

CHAPTER 2021-226

Committee Substitute for Committee Substitute for Committee Substitute for House Bill No. 1103

An act relating to special district accountability; creating s. 189.0695, F.S.; defining the term “performance review”; requiring certain independent special districts to contract with an independent entity to conduct performance reviews; providing an exception; specifying the frequency of such reviews; requiring the Office of Program Policy Analysis and Governmental Accountability to conduct performance reviews of certain classifications of independent special districts; providing criteria for contracting for such reviews; requiring the performance reviews to be reported by a time certain to specified entities; amending s. 218.32, F.S.; requiring additional information to be provided by special districts in their annual reports; amending s. 218.39, F.S.; requiring certain data be included in financial audits of special districts; requiring certain community redevelopment agencies to file separate audited financial statements; providing an effective date.

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

Section 1. Section 189.0695, Florida Statutes, is created to read:

189.0695 Independent special districts; performance reviews.—

(1) For purposes of this section, the term “performance review” means an evaluation of an independent special district and its programs, activities, and functions. The term includes research and analysis of the following:

(a) The special district’s purpose and goals as stated in its charter.

(b) The special district’s goals and objectives for each program and activity, the problem or need that the program or activity was designed to address, the expected benefits of each program and activity, and the performance measures and standards used by the special district to determine if the program or activity achieves the district’s goals and objectives.

(c) The delivery of services by the special district, including alternative methods of providing those services that would reduce costs and improve performance, including whether revisions to the organization or administration will improve the efficiency, effectiveness, or economical operation of the special district.

(d) A comparison of similar services provided by the county and municipal governments located wholly or partially within the boundaries of the special district, including similarities and differences in services, relative costs and efficiencies, and possible service consolidations.

(e) The revenues and costs of programs and activities of the special district, using data from the current year and the previous 3 fiscal years.

(f) The extent to which the special district's goals and objectives have been achieved, including whether the goals and objectives are clearly stated, measurable, adequately address the statutory purpose of the special district, provide sufficient direction for the district's programs and activities, and may be achieved within the district's adopted budget.

(g) Any performance measures and standards of the special district's programs and activities using data from the current year and the previous 3 fiscal years, including whether the performance measures and standards:

1. Are relevant, useful, and sufficient to evaluate the costs of the programs and activities.

2. Are being met.

3. Should be revised.

(h) Factors that have contributed to any failure to meet the special district's performance measures and standards or achieve the district's goals and objectives, including a description of efforts taken by the special district to prevent such failure in the future.

(i) Recommendations for statutory or budgetary changes to improve the special district's program operations, reduce costs, or reduce duplication, including the potential benefits to be achieved and the potential adverse consequences of the proposed changes.

(2)(a) Each independent special district as described in subparagraph (d) 1. that is not located in a rural area of opportunity as defined in s. 288.0656(2) and each independent special district as described in subparagraph (d)2. must contract with an independent entity to conduct a performance review of the district. The independent entity must have at least 5 years of experience conducting comparable reviews of organizations similar in size and function to the independent special district under review, must conduct the review according to applicable industry best practices, and must have no affiliation with or financial involvement in the reviewed district.

(b) The Office of Program Policy Analysis and Government Accountability must conduct a performance review of each independent special district as described in subparagraph (d)1. that is located in a rural area of opportunity as defined in s. 288.0656(2) and may contract as needed to complete this requirement.

(c) The final report of the performance review must be filed with the governing board of the district, the Auditor General, the President of the Senate, and the Speaker of the House of Representatives no later than 9 months from the beginning of the district's fiscal year according to the

schedule provided in paragraph (d). However, a performance audit of an independent special district conducted by the Auditor General during the same fiscal year in which a performance review is due pursuant to paragraph (d) qualifies as that district's scheduled performance review under this section.

(d)1. Beginning October 1, 2022, and every 5 years thereafter, each independent special fire control district as defined in s. 191.003, must have a performance review conducted.

2. Beginning October 1, 2023, and every 5 years thereafter, each hospital licensed under chapter 395 which is governed by the governing body of a special district as defined in s. 189.012 or by the board of trustees of a public health trust created under s. 154.07, must have a performance review conducted.

(3) The Office of Program Policy Analysis and Government Accountability must conduct a performance review of all independent special districts within the classifications described in paragraphs (a) and (b) and may contract as needed to complete the requirements of this subsection. The Office of Program Policy Analysis and Government Accountability shall submit the final report of the performance review to the President of the Senate and the Speaker of the House of Representatives as follows:

(a) For all independent mosquito control districts as defined in s. 388.011, no later than September 30, 2023.

(b) For all soil and water conservation districts as defined in s. 582.01, no later than September 30, 2024.

Section 2. Paragraph (e) of subsection (1) of section 218.32, Florida Statutes, is amended to read:

218.32 Annual financial reports; local governmental entities.—

(1)(e)1. Each local governmental entity that is not required to provide for an audit under s. 218.39 must submit the annual financial report to the department no later than 9 months after the end of the fiscal year. The department shall consult with the Auditor General in the development of the format of annual financial reports submitted pursuant to this paragraph. The format must include balance sheet information used by the Auditor General pursuant to s. 11.45(7)(f). The department must forward the financial information contained within the annual financial reports to the Auditor General in electronic form. This paragraph does not apply to housing authorities created under chapter 421.

2. The annual financial report filed by a dependent special district or an independent special district shall specify separately:

a. The total number of district employees compensated in the last pay period of the district's fiscal year being reported.

b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year being reported.

c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency.

d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency.

e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project.

3. The annual financial report of a dependent special district or an independent special district amending a final adopted budget under s. 189.016(6) must include a budget variance report based on the budget adopted under s. 189.016(4) before the beginning of the fiscal year being reported.

4. The annual financial report of an independent special district that imposes ad valorem taxes shall include the millage rate or rates imposed by the district, the total amount of ad valorem taxes collected by or on behalf of the district, and the total amount of outstanding bonds issued by the district and the terms of such bonds.

5. The annual financial report of an independent special district that imposes non-ad valorem special assessments shall include the rate or rates of such assessments imposed by the district, the total amount of special assessments collected by or on behalf of the district, and the total amount of outstanding bonds issued by the district and the terms of such bonds.

Section 3. Paragraph (h) of subsection (1) of section 218.39, Florida Statutes, is redesignated as paragraph (i), subsection (3) of that section is amended, and a new paragraph (h) is added to subsection (1), to read:

218.39 Annual financial audit reports.—

(1) If, by the first day in any fiscal year, a local governmental entity, district school board, charter school, or charter technical career center has not been notified that a financial audit for that fiscal year will be performed by the Auditor General, each of the following entities shall have an annual financial audit of its accounts and records completed within 9 months after the end of its fiscal year by an independent certified public accountant retained by it and paid from its public funds:

(h) As required by s. 163.387(8)(a), each community redevelopment agency with revenues or a total of expenditures and expenses in excess of \$100,000, as reported on the trust fund financial statements.

(3)(a) A dependent special district, excluding a community redevelopment agency with revenues or a total of expenditures and expenses in excess of \$100,000, as reported on the trust fund financial statements, may provide for an annual financial audit by being included in the audit of the local governmental entity upon which it is dependent. An independent special district may not make provision for an annual financial audit by being included in 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 governmental 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.

(c) The financial audit of a dependent special district or of an independent special district, or the financial audit of a local governmental entity that includes the information of a dependent special district as provided in paragraph (a) of this subsection, shall separately include and specify the information required in s. 218.32(1)(e)2.-5.

Section 4. This act shall take effect October 1, 2021.

Approved by the Governor June 29, 2021.

Filed in Office Secretary of State June 29, 2021.