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CS/CS/CS/HB 1103

2021 Legislature

1
2 An act relating to special district accountability;
3 creating s. 189.0695, F.S.; defining the term
4 "performance review"; requiring certain independent
5 special districts to contract with an independent
6 entity to conduct performance reviews; providing an
7 exception; specifying the frequency of such reviews;
8 requiring the Office of Program Policy Analysis and
9 Governmental Accountability to conduct performance
10 reviews of certain classifications of independent
11 special districts; providing criteria for contracting
12 for such reviews; requiring the performance reviews to
13 be reported by a time certain to specified entities;
14 amending s. 218.32, F.S.; requiring additional
15 information to be provided by special districts in
16 their annual reports; amending s. 218.39, F.S.;
17 requiring certain data be included in financial audits
18 of special districts; requiring certain community
19 redevelopment agencies to file separate audited
20 financial statements; providing an effective date.

21
22 Be It Enacted by the Legislature of the State of Florida:

23
24 Section 1. Section 189.0695, Florida Statutes, is created
25 to read:

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26 189.0695 Independent special districts; performance
 27 reviews.—

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

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

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

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

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

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

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

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

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

66 2. Are being met.

67 3. Should be revised.

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

73 (i) Recommendations for statutory or budgetary changes to
74 improve the special district's program operations, reduce costs,
75 or reduce duplication, including the potential benefits to be

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76 | achieved and the potential adverse consequences of the proposed
 77 | changes.

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

90 | (b) The Office of Program Policy Analysis and Government
 91 | Accountability must conduct a performance review of each
 92 | independent special district as described in subparagraph (d)1.
 93 | that is located in a rural area of opportunity as defined in s.
 94 | 288.0656(2) and may contract as needed to complete this
 95 | requirement.

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

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

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

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

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

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

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

128 Section 2. Paragraph (e) of subsection (1) of section
 129 218.32, Florida Statutes, is amended to read:

130 218.32 Annual financial reports; local governmental
 131 entities.—

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

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

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

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

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

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

158 e. Each construction project with a total cost of at least
159 \$65,000 approved by the district that is scheduled to begin on
160 or after October 1 of the fiscal year being reported, together
161 with the total expenditures for such project.

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

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

173 5. The annual financial report of an independent special
174 district that imposes non-ad valorem special assessments shall

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175 | include the rate or rates of such assessments imposed by the
 176 | district, the total amount of special assessments collected by
 177 | or on behalf of the district, and the total amount of
 178 | outstanding bonds issued by the district and the terms of such
 179 | bonds.

180 | Section 3. Paragraph (h) of subsection (1) of section
 181 | 218.39, Florida Statutes, is redesignated as paragraph (i),
 182 | subsection (3) of that section is amended, and a new paragraph
 183 | (h) is added to subsection (1), to read:

184 | 218.39 Annual financial audit reports.—

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

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

198 | (3) (a) A dependent special district, excluding a community
 199 | redevelopment agency with revenues or a total of expenditures

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200 and expenses in excess of \$100,000, as reported on the trust
201 fund financial statements, may provide for an annual financial
202 audit by being included in the audit of the local governmental
203 entity upon which it is dependent. An independent special
204 district may not make provision for an annual financial audit by
205 being included in the audit of another local governmental
206 entity.

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

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

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