

Committee Substitute for Committee Substitute for  
Committee Substitute for Senate Bill No. 708

An act relating to local government accountability; amending s. 11.40, F.S.; revising duties of the Legislative Auditing Committee; amending s. 11.45, F.S.; specifying requirements for a petition for a municipal audit; revising reporting requirements of the Auditor General; providing for technical advice by the Auditor General; amending s. 11.51, F.S.; conforming provisions to changes made by the act; amending s. 61.181, F.S.; correcting a cross-reference; amending s. 75.05, F.S.; deleting a requirement for an independent special district to submit a copy of a complaint to the Division of Bond Finance of the State Board of Administration; amending s. 112.08, F.S.; clarifying that local governments are authorized to provide health insurance; amending s. 112.625, F.S.; revising the definition of "governmental entity" to include counties and district school boards; amending s. 112.63, F.S.; providing for additional material information to be provided to the Department of Management Services in actuarial reports with regard to retirement systems and plans and providing procedures therefor; providing for notification of the Department of Revenue and the Department of Financial Services in cases of non-compliance and authorizing the withholding of certain funds; requiring the Department of Management Services to notify the Department of Community Affairs in the case of affected special districts; amending s. 130.04, F.S.; revising provisions governing notice of bids and disposition of bonds; amending s. 132.02, F.S.; revising provisions relating to the authorization to issue refund bonds; amending s. 132.09, F.S.; revising provisions relating to the notice of sale, bids, and awards and private sale of bonds; amending s. 163.05, F.S.; revising provisions governing the Small County Technical Assistance Program; amending s. 166.121, F.S.; revising provisions governing the issuance of bonds by a municipality; amending s. 166.241, F.S.; providing a municipal budget amendment process and requirements; amending ss. 175.261 and 185.221, F.S.; conforming provisions to changes made by the act; amending s. 189.4044, F.S.; revising special procedures for determination of inactive special districts; amending s. 189.412, F.S.; revising duties of the Special District Information Program of the Department of Community Affairs; amending s. 189.418, F.S.; revising reporting requirements of newly created special districts; authorizing the governing body of a special district to amend its budget; amending s. 189.419, F.S.; revising provisions relating to the failure of special districts to file required reports; amending s. 189.421, F.S.; revising provisions governing the failure of special districts to disclose financial reports; providing for extension of time for the filing of the reports; providing remedies for noncompliance; providing for attorney's fees and costs; amending s. 189.428, F.S.; revising provisions governing the special district oversight review process; amending s. 189.439, F.S.; revising provisions governing the issuance of bonds by special districts;

amending s. 191.005, F.S.; exempting a candidate from campaign requirements under specified conditions; providing for the removal of a board member upon becoming unqualified; amending s. 218.075, F.S.; revising provisions governing the reduction or waiver of permit processing fees for certain counties; amending s. 218.32, F.S., relating to annual financial reports; requiring the Department of Financial Services to notify the Speaker of the House of Representatives and the President of the Senate of any municipality that has not had financial activity for a specified period of time; providing that such notice is sufficient to initiate dissolution procedures; repealing s. 218.321, F.S., relating to annual financial statements of local governmental entities; amending s. 218.39, F.S.; providing reporting requirements for certain special districts; amending s. 218.36, F.S.; revising reporting requirements for boards of county commissioners relating to the failure of a county officer to comply with the provisions of the section; amending s. 218.369, F.S.; revising the definition of “unit of local government” to include district school boards; renaming pt. V of ch. 218, F.S., as “Local Governmental Entity and District School Board Financial Emergencies”; amending s. 218.50, F.S.; renaming ss. 218.50-218.504, F.S., as the “Local Governmental Entity and District School Board Act”; amending s. 218.501, F.S.; revising the stated purposes of pt. V of ch. 218, F.S.; amending s. 218.502, F.S.; revising the definition of “local governmental entity”; amending s. 218.503, F.S.; revising provisions governing the determination of a financial emergency for local governments and district school boards; amending s. 218.504, F.S.; revising provisions relating to the authority of the Governor and authorizing the Commissioner of Education to terminate all state actions pursuant to ss. 218.50-218.504, F.S.; repealing ch. 131, F.S., consisting of ss. 131.01, 131.02, 131.03, 131.04, 131.05, and 131.06, F.S., relating to refunding bonds of counties, municipalities, and special districts; repealing s. 132.10, F.S., relating to minimum sale price of bonds; repealing s. 165.052, F.S., relating to special dissolution procedures for municipalities; repealing s. 189.409, F.S., relating to determination of financial emergencies of special districts; repealing s. 189.422, F.S., relating to actions of the Department of Community Affairs and special districts; repealing s. 200.0684, F.S., relating to an annual compliance report of the Department of Community Affairs regarding special districts; repealing s. 218.37(1)(h), F.S., relating to the requirement that the Division of Bond Finance use a served copy of the complaint for bond validation to verify compliance by special districts with the requirements in s. 218.38, F.S.; amending s. 215.195, F.S., relating to the Statewide Cost Allocation Plan; providing that the Department of Financial Services is responsible for the plan’s preparation and the monitoring of agency compliance; amending s. 1010.47, F.S.; providing that school districts must sell bonds; deleting obsolete provisions relating to the sale of bonds by a school district; amending s. 288.9610, F.S.; correcting a cross-reference; authorizing a pilot program to be established by a rural health network in Monroe County; providing for approval by the Office of Insurance Regulation of the Financial Services Commission; requiring a report by a specified date; repealing s. 373.556, F.S., relating

to the investment of funds by the governing board of a water management district; providing an effective date.

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

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

11.40 Legislative Auditing Committee.—

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

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

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

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

11.45 Definitions; duties; authorities; reports; rules.—

(2) DUTIES.—The Auditor General shall:

(g) At least every 2 years, conduct a performance audit of the local government financial reporting system, which, for the purpose of this chapter, means any statutory provisions related to local government financial reporting. The purpose of such an audit is to determine the accuracy, efficiency, and effectiveness of the reporting system in achieving its goals and to make recommendations to the local governments, the Governor, and the Legislature as to how the reporting system can be improved and how program costs can be reduced. The Auditor General shall determine the scope of such audits. The local government financial reporting system should provide for the timely, accurate, uniform, and cost-effective accumulation of financial

and other information that can be used by the members of the Legislature and other appropriate officials to accomplish the following goals:

1. Enhance citizen participation in local government;
2. Improve the financial condition of local governments;
3. Provide essential government services in an efficient and effective manner; and
4. Improve decisionmaking on the part of the Legislature, state agencies, and local government officials on matters relating to local government.

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

(3) **AUTHORITY FOR AUDITS AND OTHER ENGAGEMENTS.—**

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

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

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

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

~~(d)4.~~ The accounts and records of any direct-support organization or citizen support organization created or established by law. The Auditor General is authorized to require and receive any records from the direct-support organization or citizen support organization, or from its independent auditor.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. The elector's printed name;
2. The signature of the elector;
3. The elector's residence address;
4. The elector's date of birth; and
5. The date signed.

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

(7) **AUDITOR GENERAL REPORTING REQUIREMENTS.—**

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

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

(9) **TECHNICAL ADVICE OTHER GUIDANCE PROVIDED BY THE AUDITOR GENERAL.—**The Auditor General may provide technical advice to; ~~in consultation with~~

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

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

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

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

11.51 Office of Program Policy Analysis and Government Accountability.—

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

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

61.181 Depository for alimony transactions, support, maintenance, and support payments; fees.—

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

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

75.05 Order and service.—

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

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

112.08 Group insurance for public officers, employees, and certain volunteers; physical examinations.—

(2)(a) Notwithstanding any general law or special act to the contrary, every local governmental unit is authorized to provide and pay out of its available funds for all or part of the premium for life, health, accident, hospitalization, legal expense, or annuity insurance, or all or any kinds of such insurance, for the officers and employees of the local governmental unit and for health, accident, hospitalization, and legal expense insurance for the dependents of such officers and employees upon a group insurance plan and, to that end, to enter into contracts with insurance companies or professional administrators to provide such insurance. Before entering any contract for insurance, the local governmental unit shall advertise for competitive bids; and such contract shall be let upon the basis of such bids. If a contracting



health insurance provider becomes financially impaired as determined by the Office of Insurance Regulation of the Financial Services Commission or otherwise fails or refuses to provide the contracted-for coverage or coverages, the local government may purchase insurance, enter into risk management programs, or contract with third-party administrators and may make such acquisitions by advertising for competitive bids or by direct negotiations and contract. The local governmental unit may undertake simultaneous negotiations with those companies which have submitted reasonable and timely bids and are found by the local governmental unit to be fully qualified and capable of meeting all servicing requirements. Each local governmental unit may self-insure any plan for health, accident, and hospitalization coverage or enter into a risk management consortium to provide such coverage, subject to approval based on actuarial soundness by the Office of Insurance Regulation; and each shall contract with an insurance company or professional administrator qualified and approved by the office to administer such a plan.

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

112.625 Definitions.—As used in this act:

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

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

112.63 Actuarial reports and statements of actuarial impact; review.—

(4) Upon receipt, pursuant to subsection (2), of an actuarial report, or upon receipt, pursuant to subsection (3), of a statement of actuarial impact, the Department of Management Services shall acknowledge such receipt, but shall only review and comment on each retirement system’s or plan’s actuarial valuations at least on a triennial basis. If the department finds that the actuarial valuation is not complete, accurate, or based on reasonable assumptions or otherwise materially fails to satisfy the requirements of this part, if the department requires additional material information necessary to complete its review of the actuarial valuation of a system or plan or material information necessary to satisfy the duties of the department pursuant to s. 112.665(1), or if the department does not receive the actuarial report or statement of actuarial impact, the department shall notify the administrator of the affected retirement system or plan and the affected governmental entity local government and request appropriate adjustment, the additional material information, or the required report or statement. The notification must inform the administrator of the affected retirement system or plan and the affected governmental entity of the consequences for failure to comply with the requirements of this subsection. If, after a reasonable period of time, a satisfactory adjustment is not made or the report, statement, or additional material information is not provided, the department may notify the Department of Revenue and the Department

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

(a) Within 21 days after receipt of the notice, the affected governmental entity local government or the department may petition for a hearing under the provisions of ss. 120.569 and 120.57 with the Department of Management Services. The Department of Revenue and the Department of Financial Services may not be parties to any such hearing, but may request to intervene if requested by the Department of Management Services or if the Department of Revenue or the Department of Financial Services determines its interests may be adversely affected by the hearing. If the administrative law judge recommends in favor of the department, the department shall perform an actuarial review, or prepare the statement of actuarial impact, or collect the requested material information. The cost to the department of performing such actuarial review, or preparing the such statement, or collecting the requested material information shall be charged to the affected governmental entity of which the employees are covered by the retirement system or plan. If payment of such costs is not received by the department within 60 days after receipt by the affected governmental entity of the request for payment, the department shall certify to the Department of Revenue and the Department of Financial Services Chief Financial Officer the amount due, and the Department of Revenue and the Department of Financial Services Chief Financial Officer shall pay such amount to the Department of Management Services from any funds not pledged for satisfaction of bond debt service which are payable to the affected governmental entity of which the employees are covered by the retirement system or plan. If the administrative law judge recommends in favor of the affected governmental entity local retirement system and the department performs an actuarial review, prepares the statement of actuarial impact, or collects the requested material information, the cost to the department of performing the actuarial review, preparing the statement, or collecting the requested material information shall be paid by the Department of Management Services.

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

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

130.04 Sale Notice for bids and disposition of bonds.—In case the issuing of bonds shall be authorized by the result of such election, the county commissioners shall sell the bonds in the manner provided in s. 218.385. cause notice to be given by publication in a newspaper published in the county, or

in some newspaper published in the same judicial circuit, if there be none published in the county, that they will receive bids for the purchase of county bonds at the clerk's office, on a date not less than 10 days nor more than 60 days from the first publication of such notice. The notice shall specify the amount of bonds offered for sale, the rate of interest, and the time when principal and installments of interest shall be due and payable. Any and all bids shall be rejected if the commissioners shall deem it to be the best interest for the county so to do, and they may cause a new notice to be given in like manner inviting other bids for said bonds; provided, that when the rate of interest on said bonds exceeds 5 percent per annum, said bonds shall not be sold for less than 95 cents on the dollar, but when any bonds have heretofore been provided for by election, and the rate of interest is 5 percent per annum, or less, that in such cases the county commissioners may accept less than 95 cents upon the dollar, in the sale of said bonds, or for any portion of said bonds not already sold; provided, however, no bonds shall be sold for less than 90 cents on the dollar.

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

132.02 Taxing units may refund obligations.—

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

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

132.09 Sale of bonds Notice of sale; bids and award; private sale.—When sold, the refunding bonds (except as otherwise expressly provided) shall be sold in the manner provided in s. 218.385 pursuant to the terms of a notice of sale which shall be published at least twice. ~~The first publication to be not less than 7 days before the date fixed for the sale and to be published in a newspaper published in the unit, or if no newspaper is published in the unit, then in a newspaper published in the county, or if no newspaper is published in the county, then in a newspaper published in Tallahassee, and in the discretion of the governing body of the unit may be published in a financial newspaper in the City of New York. Such notices shall state the time and place and when and where sealed bids will be received, shall state the amount of bonds, their dates, maturities, denominations and interest rate~~

~~or rates (which may be a maximum rate), interest payment dates, an outline of the terms, if any, on which they are redeemable or become payable before maturity, the amount which must be deposited with the bid to secure its performance if accepted, and such other pertinent information as the governing body of the unit may determine. The notice of sale may require the bidders to fix the interest rate or rates that the bonds are to bear subject to the terms of the notice and the maximum rate permitted by this chapter. The award of the bonds shall be made by the governing body of the unit to the bidder making the most advantageous bid which shall be determined by the governing body in its absolute and uncontrolled discretion. The right to reject all bids shall be reserved to the governing body of the unit. If no bids are received at such public sale, or if all bids are rejected, the bonds may be sold without notice at private sale at any time within one year thereafter, but such bonds shall not be sold at private sale on terms less favorable to the unit than were contained in the best bid at the prior public sale.~~

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

163.05 Small County Technical Assistance Program.—

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

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

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

166.121 Issuance of bonds.—

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

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

166.241 Fiscal years, ~~financial reports, appropriations, and budgets, and budget amendments.~~—

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

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

~~(2)(3)~~ The governing body of each municipality shall adopt a budget each fiscal year. The budget must be adopted by ordinance or resolution unless otherwise specified in the respective municipality's charter. The amount available from taxation and other sources, including amounts carried over

from prior fiscal years, must equal the total appropriations for expenditures and reserves. The budget must regulate expenditures of the municipality, and it is unlawful for any officer of a municipal government to expend or contract for expenditures in any fiscal year except in pursuance of budgeted appropriations.

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

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

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

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

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

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

(1) With respect to chapter plans:

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

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

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

(1) With respect to chapter plans:

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

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

189.4044 Special procedures for inactive districts.—

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

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

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

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

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

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

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

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

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

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

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

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

189.412 Special District Information Program; duties and responsibilities.—The Special District Information Program of the Department of Community Affairs is created and has the following special duties:

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

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

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

189.418 Reports; budgets; audits.—

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

(2) Any amendment, modification, or update of the document by which the district was created, including changes in boundaries, must be filed with the department within 30 days after adoption. The department may initiate



proceedings against special districts as provided in s. ss. 189.421 and 189.422 for failure to file the information required by this subsection.

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

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

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

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

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

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

189.419 Effect of failure to file certain reports or information.—

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

(2) If at any time the local governing authority or authorities or the board of county commissioners determines that there has been an unjustified failure to file the reports or information described in subsection (1), it may notify petition the department and the department may proceed pursuant to initiate proceedings against the special district in the manner provided in s. 189.421.

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

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

(Substantial rewording of section. See

s. 189.421, F.S., for present text.)

189.421 Failure of district to disclose financial reports.—

(1) When notified pursuant to s. 189.419, the department shall attempt to assist a special district to comply with its financial reporting requirements by sending a certified letter to the special district, and a copy of the letter to the chair of the governing body of the local general-purpose government, which includes the following: a description of the required report, including statutory submission deadlines, a contact telephone number for technical assistance to help the special district comply, a 60-day extension of time for filing the required report with the appropriate entity, the address where the report must be filed, and an explanation of the penalties for noncompliance. The department may grant an additional 30-day extension of time if requested to do so in writing by the special district. The department shall notify the appropriate entity of the new extension of time. In the case of a special district that did not timely file the reports or information required by s. 218.38, the department shall send a certified technical assistance letter to the special district which summarizes the requirements and encourages the special district to take steps to prevent the noncompliance from reoccurring.

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

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

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

189.428 Special districts; oversight review process.—

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

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

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

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

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

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

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

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

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

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

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

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

189.439 Bonds.—

(1) AUTHORIZATION AND FORM OF BONDS.—

(a) The authority may issue and sell bonds for any purpose for which the authority has the power to expend money, including, without limitation, the power to obtain working capital loans to finance the costs of any project and to refund any bonds or other indebtedness at the time outstanding at or

before maturity. Bonds may be sold in the manner provided in s. 218.385 and ~~by public or negotiated sale after advertisement, if any, as the board considers advisable.~~ Bonds may be authorized by resolution of the board.

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

191.005 District boards of commissioners; membership, officers, meetings.—

(1)(a) With the exception of districts whose governing boards are appointed collectively by the Governor, the county commission, and any cooperating city within the county, the business affairs of each district shall be conducted and administered by a five-member board. All three-member boards existing on the effective date of this act shall be converted to five-member boards, except those permitted to continue as a three-member board by special act adopted in 1997 or thereafter. The board shall be elected in nonpartisan elections by the electors of the district. Except as provided in this act, such elections shall be held at the time and in the manner prescribed by law for holding general elections in accordance with s. 189.405(2)(a) and (3), and each member shall be elected for a term of 4 years and serve until the member's successor assumes office. Candidates for the board of a district shall qualify with the county supervisor of elections in whose jurisdiction the district is located. If the district is a multicounty district, candidates shall qualify with the Department of State. All candidates may qualify by paying a filing fee of \$25 or by obtaining the signatures of at least 25 registered electors of the district on petition forms provided by the supervisor of elections which petitions shall be submitted and checked in the same manner as petitions filed by nonpartisan judicial candidates pursuant to s. 105.035. Notwithstanding s. 106.021, a candidate who does not collect contributions and whose only expense is the filing fee is not required to appoint a campaign treasurer or designate a primary campaign depository.

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

2. If, on the effective date of this act, a district presently in existence elects members of its board, the next election shall be conducted in accord-

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

218.32 Annual financial reports; local governmental entities.—

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

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

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

218.39 Annual financial audit reports.—

(3)(a) A dependent special district may make provision for an annual financial audit by being included within the audit of another local governmental entity upon which it is dependent. An independent special district may not make provision for an annual financial audit by being included within the audit of another local governmental entity.

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

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

218.36 County officers; record and report of fees and disposition of same.—

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

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

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

Section 31. Part V of chapter 218, Florida Statutes, entitled “Financial Emergencies” is renamed “Local Governmental Entity and District School Board Financial Emergencies.”

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

218.50 Short title.—Sections 218.50-218.504 may be cited shall be known as the “Local Governmental Entity and District School Board Government Financial Emergencies Act.”

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

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

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

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

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

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

218.502 Definition.—As used in ss. 218.50-218.504, the term “local governmental entity” means a county, municipality, or special district, ~~or district school board~~.

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

218.503 Determination of financial emergency.—

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

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

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

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

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

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

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

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

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

(2) A local governmental entity shall notify the Governor and the Legislative Auditing Committee, and a district school board shall notify the Commissioner of Education and the Legislative Auditing Committee, when one or more of the conditions specified in subsection (1) have occurred or will occur if action is not taken to assist the local governmental entity or district school board. In addition, any state agency must, within 30 days after a determination that one or more of the conditions specified in subsection (1) have occurred or will occur if action is not taken to assist the local governmental entity or district school board the identification of the financial



emergency, notify the Governor or the Commissioner of Education, as appropriate, and the Legislative Auditing Committee ~~when one or more of the conditions specified in subsection (1) have occurred or will occur if action is not taken to assist a local governmental entity.~~

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

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

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

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

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

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

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

(g)1. Establishing a financial emergency emergencies board to oversee the activities of the local governmental entity or the district school board. If a financial emergency The board, if is established for a local governmental entity, shall be appointed by the Governor shall appoint board members and select a chair. If a financial emergency board is established for a district school board, the State Board of Education shall appoint board members and select a chair. The Governor shall select a chair and such other officers as

are necessary. The financial emergency board shall adopt such rules as are necessary for conducting board business. The board may:

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

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

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

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

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

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

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

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

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

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

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

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

2. A portion of the balance of the surcharge proceeds shall be used by the governing authority to increase its budget reserves; however, the governing authority shall not reduce the amount it allocates for budget reserves from other sources below the amount allocated for reserves in the fiscal year prior to the year in which the surcharge is initially imposed. When a 15-percent budget reserve is achieved, based on the average gross revenue for the most recent 3 prior fiscal years, the remaining proceeds from this subparagraph shall be used for the payment of annual debt service related to outstanding obligations backed or secured by a covenant to budget and appropriate from non-ad valorem revenues.

(c) This subsection expires June 30, 2006.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

215.195 Agency deposits relating to the Statewide Cost Allocation Plan.—

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

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

Section 45. Section 1010.47, Florida Statutes, is amended to read:

1010.47 Receiving bids and sale of bonds.—

(1) ~~If the issuance of bonds is authorized at the election, or if any bonds outstanding against the district are being refunded, the district school board shall sell the bonds in the manner provided in s. 218.385. cause notice to be given by publication in some newspaper published in the district that the board will receive bids for the purchase of the bonds at the office of the district school superintendent. The notice shall be published twice, and the first publication shall be given not less than 30 days prior to the date set for receiving the bids. The notice shall specify the amount of the bonds offered for sale, shall state whether the bids shall be sealed bids or whether the bonds are to be sold at auction, and shall give the schedule of maturities of the proposed bonds and such other pertinent information as may be prescribed by rules of the State Board of Education. Bidders may be invited to name the rate of interest that the bonds are to bear or the district school board may name rates of interest and invite bids thereon. In addition to publication of notice of the proposed sale as set forth in this subsection, the district school board shall notify in writing at least three recognized bond dealers in the state, and, at the same time, notify the Department of Education concerning the proposed sale and enclose a copy of the advertisement.~~

(2) ~~All bonds and refunding bonds issued as provided by law shall be sold to the highest and best bidder at such public sale unless sold at a better price or yield basis within 30 days after failure to receive an acceptable bid at a~~

duly advertised public sale, provided that at no time shall bonds or refunding bonds be sold or exchanged at less than par value except as specifically authorized by the Department of Education; and provided, further, that the district school board shall have the right to reject all bids and cause a new notice to be given in like manner inviting other bids for such bonds, or to sell all or any part of such bonds to the State Board of Education at a price and yield basis that shall not be less advantageous to the district school board than that represented by the highest and best bid received. In the marketing of the bonds, the district school board shall be entitled to have such assistance as can be rendered by the Division of Bond Finance, the Commissioner of Education, or any other public state officer or agency. In determining the highest and best bidder for bonds offered for sale, the net interest cost to the school board as shown in standard bond tables shall govern, provided that the determination of the district school board as to the highest and best bidder shall be final.

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

288.9610 Annual reports of Florida Development Finance Corporation.— By December 1 of each year, the Florida Development Finance Corporation shall submit to the Governor, the President of the Senate, the Speaker of the House of Representatives, the Senate Minority Leader, the House Minority Leader, and the city or county activating the Florida Development Finance Corporation a complete and detailed report setting forth:

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

Section 47. Pilot program; Monroe County.—

(1) The Legislature has determined that insurers and managed care organizations are unable to provide adequate or affordable health insurance coverage in rural counties and other isolated areas of the state. It is therefore necessary to explore alternatives for making affordable health insurance coverage available in rural counties and other similar areas of the state.

(2) An entity in Monroe County, established pursuant to section 381.0406, Florida Statutes, may, through a nonprofit corporation, establish a self-insurance plan approved by the Office of Insurance Regulation in accordance with section 112.08(2)(b), Florida Statutes, to insure residents of a rural county or similar area if the residents are unable to obtain adequate or affordable health insurance coverage. Premiums charged by the self-insurance plan for participating residents or employers shall be actuarially sound. In reviewing such a self-insurance plan, the office shall consult with the Department of Health to confirm that the program is consistent with the purpose and scope of chapter 381, Florida Statutes.

(3) The entity in Monroe County which establishes this program shall, in addition to the reporting requirements set forth in section 112.08(2)(b), Florida Statutes, prepare an evaluation of the pilot program, including recommendations for the future of the program, and submit the report to the

Governor, the President of the Senate, the Speaker of the House of Representatives, the Department of Health, and the office no later than January 1, 2006.

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

Section 49. This act shall take effect upon becoming a law.

Approved by the Governor June 17, 2004.

Filed in Office Secretary of State June 17, 2004.