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# **An Overview of Special District Basics and Accountability Requirements**

*Association of Florida Conservation Districts  
12<sup>th</sup> Annual Meeting - Saturday, July 30, 2016*

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Special District Accountability Program



# Florida's Local Government Financial Reporting System

- A network of state agencies working together to monitor and continuously collect financial and other information from local governmental entities for use by the Legislature and other officials. Examples:
  - Department of Financial Services (revenue / expenditure / debt data)
  - Auditor General (results of financial audits, repeat audit findings)
  - Department of Management Services (defined benefit pension plans)
  - State Board of Administration (bond issuance information)
  - Department of Economic Opportunity, Special District Accountability Program (special district information)



# Special District Accountability Program

- Continuously maintains the [Official List of Special Districts Online](#)
- Provides technical advisory assistance regarding the requirements of the Uniform Special District Accountability Act (Chapter 189, Florida Statutes):
  - Coordinates with 15 state agencies to produce [The Florida Special District Handbook Online](#)
  - Helps special districts listed on noncompliance status reports come into compliance
    - Files petitions for enforcement in the circuit court if they do not
- Declares special districts inactive for dissolution when the special district meets certain criteria
- Supported by an annual \$175 fee paid by special districts



# What is a special district?

- A unit of local government created for a special purpose, as opposed to a general purpose, that has jurisdiction to operate within a limited geographic boundary, and is created by:
  - General law,
  - Special act,
  - Local ordinance, or
  - Rule of the Governor and Cabinet



# Excluded From the Definition

- The following entities are not special districts:
  - School District
  - Community College District
  - Seminole and Miccosukee Tribe Special Improvement District
  - Municipal service taxing or benefit unit
  - Board that is a political subdivision of a municipality or a part of a municipality that provides electrical service



# Why are Soil and Water Conservation Districts special districts?

- Soil and Water Conservation Districts are special districts because:
  - They have a governing body exercising public powers specified in Florida law.
  - They have jurisdiction to operate within a limited geographic boundary.
  - They are created pursuant to general law authority (Chapter 582, Florida Statutes).
  - They are not one of the entities excluded from the definition.



# What is the difference between dependent and independent special districts?

- A special district is **dependent** if a single county or single municipality has one or more of the following powers:
  - Authority to designate all of its own governing body members to also serve as the governing body for the special district
  - Authority to appoint all members to the special district's governing body
  - Authority to remove any governing body member at will during unexpired terms
  - Authority to approve or veto the special district's budget



# What is the difference between dependent and independent special districts?

- A special district is **independent** if it does not have any “dependent” characteristics.
- Florida has 58 Soil and Water Conservation Districts:
  - Four are dependent (Blackwater, Glades, Hendry, and Madison)
  - The remaining 54 are independent
- Significance of Dependent or Independent Status:
  - Reporting requirements
  - Ability to create





# Special District Snapshot

- Every parcel in Florida is covered by at least one special district.
- Some are large and operate in multiple counties.
- Others serve a small neighborhood using all volunteer staff.
- Many operate with very little funding (less than \$3,000 per year) or no funding at all.
- Not all have taxing authority.



# Special District Snapshot

Category	July 2016
Independent	1,025
Dependent	630
Single County	1,581
Multi-County	74
Mergers Since 2010	8
Dissolved Since 1989	356
Inactive (not included in above figures)	3
<b>TOTAL ACTIVE</b>	<b>1,655</b>



# Special District Snapshot

Top Ten Special Purposes (out of 77)	July 2016
1. Community Development	611
2. Community Redevelopment	217
3. Housing Authority	91
4. Drainage and Water Control	83
5. Fire Control and Rescue	63
6. Soil and Water Conservation	<b>58</b>
7. Neighborhood Enhancement	49
8. Health Facilities	29
9. Hospital	28
10. Neighborhood Improvement	27



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# What are some reasons for creating a special district?

- Special districts empower citizens to govern their own neighborhood / community.
- Special districts serve as mechanism for the public and private sectors to govern, finance, construct, operate, and maintain essential public services and facilities.
- Special districts can provide enhanced / specialized public services in response to citizen demand that a county or municipality is unable or unwilling to offer.
- Only those who benefit from the special district's services pay for those services.



# What are some reasons for creating a special district?

- Special districts save money for citizens by selling tax-exempt bonds, purchasing goods and services tax-free, and participating in state programs and initiatives, such as state-term contracting.
- Special districts can attract skilled employees by offering governmental employment benefits / incentives, such as:
  - Possible participation in the Florida Retirement System
  - Possible housing and housing assistance
  - Participation in Florida's Deferred Compensation Plan (**Effective July 1, 2016** – see [www.MyFloridaDeferredComp.com](http://www.MyFloridaDeferredComp.com))



# What are some reasons for creating a special district?

- People with the appropriate expertise, skills, and experience can be appointed or elected to govern and oversee the specialized function(s).
- Special districts provide governmental services when the need transcends the boundaries, responsibilities, and authority of individual counties and municipalities.
- Special districts protect property values by continuously providing and maintaining services and facilities.
- Special districts are held to the same high standards - and often higher - as municipalities and counties, ensuring the transparency and accountability of public resources.





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## Transparency and Accountability

*How are special districts transparent?  
How are special districts held accountable?*



# Numerous Laws Promote Transparency and Accountability

- Creation document / charter / statutory authority (e.g., Chapter 582, Florida Statutes)
- Up to seven constitutional provisions (e.g., pledging credit, bond financing, taxes)
- More than 30 laws of a general nature (e.g., public records, public meetings, financial reporting, ethics, elections)
- Chapter 189, Florida Statutes - the Uniform Special District Accountability Act (e.g., general provisions, basic accountability, financial reporting, enforcement)





# Transparency Starts Here

- All special districts must ensure the program has accurate and up-to-date information so state and local agencies can monitor them using the [Official List of Special Districts Online](#):
  - Creation document and boundary map, as amended
  - Registered agent / Registered office (name, address, phone, fax, email); upon making a change, notify the program immediately
  - The Annual Update Form (when paying the required \$175 annual special district fee)
  - Official website address



# Maintain An Official Website

- Basic Requirements (due date was October 1, 2015):
  - The district’s official website address must be on file with the Special District Accountability Program – If not linked from [www.FloridaJobs.org/SpecialDistrictWebsites](http://www.FloridaJobs.org/SpecialDistrictWebsites), email the website address to [Jack.Gaskins@DEO.MyFlorida.com](mailto:Jack.Gaskins@DEO.MyFlorida.com)
  - Independent districts must maintain a separate website
  - Dependent districts must either maintain a separate website or be maintained as a part of the county’s website. The county must link to the district’s website from a prominently displayed link on the county’s home page.
  - Minimum content requirements apply (see the [Florida Special District Handbook - Develop and Maintain an Official Website](#))



# Comply with Public Meeting Requirements

- All special district governing body meetings must be open to the public and governed by the provisions of Chapter 286, Florida Statutes (Public Business)
- Chapter 189, Florida Statutes, has additional requirements:
  - Prepare a **regular public meeting schedule** quarterly, semiannually, or annually that:
    - Provides the date, time and location of each meeting
    - Provides a statement on how to appeal an official decision
  - File the schedule with the clerk of the board of county commissioners



# Comply with Public Meeting Requirements

- Publish the schedule in the legal notices / classified advertisement section of a local newspaper of general paid circulation and general interest and readership
- **New Requirement Effective October 1, 2016:** Post the following on the district's official website:
  - Regular Public Meeting Schedule
  - Meeting and workshop agendas\*
  - Meeting materials, when available in an electronic format, excluding confidential and exempt information\*

**\*Post at least seven days before the event and keep at least one year**



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# Comply with Public Meeting Requirements

- Hold meetings in a public building when available within the district, the local county courthouse, or in a building in the county that is accessible to the public
- Consult with your legal counsel for information concerning additional meeting requirements applicable under Chapter 120, Florida Statutes, the Administrative Procedures Act (e.g., Giving notice of public meetings, hearings, and workshops by publication in the Florida Administrative Register)



# Comply with Budget Requirements

- If required to hold a budget hearing under section 200.065, Florida Statutes, (those with Ad Valorem Authority) or a different law:
  - Post the tentative budget on the special district’s official website at least two days before the budget hearing and,
    - **New Requirement Effective October 1, 2016:** keep the tentative budget on the website for at least 45 days
- Adopt an annual budget by resolution at a regular public meeting:
  - Follow generally accepted accounting principles
  - Show budgeted revenues and expenditures by organizational unit for each fund
  - Show budget details at least at the same level of detail required for the *Annual Financial Report* (more later)



# Comply with Budget Requirements

- Post the adopted budget on the district's official website within 30 days after adoption
  - **New Requirement Effective October 1, 2016:** Keep the adopted budget on the website for at least two years
- Ensure all expenses are authorized by the adopted budget
- Okay to amend the budget up to 60 days after the fiscal year end



# Communicate and Coordinate with the County

- File the following with the county clerk
  - Registered agent / Registered office information
  - Regular public meeting schedule
  - Budget, tax levy, and / or financial information:
    - Independent districts – upon request
    - Dependent districts – when requested because the county must include the district's budget within its own budget unless they agree to a separate budget





# If Applicable, File an Annual Financial Audit Report

- The *Annual Financial Audit Report* covers the results of a financial audit conducted and prepared by an independent CPA
- Independent districts must provide for a separate financial audit when annual revenues or combined expenditures and expenses:
  - exceed \$100,000, or
  - fall between \$50,000 and \$100,000 and the district has not had an audit for the previous two fiscal years
- The CPA firm must be chosen by an auditor selection committee
- Due to the Florida Auditor General within 45 days after the CPA delivers the audit to the district's governing body or by June 30 at the latest
- Dependent districts may be included in the county's financial audit



# File an Annual Financial Report

- The *Annual Financial Report* discloses annual revenues, expenditures, and long-term liabilities
- Required, even if revenues / expenditures / debt are zero
- File online with the Department of Financial Services by June 30
- Independent districts must report independently
- Dependent districts may be included in the county's Annual Financial Report but must be listed separately
- **New Clarification:** Post the following link to the Department of Financial Services' website on the district's official website so the public can view the district's Annual Financial Report:  
<https://apps.fldfs.com/LocalGov/Reports/>



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## Oversight

*Who oversees special districts?*



# Who oversees special districts?

- The special district's governing body members
- Citizens and media may observe meetings and review records
- The local state attorney may investigate public record law violations
- The Commission on Ethics may investigate ethics complaints
- Certified Public Accountants must report suspected illegal activity to the governing body and/or the Florida Department of Law Enforcement
- The Joint Legislative Auditing Committee may investigate audit matters, use its powers of subpoena, and order a state audit by the Auditor General



# Who oversees special districts?

- The following oversight entity (depending on creation method), may convene a general oversight review to help determine the future of the special district:
  - The Legislature (created by special act)
  - The county or municipality (created by a local ordinance/resolution; any of its dependent special districts)
  - As directed by the Governor and Cabinet (created by Rule of the Governor and Cabinet)
  - As directed by the President of the Senate and the Speaker of the House of Representatives (created by any other method)



# State Monitoring, Noncompliance Reporting, and Enforcement

- Certain state agencies monitor special district reporting and prepare noncompliance status reports when special districts fail to comply. Example: Noncompliance with the *Annual Financial Report* and / or *Annual Financial Audit Report*

Report	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Annual Financial Report	101	119	167	139	125	130	117	131 so far S&WCD = 19
Annual Financial Audit Report	41	34	62	41	30	17	22	Pending Oct. 2016



# State Monitoring, Noncompliance Reporting, and Enforcement

- Example: Noncompliance with the *Annual Financial Report* and / or *Annual Financial Audit Report*
  - State agency sends a noncompliance report to the Special District Accountability Program (program) and the Joint Legislative Auditing Committee (committee)
  - The program must post the noncompliance report on its website ([www.FloridaJobs.org/Noncompliance](http://www.FloridaJobs.org/Noncompliance))
  - The committee or the county – at any time - may hold a public hearing on the noncompliance issue



# State Monitoring, Noncompliance Reporting, and Enforcement

- Example: Noncompliance with the *Annual Financial Report* and / or *Annual Financial Audit Report*
  - The program mails a certified technical assistance/warning letter to the district that:
    - Describes the reporting requirement and the filing deadlines
    - Provides a contact telephone number for further assistance
    - Requires the special district – within 60 days - to either file the report or explain why it can't meet that deadline and estimate when it can file the report
    - Provides the address or website where the report must be filed
    - Explains the penalties for not complying within 60 days





# State Monitoring, Noncompliance Reporting, and Enforcement

- Example: Noncompliance with the *Annual Financial Report* and / or *Annual Financial Audit Report*
  - Most, but not all, special districts meet this 60-day deadline
  - For those that do not meet the 60-day deadline:
    - The committee meets to determine whether to initiate enforcement
    - The committee may determine that enforcement is not justified based on the special district's explanation on why it could not meet the 60-day deadline. If so:
      - The committee will direct committee staff to continue to monitor the special district



# State Monitoring, Noncompliance Reporting, and Enforcement

- The committee may determine that enforcement is justified. If so:
  - The committee may direct the program to, within 60 days:
    - » Declare the special district inactive for dissolution, or
    - » File a petition for enforcement (Leon County circuit court)
  - FY 2015-2016 enforcement actions:
    - Declared one special district inactive for dissolution
    - Filed three petitions for enforcement



# State Monitoring, Noncompliance Reporting, and Enforcement

- The majority of special districts comply with financial reporting requirements by the statutory deadline
- The majority that fail to meet the statutory deadline come into compliance after receiving the technical assistance/warning letter from the program
- Communication is vital:
  - Always let the program know if your special district will miss a filing deadline and the reasons why
  - Keep the program informed of the progress to file



# Technical Assistance Resources

- **Special District Accountability Program:**
  - Jack Gaskins Jr.
    - [Jack.Gaskins@DEO.MyFlorida.com](mailto:Jack.Gaskins@DEO.MyFlorida.com) or 850-717-8430
  - [www.FloridaJobs.org/SpecialDistricts](http://www.FloridaJobs.org/SpecialDistricts)
  - [www.FloridaJobs.org/OfficialList](http://www.FloridaJobs.org/OfficialList) (contact other special districts)
- **Special District Website Requirements:**
  - [www.FloridaJobs.org/SDWebsites](http://www.FloridaJobs.org/SDWebsites)
- **Florida Special District Handbook:**
  - [www.FloridaJobs.org/SpecialDistrictHandbook](http://www.FloridaJobs.org/SpecialDistrictHandbook)
- **Specialty Area Contacts:**
  - [www.FloridaJobs.org/SpecialDistrictHelp](http://www.FloridaJobs.org/SpecialDistrictHelp)

