

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Community Affairs Committee

BILL: CS/SB 690

INTRODUCER: Community Affairs Committee and Senator Dean

SUBJECT: Local Government Accountability

DATE: February 2, 2010 **REVISED:** _____

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|----------|----------------|-----------|---------------|
| 1. | Wolfgang | Yeatman | CA | Fav/CS |
| 2. | _____ | _____ | GO | _____ |
| 3. | _____ | _____ | FT | _____ |
| 4. | _____ | _____ | WPSC | _____ |
| 5. | _____ | _____ | RC | _____ |
| 6. | _____ | _____ | _____ | _____ |

Please see Section VIII. for Additional Information:

A. COMMITTEE SUBSTITUTE..... Statement of Substantial Changes

B. AMENDMENTS..... Technical amendments were recommended

Amendments were recommended

Significant amendments were recommended

I. Summary:

This Committee Substitute (CS) provides minimum standards for budgeting by counties, county officers, municipalities, and special districts. The CS requires that budgets and budget amendments of each county, county officer, municipality, special district, and school district be posted on the government entity’s website. The CS requires counties, municipalities, and special districts to file their annual financial report and annual financial audit report within nine months of the fiscal year end with the Department of Financial Services and the annual financial audit report within nine months of fiscal year end with the Office of the Auditor General. This CS also amends the process used by the Legislative Auditing Committee and the Department of Community Affairs to compel special districts to file certain required financial reports.

This CS amends the following sections of the Florida Statutes: 11.40, 30.49, 112.63, 129.01, 129.02, 129.021, 129.03, 129.06, 129.07, 129.201, 166.241, 189.4044, 189.412, 189.418, 189.419, 189.421, 195.087, 218.32, 218.35, 218.39, 218.503, 373.536, 1011.03, and 1011.051.

II. Present Situation:

Local Government Budgets

The Florida Constitution specifically provides for four types of local governments: counties, municipalities, school districts, and special districts. The 67 counties are subdivisions of the state, and provide a variety of core services through constitutional officers (county commissioners, sheriff, tax collector, property appraiser, supervisor of elections, and clerk of the court) pursuant to authority granted in the constitution and consistent with general law.¹ Florida's more than 400 municipalities exist pursuant to charters established by law and approved by the electorate in a referendum. The Florida Constitution grants local governments broad home rule authority. Specifically, non-charter county governments may exercise those powers of self-government that are provided by general or special law.² Those counties operating under a county charter have all powers of self-government not inconsistent with general law, or special law approved by the vote of the electors.³ Likewise, municipalities have those governmental, corporate, and proprietary powers that enable them to conduct municipal government, perform its functions and provide services, and exercise any power for municipal purposes, except as otherwise provided by law.⁴

These local government entities have the authority to raise revenues and spend funds.⁵ The Florida Constitution and the Florida Statutes place restrictions on the ability of local governments to wield the power to tax, borrow, and spend. The Florida Constitution limits the millage local governments can charge in ad valorem taxes⁶ and promotes transparency in government by allowing the public access to public meetings and records.⁷ Similarly, the Florida Statutes specify how local governments and local government officials may develop and maintain their budget each fiscal year. The fiscal year for municipalities and counties begins on October 1 of each year and ends on September 30 of the following year.⁸

In addition to substantive and procedural guidelines, the Florida Statutes contain provisions designed to promote accountability and transparency in the budgetary process. Local governments are subject to financial reporting guidelines that are reviewed by the Legislature and state agencies such as the Department of Financial Services (DFS) and Department of Management Services.⁹ Local government entities with the authority to tax are currently required to publish notice of plans to adopt their tentative budget in a newspaper of general circulation in the county.¹⁰ With the exception of Calhoun, Lafayette, and Union Counties, each county in the state has an official website. Those that do not have official websites have websites for the county clerk that can be used to publish county information. There is no current requirement in the law that local governments publish any budget information on their websites.

Requirements of Municipal Budgets

Each fiscal year each municipality must adopt a budget by ordinance or resolution unless a municipality has a charter that specifies another method for adoption. The funds available must

¹ Art. VIII, § 1, Fla. Const.

² Art. VIII, § 1(f), Fla. Const.

³ Art. VIII, § 1(g), Fla. Const.

⁴ Art. VIII, § 2(b), Fla. Const. *See also* s. 166.021, F.S.

⁵ *See* Art. VII, Fla. Const.

⁶ Art. VII, § 9, Fla. Const.

⁷ Art. I, § 24, Fla. Const.

⁸ Sections 129.04 and 166.241, F.S.

⁹ Part III, Chapter 218; s. 112.63, F.S.

¹⁰ Section 200.065(2)(d), F.S.

equal the total appropriations for expenditures and reserves. Officers of a municipal government may not expend funds except according to the budgeted appropriations. A municipality may amend its budget up to 60 days following the end of the fiscal year under certain conditions.¹¹

Requirements of County Budgets

Chapter 129, F.S., sets out a budget system for the boards of county commissioners of the counties of Florida. Each county is required to prepare, approve, adopt, and execute, for each fiscal year, an annual budget for such funds as may be required by law or by sound financial practices and generally accepted accounting principles, which controls the levy of taxes and the expenditure of money for all county purposes during the ensuing fiscal year.¹² The budget is to be prepared by the board of county commissioners and must be balanced, meaning that the total of the estimated receipts, including balances brought forward, must equal the total of the appropriations and reserves. The receipts portion of the budget must include 95 percent of all receipts reasonably anticipated from all sources, including taxes to be levied, and must include all balances estimates to be brought forward at the beginning of the fiscal year.¹³ Section 129.01, F.S., also specifies the requirements for the budget relating to reserves for contingencies and cash balances to be carried over for future costs.¹⁴ Any surplus to be carried over can be placed in any fund except that a fund for debt services cannot be transferred to another fund and a capital outlay reserve fund may not be transferred until the funded projects have been finished and paid for. The statutes contain other detailed provisions as to: the requirements of the budgets for various funds,¹⁵ the requirement that county officers submit budgets in sufficient detail and containing sufficient information,¹⁶ and the requirements for preparation, adoption,¹⁷ and amendment of such budgets.¹⁸

Each board of county commissioners may designate a county budget officer to carry out the duties prescribed by statute as to county budgets, and if such board fails to designate a different officer, the clerk of the circuit court or the county comptroller, if applicable, will be the budget officer.¹⁹ Florida Statutes also contains reporting requirements for “county fee officers,” which means “those county officials who are assigned specialized functions within county government and whose budgets are established independently of the local governing body, even though said budgets may be reported to the local governing body or may be composed of funds either generally or specially available to a local governing authority involved.”²⁰ For example, each sheriff, clerk of the circuit court, property appraiser, and tax collector has budget reporting requirements of their own in addition to the budget reporting requirements of the county.²¹

¹¹ Section 166.241, F.S.

¹² Section 129.01, F.S.

¹³ Section 129.01, F.S.

¹⁴ Sections 129.01 and 129.02(6), F.S.

¹⁵ Sections 129.01 and 129.02, F.S.

¹⁶ Sections 129.01 and 129.021, F.S.

¹⁷ Section 129.03, F.S.

¹⁸ Section 129.06, F.S.

¹⁹ Section 129.025, F.S.

²⁰ Section 218.31(8), F.S.

²¹ See ss. 30.49 (sheriffs’ budgets), 218.35(2) (clerks of the court reporting requirements), 195.087 (property appraisers and tax collectors budget reporting requirements), F.S.

Boards of county commissioners may not expend more than the amount budgeted in each fund's budget, except where the budget is properly amended. Any indebtedness contracted for in excess of the amounts budgeted is null and void, and no suit may be maintained; the county commissioners voting for and contracting for such amounts and their bonds are liable for the excess indebtedness.²²

Sheriffs' Budgets

Section 30.49, F.S., requires each sheriff to certify to the board of county commissioners a proposed budget of expenditures for the ensuing fiscal year, commencing on October 1 and ending on the following September 30. The proposed budget shall show the estimated amounts of all proposed expenditures for operating and equipping the sheriff's office and jail, excluding the cost of construction, repair, or capital improvement of county buildings during such fiscal year. The sheriff must itemize expenditures such as: personal services, operating expenses, capital outlay, debt service, and nonoperating disbursements and contingency reserves. The Supreme Court of Florida has stated that "the internal operation of the sheriff's office and the allocation of appropriated monies within the six items of the budget is a function which belongs uniquely to the sheriff as the chief law enforcement officer of the county."²³ Therefore, although a county can increase or reduce by lump sums the items, a county cannot dictate how the money allocated to an individual item should be used.²⁴

Budget of Supervisor of Elections

Section 129.201, F.S., requires each supervisor of elections to certify to the board of county commissioners a proposed budget of expenditures for the ensuing fiscal year, commencing on October 1 and ending on the following September 30. The supervisor of elections must itemize expenditures such as: personnel compensation, operating expenses, capital outlay, contingencies, and transfers.

Special Districts

Section 189.403(1), F.S., provides that a special district is "a local unit of special purpose, as opposed to general-purpose, government, within a limited boundary, created by general law, special act, local ordinance, or by rule of the Governor and Cabinet." Special districts are limited-purpose units of local government. Their property tax millage is limited by general law and subject to referendum approval by the affected electorate.²⁵ Special districts are subject to the same restrictions on credit,²⁶ bonding,²⁷ elections,²⁸ public records and meetings,²⁹ as are counties, municipalities, and school districts.³⁰

Special districts operate within a limited geographical area and have a governing board with policy-making powers. A special district does not include: a school district, community college,

²² Section 129.07, F.S. *See also, Edwards v. City of Ocala*, 58 Fla. 217, 50 So. 421 (1909) and *White v. Crandon*, 116 Fla. 162, 156 So. 303 (1934) (discussing county commissioner liability for misappropriation of funds).

²³ *Weitzenfeld v. Dierks*, 312 So.2d 194 (Fla. 1975); Fla. Atty. Gen. Op. 93-92 (December 17, 1993).

²⁴ *Id.*

²⁵ Art. VII, § 9, Fla. Const.

²⁶ Art. VII, § 10, Fla. Const.

²⁷ Art. VII, § 12, Fla. Const.

²⁸ Art. VI, § 6, Fla. Const.

²⁹ Art. I, § 24, Fla. Const.

³⁰ Art. VII, § 8, Fla. Const.

municipal service taxing or benefit unit (MSTU/MSBU), or a board providing electrical service that is a political subdivision of a municipality or part of a municipality.

All special districts serve a public purpose and are to be held accountable to the public, local general-purpose governments, and state agencies. Special districts are subject to financial reporting requirements, which are an essential element of the law.

For financial reporting and other purposes, special districts are classified as either dependent or independent. A district is usually dependent if a single county or single municipality:

- has an identical governing board,
- appoints the governing board,
- may remove governing board members at will during unexpired terms,
- approves the budget, or
- may veto the budget.

Otherwise, the district is an independent district. Independent districts can sometimes occupy multiple counties. Florida currently has 1,011 independent districts and 614 dependent districts. Special districts include the five water management districts, community development districts, community redevelopment districts, drainage and water control districts, housing authorities, fire control and rescue, and soil and water conservation districts,³¹ as well as districts that provide a variety of governmental services pertaining to airports, the arts, beach restoration, expressways and bridges, health care, housing, juvenile welfare, libraries, mosquito control, and transportation.

Special District Information Program

The Special District Information Program is created by the Uniform Special District Accountability Act of 1989.³² It is a state special district clearinghouse and part of Florida's local government financial reporting system. The program:

- provides technical assistance as it relates to the general requirements of Florida's special districts;
- acts as a "one-stop shop" source of information about special districts;
- promotes special district accountability by:
 - monitoring important financial report filings,
 - assisting state agencies and local governments in collecting delinquent reports,
 - helps non-complying special districts come into compliance through technical assistance letters and telephone calls, and
 - when necessary, initiates legal enforcement.³³

The basic reporting requirements for each special district include having a:

- district document and map,
- registered agent and office,
- regular public meeting schedule,

³¹ DEPARTMENT OF COMMUNITY AFFAIRS, OFFICIAL LIST OF SPECIAL DISTRICTS ONLINE, *available at*, www.floridaspecialdistricts.org.

³² Chapter 189, F.S.

³³ See 189.412, F.S.

- three retirement system reports,
- annual financial audit report,
- annual financial report,
- two bond reports, and
- three public facilities reports.

There are currently 32 special districts that are one or more year late on their financial reporting requirements.³⁴

Budgets of Special Districts

The governing body of each special district is directed by statute to adopt a budget by resolution each fiscal year. The total funds available must equal the total of appropriations for expenditures and reserves.³⁵ It is unlawful for any officer of a special district to spend district moneys in any fiscal year except in pursuance of budgeted appropriations. The proposed budget of a dependent special district shall be presented in accordance with generally accepted accounting principles, contained within the general budget of the local governing authority, and be clearly stated as the budget of the dependent district. However, with the concurrence of the local governing authority, a dependent district may be budgeted separately. 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.

All reports or information required to be filed with a local governing authority are filed with:

- the clerk of the board of county commissioners when the local governing authority is a county;
- the clerk of the county commission in each county when the district is a multicounty district; or
- at the place designated by the municipal governing body when the local governing authority is a municipality.

Local Government Annual Financial Reports

Section 218.32 (1), F.S., requires that local governments submit to the Department of Financial Services (DFS) an Annual Financial Report covering their operations for the preceding fiscal year. DFS makes available to local governments an electronic filing system that accumulates the financial information reported on the annual financial reports in a database and makes that information available to the public in an electronic format.

In order to improve government accountability by making financial information reported by Florida's local governments more comparable, thereby enabling local taxpayers and local policy makers to better understand and evaluate local government service delivery and operations, all local governmental entities are required to use accounting principles, such as Uniform Accounting System Chart of Accounts when completing their Annual Financial Report.

³⁴ DEPARTMENT OF COMMUNITY AFFAIRS, LIST OF SPECIAL DISTRICTS IN NONCOMPLIANCE WITH FINANCIAL REPORTING REQUIREMENTS ~ ONE OR MORE YEARS LATE, *available at*, <http://www.floridaspecialdistricts.org/Noncompliance/index.cfm>.

³⁵ Section 189.418, F.S.

Submission of the annual report depends on whether or not the local government entity is required to have an annual audit; if no audit is required the deadline is April 30 of each year, and if an audit is required the deadline is no later than 12 months after the end of the fiscal year. If DFS does not receive a completed annual financial report from a local government entity within the required period, DFS must notify the Legislative Auditing Committee, which must schedule a hearing.

If the Legislative Auditing Committee determines that an entity should be subject to further state action, the committee must:

- In the case of a local government entity or a district school board, direct the Department of Revenue and the Department of Financial Services to withhold any funds not pledged for bond debt service satisfaction until the local government entity or the district school board is in compliance. The committee must specify the date that action will begin and both departments must receive notification 30 days before the date the withheld funds would normally be distributed.³⁶
- In the case of a special district, the committee must notify the Department of Community Affairs and the department must offer assistance to the special district. If the district is still in noncompliance, the department must petition the circuit court in Leon County for a writ of certiorari, and the court must award attorney costs and court fees to the prevailing party.³⁷
- In the case of a charter school or charter technical career center, the committee must notify the appropriate sponsoring entity that may terminate the charter.³⁸

Local Government Annual Financial Audit Reports

Section 218.39, F.S., provides that if a local government will not be audited by the Auditor General, the local government must provide for an annual financial audit to be completed within 12 months after the end of the fiscal year. The audit must be conducted by an independent certified public accountant retained by the entity and paid for from public funds. The entities are:

- Each county, district school board, charter school, or charter technical center.
- Each city with revenues or expenditures and expenses of more than \$250,000.
- Each special district with revenues or expenditures and expenses of more than \$100,000.
- Each city with revenues or expenditures and expenses between \$100,000 and \$250,000 that has not been audited within the 2 preceding fiscal years.
- Each special district with revenues or expenditures and expenses between \$50,000 and \$100,000 that has not been audited within the 2 preceding fiscal years.

Actuarial Reports

Chapter 112, part VII, F.S., the Florida Protection of Public Employee Retirement Benefits Act, includes general provisions regarding the management, administration, operation, and funding of governmental retirement systems. Responsibility for administration of the Florida Protection of Public Employee Retirement Benefits Act has been assigned primarily to the Florida Department of Management Services, Division of Retirement (Division). To help ensure that local governments maintain funding of retirement systems at an appropriate level, local governments

³⁶ Section 11.40(5), F.S.

³⁷ See s. 189.421(3), F.S.

³⁸ See s. 11.40(5), F.S.

are required to submit regularly scheduled actuarial reports to the Division for its review and approval.

In those instances in which a local government does not submit complete and adequate data necessary for the Division of Retirement to perform its statutorily required functions, the Division requests additional information. The Division, upon completing a review, may notify the local government about concerns it has regarding the actuarial soundness of a plan(s). If, after a reasonable period of time, a satisfactory adjustment has not been made, the Department of Management Services may notify the Department of Revenue and the Department of Financial services of the noncompliance and those agencies may withhold any funds not pledged for satisfaction of bonds until such adjustment is made to the report. The affected governmental entity may petition for a hearing. If the entity failing to make the adjustment is a special district, the Department of Management Services also notifies the Department of Community Affairs. The Department of Community Affairs proceeds under the procedures of s. 189.421, F.S., which may result in a writ of certiorari to circuit court.

III. Effect of Proposed Changes:

Section 1 amends s. 11.40, F.S., to clarify that the Department of Community Affairs can declare a special district inactive for failure to disclose financial reports.

Section 2 amends s. 30.49, F.S., to clarify that “personnel services” need to be itemized by the sheriff’s office. It further specifies that within each object code expenditures need to be itemized.³⁹

Section 3 amends s. 112.63, F.S., to provide that the failure of a special district to provide sufficient information to fulfill its actuarial reporting requirements despite requests from the Department of Management Services is final agency action by the district. The Department of Management Services, Division of Retirement, can request that the Department of Community Affairs seek a writ of certiorari in accordance with the provisions set forth in s. 189.421(4), F.S.

Section 4 amends s. 129.01, F.S., to require boards of county commissioners to provide, at a minimum, that their budget show for each fund, as required by law and sound financial practices, budgeted revenues and expenditures by organizational unit in detail consistent with the annual financial report required under s. 218.32(1), F.S. The CS deletes redundant language.

Section 5 amends s. 129.02, F.S., to require dependent special districts that are included in the county budget in detail consistent with the annual financial report required under s. 218.32(1), F.S. The amount of money available must equal the total appropriations for expenditures and reserves.

Section 6 amends s. 129.021, F.S., to clarify a cross reference.

³⁹ For more information on expenditure object codes, visit the Department of Financial Services website at <http://www.myfloridacfo.com/aadir/eocodespdf.htm>.

Section 7 amends s. 129.03, F.S., to require the budgets of the county to be posted on the county's official website.

Section 8 amends s. 129.06, F.S., to clarify budget amendment authority of counties and to require that budget amendments authorized by resolution or ordinance, rather than statute, be posted on the county's website within 5 days after adoption.

Section 9 amends s. 129.07, F.S., to clarify language explaining that a board of county commissioners may not exceed budgeted appropriations, except as provided within s. 129.06, F.S., which details how the county budget may be amended.

Section 10 amends s. 129.201, F.S., to require each supervisor of elections to itemize expenditures, within the functional category and object code, via the system prescribed by the Department of Financial Services into the following categories: personnel services, operating expenses, capital outlay, and nonoperating disbursements and contingency reserves.

Section 11 amends s. 166.241, F.S., to require municipalities to provide, at a minimum, that their budget show for each fund, as required by law and sound financial practices, budgeted revenues and expenditures by organizational unit in detail consistent with the annual financial report required under s. 218.32(1), F.S. The CS requires the tentative and adopted budgets be published on the municipality's official website before the public hearing to consider the budget. If the municipality does not have an official website, the budget shall be posted on the website of the county or counties in which the municipality is located. Certain budget amendments of the municipality must be posted on the municipality's official website within 5 days after adoption.

Section 12 amends s. 189.4044, F.S., to allow the Department of Community Affairs to declare any special district inactive if the district has not had a registered office and agent on file with the department for one or more years.

Section 13 amends s. 189.412(1), F.S., to require the Department of Community Affairs Special District Information Program to collect and maintain a special district noncompliance status report prepared by the Legislative Auditing Committee.

Section 14 amends s. 189.418, F.S., to require special districts to provide, at a minimum, that their budget show for each fund, as required by law and sound financial practices, budgeted revenues and expenditures by organizational unit in detail consistent with the annual financial report required under s. 218.32(1), F.S. It also requires the tentative and adopted budgets be posted on the special district's official website before the budget hearings. If the special district does not have an official website, the budget shall be posted on the website of the county or counties in which the special district is located. These new requirements do not apply to water management districts. Certain budget amendments of the special district must be posted on the special district's official website within 5 days after adoption. The CS specifies how a special district may amend its budget. The CS requires certain special districts to provide any budget information requested by the local governing authority.

Section 15 amends s. 189.419, F.S., to clarify what happens when a special district fails to file reports and information the special district is required by statute to file. The Department of

Community Affairs 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 recurring. If the special district fails to file the information or reports the Department of Community Affairs shall proceed according to the procedures specified in s. 189.421, F.S., (see discussion of section 15 below). If a dependent special district fails to file required reports, the CS allows the local governing authority to take steps to enforce the special district's accountability.

Section 16 amends s. 189.421, F.S., to provide that when a special district is unable to comply with the 60-day reporting deadline granted by the Department of Community Affairs, it must provide a written notice to the Department stating: (1) the reason it is unable to comply with the deadline; (2) the steps it is taking to prevent the noncompliance from recurring; and (3) the estimated date that it will file the report with the appropriate agency. The Department of Community Affairs shall forward the written response to the Legislative Auditing Committee, which, under 11.40(5)(b), F.S., will determine whether state action is needed and notify the Department of Community Affairs on whether they should proceed according to s. 189.421, F.S. The Department of Community Affairs shall also forward the response to the local general-purpose government for its consideration in determining what actions to take. When the special district does not comply with its actuarial reporting requirements under s. 112.63, F.S., the DCA shall forward the response to the Department of Management Services for its consideration in determining whether the special district should be subject to further action. The additional 30-day extension provided in current law is deleted. The CS amends the law to specify that the failure of a special district to comply with actuarial reporting requirements, as well as specified financial reporting requirements, is deemed final action of the special district. The remedy for noncompliance is writ of certiorari. If the Legislative Auditing Committee or the Department of Management Services notifies the Department of Community Affairs that specific special districts have failed to file required reports the Department of Community Affairs shall initiate a writ of certiorari in the circuit court within 60 days after receiving such notice (current law gives the Department of Community Affairs only 30 days).

Section 17 amends s. 195.087, F.S., to require each tax collector and property appraiser to post his or her budget on the county's official website within 5 days of adoption of the county's budget. The final approved budget of each property appraiser and tax collector may be included in the county's budget.

Section 18 amends s. 218.32, F.S., to require local governmental entities to file their audit with the Department of Financial Services within 9 months of fiscal year end, rather than 12 months after fiscal year end. Local governments not required to file audits must file annual financial reports no later than 9 months after the end of the fiscal year, rather than April 30 of each year. It also requires the Department of Financial Services to file its report of local governments not in compliance with s. 218.32, F.S., with the Department of Community Affairs Special District Information Program. The CS requires each local governmental entity's website to provide a link to the Department of Financial Services website.

Section 19 amends s. 218.35, F.S., to revise provisions specifying how a county fee officer is to prepare and submit his or her budget pursuant to s. 129.03, F.S. The CS requires that expenditures be itemized, within the functional category and object code, in accordance with the

following categories: personnel services, operating expenses, capital outlay, and nonoperating disbursements and contingency reserves. The CS requires the officers to post his or her budget on the county's official website within 5 days of adoption. Current law requires the proposed budget of a county fee officer be filed with the clerk of the county governing authority by September 1 preceding the fiscal year for the budget; the CS exempts the budget prepared by the clerk of the circuit court for court-related functions as provided in s. 28.36, F.S.

Section 20 amends s. 218.39, F.S., to require counties, certain municipalities, certain special districts, district school boards, charter schools, and charter technical career centers, to file their annual financial audit report within 9 months of fiscal year end, rather than 12 months after fiscal year end. The CS requires auditors to prepare auditing reports in accordance with the rules of the Auditor General. These reports must be filed with the Auditor General within 45 days after the delivery of the report to the audited entity but no later than 9 months after the end of the fiscal year. It requires the Auditor General to notify the Legislative Auditing Committee of any audit report that indicates an audited entity has failed to take full corrective action in response to a recommendation that was included in the two preceding financial audit reports. It provides the Legislative Auditing Committee with the authority to direct a local governmental entity to provide a written statement concerning the lack of corrective action. It authorizes the Committee to take action against a local governmental entity, which includes withholding revenues or even dissolution, if no justifiable reason is given for not taking such action.

Section 21 amends s. 218.503, F.S., to clarify that a deficit in the fund financial statements of entities required to report under governmental financial reporting standards or on nonprofit financial statements subjects the entity to review. The CS replaces the term "fixed or capital assets" with "property, plant, and essential equipment" as types of property that if necessary property will not be considered resources available to cover the deficit.

Section 22 amends s. 373.536, F.S., to require water management districts to post their tentative budget on their official website at least 2 days before budget hearings. The final adopted budget must be posted on the website within 5 days after adoption.

Section 23 amends s. 1011.03, F.S., to require district school boards to post their budgets and budget amendments on their official website. If the district school board does not operate an official website, the budgets and budget amendments must be posted on the website of the county in which it is located.

Section 24 amends s. 1011.051, F.S., to correct accounting terminology.

Section 25 provides an effective date.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Although there will be some costs to local government entities associated with posting budget information on their website, it probably does not rise to the level of a constitutional mandate. Should the cost exceed \$1.8 million the CS would require finding

of important state interest and a two-thirds vote of the membership to effectively bind cities and counties pursuant to Article VII, s. 18(a), Fla. Const.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Citizens will have access to local government annual financial reporting information in a format that is easy to understand.

C. Government Sector Impact:

The website posting requirements will have an indeterminate fiscal impact on local governments.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Community Affairs on February 2, 2010:

The CS:

- Requires county constitutional officers to itemize costs into specified categories rather than referencing the annual financial report as was required in the bill.
- Requires local governments to post their budgets online 5 days after adoption.
- Requires special districts to report their finances in detail consistent with the annual financial report.
- Requires dependent special districts to provide any budget information requested by the local governing authority.

- Allow the Department of Community Affairs to declare any special district inactive if the district has not had a registered office and agent on file with the department for one or more years.
- If a dependent special district fails to file required reports, the amendment allows the local governing authority to take steps to enforce the special district's accountability.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
