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LEGISLATIVE ACTION

Senate

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House

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Senator Gaetz moved the following:

Senate Amendment (with title amendment)

Delete lines 24 - 136

and insert:

Section 1. Subsection (5) of section 218.39, Florida Statutes, is amended to read:

218.39 Annual financial audit reports.-

(5) At the conclusion of the audit, the auditor shall discuss with the chair of the governing body of the local governmental entity or the chair's designee, the elected official of each county agency or the elected official's designee, the chair of the district school board or the chair's designee, the chair of the board of the charter school or the



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14 chair's designee, or the chair of the board of the charter
15 technical career center or the chair's designee, as appropriate,
16 all of the auditor's comments that will be included in the audit
17 report. If the officer is not available to discuss the auditor's
18 comments, their discussion is presumed when the comments are
19 delivered in writing to his or her office. The auditor shall
20 notify each member of the governing body of a local governmental
21 entity, district school board, charter school, or charter
22 technical career center for which:

23 (a) Deteriorating financial conditions exist that may cause
24 a condition described in s. 218.503(1) to occur if actions are
25 not taken to address such conditions.

26 (b) A fund balance deficit in total or for that portion of
27 a fund balance not classified as restricted, committed, or
28 nonspendable, or a total or unrestricted net assets deficit, as
29 reported on the fund financial statements of entities required
30 to report under governmental financial reporting standards or on
31 the basic financial statements of entities required to report
32 under not-for-profit financial reporting standards, for which
33 sufficient resources of the local governmental entity, charter
34 school, charter technical career center, or district school
35 board, as reported on the fund financial statements, are not
36 available to cover the deficit. Resources available to cover
37 reported deficits include fund balance or net assets that are
38 not otherwise restricted by federal, state, or local laws, bond
39 covenants, contractual agreements, or other legal constraints.
40 Property, plant, and equipment, the disposal of which would
41 impair the ability of a local governmental entity, charter
42 school, charter technical career center, or district school



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43 board to carry out its functions, are not considered resources
44 available to cover reported deficits.

45 Section 2. Paragraph (e) of subsection (1) and subsection
46 (3) of section 218.503, Florida Statutes, are amended, and
47 subsection (6) is added to that section, to read:

48 218.503 Determination of financial emergency.—

49 (1) Local governmental entities, charter schools, charter
50 technical career centers, and district school boards shall be
51 subject to review and oversight by the Governor, the charter
52 school sponsor, the charter technical career center sponsor, or
53 the Commissioner of Education, as appropriate, when any one of
54 the following conditions occurs:

55 ~~(e) A fund balance deficit in total or for that portion of~~
56 ~~a fund balance not classified as restricted, committed, or~~
57 ~~nonspendable, or a total or unrestricted net assets deficit, as~~
58 ~~reported on the fund financial statements of entities required~~
59 ~~to report under governmental financial reporting standards or on~~
60 ~~the basic financial statements of entities required to report~~
61 ~~under not for profit financial reporting standards, for which~~
62 ~~sufficient resources of the local governmental entity, charter~~
63 ~~school, charter technical career center, or district school~~
64 ~~board, as reported on the fund financial statements, are not~~
65 ~~available to cover the deficit. Resources available to cover~~
66 ~~reported deficits include fund balance or net assets that are~~
67 ~~not otherwise restricted by federal, state, or local laws, bond~~
68 ~~covenants, contractual agreements, or other legal constraints.~~
69 ~~Property, plant, and equipment, the disposal of which would~~
70 ~~impair the ability of a local governmental entity, charter~~
71 ~~school, charter technical career center, or district school~~



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72 ~~board to carry out its functions, are not considered resources~~
73 ~~available to cover reported deficits.~~

74 (3) Upon notification that one or more of the conditions in
75 subsection (1) have occurred or will occur if action is not
76 taken to assist the local governmental entity or district school
77 board, the Governor or his or her designee shall contact the
78 local governmental entity or the Commissioner of Education or
79 his or her designee shall contact the district school board to
80 determine what actions have been taken by the local governmental
81 entity or the district school board to resolve or prevent the
82 condition. The information requested must be provided within 45
83 days after the date of the request. If the local governmental
84 entity or the district school board does not comply with the
85 request, the Governor or his or her designee or the Commissioner
86 of Education or his or her designee shall notify the members of
87 the Legislative Auditing Committee who may take action pursuant
88 to s. 11.40. The Governor or the Commissioner of Education, as
89 appropriate, shall determine whether the local governmental
90 entity or the district school board needs state assistance to
91 resolve or prevent the condition. If state assistance is needed,
92 the local governmental entity or district school board is
93 considered to be in a state of financial emergency. The Governor
94 or the Commissioner of Education, as appropriate, has the
95 authority to implement measures as set forth in ss. 218.50-
96 218.504 to assist the local governmental entity or district
97 school board in resolving the financial emergency. Such measures
98 may include, but are not limited to:

99 (a) Requiring approval of the local governmental entity's
100 budget by the Governor or approval of the district school



101 board's budget by the Commissioner of Education.

102 (b) Authorizing a state loan to a local governmental entity
103 and providing for repayment of same.

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

108 (d) Making such inspections and reviews of records,
109 information, reports, and assets of the local governmental
110 entity or district school board as are needed. The appropriate
111 local officials

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114 ===== T I T L E A M E N D M E N T =====

115 And the title is amended as follows:

116 Delete lines 2 - 15

117 and insert:

118 An act relating to financial emergencies; amending s.
119 218.39, F.S.; requiring the Auditor General to notify each
120 member of the governing body of a local governmental entity,
121 district school board, charter school, or charter technical
122 career center of certain fund balance deficits; amending s.
123 218.503, F.S.; removing a condition under which local
124 governmental entities, charter schools, charter technical career
125 centers, and district school boards are subject to certain
126 review and oversight by the Governor, the charter school
127 sponsor, the charter technical career center sponsor, or the
128 Commissioner of Education; requiring a local governmental entity
129 or district school board to provide requested information within



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130 a specified period of time; authorizing a financial emergency
131 board for a local governmental entity or district school board
132 to consult with other governmental entities for the
133 consolidation of administrative direction and support services;
134 authorizing the Governor or Commissioner of Education to require
135 a local governmental entity or district school board to include
136 provisions implementing the consolidation, sourcing, or
137 discontinuance of all administrative direction and support
138 services in certain plans; providing that the
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