



Special Districts 101

Special Districts & Basic Reporting Requirements

October 2006

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*Department of Community Affairs
Special District Information Program*

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Target Audience

- Newly hired employees
- Newly elected officials
- All others desiring a special district refresher

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Presentation's Topics

- Special Districts in General
- State Policy
- Special District Information Program's Roles
- Reporting Requirements
 - Importance of compliance
 - Consequences of non-compliance

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Definitions

- A **special district** is a unit of local special-purpose government (e.g., has a governing board with policy-making powers),
 - created by general law, special act, local ordinance, or by rule of the Governor and Cabinet,
 - operating within a limited geographical area.

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Definitions

- A **special district** is not a:
 - County or Municipality
 - School District or Community College
 - Municipal Service Taxing or Benefit Unit
 - Board providing electrical service that is a political subdivision of a municipality or part of a municipality.

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Definitions

- **Special districts** are just like municipalities and counties, except that special districts are units of local special-purpose government, as opposed to units of local general-purpose government.

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Definitions

- As such, Florida’s laws, including the following, apply to **special districts** just as they do to counties and municipalities:
 - Ethics
 - Government-in-the-Sunshine
 - Financial Reporting (bonds, audits, revenues & expenditures, etc.)
 - Board Member Disclosures
 - Retirement System Reporting
 - Truth-in-Millage Reporting



Definitions

- **Status** – For financial reporting and other purposes, special districts are classified as either:
 - **Dependent** (usually created by counties and municipalities, but exceptions apply)
 - **Independent** (usually created by the Florida Legislature, but exceptions apply)



Definitions

- Dependent Special Districts
 - At least one of the following applies: A single county or single municipality . . .
 - has an identical governing board
 - appoints the governing board
 - may remove governing board members at will during un-expired terms
 - approves the budget
 - may veto the budget

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Definitions

- Independent Special Districts
 - Do not have any dependent characteristics
 - May be multi-county

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Special District Advantages

- Municipalities, counties, and the Florida Legislature may create them to provide specific, essential governmental services to address community needs
 - About 100 new special districts are being created each year
- Provide for projected growth by focusing costs only on those benefiting from its services without overburdening other taxpayers and governments

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Special District Advantages

- Governing board can be comprised of appointed and/or elected members who have the expertise to manage its specialized functions.
- May be empowered with bond authority and the ability to generate revenues through methods including ad valorem and non-ad valorem assessments, fees, tolls, sales, leases, and tax-increment financing.



Special District Statistics

- **Totals – October 2006**

- Dependent 597

- Independent 855

- Single County 1,385

- Multi County 67

- Total 1,452**



Special District Statistics

- **Counties with the Most -
October 2006**

- Hillsborough	124
- Broward	89
- Miami-Dade	88
- Palm Beach	88
- Lee	84
- Manatee	58

Liberty County is the only county without any single county special districts



Special District Statistics

- **Most Popular Functions (out of 60 functions)**

October 2006

– Community Development	431
– Community Redevelopment	177
– Water Control	96
– Housing Authorities	93
– Fire Control	69
– Soil and Water Conservation	64

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State Policy

- **All Special Districts . . .**
 - Serve a public purpose and must be held accountable to the public, local general-purpose governments, and state agencies
 - Must comply with financial reporting, which is an essential element of law
 - Must cooperate and coordinate activities with local general-purpose governments and state agencies

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Policy Implementation

- **Florida's Local Government Financial Reporting System**
- **The Uniform Special District Accountability Act of 1989 (Chapter 189, *F.S.*)**

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Florida's Local Government Financial Reporting System

- Timely, accurately, uniformly, and cost effectively collects financial and other information from state agencies, special districts, counties, and municipalities to:
 - Enhance citizen participation in government
 - Improve the financial condition of local governments
 - Provide essential government services in an efficient and effective manner
 - Improve decision making concerning local government issues



The Uniform Special District Accountability Act of 1989

- Centralized location for legislation governing all special districts (e.g., definitions, creation, dissolution, elections, reporting requirements, penalties for noncompliance, etc.)
- Creates the Special District Information Program to administer the Act

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Special District Information Program

- Clearinghouse Functions:
 - continuously gathers and updates special district information and makes it available through the *Official List of Special Districts On-Line*
 - Determines whether an entity is a special district, and if so, its independent or dependent status
 - Maintains a file on each special district



Special District Information Program

- Technical Assistance Functions:
 - Helps non-complying special districts come into compliance through technical assistance letters and telephone calls; when necessary, initiates legal enforcement
 - Updates and publishes the *Florida Special District Handbook*
 - Sponsors training opportunities



Special District Information Program

- One staff person
- Attorney available to help with Chapter 189, *F.S.*, legal questions
- Supported by \$175 annual fee paid by most special districts
 - Annual Special District Fee Invoice and Update Form (October 1)
 - * 20 (1.5%) failed to comply for FY 2006

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Basic Reporting Requirements

- Creation Document & Map
- Registered Agent & Office
- Regular Public Meeting Schedule
- Three Retirement System Reports
- Annual Financial Audit Report
- Annual Financial Report
- Two Bond Reports
- Three Public Facilities Reports

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Basic Reporting Requirements

- **Creation Document & Map (as amended)**
 - ALL special districts file with the Special District Information Program

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Basic Reporting Requirements

- **Registered Agent & Office (name, address, e-mail, telephone, fax number)**
 - ALL special districts must keep this information up-to-date with the Special District Information Program & each local governing authority



Basic Reporting Requirements

- **Regular Public Meeting Schedule (date, time and location of each scheduled meeting)**
 - ALL special districts file with each local governing authority quarterly, semiannually, or annually. *NOTE: additionally, this schedule must be published.*

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Basic Reporting Requirements

- **Three Retirement System Reports must be filed with the *Department of Management Services, Division of Retirement***

** All special districts were in compliance for FY 2005!*

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Basic Reporting Requirements

- **Three Retirement System Reports:**
 - **1. Actuarial Impact Statement for Proposed Plan Amendments**
 - All special districts proposing benefit changes to its defined benefit retirement plan must file when considering plan changes

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Basic Reporting Requirements

- **Three Retirement System Reports:**

- **2. Actuarial Valuation Report**

- All special districts with defined benefit retirement plans must file at least every three years, within 60 days of completion



Basic Reporting Requirements

- **Three Retirement System Reports:**
 - **3. Defined Contribution Report**
 - All special districts with defined contribution retirement plans must file within 60 days of the reporting period ending date

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Basic Reporting Requirements

- **Annual Financial Audit Report**

- **Threshold:**

- Revenues or expenditures greater than \$100,000
 - Revenues or expenditures between \$50,000 and \$100,000, if a financial audit was not required the previous two fiscal years
 - Note: Dependent special districts that are component units (GASB 14, as amended) may be included in the audit of the appropriate county or municipality

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Basic Reporting Requirements

- **Annual Financial Audit Report**

- **Filing Requirement:**

- Two copies with the Auditor General within 45 days after delivery of the audit, but no later than 12 months after the fiscal year end (September 30)

- * 36 (2.9% of those required to file) did not file for FY 2004

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Basic Reporting Requirements

- **Annual Financial Report**
 - (reflects revenues and expenditures)
 - All independent special districts
 - All dependent special districts that are not component units of local general-purpose government
 - All Housing Authorities



Basic Reporting Requirements

- **Annual Financial Report**

- **Filing Requirement:**

- If an audit is required, file one copy with the Department of Financial Services within 45 days after delivery of the audit, but no later than 12 months after the fiscal year end (September 30). Include one copy of the audit.
 - If an audit is not required, file by April 30.

- * 127 (10%) did not file for FY 2004

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Basic Reporting Requirements

- **Two Bond Reports**

- File with the *State Board of Administration, Division of Bond Finance*:

1. **Advanced Notice of Bond Sale** – the day before or sooner when selling certain general obligation or revenue bonds, or closing on any similar long-term debt instrument.

- * 28 (2.7%) failed to comply in 2005.

2. **Bond Information/Disclosure Form** – within 120 days after the delivery of new general obligation bonds, revenue bonds, or any long-term debt that is outstanding for more than 12 months

- * 10 (1%) failed to comply in 2005.



Basic Reporting Requirements

- **Three Public Facilities Reports**

- Most independent districts must file the following with the local general-purpose government in which the district is located:
 1. **Initial Report** (within one year of creation)
 2. **Annual Notice of Any Changes**
 3. **Updated Report** (every five years)

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Failure to Comply

- State agency or local general-purpose government notifies the Special District Information Program

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Failure to Comply

- Program mails a technical assistance letter by certified mail to the registered agent and a copy to the local general-purpose government:
 - Describes required report
 - Lists the statutory deadline, filing address, and contact telephone number
 - Provides a 60-day time extension and explanation of how to request an additional 30-day time extension
 - Covers consequences of failing to comply during the time extension period

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Failure to Comply

- If the report is filed within the 60/90 day time extension period:
 - Take steps to prevent the noncompliance from happening again

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Failure to Comply

- If the report is not filed within the 60/90 day time extension period:
 - Will be deemed final action of the special district. Enforcement will begin.
 - Declare the district inactive for dissolution if the district is no longer in operation; or,
 - Initiate legal action



Failure to Comply

- Legal Action
 - File a Petition in the circuit court
 - Court issues an Order To Show Cause to the special district
 - The special district must pay its travel costs to Tallahassee, since venue for all actions is in Leon County
 - The special districts **ONLY DEFENSE** is that the noncompliance list contained a material error



Failure to Comply

- Legal Action
 - The court orders the special district to file the report. The only appeal would be to the District Court of Appeals, and the only issue would be whether the circuit court judge acted in compliance with the law
 - The court awards the prevailing party its attorney fees and costs (\$400 - \$500)



Failure to Comply

- Avoid Noncompliance Issues!
 - Make sure you understand reporting requirements
 - Maintain a technical assistance telephone list and use it when in doubt
 - Note deadline dates on a calendar
 - If problems arise, inform the appropriate agencies and the Special District Information Program



Questions?

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