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## **Finance and Tax Committee**

Thursday, January 22, 2015

3:30 p.m. – 6:00 p.m.

Morris Hall

**ACTION PACKET**

# COMMITTEE MEETING REPORT

Finance & Tax Committee

1/22/2015 3:30:00PM

**Location:** Morris Hall (17 HOB)

**Summary:** No Bills Considered

Committee meeting was reported out: Thursday, January 22, 2015 5:46:47PM

# COMMITTEE MEETING REPORT

## Finance & Tax Committee

1/22/2015 3:30:00PM

**Location:** Morris Hall (17 HOB)

**Attendance:**

	<i>Present</i>	<i>Absent</i>	<i>Excused</i>
Matt Gaetz (Chair)	X		
Frank Artiles	X		
Lori Berman	X		
Randolph Bracy	X		
Robert Cortes	X		
Jay Fant	X		
Walter Hill	X		
George Moraitis, Jr.	X		
Jared Moskowitz	X		
Scott Plakon	X		
Ray Rodrigues	X		
José Rodriguez	X		
Hazelle Rogers	X		
Richard Stark	X		
Jennifer Sullivan	X		
John Tobia	X		
Charles Van Zant	X		
Ritch Workman			X
<b>Totals:</b>	<b>17</b>	<b>0</b>	<b>1</b>

Committee meeting was reported out: Thursday, January 22, 2015 5:46:47PM

# COMMITTEE MEETING REPORT

## Finance & Tax Committee

1/22/2015 3:30:00PM

**Location:** Morris Hall (17 HOB)

### **Presentation/Workshop/Other Business Appearances:**

Marilyn Rosetti (State Employee) - Information Only  
Auditor General  
Audit Manager  
111 West Madison Street  
Tallahassee FL 32399  
Phone: 850-412-2881

John A. Benz (Lobbyist) (State Employee) - Information Only  
South Broward Hospital District  
Senior VP, Chief Strategic Officer  
1131 North 35 Avenue, Third Floor  
Hollywood FL 33021  
Phone: 954-265-3451



**South Broward Hospital District**  
*d/b/a/ Memorial Healthcare System*  
*Hollywood, Florida*

**Model Business Approach**  
*(Story: The Impact of Managed Care Collections)*

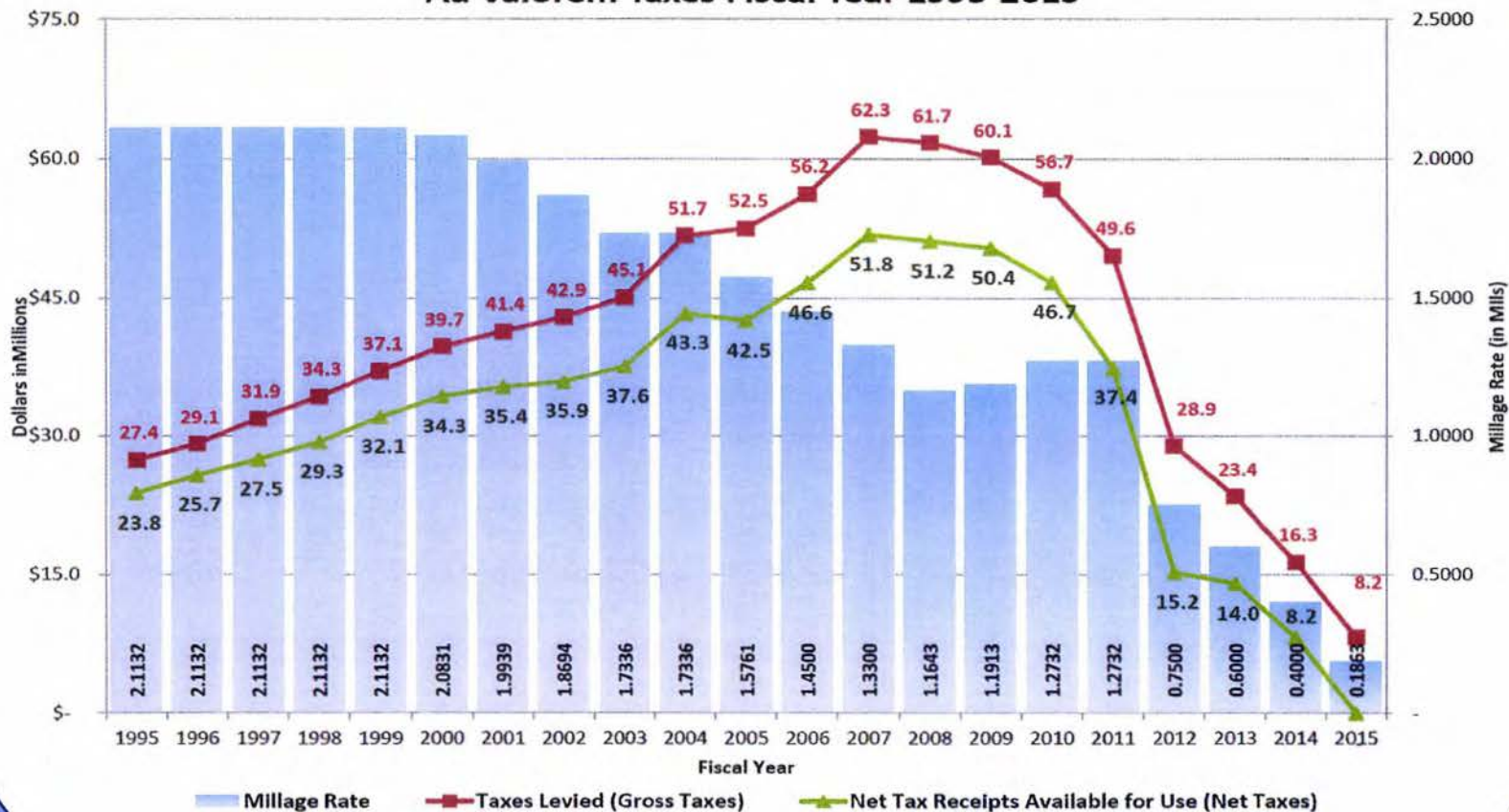


- Memorial Healthcare System, also known as South Broward Hospital District, is governed by a seven-member Board of Commissioners, appointed by the Governor of Florida
- Memorial Healthcare System is one of the largest public healthcare systems in the United States and has served South Florida since 1953
- Facilities include six hospitals: Memorial Regional Hospital, Memorial Regional Hospital South, Joe DiMaggio Children's Hospital, Memorial Hospital West, Memorial Hospital Miramar, and Memorial Hospital Pembroke
- Memorial's 11,000 employees and more than 1,7000 physicians on staff are committed to practicing clinical integration

# Goals of Presentation

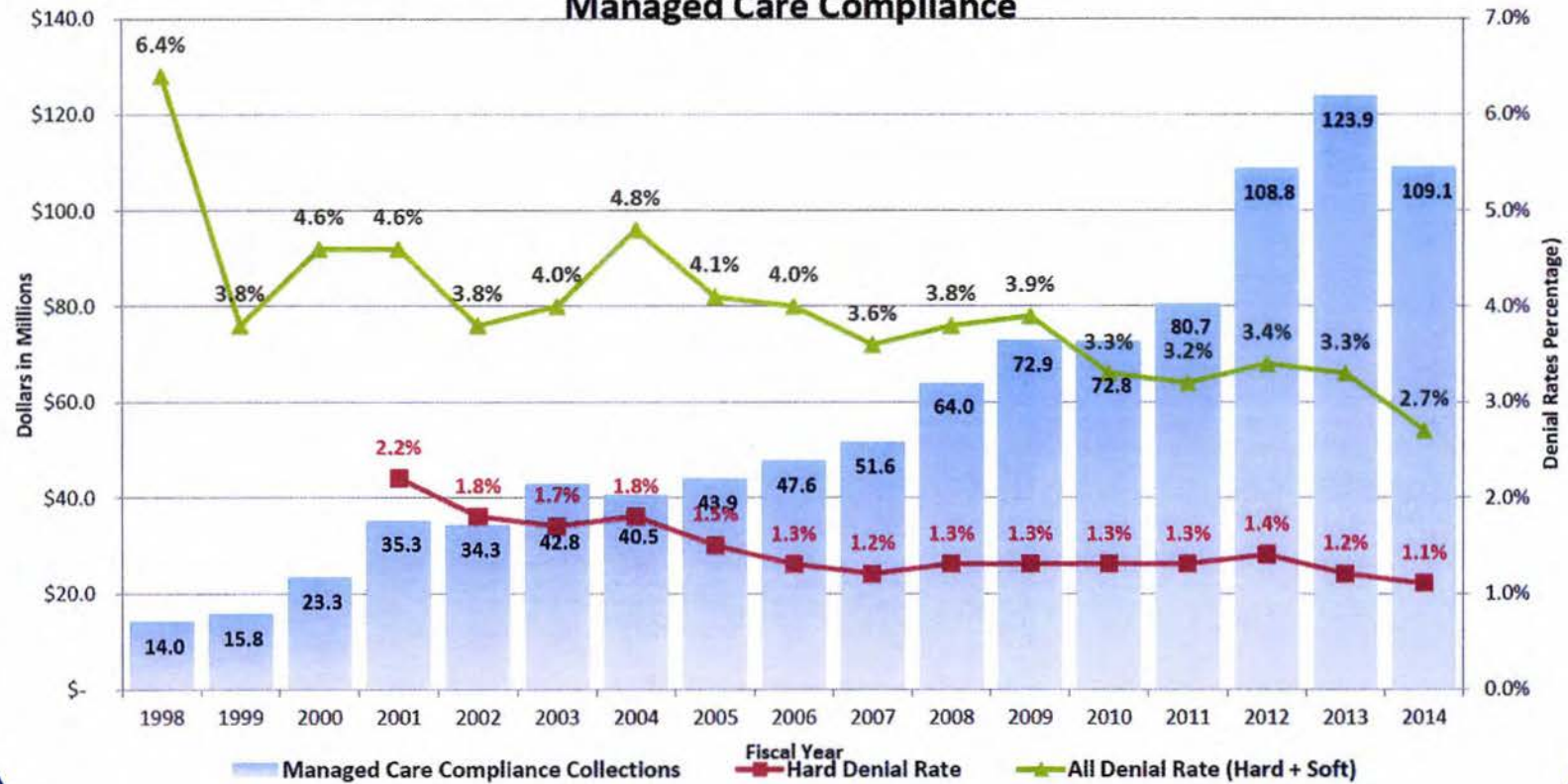
- The history of taxes at South Broward Hospital District (S.B.H.D.) d/b/a Memorial Healthcare System (MHS)
- The impact managed care contracting and compliance have on MHS collections:
  - Denial Rate
  - Ad Valorem
- The impact that model managed care contract and compliance initiatives have on Ad Valorem taxes

### South Broward Hospital District / Memorial Healthcare System Ad Valorem Taxes Fiscal Year 1995-2015

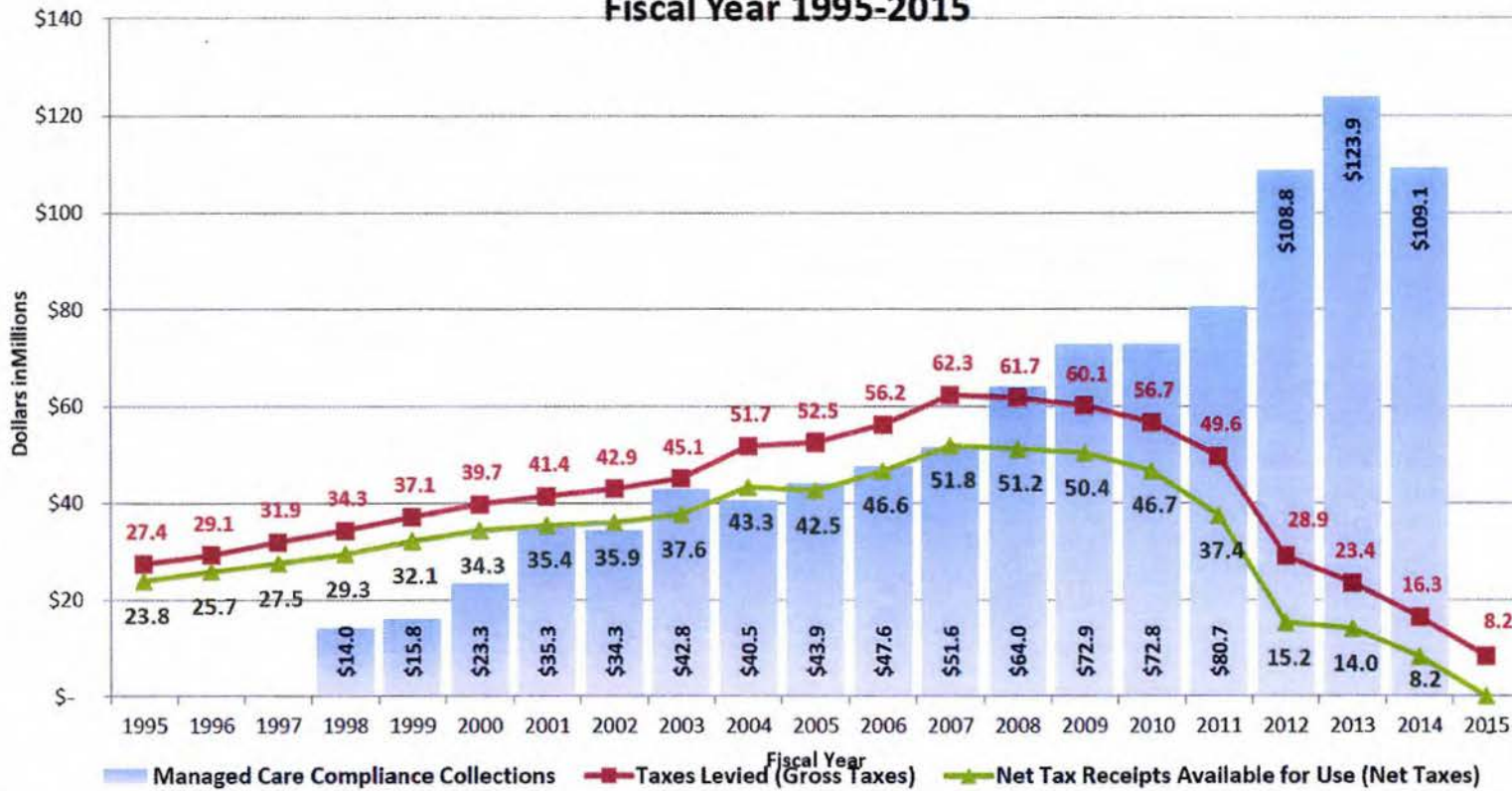




## South Broward Hospital District / Memorial Healthcare System Managed Care Compliance



## South Broward Hospital District / Memorial Healthcare System Fiscal Year 1995-2015



# Questions



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1                                    A bill to be entitled  
2                    An act relating to government financial oversight;  
3                    amending s. 11.40, F.S.; making certain persons with  
4                    local government entities, district school boards,  
5                    charter schools, and charter technical career centers  
6                    that fail to comply with financial reporting and  
7                    auditing procedures ineligible for compensation until  
8                    the entity complies with law; amending s. 11.45, F.S.;  
9                    requiring notification of the President of the Senate,  
10                    the Speaker of the House of Representatives, the  
11                    Department of Financial Services and all members of  
12                    the legislative delegation serving in the areas of all  
13                    local governments that fail to comply with  
14                    transparency requirements; amending s. 28.35, F.S.;  
15                    requiring quarterly notification reports of clerks of  
16                    circuit court not meeting performance standards;  
17                    prescribing due dates on which the quarterly reports  
18                    must be submitted; amending s. 129.03, F.S.;  
19                    specifying time periods for the tentative budget and  
20                    final budget to remain on a local government's  
21                    website; amending s. 129.06, F.S.; clarifying time  
22                    periods for budget amendments to remain on a local  
23                    government's website; amending s. 163.387, F.S.;  
24                    specifying which types of expenditures qualify as  
25                    undertakings of a community redevelopment agency and  
26                    requiring that the community redevelopment agency

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27 trust fund audits include a determination of  
 28 compliance with sections 163.387(6) and 163.387(7);  
 29 amending s. 166.241, F.S.; specifying time periods for  
 30 the tentative budget, final budget, and budget  
 31 amendments to remain on a municipality's website;  
 32 amending s. 189.016, F.S.; specifying time periods for  
 33 the tentative budget, final budget, and budget  
 34 amendments to remain on a special district's website;  
 35 amending s. 215.86, F.S.; establishing in law the  
 36 responsibility of state agencies to establish and  
 37 maintain internal controls designed to prevent and  
 38 detect fraud, waste, and abuse; implementing an  
 39 attestation requirement; amending s. 218.32, F.S.;  
 40 requiring auditors to state in the management letter  
 41 whether the Annual Financial Report substantially  
 42 agrees with the audited financial statements;  
 43 providing time frames within which entities must  
 44 respond to the Department of Financial Services'  
 45 information requests; amending s. 218.33, F.S.; to  
 46 establish in law the responsibility of local  
 47 governments to establish and maintain internal  
 48 controls designed to prevent and detect fraud, waste,  
 49 and abuse; implementing an attestation  
 50 requirement; amending s. 218.391, F.S.; specifying the  
 51 composition of the audit committee; establishing  
 52 limitations for contract renewal periods; establishing

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53 provisions in law to encourage local government  
 54 compliance with the auditor selection; amending s.  
 55 218.503, F.S.; conforming changes; amending s. 274.01,  
 56 F.S.; extending to all local governments rules  
 57 governing accounting for tangible personal property  
 58 owned by certain local governments; amending s.  
 59 373.536, F.S.; requiring districts to provide monthly  
 60 financial statements in the form and manner prescribed  
 61 by the Department of Financial Services to the  
 62 district's governing board and to make the monthly  
 63 financial statements available for public access on  
 64 the district's website for a specified time period;  
 65 providing an effective date.

66  
 67 Be It Enacted by the Legislature of the State of Florida:

68  
 69 Section 1. Subsection (2) of section 11.40, Florida  
 70 Statutes, is amended to read:

71 11.40 Legislative Auditing Committee.-

72 (2) Following notification by the Auditor General, the  
 73 Department of Financial Services, or the Division of Bond  
 74 Finance of the State Board of Administration, the Governor or  
 75 his or her designee, or the Commissioner of Education or his or  
 76 her designee of the failure of a local governmental entity,  
 77 district school board, charter school, or charter technical  
 78 career center to comply with the applicable provisions within s.

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79 11.45(5)-(7), s. 218.32), s. 218.38, or s. 218.503(3), the  
 80 Legislative Auditing Committee may schedule a hearing to  
 81 determine if the entity should be subject to further state  
 82 action. If the committee determines that the entity should be  
 83 subject to further state action, the entity's governing board  
 84 and the entity's chief financial officer or person charged with  
 85 similar duties are ineligible for compensation until the entity  
 86 complies with the law, and the committee shall:

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

98 (b) In the case of a special district created by:

99 1. A special act, notify the President of the Senate, the  
 100 Speaker of the House of Representatives, the standing committees  
 101 of the Senate and the House of Representatives charged with  
 102 special district oversight as determined by the presiding  
 103 officers of each respective chamber, the legislators who  
 104 represent a portion of the geographical jurisdiction of the

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105 special district pursuant to s. 189.034(2), and the Department  
 106 of Economic Opportunity that the special district has failed to  
 107 comply with the law. Upon receipt of notification, the  
 108 Department of Economic Opportunity shall proceed pursuant to s.  
 109 189.062 or s. 189.067. If the special district remains in  
 110 noncompliance after the process set forth in s. 189.034(3), or  
 111 if a public hearing is not held, the Legislative Auditing  
 112 Committee may request the department to proceed pursuant to s.  
 113 189.067(3).

114 2. A local ordinance, notify the chair or equivalent of  
 115 the local general-purpose government pursuant to s. 189.035(2)  
 116 and the Department of Economic Opportunity that the special  
 117 district has failed to comply with the law. Upon receipt of  
 118 notification, the department shall proceed pursuant to s.  
 119 189.062 or s. 189.067. If the special district remains in  
 120 noncompliance after the process set forth in s. 189.034(3), or  
 121 if a public hearing is not held, the Legislative Auditing  
 122 Committee may request the department to proceed pursuant to s.  
 123 189.067(3).

124 3. Any manner other than a special act or local ordinance,  
 125 notify the Department of Economic Opportunity that the special  
 126 district has failed to comply with the law. Upon receipt of  
 127 notification, the department shall proceed pursuant to s.  
 128 189.062 or s. 189.067(3).

129 (c) In the case of a charter school or charter technical  
 130 career center, notify the appropriate sponsoring entity, which



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131 may terminate the charter pursuant to ss. 1002.33 and 1002.34.

132 Section 2. Paragraph (i) of subsection (7) of section  
 133 11.45, Florida Statutes, is amended to read:

134 11.45 Definitions; duties; authorities; reports; rules.—

135 (7) AUDITOR GENERAL REPORTING REQUIREMENTS.—

136 (i) The Auditor General shall annually transmit by July  
 137 15, to the President of the Senate, the Speaker of the House of  
 138 Representatives, the Department of Financial Services, and all  
 139 members of the legislative delegation serving within the  
 140 geographic bounds of the local government entity, a list of all  
 141 school districts, charter schools, charter technical career  
 142 centers, Florida College System institutions, state  
 143 universities, and local governmental entities ~~water-management~~  
 144 ~~districts~~ that have failed to comply with the transparency  
 145 requirements as identified in the audit reports reviewed  
 146 pursuant to paragraph (b) and those conducted pursuant to  
 147 subsection (2).

148 Section 3. Paragraph (d) of subsection (2) of section  
 149 28.35, Florida Statutes, is amended to read:

150 28.35 Florida Clerks of Court Operations Corporation.—

151 (2) The duties of the corporation shall include the  
 152 following:

153 (d) Developing and certifying a uniform system of workload  
 154 measures and applicable workload standards for court-related  
 155 functions as developed by the corporation and clerk workload  
 156 performance in meeting the workload performance standards. These

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157 workload measures and workload performance standards shall be  
 158 designed to facilitate an objective determination of the  
 159 performance of each clerk in accordance with minimum standards  
 160 for fiscal management, operational efficiency, and effective  
 161 collection of fines, fees, service charges, and court costs. The  
 162 corporation shall develop the workload measures and workload  
 163 performance standards in consultation with the Legislature. When  
 164 the corporation finds a clerk has not met the workload  
 165 performance standards, the corporation shall identify the nature  
 166 of each deficiency and any corrective action recommended and  
 167 taken by the affected clerk of the court. ~~The~~For quarterly  
 168 periods ending September 30, December 31, March 31, and June 30,  
 169 the corporation shall notify the Legislature and all members of  
 170 the legislative delegation serving within the geographic bounds  
 171 of the local government entity of any clerk not meeting workload  
 172 performance standards and provide a copy of any corrective  
 173 action plans. Such quarterly reports shall be submitted no later  
 174 than 30 days following the end of the reporting period. As used  
 175 in this subsection, the term:

176       1. "Workload measures" means the measurement of the  
 177 activities and frequency of the work required for the clerk to  
 178 adequately perform the court-related duties of the office as  
 179 defined by the membership of the Florida Clerks of Court  
 180 Operations Corporation.

181       2. "Workload performance standards" means the standards  
 182 developed to measure the timeliness and effectiveness of the

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183 activities that are accomplished by the clerk in the performance  
 184 of the court-related duties of the office as defined by the  
 185 membership of the Florida Clerks of Court Operations  
 186 Corporation.

187 Section 4. Paragraph (c) of subsection (3) of section  
 188 129.03, Florida Statutes, is amended to read:

189 129.03 Preparation and adoption of budget.—

190 (3) The county budget officer, after tentatively  
 191 ascertaining the proposed fiscal policies of the board for the  
 192 next fiscal year, shall prepare and present to the board a  
 193 tentative budget for the next fiscal year for each of the funds  
 194 provided in this chapter, including all estimated receipts,  
 195 taxes to be levied, and balances expected to be brought forward  
 196 and all estimated expenditures, reserves, and balances to be  
 197 carried over at the end of the year.

198 (c) The board shall hold public hearings to adopt  
 199 tentative and final budgets pursuant to s. 200.065. The hearings  
 200 shall be primarily for the purpose of hearing requests and  
 201 complaints from the public regarding the budgets and the  
 202 proposed tax levies and for explaining the budget and any  
 203 proposed or adopted amendments. The tentative budget must be  
 204 posted on the county's official website at least 2 days before  
 205 the public hearing to consider such budget and must remain on  
 206 the website for at least 30 days. The final budget must be  
 207 posted on the website within 30 days after adoption and must  
 208 remain on the website for at least 5 years. The tentative

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209 budgets, adopted tentative budgets, and final budgets shall be  
 210 filed in the office of the county auditor as a public record.  
 211 Sufficient reference in words and figures to identify the  
 212 particular transactions shall be made in the minutes of the  
 213 board to record its actions with reference to the budgets.

214 Section 5. Paragraph (f) of subsection (2) of section  
 215 129.06, Florida Statutes, is amended to read:

216 129.06 Execution and amendment of budget.—

217 (2) The board at any time within a fiscal year may amend a  
 218 budget for that year, and may within the first 60 days of a  
 219 fiscal year amend the budget for the prior fiscal year, as  
 220 follows:

221 (f) Unless otherwise prohibited by law, if an amendment to  
 222 a budget is required for a purpose not specifically authorized  
 223 in paragraphs (a)-(e), the amendment may be authorized by  
 224 resolution or ordinance of the board of county commissioners  
 225 adopted following a public hearing.

226 1. The public hearing must be advertised at least 2 days,  
 227 but not more than 5 days, before the date of the hearing. The  
 228 advertisement must appear in a newspaper of paid general  
 229 circulation and must identify the name of the taxing authority,  
 230 the date, place, and time of the hearing, and the purpose of the  
 231 hearing. The advertisement must also identify each budgetary  
 232 fund to be amended, the source of the funds, the use of the  
 233 funds, and the total amount of each fund's appropriations.

234 2. If the board amends the budget pursuant to this

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235 paragraph, the adopted amendment must be posted on the county's  
 236 official website within 5 days after adoption and must remain on  
 237 the website for at least 5 years.

238 Section 6. Subsections (6) and (8) of section 163.387,  
 239 Florida Statutes, are amended to read:

240 163.387 Redevelopment trust fund.—

241 (6) Moneys in the redevelopment trust fund may be expended  
 242 from time to time for undertakings of a community redevelopment  
 243 agency as described in the community redevelopment plan for the  
 244 following purposes, ~~including but not limited to:~~

245 (a) Administrative and overhead expenses necessary or  
 246 incidental to the implementation of a community redevelopment  
 247 plan adopted by the agency.

248 (b) Expenses of redevelopment planning, surveys, and  
 249 financial analysis, including the reimbursement of the governing  
 250 body or the community redevelopment agency for such expenses  
 251 incurred before the redevelopment plan was approved and adopted.

252 (c) The acquisition of real property in the redevelopment  
 253 area.

254 (d) The clearance and preparation of any redevelopment  
 255 area for redevelopment and relocation of site occupants within  
 256 or outside the community redevelopment area as provided in s.  
 257 163.370.

258 (e) The repayment of principal and interest or any  
 259 redemption premium for loans, advances, bonds, bond anticipation  
 260 notes, and any other form of indebtedness.

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261 (f) All expenses incidental to or connected with the  
 262 issuance, sale, redemption, retirement, or purchase of bonds,  
 263 bond anticipation notes, or other form of indebtedness,  
 264 including funding of any reserve, redemption, or other fund or  
 265 account provided for in the ordinance or resolution authorizing  
 266 such bonds, notes, or other form of indebtedness.

267 (g) The development of affordable housing within the  
 268 community redevelopment area.

269 (h) The development of community policing innovations.

270 (8) Each community redevelopment agency shall provide for  
 271 an audit of the trust fund ~~each fiscal year~~ as part of a  
 272 financial audit conducted pursuant to s. 218.39 and a report of  
 273 such audit to be prepared by an independent certified public  
 274 accountant or firm. The audit ~~Such report shall describe~~ include  
 275 a schedule showing the amount and source of deposits into, and  
 276 the amount and purpose of withdrawals from, the trust fund  
 277 during such fiscal year and the amount of principal and interest  
 278 paid during such year on any indebtedness to which increment  
 279 revenues are pledged and the remaining amount of such  
 280 indebtedness. The audit report shall also state whether or not  
 281 the community redevelopment agency complied with subsections (6)  
 282 and (7) of this section. The community redevelopment agency  
 283 shall provide by registered mail a copy of the audit report to  
 284 each taxing authority.

285 Section 7. Subsections (3) and (5) of section 166.241,  
 286 Florida Statutes, are amended to read:

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287 166.241 Fiscal years, budgets, and budget amendments.—  
 288 (3) The tentative budget must be posted on the  
 289 municipality's official website at least 2 days before the  
 290 budget hearing, held pursuant to s. 200.065 or other law, to  
 291 consider such budget and must remain on the website for at least  
 292 30 days. The final adopted budget must be posted on the  
 293 municipality's official website within 30 days after adoption  
 294 and must remain on the website for at least 5 years. If the  
 295 municipality does not operate an official website, the  
 296 municipality must, within a reasonable period of time as  
 297 established by the county or counties in which the municipality  
 298 is located, transmit the tentative budget and final budget to  
 299 the manager or administrator of such county or counties who  
 300 shall post the budgets on the county's website.

301 (5) If the governing body of a municipality amends the  
 302 budget pursuant to paragraph (4)(c), the adopted amendment must  
 303 be posted on the official website of the municipality within 5  
 304 days after adoption and must remain on the website for at least  
 305 5 years. If the municipality does not operate an official  
 306 website, the municipality must, within a reasonable period of  
 307 time as established by the county or counties in which the  
 308 municipality is located, transmit the adopted amendment to the  
 309 manager or administrator of such county or counties who shall  
 310 post the adopted amendment on the county's website.

311 Section 8. Subsections (4) and (7) of section 189.016,  
 312 Florida Statutes, are amended to read:

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313 189.016 Reports; budgets; audits.—  
 314 (4) The tentative budget must be posted on the special  
 315 district's official website at least 2 days before the budget  
 316 hearing, held pursuant to s. 200.065 or other law, to consider  
 317 such budget and must remain on the website for at least 30 days.  
 318 The final adopted budget must be posted on the special  
 319 district's official website within 30 days after adoption and  
 320 must remain on the website for at least 5 years. If the special  
 321 district does not operate an official website, the special  
 322 district must, within a reasonable period of time as established  
 323 by the local general-purpose government or governments in which  
 324 the special district is located or the local governing authority  
 325 to which the district is dependent, transmit the tentative  
 326 budget or final budget to the manager or administrator of the  
 327 local general-purpose government or the local governing  
 328 authority. The manager or administrator shall post the tentative  
 329 budget or final budget on the website of the local general-  
 330 purpose government or governing authority. This subsection and  
 331 subsection (3) do not apply to water management districts as  
 332 defined in s. 373.019.  
 333 (7) If the governing body of a special district amends the  
 334 budget pursuant to paragraph (6)(c), the adopted amendment must  
 335 be posted on the official website of the special district within  
 336 5 days after adoption and must remain on the website for at  
 337 least 5 years. If the special district does not operate an  
 338 official website, the special district must, within a reasonable



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339 | period of time as established by the local general-purpose  
 340 | government or governments in which the special district is  
 341 | located or the local governing authority to which the district  
 342 | is dependent, transmit the adopted amendment to the manager or  
 343 | administrator of the local general-purpose government or  
 344 | governing authority. The manager or administrator shall post the  
 345 | adopted amendment on the website of the local general-purpose  
 346 | government or governing authority.

347 |       Section 9. Section 215.86, Florida Statutes, is amended to  
 348 | read:

349 |       215.86 Management systems and controls.—Each state agency  
 350 | and the judicial branch as defined in s. 216.011 shall establish  
 351 | and maintain management systems and internal controls designed  
 352 | to prevent and detect fraud, waste, and abuse, and to that  
 353 | promote and encourage compliance with applicable laws, rules,  
 354 | contracts, grant agreements, and best practices; economic,  
 355 | efficient, and effective operations; reliability of records and  
 356 | reports; and safeguarding of assets. Accounting systems and  
 357 | procedures shall be designed to fulfill the requirements of  
 358 | generally accepted accounting principles. Each agency head and  
 359 | the State Courts Administrator shall file a certificate with the  
 360 | Auditor General attesting under oath, in writing, to the  
 361 | existence and efficacy of the management systems and internal  
 362 | controls.

363 |       Section 10. Paragraph (d) of subsection (1) and subsection  
 364 | (2) of section 218.32, Florida Statutes, are amended to read:

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365 218.32 Annual financial reports; local governmental  
 366 entities.-

367 (1)

368 (d) Each local governmental entity that is required to  
 369 provide for an audit under s. 218.39(1) must submit a copy of  
 370 the audit report and annual financial report to the department  
 371 within 45 days after the completion of the audit report but no  
 372 later than 9 months after the end of the fiscal year. Certified  
 373 public accountants conducting audits of local governmental  
 374 entities pursuant to s. 218.39 shall report, as part of the  
 375 audit, whether or not the annual financial report is in  
 376 agreement with the audit report at [specify level], and, if not  
 377 in agreement, shall provide an explanation as to the significant  
 378 differences.

379 (2) The department shall annually by December 1 file a  
 380 verified report with the Governor, the Legislature, the Auditor  
 381 General, and the Special District Accountability Program of the  
 382 Department of Economic Opportunity showing the revenues, both  
 383 locally derived and derived from intergovernmental transfers,  
 384 and the expenditures of each local governmental entity, regional  
 385 planning council, local government finance commission, and  
 386 municipal power corporation that is required to submit an annual  
 387 financial report. In preparing the verified report, the  
 388 department may request additional information from the local  
 389 governmental entity. The information requested must be provided  
 390 within 45 days after the date of the request. If the local

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391 governmental entity does not comply with the request, the  
 392 department shall notify the all members of the legislative  
 393 delegation serving within the geographic bounds of the the local  
 394 government entity and the Legislative Auditing Committee which  
 395 may take action pursuant to s. 11.40(2). The report must  
 396 include, but is not limited to:

397       (a) The total revenues and expenditures of each local  
 398 governmental entity that is a component unit included in the  
 399 annual financial report of the reporting entity.

400       (b) The amount of outstanding long-term debt by each local  
 401 governmental entity. For purposes of this paragraph, the term  
 402 "long-term debt" means any agreement or series of agreements to  
 403 pay money, which, at inception, contemplate terms of payment  
 404 exceeding 1 year in duration.

405       Section 11. Subsection (3) of section 218.33, Florida  
 406 Statutes, is renumbered as subsection (4), respectively, and  
 407 subsection (3) is added to that section, to read:

408       218.33 Local governmental entities; establishment of  
 409 uniform fiscal years and accounting practices and procedures.-

410       (3) Each local governmental entity shall establish and  
 411 maintain internal controls designed to prevent and detect fraud,  
 412 waste, and abuse, and to promote and encourage compliance with  
 413 applicable laws, rules, contracts, grant agreements, and best  
 414 practices; economic, efficient, and effective operations;  
 415 reliability of financial records and reports; and safeguarding  
 416 of assets. Each member of the local government entity's

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417 governing board and the entity's chief financial officer, or  
 418 person charged with similar duties, shall file a certificate  
 419 with the Auditor General attesting under oath, in writing, to  
 420 the existence and efficacy of the internal controls.

421 (4) Any word, sentence, phrase, or provision of any  
 422 special act, municipal charter, or other law that prohibits or  
 423 restricts a local governmental entity from complying with this  
 424 section or any rules adopted under this section is nullified and  
 425 repealed to the extent of the conflict.

426 Section 12. Subsection (2) and paragraph (c) of subsection  
 427 (7) of section 218.391, Florida Statutes, are amended and  
 428 subsection (9) is created to read:

429 218.391 Auditor selection procedures.—

430 (2) The governing body of a charter county, municipality,  
 431 special district, district school board, charter school, or  
 432 charter technical career center shall establish an audit  
 433 committee. Each county shall establish an audit committee that,  
 434 at a minimum, shall consist of each of the county officers  
 435 elected pursuant to the county charter or s. 1(d), Art. VIII of  
 436 the State Constitution, or a designee, and one member of the  
 437 board of county commissioners or its designee. For  
 438 municipalities and special districts, all members of the audit  
 439 committee shall be members of the governing body and the audit  
 440 committee shall have no fewer than three members. For counties,  
 441 municipalities, and special districts, no member of the audit  
 442 committee may exercise financial management responsibilities for

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443 the county, municipality, or special district. The primary  
 444 purpose of the audit committee is to assist the governing body  
 445 in selecting an auditor to conduct the annual financial audit  
 446 required in s. 218.39; however, the audit committee may serve  
 447 other audit oversight purposes as determined by the entity's  
 448 governing body. The public shall not be excluded from the  
 449 proceedings under this section.

450 (7) Every procurement of audit services shall be evidenced  
 451 by a written contract embodying all provisions and conditions of  
 452 the procurement of such services. For purposes of this section,  
 453 an engagement letter signed and executed by both parties shall  
 454 constitute a written contract. The written contract shall, at a  
 455 minimum, include the following:

456 (c) A provision specifying the contract period, including  
 457 renewals, and conditions under which the contract may be  
 458 terminated or renewed. The contract period, including renewals,  
 459 shall not exceed 5 years.

460 (9) Audit reports prepared by a certified public accountant  
 461 pursuant to s. 218.39 must include an affidavit signed by the  
 462 chief financial officer of the local governmental entity,  
 463 district school board, charter school, or charter technical  
 464 career center stating that the local governmental entity,  
 465 district school board, charter school, or charter technical  
 466 career center complied with subsections (3), (4), (5), (6) and  
 467 (7) in selecting the auditor pursuant to this section. If it is  
 468 determined that a local governmental entity, district school

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469 board, charter school, or charter technical career center failed  
 470 to comply with subsections (3), (4), (5), (6) or (7) in  
 471 selecting an auditor pursuant to this section, the local  
 472 governmental entity, district school board, charter school, or  
 473 charter technical career center shall reselect an auditor in  
 474 accordance with this section for subsequent fiscal years' audits  
 475 if the audit was performed under a multi-year contract. If the  
 476 reselection of the auditor would preclude the local governmental  
 477 entity, district school board, charter school, or charter  
 478 technical career center from timely completing the annual  
 479 financial audit required by s. 218.39, the local governmental  
 480 entity, district school board, charter school, or charter  
 481 technical career center shall reselect an auditor in accordance  
 482 with this section for the next required annual financial audit  
 483 required by s. 218.39. Any remaining term of a multi-year  
 484 contract entered into with the audit firm selected pursuant to  
 485 this section that prohibits or restricts a local governmental  
 486 entity, district school board, charter school, or charter  
 487 technical career center from complying with this subsection  
 488 shall be null and void.

489 Section 13. Subsection (3) of section 218.503, Florida  
 490 Statutes, is amended to read:

491 218.503 Determination of financial emergency.—

492 (3) Upon notification that one or more of the conditions  
 493 in subsection (1) have occurred or will occur if action is not  
 494 taken to assist the local governmental entity or district school

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495 board, the Governor or his or her designee shall contact the  
 496 local governmental entity or the Commissioner of Education or  
 497 his or her designee shall contact the district school board to  
 498 determine what actions have been taken by the local governmental  
 499 entity or the district school board to resolve or prevent the  
 500 condition. The information requested must be provided within 45  
 501 days after the date of the request. If the local governmental  
 502 entity or the district school board does not comply with the  
 503 request, the Governor or his or her designee or the Commissioner  
 504 of Education or his or her designee shall notify the Legislative  
 505 Auditing Committee which may take action pursuant to s.

506 11.40(2). The Governor or the Commissioner of Education, as  
 507 appropriate, shall determine whether the local governmental  
 508 entity or the district school board needs state assistance to  
 509 resolve or prevent the condition. If state assistance is needed,  
 510 the local governmental entity or district school board is  
 511 considered to be in a state of financial emergency. The Governor  
 512 or the Commissioner of Education, as appropriate, has the  
 513 authority to implement measures as set forth in ss. 218.50-  
 514 218.504 to assist the local governmental entity or district  
 515 school board in resolving the financial emergency. Such measures  
 516 may include, but are not limited to:

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

520 (b) Authorizing a state loan to a local governmental

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521 | entity and providing for repayment of same.

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

526 |       (d) Making such inspections and reviews of records,  
527 | information, reports, and assets of the local governmental  
528 | entity or district school board as are needed. The appropriate  
529 | local officials shall cooperate in such inspections and reviews.

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

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

537 |       (g)1. Establishing a financial emergency board to oversee  
538 | the activities of the local governmental entity or the district  
539 | school board. If a financial emergency board is established for  
540 | a local governmental entity, the Governor shall appoint board  
541 | members and select a chair. If a financial emergency board is  
542 | established for a district school board, the State Board of  
543 | Education shall appoint board members and select a chair. The  
544 | financial emergency board shall adopt such rules as are  
545 | necessary for conducting board business. The board may:

546 |       a. Make such reviews of records, reports, and assets of



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547 | the local governmental entity or the district school board as  
 548 | are needed.

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

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

558 |       d. Consult with other governmental entities for the  
 559 | consolidation of all administrative direction and support  
 560 | services, including, but not limited to, services for asset  
 561 | sales, economic and community development, building inspections,  
 562 | parks and recreation, facilities management, engineering and  
 563 | construction, insurance coverage, risk management, planning and  
 564 | zoning, information systems, fleet management, and purchasing.

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

570 |       (h) Requiring and approving a plan, to be prepared by  
 571 | officials of the local governmental entity or the district  
 572 | school board in consultation with the appropriate state

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573 officials, prescribing actions that will cause the local  
 574 governmental entity or district school board to no longer be  
 575 subject to this section. The plan must include, but need not be  
 576 limited to:

577 1. Provision for payment in full of obligations outlined  
 578 in subsection (1), designated as priority items, which are  
 579 currently due or will come due.

580 2. Establishment of priority budgeting or zero-based  
 581 budgeting in order to eliminate items that are not affordable.

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

584 4. Provisions implementing the consolidation, sourcing, or  
 585 discontinuance of all administrative direction and support  
 586 services, including, but not limited to, services for asset  
 587 sales, economic and community development, building inspections,  
 588 parks and recreation, facilities management, engineering and  
 589 construction, insurance coverage, risk management, planning and  
 590 zoning, information systems, fleet management, and purchasing.

591 Section 14. Subsection (1) of section 274.01, Florida  
 592 Statutes, is amended to read:

593 274.01 Definitions.—The following words as used in this  
 594 act have the meanings set forth in the below subsections, unless  
 595 a different meaning is required by the context:

596 (1) "Governmental unit" means ~~the governing board,~~  
 597 ~~commission or authority of a county or taxing district of the~~  
 598 ~~state or the sheriff of the county~~ a county agency, a

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599 municipality, or a special district as defined in s. 189.012.

600 Section 15. Paragraph (d) of subsection (5), and paragraph  
601 (d) of subsection (6) of section 373.536, Florida Statutes, is  
602 amended to read:

603 373.536 District budget and hearing thereon.—

604 (5) TENTATIVE BUDGET CONTENTS AND SUBMISSION; REVIEW AND  
605 APPROVAL.—

606 (d) Each district shall, by August 1 of each year, submit  
607 for review a tentative budget and a description of any  
608 significant changes from the preliminary budget submitted to the  
609 Legislature pursuant to s. 373.535 to the Governor, the  
610 President of the Senate, the Speaker of the House of  
611 Representatives, the chairs of all legislative committees and  
612 subcommittees having substantive or fiscal jurisdiction over  
613 water management districts, as determined by the President of  
614 the Senate or the Speaker of the House of Representatives, as  
615 applicable, the secretary of the department, and the governing  
616 body of each county in which the district has jurisdiction or  
617 derives any funds for the operations of the district. The  
618 tentative budget must be posted on the district's official  
619 website at least 2 days before budget hearings held pursuant to  
620 s. 200.065 or other law and must remain on the website for at  
621 least 30 days.

622 (6) FINAL BUDGET; ANNUAL AUDIT; CAPITAL IMPROVEMENTS PLAN;  
623 WATER RESOURCE DEVELOPMENT WORK PROGRAM.—

624 (d) The final adopted budget must be posted on the water

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625 management district's official website within 30 days after  
626 adoption and must remain on the website for at least 5 years.

627 Section 16. This act shall take effect July 1, 2015.