpose or basic financial statements,for which  
5 sufficient resources of the local governmental entity, as  
6 reported on the balance sheet or statement of net assets on  
7 the general purpose or basic financial statements,are not  
8 available to cover the deficit ~~for 2 successive years.~~  
9 Resources available to cover reported deficits include net  
10 assets that are not otherwise restricted by federal, state, or  
11 local laws, bond covenants, contractual agreements, or other  
12 legal constraints. Fixed or capital assets, the disposal of  
13 which would impair the ability of a local governmental entity  
14 to carry out its functions, are not considered resources  
15 available to cover reported deficits.

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

18           (2) A local governmental entity shall notify the  
19 Governor and the Legislative Auditing Committee, and a  
20 district school board shall notify the Commissioner of  
21 Education and the Legislative Auditing Committee,when one or  
22 more of the conditions specified in subsection (1) have  
23 occurred or will occur if action is not taken to assist the  
24 local governmental entity or district school board. In  
25 addition, any state agency must, within 30 days after a  
26 determination that one or more of the conditions specified in  
27 subsection (1) have occurred or will occur if action is not  
28 taken to assist the local governmental entity or district  
29 school board ~~the identification of the financial emergency,~~  
30 notify the Governor or the Commissioner of Education, as  
31 appropriate,and the Legislative Auditing Committee ~~when one~~

1 ~~or more of the conditions specified in subsection (1) have~~  
2 ~~occurred or will occur if action is not taken to assist a~~  
3 ~~local governmental entity.~~

4 (3) Upon notification that one or more of the  
5 conditions in subsection (1) exist, the Governor or his or her  
6 designee shall contact the local governmental entity or the  
7 Commissioner of Education or his or her designee shall contact  
8 the district school board to determine what actions have been  
9 taken by the local governmental entity or the district school  
10 board to resolve the condition ~~financial emergency~~. The  
11 Governor or the Commissioner of Education, as appropriate,  
12 shall determine whether the local governmental entity or the  
13 district school board needs state assistance to resolve the  
14 condition. If state assistance is needed, the local  
15 governmental entity or district school board is considered to  
16 be in a state of financial emergency. The Governor or the  
17 Commissioner of Education, as appropriate, has the authority  
18 to implement measures as set forth in ss. 218.50-218.504 to  
19 assist the local governmental entity or district school board  
20 in resolving ~~resolve~~ the financial emergency. Such measures  
21 may include, but are not limited to:

22 (a) Requiring approval of the local governmental  
23 entity's budget by the Governor or approval of the district  
24 school board's budget by the Commissioner of Education.

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

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

31

1           (d) Making such inspections and reviews of records,  
2 information, reports, and assets of the local governmental  
3 entity or district school board. The appropriate local  
4 officials shall cooperate in such, ~~in which~~ inspections and  
5 reviews ~~the appropriate local officials shall cooperate.~~

6           (e) Consulting with ~~the~~ officials and auditors of the  
7 local governmental entity or the district school board and the  
8 appropriate state officials ~~agency~~ regarding any steps  
9 necessary to bring the books of account, accounting systems,  
10 financial procedures, and reports into compliance with state  
11 requirements.

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

14           (g)1. Establishing a financial emergency ~~emergencies~~  
15 board to oversee the activities of the local governmental  
16 entity or the district school board. If a financial emergency  
17 ~~The~~ board, if is established for a local governmental entity,  
18 ~~shall be appointed by~~ the Governor shall appoint board members  
19 and select a chair. If a financial emergency board is  
20 established for a district school board, the State Board of  
21 Education shall appoint board members and select a chair. ~~The~~  
22 ~~Governor shall select a chair and such other officers as are~~  
23 ~~necessary.~~ The financial emergency board shall adopt such  
24 rules as are necessary for conducting board business. The  
25 board may:

26           a. Make such reviews of records, reports, and assets  
27 of the local governmental entity or the district school board  
28 as are needed.

29           b. Consult with ~~the~~ officials and auditors of the  
30 local governmental entity or the district school board and the  
31 appropriate state officials regarding any steps necessary to

1 bring the books of account, accounting systems, financial  
2 procedures, and reports of the local governmental entity or  
3 the district school board into compliance with state  
4 requirements.

5 c. Review the operations, management, efficiency,  
6 productivity, and financing of functions and operations of the  
7 local governmental entity or the district school board.

8 2. The recommendations and reports made by the  
9 financial emergency board must be submitted to the Governor  
10 for local governmental entities or to the Commissioner of  
11 Education and the State Board of Education for district school  
12 boards for appropriate action.

13 (h) Requiring and approving a plan, to be prepared by  
14 officials of the appropriate state agency in conjunction with  
15 the local governmental entity or the district school board in  
16 consultation with the appropriate state officials, prescribing  
17 actions that will cause the local governmental entity or  
18 district school board to no longer be subject to this  
19 section. The plan must include, but need not be limited to:

20 1. Provision for payment in full of obligations  
21 outlined in subsection (1), designated as priority items, that  
22 are currently all payments due or will to come due on debt  
23 obligations, pension payments, and all payments and charges  
24 imposed or mandated by federal or state law and for all  
25 judgments and past due accounts, as priority items of  
26 expenditures.

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

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

1           (4) ~~A During the financial emergency period, the local~~  
2 governmental entity or district school board may not seek  
3 application of laws under the bankruptcy provisions of the  
4 United States Constitution except with the prior approval of  
5 the Governor for local governmental entities or the  
6 Commissioner of Education for district school boards.

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

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

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

22           2. A portion of the balance of the surcharge proceeds  
23 shall be used by the governing authority to increase its  
24 budget reserves; however, the governing authority shall not  
25 reduce the amount it allocates for budget reserves from other  
26 sources below the amount allocated for reserves in the fiscal  
27 year prior to the year in which the surcharge is initially  
28 imposed. When a 15-percent budget reserve is achieved, based  
29 on the average gross revenue for the most recent 3 prior  
30 fiscal years, the remaining proceeds from this subparagraph  
31 shall be used for the payment of annual debt service related



1 to outstanding obligations backed or secured by a covenant to  
2 budget and appropriate from non-ad valorem revenues.

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

4 Section 36. Section 218.504, Florida Statutes, is  
5 amended to read:

6 218.504 Cessation of state action.--The Governor or  
7 the Commissioner of Education, as appropriate, has the  
8 authority to terminate all state actions pursuant to ss.  
9 218.50-218.504. Cessation of state action must not occur  
10 until the Governor or the Commissioner of Education, as  
11 appropriate, has determined that:

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

14 (a) Has established and is operating an effective  
15 financial accounting and reporting system.

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

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

20 Section 37. Chapter 131, Florida Statutes, consisting  
21 of sections 131.01, 131.02, 131.03, 131.04, 131.05, and  
22 131.06, Florida Statutes, is repealed.

23 Section 38. Section 132.10, Florida Statutes, is  
24 repealed.

25 Section 39. Section 165.052, Florida Statutes, is  
26 repealed.

27 Section 40. Section 189.409, Florida Statutes, is  
28 repealed.

29 Section 41. Section 189.422, Florida Statutes, is  
30 repealed.

31

1           Section 42. Section 200.0684, Florida Statutes, is  
2 repealed.

3           Section 43. Paragraph (h) of subsection (1) of section  
4 218.37, Florida Statutes, is repealed.

5           Section 44. Section 215.195, Florida Statutes, is  
6 amended to read:

7           215.195 Agency deposits relating to the Statewide Cost  
8 Allocation Plan.--

9           (1) APPLICATION FOR ALLOCABLE STATEWIDE  
10 OVERHEAD.--Each state agency, and the judicial branch, making  
11 application for federal grant or contract funds shall, in  
12 accordance with the Statewide Cost Allocation Plan (SWCAP),  
13 include in its application a prorated share of the cost of  
14 services provided by state central service agencies which are  
15 reimbursable to the state pursuant to the provisions of Office  
16 of Management and Budget Circular A-87. Preparation of the  
17 Statewide Cost Allocation Plan and coordination thereof with  
18 all applicable parties is the responsibility of the Department  
19 of Financial Services. The Department of Financial Services  
20 shall ensure that the SWCAP presents the most favorable  
21 allocation of central services cost allowable to the state by  
22 the Federal Government.

23           (2) DEPOSIT OF OVERHEAD IN THE GENERAL REVENUE  
24 FUND.--If an application for federal grant or contract funds  
25 is approved, the state agency or judicial branch receiving the  
26 federal grant or contract shall identify that portion  
27 representing reimbursement of allocable statewide overhead and  
28 deposit that amount into the General Revenue Fund unallocated  
29 as directed by the Department of Financial Services ~~Executive~~  
30 ~~Office of the Governor.~~ The Department of Financial Services  
31

1 shall be responsible for monitoring agency compliance with  
2 this section.

3 Section 45. Section 215.97, Florida Statutes, is  
4 amended to read:

5 215.97 Florida Single Audit Act.--

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

7 (a) Establish uniform state audit requirements for  
8 state financial assistance provided by state agencies to  
9 nonstate entities to carry out state projects.

10 (b) Promote sound financial management, including  
11 effective internal controls, with respect to state financial  
12 assistance administered by nonstate entities.

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

16 (d) Provide for identification of state financial  
17 assistance transactions in the appropriations act, state  
18 accounting records, and recipient organization records.

19 (e) Promote improved coordination and cooperation  
20 within and between affected state agencies providing state  
21 financial assistance and nonstate entities receiving state  
22 assistance.

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

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

27 (a) "Audit threshold" means the threshold amount used  
28 to determine to use in determining when a state single audit  
29 or project-specific audit of a nonstate entity shall be  
30 conducted in accordance with this section. Each nonstate  
31 entity that expends a total amount of state financial

1 assistance equal to or in excess of \$300,000 in any fiscal  
2 year of such nonstate entity shall be required to have a state  
3 single audit, or a project-specific audit performed by an  
4 independent auditor, for such fiscal year in accordance with  
5 the requirements of this section. Every 2 years the Auditor  
6 General, after consulting with the Executive Office of the  
7 Governor, the Department of Financial Services ~~Chief Financial~~  
8 ~~Officer~~, and all state awarding agencies ~~that provide state~~  
9 ~~financial assistance to nonstate entities~~, shall review the  
10 threshold amount for requiring audits under this section and  
11 may adjust such threshold dollar amount consistent with the  
12 purposes ~~purpose~~ of this section.

13 (b) "Auditing standards" means the auditing standards  
14 as stated in the rules of the Auditor General as applicable to  
15 for-profit organizations, nonprofit organizations, or local  
16 governmental entities.

17 (c) "Catalog of State Financial Assistance" means a  
18 comprehensive listing of state projects. The Catalog of State  
19 Financial Assistance shall be issued by the Department of  
20 Financial Services ~~Executive Office of the Governor~~ after  
21 conferring with the Chief Financial Officer and all state  
22 awarding agencies ~~that provide state financial assistance to~~  
23 ~~nonstate entities~~. The Catalog of State Financial Assistance  
24 shall include for each listed state project: the responsible  
25 state awarding agency; standard state project number  
26 identifier; official title; legal authorization; and  
27 description of the state project, including objectives,  
28 restrictions, application and awarding procedures, and other  
29 relevant information determined necessary.

30 (d) "Coordinating agency" means the state awarding  
31 agency that provides the predominant amount of state financial

1 assistance expended by a recipient, as determined by the  
2 recipient's Schedule of Expenditures of State Financial  
3 Assistance. To provide continuity, the determination of the  
4 predominant amount of state financial assistance shall be  
5 based upon state financial assistance expended in the  
6 recipient's fiscal years ending in 2004, 2007, and 2010, and  
7 every third year thereafter.

8 (e)~~(d)~~ "Financial reporting package" means the  
9 nonstate entities' financial statements, Schedule of  
10 Expenditures of State Financial Assistance, auditor's reports,  
11 management letter, auditee's written responses or corrective  
12 action plan, correspondence on followup of prior years'  
13 corrective actions taken, and such other information  
14 determined by the Auditor General to be necessary and  
15 consistent with the purposes of this section.

16 (f)~~(e)~~ "Federal financial assistance" means financial  
17 assistance from federal sources passed through the state and  
18 provided to nonstate organizations ~~entities~~ to carry out a  
19 federal program. "Federal financial assistance" includes all  
20 types of federal assistance as defined in applicable United  
21 States Office of Management and Budget circulars.

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

25 (h)~~(g)~~ "Independent auditor" means an independent  
26 ~~external state or local government auditor or a certified~~  
27 public accountant licensed under chapter 473 ~~who meets the~~  
28 ~~independence standards.~~

29 (i)~~(h)~~ "Internal control over state projects" means a  
30 process, effected by a nonstate ~~an~~ entity's management and  
31 other personnel, designed to provide reasonable assurance

1 regarding the achievement of objectives in the following  
2 categories:

- 3 1. Effectiveness and efficiency of operations.
- 4 2. Reliability of financial operations.
- 5 3. Compliance with applicable laws and regulations.

6 (j)~~(i)~~ "Local governmental entity" means a county  
7 agency, municipality, or special district or any other entity  
8 ~~excluding other than a district school board, charter school,~~  
9 ~~or community college), or public university, however styled,~~  
10 which independently exercises any type of governmental  
11 function within the state.

12 (k)~~(j)~~ "Major state project" means any state project  
13 meeting the criteria as stated in the rules of the Department  
14 of Financial Services ~~Executive Office of the Governor.~~ Such  
15 criteria shall be established after consultation with all the  
16 ~~Chief Financial Officer and appropriate state awarding~~  
17 ~~agencies that provide state financial assistance~~ and shall  
18 consider the amount of state project expenditures and or  
19 expenses or inherent risks. Each major state project shall be  
20 audited in accordance with the requirements of this section.

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

- 23 1. Is operated primarily for scientific, educational  
24 service, charitable, or similar purpose in the public  
25 interest;
- 26 2. Is not organized primarily for profit;
- 27 3. Uses net proceeds to maintain, improve, or expand  
28 the operations of the organization; and
- 29 4. Has no part of its income or profit distributable  
30 to its members, directors, or officers.

31

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

4           (n)~~(m)~~ "Recipient" means a nonstate entity that  
5 receives state financial assistance directly from a state  
6 awarding agency.

7           (o)~~(n)~~ "Schedule of of Expenditures of State Financial  
8 Assistance" means a document prepared in accordance with the  
9 rules of the Department of Financial Services ~~Chief Financial~~  
10 ~~Officer~~ and included in each financial reporting package  
11 required by this section.

12           (p)~~(o)~~ "State awarding agency" means a ~~the~~ state  
13 agency, as defined in s. 216.011, that provides ~~provided~~ state  
14 financial assistance to a ~~the~~ nonstate entity.

15           (q)~~(p)~~ "State financial assistance" means ~~financial~~  
16 ~~assistance from~~ state resources, not including federal  
17 financial assistance and state matching on federal programs,  
18 provided to a nonstate entity ~~entities~~ to carry out a state  
19 project. "State financial assistance" includes the ~~all~~ types  
20 of state resources ~~assistance as~~ stated in the rules of the  
21 Department of Financial Services ~~Executive Office of the~~  
22 ~~Governor~~ established in consultation with all ~~the~~ Chief  
23 ~~Financial Officer~~ and appropriate state awarding agencies that  
24 ~~provide state financial assistance. It includes~~ State  
25 financial assistance may be provided directly by state  
26 awarding agencies or indirectly by nonstate entities  
27 ~~recipients of state awards or subrecipients. State financial~~  
28 assistance ~~It~~ does not include procurement contracts used to  
29 buy goods or services from vendors and. ~~Audits of such~~  
30 ~~procurement contracts with vendors are outside of the scope of~~  
31 ~~this section. Also, audits of contracts to operate~~ state-owned

1 ~~state government-owned~~ and contractor-operated facilities ~~are~~  
2 ~~excluded from the audit requirements of this section.~~

3 (r)(q) "State matching" means state resources provided  
4 to a nonstate entity ~~entities to be used~~ to meet federal  
5 financial participation matching requirements ~~of federal~~  
6 ~~programs.~~

7 (s) "State program" means a set of special purpose  
8 activities undertaken to realize identifiable goals and  
9 objectives in order to achieve a state agency's mission and  
10 legislative intent requiring accountability for state  
11 resources.

12 (t)(r) "State project" means a state program that  
13 provides all state financial assistance to a nonstate  
14 organization and that must be ~~entity~~ assigned a ~~single~~ state  
15 project number identifier in the Catalog of State Financial  
16 Assistance.

17 (u)(s) "State Projects Compliance Supplement" means a  
18 document issued by the Department of Financial Services  
19 ~~Executive Office of the Governor~~, in consultation with ~~the~~  
20 ~~Chief Financial Officer~~ and all state awarding agencies ~~that~~  
21 ~~provide state financial assistance.~~ The State Projects  
22 Compliance Supplement shall identify state projects, the  
23 significant compliance requirements, eligibility requirements,  
24 matching requirements, suggested audit procedures, and other  
25 relevant information determined necessary.

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

29 (w)(u) "State single audit" means an audit of a  
30 nonstate entity's financial statements and state financial  
31 assistance. Such audits shall be conducted in accordance with



1 the auditing standards as stated in the rules of the Auditor  
2 General.

3 (x)~~(v)~~ "Subrecipient" means a nonstate entity that  
4 receives state financial assistance through another nonstate  
5 entity.

6 (y)~~(w)~~ "Vendor" means a dealer, distributor, merchant,  
7 or other seller providing goods or services that are required  
8 for the conduct of a state project. These goods or services  
9 may be for an organization's own use or for the use of  
10 beneficiaries of the state project.

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

15 ~~(a) Upon conferring with the Chief Financial Officer~~  
16 ~~and all state awarding agencies, adopt rules necessary to~~  
17 ~~provide appropriate guidance to state awarding agencies,~~  
18 ~~recipients and subrecipients, and independent auditors of~~  
19 ~~state financial assistance relating to the requirements of~~  
20 ~~this section, including:~~

21 ~~1. The types or classes of financial assistance~~  
22 ~~considered to be state financial assistance which would be~~  
23 ~~subject to the requirements of this section. This would~~  
24 ~~include guidance to assist in identifying when the state~~  
25 ~~agency or recipient has contracted with a vendor rather than~~  
26 ~~with a recipient or subrecipient.~~

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

28 ~~3. The criteria for selecting state projects for~~  
29 ~~audits based on inherent risk.~~

30 ~~(b) Be responsible for coordinating the initial~~  
31 ~~preparation and subsequent revisions of the Catalog of State~~

1 ~~Financial Assistance after consultation with the Chief~~  
2 ~~Financial Officer and all state awarding agencies.~~

3 ~~(c) Be responsible for coordinating the initial~~  
4 ~~preparation and subsequent revisions of the State Projects~~  
5 ~~Compliance Supplement, after consultation with the Chief~~  
6 ~~Financial Officer and all state awarding agencies.~~

7 (4) The Department of Financial Services Chief  
8 ~~Financial Officer~~ shall:

9 (a) Upon conferring with the Executive Office of the  
10 Governor and all state awarding agencies, adopt rules  
11 necessary to provide appropriate guidance to state awarding  
12 agencies, nonstate entities, and independent auditors of state  
13 financial assistance relating to the requirements of this  
14 section, including:

15 1. The types or classes of state resources considered  
16 to be state financial assistance that would be subject to the  
17 requirements of this section. This would include guidance to  
18 assist in identifying when the state awarding agency or a  
19 nonstate entity has contracted with a vendor rather than with  
20 a recipient or subrecipient.

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

22 3. The criteria for selecting state projects for  
23 audits based on inherent risk.

24 (b) Be responsible for coordinating revisions to the  
25 Catalog of State Financial Assistance after consultation with  
26 the Executive Office of the Governor and all state awarding  
27 agencies.

28 (c) Be responsible for coordinating with the Executive  
29 Office of the Governor actions affecting the budgetary process  
30 under paragraph (b).

31

1           (d) Be responsible for coordinating revisions to the  
2 State Projects Compliance Supplement, after consultation with  
3 the Executive Office of the Governor and all state awarding  
4 agencies.

5           (e)(a) Make enhancements to the state's accounting  
6 system to provide for the:

7           1. Recording of state financial assistance and federal  
8 financial assistance appropriations and expenditures within  
9 the state awarding agencies' operating funds.

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

13           3. Establishment and recording of an identification  
14 code for each financial transaction, including awarding state  
15 agencies' disbursements of state financial assistance and  
16 federal financial assistance, as to the corresponding type or  
17 organization that is party to the transaction (e.g., other  
18 governmental agencies, nonprofit organizations, and for-profit  
19 organizations), and disbursements of federal financial  
20 assistance, as to whether the party to the transaction is or  
21 is not a nonstate entity recipient or subrecipient.

22           (f)(b) Upon conferring with the Executive Office of  
23 the Governor and all state awarding agencies, adopt rules  
24 necessary to provide appropriate guidance to state awarding  
25 agencies, nonstate entities recipients and subrecipients, and  
26 independent auditors of state financial assistance relating to  
27 the format for the Schedule of Expenditures of State Financial  
28 Assistance.

29           (g)(c) Perform any inspections, reviews,  
30 investigations, or audits of state financial assistance  
31 considered necessary in carrying out the Department of

1 Financial Services ~~Chief Financial Officer's~~ legal  
2 responsibilities for state financial assistance or to comply  
3 with the requirements of this section.

4 (5) Each state awarding agency shall:

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

8 1. The audit and accountability requirements for state  
9 projects as stated in this section and applicable ~~rules of the~~  
10 ~~Executive Office of the Governor,~~ rules of the Department of  
11 Financial Services ~~Chief Financial Officer,~~ and rules of the  
12 Auditor General.

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

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

24 (b) Require the recipient, as a condition of receiving  
25 state financial assistance, to allow the state awarding  
26 agency, the Department of Financial Services ~~Chief Financial~~  
27 ~~Officer,~~ and the Auditor General access to the recipient's  
28 records and the recipient's independent auditor's working  
29 papers as necessary for complying with the requirements of  
30 this section.

31

1 (c) Notify the recipient that this section does not  
2 limit the authority of the state awarding agency to conduct or  
3 arrange for the conduct of additional audits or evaluations of  
4 state financial assistance or limit the authority of any state  
5 awarding agency inspector general, the Auditor General, or any  
6 other state official.

7 (d) Be provided one copy of each financial reporting  
8 package prepared in accordance with the requirement of this  
9 section.

10 (e) Review the recipient's ~~recipient~~ financial  
11 reporting package, including the management letters and  
12 corrective action plans, to the extent necessary to determine  
13 whether timely and appropriate corrective action has been  
14 taken with respect to audit findings and recommendations  
15 pertaining to state financial assistance that are specific to  
16 ~~provided by~~ the state awarding agency.

17 (f) Designate within the state awarding agency a  
18 division, bureau, or other organizational unit that will be  
19 responsible for reviewing financial reporting packages  
20 pursuant to paragraph (e).

21  
22 If the state awarding agency is not the coordinating agency as  
23 defined in paragraph (2)(d), the state awarding agency's  
24 designated division, bureau, or other organizational unit  
25 shall communicate to the coordinating agency the state  
26 awarding agency's approval of the recipient's corrective  
27 action plan with respect to findings and recommendations that  
28 are not specific to the state awarding agency.

29 (6) Each coordinating agency shall:

30 (a) Review the recipient's financial reporting  
31 package, including the management letter and corrective action

1 plan, to identify audit findings and recommendations that  
2 affect state financial assistance which are not specific to a  
3 particular state awarding agency.

4 (b) For any such findings and recommendations  
5 determine:

6 1. Whether timely and appropriate corrective action  
7 has been taken.

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

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

14 (7)(6) As a condition of receiving state financial  
15 assistance, each nonstate entity recipient that provides state  
16 financial assistance to a subrecipient shall:

17 (a) Provide to each a subrecipient information needed  
18 by the subrecipient to comply with the requirements of this  
19 section, including:

20 1. Identification of the state awarding agency.  
21 2. The audit and accountability requirements for state  
22 projects as stated in this section and applicable ~~rules of the~~  
23 ~~Executive Office of the Governor,~~ rules of the Department of  
24 Financial Services ~~Chief Financial Officer,~~ and rules of the  
25 Auditor General.

26 3. Information from the Catalog of State Financial  
27 Assistance, including the standard state project number  
28 identifier; official title; legal authorization; and  
29 description of the state project, including objectives,  
30 restrictions, and other relevant information.

31

1           4. Information from the State Projects Compliance  
2 Supplement including the significant compliance requirements,  
3 eligibility requirements, matching requirements, and suggested  
4 audit procedures, and other relevant information determined  
5 necessary.

6           (b) Review the financial reporting package of the  
7 subrecipient ~~audit reports~~, including the management letter  
8 and corrective action plan letters, to the extent necessary to  
9 determine whether timely and appropriate corrective action has  
10 been taken with respect to audit findings and recommendations  
11 pertaining to state financial assistance provided by a the  
12 state awarding agency or nonstate entity.

13           (c) Perform any such other procedures ~~as~~ specified in  
14 terms and conditions of the written agreement with the state  
15 awarding agency or nonstate entity, including any required  
16 monitoring of the subrecipient's use of state financial  
17 assistance through onsite visits, limited scope audits, or  
18 other specified procedures.

19           (d) Require subrecipients, as a condition of receiving  
20 state financial assistance, to permit the independent auditor  
21 of the nonstate entity recipient, the state awarding agency,  
22 Department of Financial Services ~~the Chief Financial Officer~~,  
23 and the Auditor General access to the subrecipient's records  
24 and the subrecipient's independent auditor's working papers as  
25 necessary to comply with the requirements of this section.

26           (8)(7) Each recipient or subrecipient of state  
27 financial assistance shall comply with the following:

28           (a) Each nonstate entity that ~~receives state financial~~  
29 ~~assistance and~~ meets the audit threshold requirements, in any  
30 fiscal year of the nonstate entity, as stated in the rules of  
31 the Auditor General, shall have a state single audit conducted

1 for such fiscal year in accordance with the requirements of  
2 this act and with additional requirements established in ~~rules~~  
3 ~~of the Executive Office of the Governor,~~ rules of the  
4 Department of Financial Services Chief Financial Officer, and  
5 rules of the Auditor General. If only one state project is  
6 involved in a nonstate entity's fiscal year, the nonstate  
7 entity may elect to have only a state project-specific audit  
8 ~~of the state project for that fiscal year.~~

9 (b) Each nonstate entity ~~that receives state financial~~  
10 ~~assistance~~ and does not meet the audit threshold requirements,  
11 in any fiscal year of the nonstate entity, as stated in this  
12 law or the rules of the Auditor General is exempt for such  
13 fiscal year from the state single audit requirements of this  
14 section. However, such nonstate entity must meet terms and  
15 conditions specified in the written agreement with the state  
16 awarding agency or nonstate entity.

17 (c) Regardless of the amount of the state financial  
18 assistance, the provisions of this section do not exempt a  
19 nonstate entity from compliance with provisions of law  
20 relating to maintaining records concerning state financial  
21 assistance to such nonstate entity or allowing access and  
22 examination of those records by the state awarding agency,  
23 nonstate entity, the Department of Financial Services Chief  
24 ~~Financial Officer~~, or the Auditor General.

25 (d) Audits conducted pursuant to this section shall be  
26 performed annually.

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

30 (f) Upon completion of the audit as required by this  
31 section, a copy of the recipient's financial reporting package



1 shall be filed with the state awarding agency and the Auditor  
2 General. Upon completion of the audit as required by this  
3 section, a copy of the subrecipient's financial reporting  
4 package shall be filed with the nonstate entity ~~recipient~~ that  
5 provided the state financial assistance and the Auditor  
6 General. The financial reporting package shall be filed in  
7 accordance with the rules of the Auditor General.

8 (g) All financial reporting packages prepared pursuant  
9 to the requirements of this section shall be available for  
10 public inspection.

11 (h) If an audit conducted pursuant to this section  
12 discloses any significant audit findings relating to state  
13 financial assistance, including material noncompliance with  
14 individual state project compliance requirements or reportable  
15 conditions in internal controls of the nonstate entity, the  
16 nonstate entity shall submit as part of the financial  
17 reporting audit package to the state awarding agency or  
18 nonstate entity a plan for corrective action to eliminate such  
19 audit findings or a statement describing the reasons that  
20 corrective action is not necessary.

21 (i) An audit conducted in accordance with this section  
22 is in addition to any audit of federal awards required by the  
23 federal Single Audit Act and other federal laws and  
24 regulations. To the extent that such federally required audits  
25 provide the state awarding agency or nonstate entity with  
26 information it requires to carry out its responsibilities  
27 under state law or other guidance, the a state awarding agency  
28 or nonstate entity shall rely upon and use that information.

29 (j) Unless prohibited by law, the costs ~~cost~~ of audits  
30 pursuant to this section are ~~is~~ allowable charges to state  
31 projects. However, any charges to state projects should be

1 limited to those incremental costs incurred as a result of the  
2 audit requirements of this section in relation to other audit  
3 requirements. The nonstate entity should allocate such  
4 incremental costs to all state projects for which it expended  
5 state financial assistance.

6 (k) Audit costs may not be charged to state projects  
7 when audits required by this section have not been made or  
8 have been made but not in accordance with this section. If a  
9 nonstate entity fails to have an audit conducted consistent  
10 with this section, a state awarding agency or nonstate entity  
11 ~~agencies~~ may take appropriate corrective action to enforce  
12 compliance.

13 (l) This section does not prohibit the state awarding  
14 agency or nonstate entity from including terms and conditions  
15 in the written agreement which require additional assurances  
16 that state financial assistance meets the applicable  
17 requirements of laws, regulations, and other compliance rules.

18 (m) A state awarding agency or nonstate entity that  
19 ~~provides state financial assistance to nonstate entities and~~  
20 conducts or arranges for audits of state financial assistance  
21 that are in addition to the audits conducted under this act,  
22 including audits of nonstate entities that do not meet the  
23 audit threshold requirements, shall, consistent with other  
24 applicable law, arrange for funding the full cost of such  
25 additional audits.

26 ~~(9)(8)~~ The independent auditor when conducting a state  
27 single audit of a nonstate entity ~~recipients or subrecipients~~  
28 shall:

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

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

5           (c) With respect to internal controls pertaining to  
6 each major state project:

7           1. Obtain an understanding of internal controls;

8           2. Assess control risk;

9           3. Perform tests of controls unless the controls are  
10 deemed to be ineffective; and

11           4. Determine whether the nonstate entity has internal  
12 controls in place to provide reasonable assurance of  
13 compliance with the provisions of laws and rules pertaining to  
14 state financial assistance that have a material effect on each  
15 major state project.

16           (d) Determine whether each major state project  
17 complied with the provisions of laws, rules, and guidelines as  
18 identified in the State Projects Compliance Supplement, or  
19 otherwise identified by the state awarding agency, which have  
20 a material effect on each major state project. When major  
21 state projects are less than 50 percent of the nonstate  
22 entity's total expenditures for all state financial  
23 assistance, the auditor shall select and test additional state  
24 projects as major state projects as necessary to achieve audit  
25 coverage of at least 50 percent of the expenditures for all  
26 state financial assistance provided to the nonstate entity.  
27 Additional state projects needed to meet the 50-percent  
28 requirement may be selected on an inherent risk basis as  
29 stated in the rules of the Department of Financial Services  
30 ~~Executive Office of the Governor.~~

31

1 (e) Report on the results of any audit conducted  
2 pursuant to this section in accordance with the ~~rules of the~~  
3 ~~Executive Office of the Governor,~~ rules of the Department of  
4 Financial Services ~~Chief Financial Officer,~~ and rules of the  
5 Auditor General. Financial reporting packages must ~~Audit~~  
6 ~~reports shall~~ include summaries of the auditor's results  
7 regarding the nonstate entity's financial statements; Schedule  
8 of Expenditures of State Financial Assistance; internal  
9 controls; and compliance with laws, rules, and guidelines.

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

12 (g) Upon notification by the nonstate entity, make  
13 available the working papers relating to the audit conducted  
14 pursuant to the requirements of this section to the state  
15 awarding agency, the Department of Financial Services ~~Chief~~  
16 ~~Financial Officer,~~ or the Auditor General for review or  
17 copying.

18 (10)(9) The independent auditor, when conducting a  
19 state project-specific audit of a nonstate entity recipients  
20 ~~or subrecipients,~~ shall:

21 (a) Determine whether the nonstate entity's Schedule  
22 of Expenditure of State Financial Assistance is presented  
23 fairly in all material respects in conformity with stated  
24 accounting policies.

25 (b) Obtain an understanding of internal controls  
26 ~~control~~ and perform tests of internal controls ~~control~~ over  
27 the state project consistent with the requirements of a major  
28 state project.

29 (c) Determine whether or not the auditee has complied  
30 with applicable provisions of laws, rules, and guidelines as  
31 identified in the State Projects Compliance Supplement, or

1 otherwise identified by the state awarding agency, which could  
2 have a direct and material effect on the state project.

3 (d) Report on the results of the a state  
4 project-specific audit consistent with the requirements of the  
5 state single audit and issue a management letter as prescribed  
6 in the rules of the Auditor General.

7 (e) Upon notification by the nonstate entity, make  
8 available the working papers relating to the audit conducted  
9 pursuant to the requirements of this section to the state  
10 awarding agency, the Department of Financial Services ~~Chief~~  
11 ~~Financial Officer~~, or the Auditor General for review or  
12 copying.

13 (11)~~(10)~~ The Auditor General shall:

14 (a) Have the authority to audit state financial  
15 assistance provided to any nonstate entity when determined  
16 necessary by the Auditor General or when directed by the  
17 Legislative Auditing Committee.

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

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

23 (d) Provide technical advice upon request of the  
24 Department of Financial Services ~~Chief Financial Officer~~,  
25 ~~Executive Office of the Governor~~, and state awarding agencies  
26 relating to financial reporting and audit responsibilities  
27 contained in this section.

28 (e) Be provided one copy of each financial reporting  
29 package prepared in accordance with the requirements of this  
30 section.

31

1           (f) Perform ongoing reviews of a sample of financial  
2 reporting packages filed pursuant to the requirements of this  
3 section to determine compliance with the reporting  
4 requirements of this section and applicable ~~rules of the~~  
5 ~~Executive Office of the Governor,~~ rules of the Department of  
6 Financial Services ~~Chief Financial Officer,~~ and rules of the  
7 Auditor General.

8           Section 46. Section 1010.47, Florida Statutes, is  
9 amended to read:

10           1010.47 Receiving bids and sale of bonds.--

11           (1) If the issuance of bonds is authorized at the  
12 election, or if any bonds outstanding against the district are  
13 being refunded, the district school board shall sell the bonds  
14 in the manner provided in s. 218.385.~~cause notice to be given~~  
15 ~~by publication in some newspaper published in the district~~  
16 ~~that the board will receive bids for the purchase of the bonds~~  
17 ~~at the office of the district school superintendent. The~~  
18 ~~notice shall be published twice, and the first publication~~  
19 ~~shall be given not less than 30 days prior to the date set for~~  
20 ~~receiving the bids. The notice shall specify the amount of the~~  
21 ~~bonds offered for sale, shall state whether the bids shall be~~  
22 ~~sealed bids or whether the bonds are to be sold at auction,~~  
23 ~~and shall give the schedule of maturities of the proposed~~  
24 ~~bonds and such other pertinent information as may be~~  
25 ~~prescribed by rules of the State Board of Education. Bidders~~  
26 ~~may be invited to name the rate of interest that the bonds are~~  
27 ~~to bear or the district school board may name rates of~~  
28 ~~interest and invite bids thereon. In addition to publication~~  
29 ~~of notice of the proposed sale as set forth in this~~  
30 ~~subsection, the district school board shall notify in writing~~  
31 ~~at least three recognized bond dealers in the state, and, at~~

1 ~~the same time, notify the Department of Education concerning~~  
2 ~~the proposed sale and enclose a copy of the advertisement.~~

3 (2) ~~All bonds and refunding bonds issued as provided~~  
4 ~~by law shall be sold to the highest and best bidder at such~~  
5 ~~public sale unless sold at a better price or yield basis~~  
6 ~~within 30 days after failure to receive an acceptable bid at a~~  
7 ~~duly advertised public sale, provided that at no time shall~~  
8 ~~bonds or refunding bonds be sold or exchanged at less than par~~  
9 ~~value except as specifically authorized by the Department of~~  
10 ~~Education; and provided, further, that the district school~~  
11 ~~board shall have the right to reject all bids and cause a new~~  
12 ~~notice to be given in like manner inviting other bids for such~~  
13 ~~bonds, or to sell all or any part of such bonds to the State~~  
14 ~~Board of Education at a price and yield basis that shall not~~  
15 ~~be less advantageous to the district school board than that~~  
16 ~~represented by the highest and best bid received.~~In the  
17 marketing of the bonds, the district school board shall be  
18 entitled to have such assistance as can be rendered by the  
19 Division of Bond Finance, the Commissioner of Education, or  
20 any other public state officer or agency. In determining the  
21 highest and best bidder for bonds offered for sale, the net  
22 interest cost to the school board as shown in standard bond  
23 tables shall govern, provided that the determination of the  
24 district school board as to the highest and best bidder shall  
25 be final.

26 Section 47. Subsection (1) of section 288.9610,  
27 Florida Statutes, is amended to read:

28 288.9610 Annual reports of Florida Development Finance  
29 Corporation.--By December 1 of each year, the Florida  
30 Development Finance Corporation shall submit to the Governor,  
31 the President of the Senate, the Speaker of the House of

1 Representatives, the Senate Minority Leader, the House  
2 Minority Leader, and the city or county activating the Florida  
3 Development Finance Corporation a complete and detailed report  
4 setting forth:

5 (1) The evaluation required in s. 11.45(3)(j) ~~s.~~  
6 ~~11.45(3)(a)11~~.

7 Section 48. Section 373.556, Florida Statutes, is  
8 repealed.

9 Section 49. Effective July 1, 2004, one full-time  
10 equivalent position is transferred from the Executive Office  
11 of the Governor to the Department of Financial Services.

12 Section 50. This act shall take effect upon becoming a  
13 law.

14

15 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN  
16 COMMITTEE SUBSTITUTE FOR  
17 CS/SB 708

18

18 The committee substitute for committee substitute for SB 708  
19 changes statutory citations to conform with the bill,  
20 corrects a cross-reference, and repeals an obsolete section  
relating to investment of funds by a water management  
district.

21

22

23

24

25

26

27

28

29

30

31