



FLORIDA
DEPARTMENT *of*
ECONOMIC
OPPORTUNITY

“Accountability and Transparency in CRA Reporting”
CRA Responsibilities – as Dependent Special Districts
Florida Redevelopment Association’s 2012 Annual Conference

*Presented by: Jack Gaskins Jr., Special District Information Program
Division of Community Development
Thursday, October 25, 2012*



Special District Information Program

Quick Summary

- **Administers the Uniform Special District Accountability Act of 1989 (Chapter 189, Florida Statutes)** – the general provisions for all types of special districts.
- **Ensures the Transparency of Special District Information** - Continuously collects, disseminates, updates, and distributes uniform special district information via the **Official List of Special Districts Online** (www.FloridaJobs.org/OfficialList). Citizens, the private sector, and more than 685 state and local agencies and legislative offices use the list to:
 - ❖ Find out specific information about special districts
 - ❖ Monitor special districts for compliance purposes
 - ❖ Gather financial information and reports
 - ❖ Coordinate activities



Special District Information Program

Quick Summary Continued

➤ Provides Technical Assistance:

- ❖ Assists the ***Florida Association of Special Districts*** with an Annual Conference (June 2013, Weston, Florida – see www.FASD.com)
- ❖ Serves as the state's only centralized source of information about Florida's special districts (clearinghouse responsibilities)
- ❖ Produces and updates the ***Florida Special District Handbook Online***, (www.Florida.Jobs.org/SpecialDistrictHandbook), which includes the following topics:

***Reporting Requirements | Ethics | Government-in-the-Sunshine | Bond Financing
Budget Requirements | Due dates by agency and by month | Links to online resources
Direct agency contact information by specialty | and many more topics . . .***



Special District Information Program

Quick Summary Continued

- Enforces compliance with certain filing requirements
- Does not create, approve, or oversee special districts
- Funded by a \$175 annual fee paid by special districts (invoiced each October)
- Staffed by one person



Introduction to Special Districts

“**Special district**” means 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.

- The term excludes:
 - ❖ School Districts
 - ❖ Community College Districts
 - ❖ Municipal Service Taxing or Benefit Units (MSTU / MSBU)
 - ❖ Seminole and Miccosukee Tribe Special Improvement Districts
 - ❖ Boards providing electrical services that are political subdivisions of a municipality or part of a municipality

Section 189.403(1), *Florida Statutes*



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Introduction to Special Districts

CRAs are special districts because . . .

- CRAs are a local unit of special-purpose government:
 - ❖ They have a collegial body of people sharing prescribed powers and authority (granted by Chapter 163, Part III, Florida Statutes) governing a specialized public function and making public policy decisions (beyond an advisory body)
- CRAs operate within a limited boundary
- CRAs are created by local ordinance
- CRAs are not excluded from the definition



Introduction to Special Districts

Special District Status Distinctions – Dependent and Independent

- For financial reporting and other purposes, special districts are classified as either:
 - ❖ Dependent
 - ❖ Independent
- All CRAs are dependent special districts because they have at least one dependent characteristic.



Introduction to Special Districts

Dependent special districts are under some control by a single county or single municipality and have one or more of the following characteristics:

- County / municipality has the same governing board members as the special district (but always a separate board)
- County / municipality appoints all members to the special district's governing body
- County / municipality may remove any special district board member at will during unexpired terms
- County / municipality approves the special district's budget
- County / municipality may veto the special district's budget

Independent special districts do not have any dependent characteristics.



A “Snapshot” of Florida’s Special Districts

Special District Totals:

- Total Independent: 1,010
- Total Dependent: 644

- Total Single County: 1,583
- Total Multicounty: 71

- Total Active: 1,636
- Total Inactive: 18

- **Grand Total: 1,654**

- Total Dissolved Since 1989: 258



A “Snapshot” of Florida’s Special Districts

A total of 73 special district functions exist. The top five are:

- | | | |
|----|-----------------------------|-----|
| 1. | Community Development: | 579 |
| 2. | Community Redevelopment: | 211 |
| 3. | Housing Authorities: | 93 |
| 4. | Drainage and Water Control: | 87 |
| 5. | Fire Control and Rescue: | 67 |



A “Snapshot” of Florida’s Special Districts

Florida’s special districts are highly diverse:

- Every parcel in Florida is covered by at least one special district.
- Some are very large and operate in multiple counties, such as the Water Management Districts.
- Others serve a small neighborhood by helping residents maintain common areas using all volunteer staff.
- Some operate with millions in funding while some operate with very little funding (less than \$3,000 a year), or no funding at all.
- A total of 251 special districts are more than 50 years old. Florida’s oldest active special district is 99 years old - the Hastings Drainage District.
- A total of 528 special districts are less than 10 years old.



Why are special districts created?

Twelve Popular Reasons Special Districts are Created

Some of these explain why CRAs are set up as a separate unit of local government:

1. Special districts are financing mechanisms the **private and public sectors** can use to construct, operate, and maintain essential capital infrastructure, facilities, and services.
2. Special districts often generate their own revenue to pay for projected growth (such as providing additional services, facilities, and infrastructure) without requiring other all taxpayers - who don't benefit from the special district's services - to pay.
3. Special districts can provide for a governing board of appointed or elected members who have the expertise to govern the special district's specialized function.
4. Special districts allow municipal and county governing boards to focus on general-purpose government issues.



Why are special districts created?

Twelve Popular Reasons Special Districts are Created

5. Special districts provide for a local special-purpose governmental agency with funding, employment, and missions separate from local general-purpose government.
6. Special districts can provide services when growth and development issues transcend the boundaries, responsibilities, and authority of individual municipalities and counties (multi-jurisdictional / regional and multi-county districts).
7. Special districts provide specialized / enhanced local governmental services - often in response to citizen demand - that a municipality or county is unable or unwilling to provide.



Why are special districts created?

Twelve Popular Reasons Special Districts are Created

8. Special districts provide opportunities for citizens to get involved in the governance of their community since it's possible for them to serve on the district's governing board and it's more convenient for citizens to attend governing board meetings, which are usually held near their homes.
9. Special districts protect property values by assuring property owners that their roads, water and sewer systems, and other essential facilities and services will continue to be maintained.
10. Special districts save money for affected citizens by selling tax-exempt bonds, purchasing essential goods and services tax-free, and participating in state programs and initiatives, such as state-term contracting.



Why are special districts created?

Twelve Popular Reasons Special Districts are Created

11. Special districts maintain the financial integrity of the special district by limiting its liability to civil lawsuits and providing state technical assistance and oversight in the event of a financial emergency.
12. **Special districts ensure accountability of public resources, since special districts and their governing boards members are held to the same high standards as municipalities and counties and their governing boards.**



CRA Responsibilities as Dependent Special Districts

Accountability and Oversight



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CRA Responsibilities as Dependent Special Districts

Accountability and Oversight

Office of the Governor - Executive Order 12-10 - Review of Special Districts

- The Governor's Office of Policy and Budget is conducting a "deliberate and thorough examination" of all special districts to make recommendations.
- Focus is on increasing:
 - ❖ Efficiency
 - ❖ Fiscal Accountability
 - ❖ The transparency of operations to the public
- Examining:
 - ❖ Functions and Activities
 - ❖ Annual budgets
 - ❖ Whether existing oversight is sufficient



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CRA Responsibilities as Dependent Special Districts

Accountability and Oversight

Accountability Today - Generally:

- CRAs and their governing boards are held accountable by:
 - ❖ The Uniform Special District Accountability Act (Chapter 189, Florida Statutes), holds all special districts accountable to state and local governments and the citizens they serve by requiring special districts to follow uniform laws and the same accountability laws that counties and municipalities must follow.
 - ❖ Other Laws, for example:
 - ❖ Government-in-the-Sunshine
 - ❖ Ethics
 - ❖ Chapter 163, Part III, Florida Statutes – CRAs limited, explicit authority
 - ❖ Local creation ordinance / resolution requirements



CRA Responsibilities as Dependent Special Districts

Accountability and Oversight

Oversight Today – Generally is the same as counties and municipalities

- Governing boards are responsible for making sure the CRA / county / municipality complies with all requirements.
- Citizens
- Depending on the issue, state and local agencies have limited oversight and enforcement authority (next section covers more detail):
 - ❖ CRA's Local Governing Authority (County / Municipality)
 - ❖ Special District Information Program - certain reporting requirements
 - ❖ Financial Emergencies - Governor's Office, Inspector General
 - ❖ Florida Department of Law Enforcement - criminal issues
 - ❖ Local State Attorney - public record violations
 - ❖ Florida Commission on Ethics - ethics violations



CRA Responsibilities as Dependent Special Districts

Eight Important Requirements



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CRA Responsibilities as Dependent Special Districts

Eight Important Requirements

Provide three general filings to the Special District Information Program:

1. **Creation Ordinance and Boundary Map as amended** - The state needs to know that the CRA exists – file within 30 days
2. **Registered Agent and Registered Office Information (name, address, phone, fax, email, official website)** - The state and your local governing authority needs to know how to contact the CRA – maintain and update when making any change.
3. **Annual Update Form and Special District Fee** - Annually review and update the CRAs information as it appears in the Official List of Special Districts Online and pay the annual special district fee (\$175).



CRA Responsibilities as Dependent Special Districts

Eight Important Requirements

4. Adopt a regular public meeting schedule quarterly, semiannually, or annually:

- CRA governing board meetings must be open to the public so the citizens and media can observe the board's discussions, deliberations, and formal actions.
 - ❖ Specify the date, time and location of each scheduled meeting.
 - ❖ Include a statement that anyone wanting to appeal an official decision made on any subject at the meeting must have a verbatim record of the meeting that includes the testimony and evidence on which the appeal is based.
 - ❖ Publish in the legal notices and classified advertisement section of a newspaper of general paid circulation in which the CRA is located.
 - ❖ File with your local governing authority – If municipality, file at the place they designate; if county, file with the Clerk of the Board of County Commissioners.



CRA Responsibilities as Dependent Special Districts

Eight Important Requirements

5. The CRAs governing board must adopt an annual budget by resolution:

- The CRA's budget must be contained within the general budget of the county / municipality unless they agree to a separate budget.
- Post tentative budget online at least two days before the budget hearing.
- Post final budget online within 30 days after adoption.
- OK to amend the budget during the fiscal year or up to 60 days after the fiscal year.
- Never spend money unless it is authorized by the adopted budget and the charter / law under which the special district operates.
- David Ward will cover more budget requirements.



CRA Responsibilities as Dependent Special Districts

Eight Important Requirements

6. File Bond Financing Reports, as applicable:

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

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

<https://www.sbafla.com/issue>



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CRA Responsibilities as Dependent Special Districts

Eight Important Requirements

7. Comply with the Annual Financial Audit Report Requirement:

- The threshold requiring a financial audit is met when:
 - ❖ CRA annual revenues or annual expenditures exceed \$100,000, or
 - ❖ CRA annual revenues or annual expenditures fall between \$50,000 and \$100,000 and the CRA has not had an audit the previous two fiscal years . . .
- Since CRAs are dependent special districts, the financial audit of a CRA may be included in the financial audit of the CRA's local governing authority.
- CRAs must cooperate with their local governing authority during the audit process.

David Ward will cover audit requirements in more detail.



CRA Responsibilities as Dependent Special Districts

Eight Important Requirements

8. Comply with the Annual Financial Report Requirement:

- The following governmental entities must electronically file a separate **Annual Financial Report** each year on the Department of Financial Services web site:
 - ❖ All Counties
 - ❖ All Municipalities
 - ❖ All Independent Special Districts
 - ❖ All Dependent Special Districts that are not “component units” *

* Component unit is defined in the Governmental Accounting Standards Board Statement No. 14 - The Financial Reporting Entity (Issued 6/91). Generally, Community Redevelopment Agencies **are** “component units”.



CRA Responsibilities as Dependent Special Districts

Eight Important Requirements

8. Comply with the Annual Financial Report Requirement (Continued)

- The information they submit electronically includes their:
 - ❖ Annual Revenues
 - ❖ Annual Expenditures
 - ❖ Annual Long-Term Liabilities
- Counties and municipalities must include these figures for their component units – but separately from their own figures.
- Since CRAs are component units, counties and municipalities must include separate figures for their CRAs.



CRA Responsibilities as Dependent Special Districts

Eight Important Requirements

8. Comply with the Annual Financial Report Requirement (Continued)

- This means that the county / municipality will need specific financial data from the CRA in order to meet the filing deadline, which is:
 - ❖ Within 45 days after delivery of their financial audit
 - ❖ But no later than 9 months after the fiscal year end, which is June 30
- The CRAs deadline for providing financial data to the county / municipality will likely be well before those deadlines. **The CRA must cooperate and comply with the requirements and deadlines specified by the county / municipality.**



CRA Responsibilities as Dependent Special Districts

Eight Important Requirements

8. Comply with the Annual Financial Report Requirement (Continued)

- Each year, the Department of Financial Services must compile all this financial data for use by the Legislature, the Governor, various state and local officials, the media, and citizens. This data is available online.
- In addition, each year the Department of Financial Services must provide a list to the Legislature that shows all the counties, municipalities, and special districts that did not comply with the requirement to file their financial data by the deadline. This list is also available online:
 1. Visit <https://apps.fldfs.com/LocalGov/Reports>
 2. Select a year
 3. Select “Non-Compliant Governments”
 4. Click on “Get Report”



CRA Responsibilities as Dependent Special Districts

Eight Important Requirements

8. Comply with the Annual Financial Report Requirement (Continued)

Unfortunately, CRAs appear on this noncompliance list every year.

CRAs in Noncompliance with the AFR by Year									
2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
4	9	20	16	19	14	18	9	9	13



CRA Responsibilities as Dependent Special Districts

Eight Important Requirements

8. Comply with the Annual Financial Report Requirement (Continued)

- Why do CRAs appear as noncompliant?
 - ❖ The Department of Financial Services is unable to find the CRA in the local governing authorities report.
- When that happens, the Department of Financial Services must assume the CRA will be filing it separately.
- If the CRA's report does not arrive by the June 30 deadline, they must report the CRA as noncompliant.



CRA Responsibilities as Dependent Special Districts

Eight Important Requirements

8. Comply with the Annual Financial Report Requirement (Continued)

- When CRAs are noncompliant, Department of Financial Services staff will contact the CRA and / or the county / municipality. The following reasons for noncompliance are commonly heard:
 - ❖ The county / municipality forgot to ask the CRA for its financial data.
 - ❖ The CRA provided its financial data to the county / municipality by the deadline but the local governing authority forgot to include it.
 - ❖ The county / municipality thought the CRA would be filing their own Annual Financial Report with the Department of Financial Services.
 - ❖ The county / municipality asked the CRA for its financial data but the CRA did not provide it by the deadline so they had to exclude the CRA's financial data.



CRA Responsibilities as Dependent Special Districts

Eight Important Requirements

8. Comply with the Annual Financial Report Requirement (Continued)

➤ Common Reasons for CRA Noncompliance (Continued):

- ❖ The financial audit was behind schedule so the CRA or county / municipality did not have its audited financial data in time to report it.
- ❖ Someone confused the Annual Financial Report with something else. The Annual Financial Report is NOT:
 - ❖ The Financial Statements
 - ❖ The Annual Financial Audit Report
 - ❖ The Annual Budget
 - ❖ The Annual Report of the CRA's Activities to Taxing Entities
 - ❖ The Annual Special District Fee (\$175) Invoice and Update Form



CRA Responsibilities as Dependent Special Districts

Eight Important Requirements

8. Comply with the Annual Financial Report Requirement (Continued)

- Avoid those problems!
 - ❖ Establish clear communication with the finance department in your county / municipality.
 - ❖ Find out exactly what they need from the CRA and when they need it.
 - ❖ Follow-up to make sure they included the CRA as a dependent special district in their report **BEFORE JUNE 30**. Verify on the Department of Financial Services website.
 - ❖ Just to be sure, on July 1, check the Department of Financial Services website to see if the CRA is listed as noncompliant. If so, contact the finance department so they can quickly resolve the problem.



Enforcement When Noncompliance Occurs

When a CRA does not cooperate with the county / municipality:

- The county / municipality must take whatever applicable / appropriate steps it deems necessary to enforce accountability, including:
 - ❖ Withholding funds from the CRA
 - ❖ Removing CRA board members
 - ❖ Vetoing the CRAs budget
 - ❖ Initiating the formal “Oversight Review Process” of the CRA to help the county / municipality determine whether the CRA should continue to exist, what its future roles should be, and whether any other changes are needed.
 - ❖ Amending, merging, or dissolving the CRA



Enforcement When Noncompliance Occurs

When a CRA does not comply with . . .

- Filings with the Special District Information Program and Bond Financing Forms
 - ❖ Certified technical assistance letter with copy to county / municipality chair
- The annual special district fee (\$175)
 - ❖ Up to \$50 in late fees / referral to collection agency and additional fees
- Public Meeting Schedule
 - ❖ Action taken at meeting(s) not properly noticed can be invalidated



Enforcement When Noncompliance Occurs

When a CRA does not file . . .

- The Annual Financial Report and/or the Annual Financial Audit Report (for example, when the CRA was not included in the county / municipality report for any reason and therefore needs to file separately):
 - ❖ The Department of Financial Services / Auditor General / Joint Legislative Auditing Committee will notify the Special District Information Program.
 - ❖ The Program will mail a certified technical assistance letter to the CRA and copy the county / municipality to help the CRA comply. The letter requires compliance within 60 days.
 - ❖ Fortunately, most special districts file the missing report within the 60 days.
 - ❖ Unfortunately, each year a few special districts do not comply within 60 days.



Enforcement When Noncompliance Occurs

Joint Legislative Auditing Committee Action:

- The Joint Legislative Auditing Committee meets to discuss all counties, municipalities, and special districts that are not in compliance to determine whether to initiate enforcement, based on individual circumstances.
- If enforcement is justified, the Joint Legislative Auditing Committee directs state agencies to initiate enforcement.
- When enforcement concerns a county or municipality that is not in compliance:
 - ❖ The Joint Legislative Auditing Committee directs the Department of Revenue and the Department of Financial Services to withhold revenue sharing funds not pledged for bond debt service satisfaction until the county or municipality complies with its financial reporting requirements.



Enforcement When Noncompliance Occurs

Joint Legislative Auditing Committee Action (Continued):

- When enforcement concerns a special district, such as a CRA, that is not in compliance:
 - ❖ The Joint Legislative Auditing Committee directs the Special District Information Program to initiate enforcement through the circuit court.
 - ❖ The Program must file a petition for writ of certiorari with the circuit court in Leon County.
 - ❖ A hearing is scheduled before a judge in Leon County.
 - ❖ Unless the court determines a material error occurred (the CRA did in fact file the report and the list from the Joint Legislative Auditing Committee was incorrect), the court will issue a writ of certiorari ordering the CRA to produce the missing report by a specified date.



Take Steps to Avoid Noncompliance

The Florida Special District Handbook Online:

- Reporting Requirements By Due Date
- Reporting Requirements By Agency and Agency Contacts

www.FloridaJobs.org/SpecialDistrictHandbook

Never hesitate to call if you have any questions or problems.



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Annual Financial Report Questions?

Department of Financial Services

Local Government Section

(850) 413-5571

LocalGov@MyFloridaCFO.com



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Chapter 163, Part III, Florida Statutes, Questions?

The CRA's Legal Counsel

Carol Westmoreland

Florida Redevelopment Association



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Special District Related / Any Other Questions?

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