

# Special District Basics

## June 10, 2009 Webinar

*Presented by  
Jack Gaskins Jr.*

*Department of Community Affairs  
Special District Information Program*

# Presentation's Topics

- Special Districts in General (definitions, reasons for creating them, statistics)
- Special Districts - State Policies
- Special District Information Program
- Basic Reporting Requirements
- Failure to Comply / Technical Assistance

# What is a special district?

- Special districts are similar to municipalities and counties except that special districts are units of **special-purpose** government as opposed to units of **general-purpose** government  
(special districts govern a specific public function through a governing board with policy making powers)

# What is a special district?

- Special districts are created by general law, special act, local ordinance, or by rule of the Governor and Cabinet
- Special districts operate within a limited geographical area

# Excluded from the definition

- School districts
- Community college districts
- Seminole and Miccosukee Tribe special improvement districts
- Municipal Service Taxing or Benefit Units
- Boards providing electrical service that are a political subdivision of a municipality or part of a municipality

# Status: Independent & Dependent

- 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)

# Dependent Status

- At least one of the following applies:
  - The special district's governing board members are the same as those of a city or county
  - A city or county appoints the special district's governing board members
  - A city or county may remove the special district's governing board members at will during un-expired terms
  - A city or county approves the special district's budget
  - A city or county may veto the special district's budget

# Independent Status

- The special district does not have any dependent characteristics
- The special district may be located in more than one county

# Why do we have special districts?

- Create a governing board of appointed or elected members who have the expertise to focus on the specific community needs and issues the special district is addressing
- They provide more opportunities for citizens to get involved in government at the community level 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
- Allow municipalities and counties to focus on general government issues

# Why do we have special districts?

- Generate money to pay for projected growth without putting an excessive burden on other taxpayers and governments, since only those who benefit from the special district's services are required to pay
- Ensure accountability of public resources, since special districts are held to the same high standards as cities and counties (e.g., ethics, Government-in-the-Sunshine, reporting, financial disclosure laws)

# Why do we have special districts?

- Protect property values by assuring property owners that their roads, water and sewer lines, and other essential facilities and services will continue to be maintained
- 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 do we have special districts?

- Maintain the financial integrity of the special district by limiting its liability to civil lawsuits and providing state assistance in the event of a financial emergency
- Recruit qualified employees by offering governmental employment benefits and incentives, such as possible participation in the Florida Retirement System

# Special Districts - Totals

	<u>June 2008</u>	<u>June 2009</u>
Dependent	600	616
Independent	996	1,013
Single County	1,527	1,560
Multi-County	69	69
<b>Total</b>	<b>1,596*</b>	<b>1,629*</b>

**\*Ten districts dissolved during this time.**

# Special Districts – Most Popular

Function (out of 59)	06/08	06/09
Community Development	570	582
Community Redevelopment	183	200
Drainage & Water Control	96	96
Housing Authorities	92	93
Fire Control & Rescue	65	66
Soil & Water Conservation	63	63

# Special Districts – Counties with the Most

County	06/08	06/09
Hillsborough	135	139
Miami-Dade	99	103
Lee	98	98
Palm Beach	93	94
Broward	90	92
Manatee	73	75

# Special Districts & State Policies

- Special districts . . .
  - Serve a public purpose and must be held accountable to:
    - the public
    - counties and municipalities
    - state agencies
  - Must comply with financial reporting
  - Must cooperate and coordinate activities with cities and counties and state agencies

# How special districts are held accountable:

- **The Uniform Special District Accountability Act of 1989 (Chapter 189, F.S)**
  - 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

# Special District Information Program

- Is not an “oversight” program
- Is a technical assistance and clearinghouse program to help ensure that special districts are a viable part of Florida’s communities:
  - helps special districts remain accountable to state and local government and citizens
  - Provides technical assistance to special districts when notified of certain non-compliance issues; when necessary, initiates legal enforcement
  - Maintains the [Florida Special District Handbook Online](#) to help special districts comply with the requirements of Chapter 189, Florida Statutes
  - Sponsors training opportunities

# Special District Information Program

- Helps citizens understand:
  - Special districts in general
  - What they can do when they are unhappy with a special district's decision or policy
- Helps counties and municipalities:
  - Understand how they can address community issues and generate revenues through special districts
  - Coordinate financial and other reporting with special districts

# Special District Information Program

- Helps more than 685 state and local agencies coordinate activities and monitor special districts by:
  - Continuously gathering and updating special district information and making it available through the [Official List of Special Districts Online](#)
  - Determining whether an entity is a special district, and if so, its independent or dependent status (for financial reporting and other purposes)

# Special District Information Program

- One staff person
- Attorney available to help with Chapter 189, Florida Statutes, legal questions
- Supported by \$175 annual fee paid by most special districts
  - Annual Special District Fee Invoice and Update Form (October 1)

# 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

# Basic Reporting Requirements

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

# Basic Reporting Requirements

- Registered Agent & Office (name, address, e-mail, telephone, fax number)
  - **ALL** special districts must keep this information up-to-date with:
    - Special District Information Program
    - The city (City Clerk) or county (Clerk of the Circuit Court) in which the district is located

# Basic Reporting Requirements

- Regular Public Meeting Schedule (date, time and location of each scheduled meeting)
  - **ALL** special districts must publish this schedule and file it quarterly, semiannually, or annually, with:
    - The city (City Clerk) or county (Clerk of the Circuit Court) in which the district is located

# Basic Reporting Requirements

- Three Retirement System Reports if applicable:
  1. Actuarial Impact Statement for Proposed Plan Amendments
  2. Actuarial Valuation Report
  3. Defined Contribution Report
    - File with Department of Management Services, Division of Retirement

# 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

# Basic Reporting Requirements

- Annual Financial Audit Report
  - File with:
    - Auditor General (two copies) within 45 days after delivery of the audit, but no later than 12 months after the fiscal year end (September 30)

# Basic Reporting Requirements

- Annual Financial Report (reflects revenues, expenditures, and long-term liability)
  - All independent special districts must file directly with the Department of Financial Services
  - All dependent special districts that are not a *component unit* of a city or county must file directly with the Department of Financial Services
  - All dependent special districts that are a *component unit* of a city or county must make their financial information available to the city or county in time to be included in their Annual Financial Report

# Basic Reporting Requirements

- Annual Financial Report is due:
  - If an audit is required:
    - 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:
    - By April 30

# Basic Reporting Requirements

- Annual Financial Report
  - File electronically with the Department of Financial Services at:
    - [myfloridacfo.com/aadir/localgov](http://myfloridacfo.com/aadir/localgov)

# Basic Reporting Requirements

- Two Bond Reports
  - File electronically with the State Board of Administration, Division of Bond Finance at:

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

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
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

# Basic Reporting Requirements

- Three Public Facilities Reports
  - Most independent districts must file the following with the municipality or county in which the district is located:
    - Initial Report (within one year of creation)
    - Annual Notice of Any Changes
    - Updated Report (every five years)

# Failure to Comply

- If any of these are not filed with the local governing authority (City Clerk or Clerk of the Circuit Court) in which the district is located . . .
  - Registered Agent & Office
  - Regular Public Meeting Schedule
  - Public Facilities Reports
- Or any of these with the appropriate state agency . . .
  - Annual Financial Audit Report
  - Annual Financial Report
  - Bond Reports
  - Creation Document & Map, as amended
  - Retirement System Reports

# Failure to Comply

- State Agency or local general-purpose government notifies the Special District Information Program
- Program mails a certified technical assistance letter to the district and coordinates a time extension to comply
- If directed by the Joint Legislative Auditing Committee, Program initiates legal proceedings through the Circuit Court

# Failure to Comply

- Avoid “Failure to Comply” in the first place!
  - Make sure you understand reporting requirements
  - Maintain a technical assistance contact list and use it when in doubt
  - Note deadlines on a calendar
  - If problems arise, inform the appropriate agencies in writing and copy the Special District Information Program and Joint Legislative Auditing Committee

# Questions?

Jack Gaskins Jr.

Direct: (850) 922-1457

Fax (850) 410-1555

[Jack.gaskins@dca.state.fl.us](mailto:Jack.gaskins@dca.state.fl.us)

[www.FloridaSpecialDistricts.org](http://www.FloridaSpecialDistricts.org)

Department of Community Affairs  
Special District Information Program  
2555 Shumard Oak Boulevard  
Tallahassee, Florida 32399-2100