

**JOINT LEGISLATIVE
AUDITING COMMITTEE
MEETING**

**MARCH 9, 2009
4:00 p.m. to 6:00 p.m.
309 The Capitol**

Meeting Packet

AGENDA
JOINT LEGISLATIVE AUDITING COMMITTEE

DATE: Monday, March 9, 2009

TIME: 4:00 p.m. to 6:00 p.m.

PLACE: Room 309 Capitol

MEMBERS: Senator Alex Diaz de la Portilla, Chair
Representative Marti Coley, Alternating Chair

Senator Larcenia J. Bullard	Representative Joseph Abruzzo
Senator Andy Gardiner	Representative Charles McBurney
Senator Jeremy Ring	Representative Scott Randolph
Senator Stephen R. Wise	Representative Ron Schultz

-
1. Reappointment of Gary R. VanLandingham, Ph.D., Director, Office of Program Policy Analysis and Government Accountability (OPPAGA) pursuant to Joint Rule 4.1(7)
 2. Continuation of discussion concerning local governmental entities that have not filed their annual financial reports as required by Section 218.32, F.S., and audit reports as required by Section 218.39, F.S.
 3. Request by Senator Charles S. Dean for an Auditor General audit concerning the Citrus Memorial Hospital Board created by Special Act of the Legislature.
 4. Presentation and discussion of Auditor General Report 2009-102, Citizens Property Insurance Corporation - Operational Audit
 5. Other Committee business

AGENDA ITEM 1



The Florida Legislature

OFFICE OF PROGRAM POLICY ANALYSIS AND GOVERNMENT ACCOUNTABILITY



RESEARCH MEMORANDUM

Fiscal Impact of OPPAGA Recommendations 1998-2009

March 5, 2009

As requested, this memo provides information on the potential and realized fiscal impact of OPPAGA recommendations during my tenure as Director (2003 through the present) and the preceding five years (1998 through 2002). During the entire period, OPPAGA's published reports included policy options and recommendations with a total potential fiscal impact of \$2.2 billion, of which \$791 million has been proposed during my tenure as Director (see Attachment A). Since 1998, the state has saved \$857 million by adopting policy options and recommendations from OPPAGA's reports, of which \$562 million has been saved during my tenure (see Attachment B). Additional savings and avoided costs totaling \$1.4 billion have been realized during my tenure through implementation of policy options proposed in other OPPAGA products (research memoranda and *Sharpening the Pencil* and performance reviews of school districts).¹

OPPAGA research projects are directed by the Legislature

Whenever possible, OPPAGA studies include a focus on identifying potential savings that can be attained through streamlining program operations and/or discontinuing activities that provide limited value for taxpayers. All OPPAGA research projects are initiated through legislative directives, including provisions of bills and appropriations proviso enacted during legislative sessions and requests approved by the Joint Legislative Auditing Committee or legislative leadership. OPPAGA generally provides its findings and recommendations in response to these directives through published reports that are distributed to all legislators, relevant legislative staff, and the media. In addition, OPPAGA is frequently asked by legislators, leadership, and authorized committee staff to research issues of current concern and we generally provide the requested information through research memoranda that are given to the requesting member and legislative leadership; at times we provide the requested information in other formats.²

¹ *Sharpening the Pencil* and performance reviews of school districts were funded between 1998 and 2003 and were conducted in 30 of the state's 67 school districts during this period. Some of these studies were conducted by consultants under contracts managed by OPPAGA, and other studies were conducted by OPPAGA staff.

² For example, OPPAGA has recently worked with the Senate and House appropriations committees to develop a spreadsheet which identifies and profiles all activities funded in each agency's appropriation base budget, including data on the statutory authorization and funding level for each activity, available unit cost data, and relevant OPPAGA and Auditor General findings. OPPAGA plans to maintain this base budget data within the Florida Government Accountability Report (FGAR) to provide legislators with continuing access to this information for future budget deliberations.

Gary R. VanLandingham, Ph.D., Director

111 West Madison Street ■ Room 312 ■ Claude Pepper Building ■ Tallahassee, Florida 32399-1475
850/488-0021 ■ FAX 850/487-9083
www.oppaga.state.fl.us

OPPAGA also provides research support services to the Joint Legislative Sunset Committee as directed by statute to assist in its sunset reviews of state agencies and their programs; our findings and recommendations are provided through research memoranda provided to the Committee and legislative leadership.

The scope of each OPPAGA project is determined by the specific legislative request and varies greatly. For example, among the projects directed in 2008, we were mandated to examine the feasibility of creating a universal free breakfast program for all public school students; evaluate the effectiveness of pretrial release programs administered by judicial circuits; assess the continued need for the Pinellas Park Water Management District; and review the Corporate Income Tax Credit Scholarship Program and its impact on the state budget. Our annual Business Plan, provided to leadership and all legislators each June, identifies the research projects that OPPAGA has been directed to undertake as of that date (see Attachment C for the 2008 Business Plan, which shows the range of issues OPPAGA was directed to examine during Fiscal Year 2008-09). The projects listed in the plan are regularly supplemented throughout the year as additional studies are directed by leadership and the Joint Legislative Auditing Committee.³

OPPAGA studies place an emphasis on identifying policy options that can produce savings. For example, OPPAGA recently reported that legislative appropriations for high school acceleration programs substantially exceed school districts' costs for providing these classes, and we provided options the Legislature could use to reduce this annual appropriation by between \$25 million and \$30 million, depending on the option implemented (Report No. 09-12). We also recently reported that the Legislature could downsize the state's Executive Aircraft Pool to save up to \$1.8 million annually (Report No. 08-57). OPPAGA's research memoranda also frequently identify cost savings and avoidance opportunities. For example, a January 2009 research memorandum assessed the Department of Education's budget request for school district capital outlay funds to meet the Class Size Amendment requirements. The memorandum concluded that the department's request substantially overstates funding needs, and that the Legislature could meet the Class Size Amendment requirement through an appropriation of \$816,000 rather than the \$284.7 million requested by the department, a cost avoidance of \$283.6 million.

While OPPAGA generally does not assess revenue options, we have done so in two areas per legislative direction. First, when examining regulatory programs, we determine whether they are self-supporting through user fees as required by Ch. 2006-93, *Laws of Florida*; if the programs are not self-supporting, we generally identify options for both modifying user fees to cover program costs and reducing program activity levels to those supported by existing fees. Second, the Joint Legislative Auditing Committee has annually directed OPPAGA to identify opportunities to enhance the earning capacity of the Florida Lottery; our reports have correspondingly identified options for expanding Lottery games to maximize its transfers to the Educational Enhancement Trust Fund.

³ The annual business plan does not list projects that OPPAGA conducts for legislators and committees that result in research memoranda.

OPPAGA's published reports have identified policy options with a potential fiscal impact totaling \$2.2 billion since 1998

OPPAGA regularly provides the Legislature with summary information on its recommendations. As directed by Joint Rule 6 of the Joint Rules of the Florida Legislature, OPPAGA annually publishes an annotated listing of statutory and fiscal changes recommended by the office, which is provided to each legislator and committee in December of each year. The annotated listing includes all recommendations with fiscal impact proposed in OPPAGA reports during the year, as well as recommendations made in prior years that we believe merit ongoing legislative consideration. Attachment A updates this listing with those recommendations issued after November 2008.

There are several important factors to consider when identifying the total potential fiscal impact of OPPAGA's recommendations. First, our reports often provide a range of policy alternatives for the Legislature to consider and the fiscal impact associated with each alternative. As some alternatives are mutually exclusive, it is not appropriate to simply add the fiscal impact of all alternatives. As an example, OPPAGA's 2008 Sunset Review memorandum on the Department of Environmental Regulation's recreational programs identified a range of policy options the Legislature could consider for the program. These options ranged from continuing to purchase new recreational lands, to suspending new land purchases for a year, to selling those state-owned lands that have low visitation, are costly to maintain, and/or have low recreational, cultural, or environmental value. The memorandum identified the fiscal impact of each alternative to help inform the Legislature's policy choice.

In addition, OPPAGA has at times assessed policy options in multiple reports to provide updated information to the Legislature. For example, the Joint Legislative Auditing Committee has directed OPPAGA to annually review the Florida Lottery and identify options for maximizing Lottery revenues. OPPAGA's annual reports assess a wide range of alternatives such as authorizing video lottery terminals, which would generate substantial revenues but also expand legalized gambling and produce substantial social costs. Each year's report provides updated estimates of the fiscal impact of these policy options. Summing the fiscal impact of alternatives identified in multiple years would overstate the potential fiscal impact of these actions.

Also, OPPAGA's reports provide the estimated fiscal impact of policy options based on conditions that existed when the research was done. As these conditions can change over time, the fiscal impact of the policy options can also change, particularly if several years have elapsed since a report was issued. Caution thus needs to be exercised when assuming that the level of potential savings identified in an older report can be realized at the current time. However, as requested, OPPAGA provides updated fiscal impact estimates when the Legislature has expressed interest in pursuing such recommendations in subsequent years.

As shown in Exhibit 1, OPPAGA reports from 1998 through the present have included recommendations that have a potential total fiscal impact of \$2.2 billion, of which \$791 million has been identified during my tenure as Director. Approximately one-quarter of the potential fiscal impact represents general revenue funds, with the remainder representing various trust funds. During my tenure, OPPAGA has placed a higher priority in identifying potential general revenue savings, and of all the potential general revenue savings, 60% have been identified during this period.

Exhibit 1

Published OPPAGA Reports Have Identified Policy Options with a Potential Fiscal Impact of Over \$2.2 Billion Since 1998

	1998-2002	2003 to Present	Total
General Revenue	\$222,206,205	\$343,317,637	\$565,523,842
Trust Funds	\$1,188,011,783	\$448,043,421	\$1,636,055,204
TOTAL	\$1,410,217,988	\$791,361,058	\$2,201,579,046

Source: OPPAGA analysis.

In addition, OPPAGA's other research products have identified and assessed policy options with a potential fiscal impact of \$12.5 billion.⁴

Realized savings from OPPAGA's reports total almost \$857 million since 1998

While there are several constraints in identifying the savings that have been achieved through implementation of OPPAGA recommendations, available information indicates that these savings have totaled approximately \$857 million for recommendations made in published reports since 1998.

There are several caveats in identifying the fiscal impact of OPPAGA's work. Most importantly, we do not have complete information on the status of all recommendations. We track implementation of most recommendations for only two years, which is the time period typically covered by progress reports that we issue as required by s. 11.51(6), *Florida Statutes*, to inform the Legislature of the status of issues addressed in our original published reports. Progress reports issued in 2008 found that the Legislature and agencies had implemented 72% of OPPAGA's recommendations within this time period.⁵ However, we know that implementation of recommendations tends to increase over time as the Legislature considers the options in subsequent sessions and agencies have more time to implement recommended management actions. As a result, progress report data tends to understate total savings achieved over time. Also, we typically do not track implementation of policy options proposed in research memoranda, which are not subject to the provisions of s. 11.51(6), *Florida Statutes*, and we have limited information on the savings realized through the *Sharpening the Pencil* reviews of school districts.⁶ Thus, the data provided in Exhibit 2 relates only to recommendations provided in published OPPAGA reports.

In some cases, it is relatively easy to calculate the fiscal impact achieved from OPPAGA recommendations. For example, the 2008 Legislature adopted an OPPAGA recommendation to eliminate the Return for Transfers of Interest in Real Property Form which was intended to provide the Department of Revenue with property tax sales data for its analysis of county tax rolls. OPPAGA had reported that this form was of little use to the department because the

⁴ This includes \$5.6 billion in policy options proposed in research memoranda; \$1.9 billion in policy options proposed in Sunset Review memoranda; \$202 million in policy options proposed in *Sharpening the Pencil* reviews of school districts; and \$4.8 billion in policy options proposed in research memoranda for appropriations committees.

⁵ Section 11.51(6), *F.S.*, requires agencies to report the status of recommendations within 18 months of release of an OPPAGA report, and we subsequently issue progress reports to inform the Legislature of the status of issues discussed in our initial report.

⁶ As provided by law, OPPAGA conducted follow-up studies to gauge implementation of recommendations in only ten of these districts, which had voted to pursue state designation as adopting the state's Best Financial Management Practices. These districts reported achieving \$79.2 million in savings.

information was often unreliable and/or incomplete and was available elsewhere. The Legislature in Ch. 2008-24, *Laws of Florida*, eliminated use of the Return for Transfers of Interest in Real Property Form, and the February 2008 Revenue Estimating Conference determined this action would increase state annual documentary stamp tax revenues by \$11.5 million and reduce Department of Revenue recurring general revenue expenses by \$35,000.⁷

In other cases, it is harder to estimate savings from implemented recommendations. For example, Senate Bill 1908, enacted by the 2008 Legislature, implemented several OPPAGA recommendations to reduce the need for higher education remediation by requiring high schools to evaluate students for college readiness and to provide remedial instruction before students graduate from high school. Our 2006 report (Report No. 06-40) found that 78% of students attending community colleges and 10% of students attending public universities required remediation at a cost of \$118.3 million during 2004-05. While the Legislature's actions will help to substantially reduce college remediation expenses, we cannot estimate annual realized savings without conducting an extensive analysis of college transcripts of future students to determine how remediation needs and costs are changed over time.

Finally, as noted above, in many cases OPPAGA reports provide a range of policy options and their potential cost savings, and the Legislature chooses to adopt some but not all of these steps. Accordingly, only a portion of the total potential savings is achieved. It is also important to recognize that policy options often are generated from multiple sources. Accordingly, it would be incorrect to presume complete causality and that no legislative action would have occurred if OPPAGA had not assessed and presented the policy options.

As shown in the table below, identified savings that have been achieved through implementation of recommendations made in OPPAGA's published reports total approximately \$857 million since 1998. Most (66%) of this amount was saved during my tenure as Director; realized savings during my tenure represent 71% of the total potential fiscal impact identified in reports during this period.

Exhibit 2

Implemented OPPAGA Recommendations Have Produced \$857 Million in Savings Since 1998

	1998-2002	2003 to Present	Total
General Revenue	\$132,594,314	\$171,934,217	\$304,528,531
Trust Funds	161,938,443	390,480,998	552,419,446
TOTAL	\$294,532,762	\$562,415,215	\$856,947,977

Source: OPPAGA analysis.

In addition, available information indicates that implementation of policy options identified and assessed in OPPAGA's other research products have resulted in savings and cost avoidances of \$1.4 billion.⁸ However, we do not have information on the implementation of budget reduction alternatives identified by OPPAGA during Special Session 2009A.

⁷ Tax collectors formerly retained 1% of documentary stamp revenues to cover their costs of processing the forms; these funds will instead be submitted to the state and be available for other uses.

⁸ This includes \$1.33 billion in cost savings and avoidances achieved through implementation of policy options identified and assessed in research memoranda (with reduction in the level of appropriations needed to meet Class Size Amendment requirements the largest item in this category); \$5.55 million in cost savings and avoidances achieved through implementation of policy options identified and assessed in Sunset Review memoranda, and \$79.25 million in savings reported by school districts through adoption of *Sharpening the Pencil* reviews.

The largest cost savings achieved over this period from implemented OPPAGA recommendations was to modify the Medicaid preferred drug list, which included cost-effective therapeutic options, step therapies, and prior authorizations of drugs not on the preferred list; adopting this recommendation in 2005 produced \$292 million in recurring savings. Another recent implemented recommendation occurred in January 2009 when the Florida Lottery joined the multi-state Power Ball game; this policy option had been proposed for several years in OPPAGA's annual report on opportunities to increase the Lottery's earning potential. The Office of Economic and Demographic Research estimated that joining Power Ball will increase Lottery transfers to the Educational Enhancement Trust Fund by \$85.5 million annually.

Attachment B lists the implemented OPPAGA recommendations and policy options and their related fiscal impact.

Attachment A

OPPAGA Policy Options with Fiscal Impact That Could be Considered by the 2009 Legislature

Policy Area/Recommendation	Annual Fiscal Impact	Annual Fees/Revenue	One-Time Fiscal Impact
Criminal Justice			
Sex Offender Address Verification. To reduce costs, the Florida Department of Law Enforcement could limit its address verification mailing to those local law enforcement agencies that request it to eliminate duplication and reduce costs in this process. <u>Report No. 08-60</u>	\$10,800		
Community-Based Programs for Delinquent Girls. The Legislature could establish three additional pilot programs for girls, including Family Integrated Transitions, a joint project between PACE and Dialectical Behavior Therapy, and an intensive MST Mental Health/MST-Children of Abuse and Neglect project. When 47 beds that are no longer needed after implementation of these programs are cut, the potential cost avoidance is \$1,863,900, the alternative program cost is \$1,292,085, and net cost savings is \$571,815. <u>Report No. 08-41</u> highlights the intensive MST Mental Health/MST-Children of Abuse and Neglect project as a priority to meet current departmental needs, if Redirection were to be expanded. Costs to serve 24 girls in this priority program are estimated at \$484,080, and projected cost savings for this portion of the recommendation are approximately \$300,000 when compared to residential commitment. <u>Report No. 08-13; Report No. 08-34; Report No. 08-41</u>	\$571,815		
Restore Redirection Program Funding. The Legislature could consider restoring funding for the Redirection Program that was lost in the 2008 budget cuts, if resources permit. This would enable the program to serve an additional 184 youth in counties that have a Redirection Program and result in an annual potential cost savings of \$2.1 million. <u>Report No. 08-41</u>	\$2,073,186		
Expand Redirection in Underserved Counties. The Legislature could expand the Redirection Program into counties currently underserved by Redirection. This would allow the program to serve 360 youth in traditional Redirection and provide transition and aftercare services in partnership with residential programs for another 110 youth from those counties currently in residential programs; the potential cost avoidance would be \$4.1 million. <u>Report No. 08-41</u>	\$4,059,140		
Expand Redirection for Gang-Involved Youth. The Legislature could expand the Redirection Program to serve 576 gang-involved youth before they reach the point of being eligible for a residential commitment program. This could potentially avoid annual costs of \$342,761. <u>Report No. 08-41</u>	\$342,761		
Economic Development, Environment, and Transportation			
Commission Public Relations and Outreach Activities. The Legislature could reduce funding for public relations and outreach activities in the Fish and Wildlife Conservation Commission's Office of the Executive Director and eliminate funding for the Florida Wildlife Magazine. <u>Report No. 08-73</u>	\$831,549		
Commission Public Relations and Outreach Staff. The Legislature could reduce the staffing for the Fish and Wildlife Conservation Commission's public relations and outreach activities. <u>Report No. 08-73</u>	\$415,583		
Right-of-Way Condemnation Cases. The Legislature could reform the process used in transportation right-of-way condemnation cases to limit payments for landowners' litigation costs and business damages and bring Florida's process closer to that used by other states. <u>Report No. 99-02; Report No. 01-48; Report No. 06-18</u>	\$20,000,000		
Overweight Motor Carrier Fines. To deter commercial motor carriers from deliberately overloading vehicles and ensure that those who overload pay their fair share of state road resurfacing costs, the Legislature could revise s. 316.545, <i>F.S.</i> , to establish higher and graduated penalties for weight violations. The Legislature could also revise s. 316.545, <i>F.S.</i> , to provide for increasingly higher penalties for those offenders who are caught a second and third time violating the state's weight limitations. <u>Report No. 98-86; Report No. 01-45</u>		\$33,000,000	

Policy Area/Recommendation	Annual Fiscal Impact	Annual Fees/ Revenue	One-Time Fiscal Impact
Chapter 2006-93, <i>Laws of Florida</i> , expresses the Legislature's intent that fees charged by state agencies for providing a regulatory service or regulating a profession or business cover the costs of the regulatory service or oversight. The law requires that each state agency annually review its fees through the Legislative Budget Request process and that the Legislature review the regulatory fee structure for all businesses and professions at least once every five years. The implementation status of the recommendation listed below may be affected as agencies and the Legislature conduct these reviews.			
Motor Vehicle Dealer and Manufacturer Fees. Compliance and enforcement activities such as licensing motor vehicle dealers and manufacturers, conducting rebuilt motor vehicle inspections, and VIN identification, are not self-sufficient and must be subsidized by vehicle registration and title fees. Increasing fees to the entities or individuals being regulated would eliminate the need to be subsidized by other programs. Report No. 01-03		\$2,500,000	
Education			
Advanced Placement Incentive Funding. The Legislature could reduce Advanced Placement incentive funding to be in line with program costs. Report No. 09-12	\$25,400,000		
School Breakfast and Inspections. The Legislature could eliminate funding for school breakfast programs and cafeteria inspections. Report No. 09-04	\$7,720,849		
Lottery Retailers. Increasing the number of retail sales terminals has the potential to increase revenues by making lottery products more readily available to residents and tourists. The Lottery should continue to expand its retailer network to increase sales distribution and revenues by routinely acquiring information on potential retailers in order to improve its recruitment efforts. Report No. 07-09; Report No. 08-19		\$37,000,000	
Lottery Games. We identified a number of policy options the Legislature could consider that would increase Lottery earnings and subsequent transfers of proceeds to the educational enhancement trust fund. However, many of these options would involve an expansion of legalized gambling, which would have many policy implications. New games that attract new players have the greatest potential to substantially increase revenues to the Florida Lottery and the Educational Enhancement Trust Fund. Report No. 02-11; Report No. 04-01; Report No. 04-80; Report No. 06-04; Report No. 07-09; Report No. 08-19			
Video Lottery Terminals. Players use video terminals that can be programmed to play casino-style games such as poker, blackjack, and bingo, or simulate mechanical slot machines or roulette wheels. Potential recurring transfers to education range from \$464 million to \$1.3 billion per year.		\$464,000,000 to \$1.3 billion ⁹	
Keno. On-line lottery game in which players choose as many as 16 numbers from a panel of 80 numbers in the hope of matching their choices to those drawn by the central computer at Lottery headquarters. Similar in principle to other on-line games, but it is more frequent (usually every five minutes) and normally played in a social setting, such as a bar or restaurant. Potential recurring transfers to education range from \$41 million to \$309 million per year.		\$41,000,000 to \$309,000,000 ¹	
Lottery Leased Office Space. The Lottery should continue to explore ways to reduce costs for leasing office space by developing a detailed cost-benefit analysis and plan including options to make efficient use of its headquarters building as well as to move to another location. The Lottery should continue to report its progress at least annually to the Governor, Legislature, and OPPAGA. Report No. 02-11; Report No. 04-01; Report No. 04-80; Report No. 06-04; Report No. 07-09; Report No. 08-19	\$884,000 ^{1, 10}		

⁹ Amounts related to policy area recommendations have been revised since the original OPPAGA report was issued.

¹⁰ Recommendation has been partially implemented.

Policy Area/Recommendation	Annual Fiscal Impact	Annual Fees/Revenue	One-Time Fiscal Impact
<p>Lottery Prize Redemption. The Lottery should continue to evaluate and implement cost-effective prize redemption options as resources and time permit. In response to the previous recommendation in Progress Report No. 04-01, the Lottery conducted a pilot study in September 2003 on centralizing its prize redemption function. The Lottery reported inconclusive evidence to determine whether the savings outweighed the potential lost sales from closing district offices. The Lottery incurs high costs to redeem winning tickets relative to the volume of transactions processed at nine district offices. The vast majority of redemptions at district offices are for prizes worth less than \$600. To reduce costs, the Lottery could discontinue redeeming these tickets at its district offices. The original estimate of potential cost savings associated with centralizing this function or having third parties redeem these tickets was \$1,600,000. <u>Report No. 02-11; Report No. 04-01; Report No. 04-80</u></p>	\$1,600,000 ¹¹		
<p>Financial Incentives Could Reduce Excess Credit Hours. To reduce costs associated with excess hours in community colleges, the Legislature could provide incentives for institutions or students to reduce excess hours. These include:</p> <ul style="list-style-type: none"> ▪ creating a shared savings incentive program in which community colleges retain a portion of the cost savings associated with a reduction in excess hours (\$4 million annual savings); and ▪ instituting higher tuition rates for students who accumulate excess hours above the legislative standard (\$80.8 million annual savings). <u>Report No. 05-30; Report No. 07-37</u> 	\$4,000,000 to \$80,800,000		
<p>Excess Credit Hours. The Legislature could charge university students a higher cost per credit hour for excess hours. The state could save \$29 million annually if students who take more than 115% of the credit hours needed for graduation were required to pay a higher tuition cost for these excess hours. Alternatively, the state could save \$37 million annually if the Legislature set the credit hour limit at 110% of graduation requirements. To reduce excess credit hours, the 2005 Legislature passed Senate bill SB2236, which would have required students to pay 75% of the actual cost of credit hours beyond 120% of the hours required for their degree. The Governor vetoed the bill due to concerns that higher tuition would negatively affect students' completing their degrees. Similar legislation was considered during the 2006 legislative session but did not pass. <u>Report No. 03-31; Report No. 04-44; Report No. 06-58</u></p>	\$29,000,000 to \$37,000,000 ¹²		
<p>Improving Residency Determination for Postsecondary Tuition. The present statutory language requiring a 12-month time period in the state prior to eligibility for "qualification" is ambiguous and often interpreted as referring to the time spent since a student first came to the state to enroll. To clarify this requirement, the Legislature could amend Florida law to require that students (or their parents if the students are dependents) must maintain legal residence in the state for at least 12 months immediately prior to their initial enrollment or registration at a Florida public postsecondary institution to be eligible for classification for in-state residency. To address this issue, the 2005 Legislature passed Senate bill SB2264, which contained this recommendation but was vetoed by the Governor. This amendment could have resulted in an estimated annual gain of up to \$58.5 million in additional revenue, assuming that these individuals remained enrolled, and required the student to reside in Florida for 12 months while not enrolled in an educational institution.</p> <p>A second less restrictive option would not require a student to leave the educational institution for a year but require the eligibility criteria as described above. A nonresident student may be reclassified as a resident if the individual can provide evidence of having established a permanent domicile in Florida for a 12-month period by the purchase of a home, or gainful employment in Florida, or financial independence supporting 51% of the true cost of living expenses. <u>Report No. 03-29; Report No. 05-41</u></p>	\$56,500,000		
<p>Bright Futures Academic Eligibility. The Legislature could raise existing Bright Futures academic eligibility requirements (high school coursework, high school GPA, or college entrance examination scores) which would reduce the number of recipients and program costs. The savings for Florida Academic Scholar-level recipients ranges from \$1.9 million to \$14.4 million and for the Florida Medallion Scholar-level recipients \$4.3 million to \$43.5 million, depending on course type and required GPA/SAT levels. <u>Report No. 04-23</u></p>	\$1,900,000 to \$43,500,000		

¹¹ OPPAGA estimated an annual savings of \$1.6 million from centralizing prize redemptions functions. Accordingly, the Legislature reduced the Lottery appropriation by \$1.6 million for Fiscal Year 2003-04. The Lottery implemented the budget reduction by eliminating vacant and non-critical positions and through some district office considerations, rather than centralizing all prize redemption functions. The Lottery also piloted not redeeming prizes in some offices and reported inconclusive evidence to determine whether the savings outweighed the potential lost sales from closing district offices.

¹² These savings will not accumulate annually at this rate but will diminish because it is expected that students will take fewer excess hours in each subsequent year.

Policy Area/Recommendation	Annual Fiscal Impact	Annual Fees/ Revenue	One-Time Fiscal Impact
<p>Bright Futures Financial Eligibility. The Legislature could establish a financial means criterion for Bright Futures eligibility which would reduce the number of recipients and program costs. This would have the effect of changing Bright Futures from a merit-based scholarship to one that is provided only to high performing students whose families have financial need and may not be able to afford to send their students to college. The level of cost reduction would vary substantially depending on the net income test established. For example, restricting Bright Futures scholarships to families with incomes under \$128,820 (\$90,000 higher than the Florida median income level) would reduce costs by less than \$1 million. Establishing a \$38,820 income limit (the Florida median income level) would reduce cost by \$16.7 million, while an \$88,820 income limit (\$50,000 higher than the Florida median income level) would reduce costs by \$3.1 million. <u>Report No. 04-23</u></p>	<p><\$1,000,000 to \$16,700,000</p>		
<p>Bright Futures Scholarship Renewal Requirement. The Legislature could raise the college grade point average (GPA) required for Bright Futures scholarship renewal which would reduce the number of recipients and program costs. The savings for Florida Academic Scholar-level recipients ranges from \$1.1 million to \$3.7 million and for the Florida Medallion Scholar-level recipients \$4.2 million to \$23.8 million, depending on the required GPA levels. <u>Report No. 04-23</u></p>	<p>\$1,100,000 to \$23,800,000</p>		
<p>Bright Futures Renewal Credit Hours. The Legislature could raise the college credit hours per term required for Bright Futures scholarship renewal which would reduce the number of recipients and program costs. Cost reductions are estimated to range from \$5.1 million to \$22.2 million annually. The estimates were generated by calculating the estimated percentage of students affected using state university and community college data to the 2002-03 scholarship recipient eligibility and disbursement data. <u>Report No. 04-23</u></p>	<p>\$5,100,000 to \$22,200,000</p>		
<p>Bright Futures Flat Rate Scholarships. The Legislature could establish a flat rate for scholarships frozen at current average award levels which would reduce program costs. Cost reductions are estimated to range from \$4.8 million to \$15.3 million, based on multiplying the number of recipients of each scholarship level times the average award at that level. The lower number in the range is for a flat rate applied only to new scholarship recipients, and the higher number assumes the flat rate is applied to all recipients. <u>Report No. 04-23</u></p>	<p>\$4,800,000 to \$15,300,000</p>		
<p>Bright Futures Percentage of Tuition and Fees. The Legislature could lower the percentage of tuition and fees covered by the program which would reduce program costs. Bright Futures awards are based on a percentage of tuition at public schools and universities. If the Legislature reduced the percentage 5%, this action would save \$3.6 million in Florida Academic Scholar awards and \$6.5 million in combined Florida Medallion Scholar and Gold Seal Vocational awards, or a total of \$10.1 million per each 5% incremental reduction, assuming that the same incremental reduction would be applied to all recipients regardless of scholarship level. A 25% reduction would be estimated to save \$50.5 million annually. <u>Report No. 04-23</u></p>	<p>\$10,100,000 to \$50,500,000</p>		
Government Operations			
<p>Lemon Law Program. The Legislature could revise s. 681.109, <i>Florida Statutes</i>, to place full responsibility for screening Lemon Law arbitration requests with the Office of the Attorney General. <u>Report No. 01-51; Report No. 04-29; Report No. 06-51; Report No. 08-33</u></p>	<p>\$32,700</p>		
<p>Farmers' Markets. To help the state farmers' market system improve its effectiveness and achieve self-sufficiency, the Department of Agriculture and Consumer Services could close several farmers' markets and/or combine with them with others and implement planned efficiency improvements. <u>Report No. 01-60; Report 04-28</u></p>	<p>\$161,200^{13, 14}</p>		

¹³ Amounts related to policy area recommendations have been revised since the original OPPAGA report was issued.

¹⁴ Recommendation has been partially implemented.

Policy Area/Recommendation	Annual Fiscal Impact	Annual Fees/ Revenue	One-Time Fiscal Impact
Chapter 2006-93, <i>Laws of Florida</i> , expresses the Legislature's intent that fees charged by state agencies for providing a regulatory service or regulating a profession or business cover the costs of the regulatory service or oversight. The law requires that each state agency annually review its fees through the Legislative Budget Request process and that the Legislature review the regulatory fee structure for all businesses and professions at least once every five years. The implementation status of the recommendations listed below may be affected as agencies and the Legislature conduct these reviews.			
Department of Health Food Safety Program Fees. To meet the legislative intent that regulatory programs be self-supporting and reduce reliance on general revenue and other funds used to subsidize food safety programs, we recommend that the Department of Health actively pursue its current proposals to redistribute inspection workload and increase program revenues. In addition, we recommend that the department consider increasing revenues by raising fees for follow-up inspections. <u>Report No. 08-67</u>	\$5,008,890		
Department of Agriculture and Consumer Services Food Safety Program Fees. To reduce the Department of Agriculture and Consumer Services' Food Safety Program's need for general revenue funding, we recommend that the department monitor whether recent fee increases enable its program to become self-supporting from regulatory fees as intended by the Legislature. In addition, we recommend that the department consider increasing revenues by raising fees for follow-up inspections. <u>Report No. 08-67</u>	\$618,176		
Consumer Protection Program Fees. To reduce the Consumer Protection Program's need for general revenue funding, the Legislature could require the department to establish program fees at a level sufficient to cover its costs for pesticide regulation, motor vehicle repair shop regulation, and weights and measures regulation. This would require amendments to s. 487.041, <i>Florida Statutes</i> , and Rule 5E-9.028, <i>F.A.C.</i> , to modify pesticide regulation fees. It would also require the Legislature to amend s. 559.904, <i>F.S.</i> , to modify motor vehicle repair shop registration fees. The Legislature could also amend Ch. 531, <i>F.S.</i> , to authorize the department to establish weighing and measuring device registration fees. <u>Report No. 01-51; Report No. 04-29</u>		\$3,831,550 ^{15, 16}	
Food Establishment Fees. If the Legislature wishes to discontinue subsidizing the Division of Food Safety's expenditures from other sources of revenue, the Department of Agriculture and Consumer Services should revise Rule 5K-4.020, <i>F.A.C.</i> , to assess food establishment permit fees at levels needed to cover division costs. Fully implementing this change would likely require the Legislature to revise statutes to increase food establishment fee caps. <u>Report No. 01-53; Report No. 03-57</u>		\$2,100,000 ^{7, 8}	
Dairy Product Fees. To reduce the amount of general revenue needed to cover the costs of dairy regulation, the Legislature could amend statutes to authorize the Department of Agriculture and Consumer Services to assess a dairy product inspection fee levied at the bulk delivery point and to charge a reinspection fee. If fees were established at levels needed to cover direct and indirect costs, the Food Safety and Quality Program would no longer need general revenue for this function. <u>Report No. 01-53; Report No. 03-57</u>		\$1,800,000 ⁷	
State Employee Parking Fees. State employee parking fees have not been raised since 1972. Annual revenues from these fees do not cover the cost of administering, maintaining, and providing security for parking facilities in the Florida Facilities Pool. Fee revenues also do not cover any of the costs associated with constructing parking facilities and acquiring land on which to build them. Further, the Department of Management Services is not complying with statutory requirements to establish a fee for scramble permits. Raising parking fees would help the Facilities Program recover more of its costs and could have the effect of reducing employee demand for parking and encouraging use of alternative modes of transportation. <u>Report No. 96-88; Report No. 98-82</u>		\$3,700,000 ⁷	
Health and Human Services			
Prior Service Authorization Contracts. The Legislature could direct the Agency for Persons with Disabilities (APD) to eliminate contracts for prior service authorization for an annual savings of \$1.9 million. Since 2001, APD has contracted with vendors to ensure that client service plans and additional service requests are necessary for meeting client needs. These contracts should be unnecessary once the new client needs assessment and budget process is established. <u>Report No. 08-15</u>	\$1,900,000 ^{7, 8}		

¹⁵ Amounts related to policy area recommendations have been revised since the original OPPAGA report was issued.
¹⁶ Recommendation has been partially implemented.

Attachment B

Implemented OPPAGA Cost Saving Recommendations Since 1998

Prior Report Numbers	Recommendation	Fiscal Impact Implemented	Fiscal Impact Implemented	
			General Revenue	Trust Funds
98-08	Agencies reassigned state-owned vehicles that were inappropriately assigned.	\$5,110,000	\$2,610,000	\$2,500,000
99-08	The Department of Transportation increased the use of electronic toll collection by toll facility patrons.	3,800,000		3,800,000
99-08	The Department of Transportation privatized remaining toll collector positions.	1,121,328		1,121,328
99-08	The Department of Transportation reduced the number of toll collection supervisory staff after electronic toll collection was fully implemented.	50,705		50,705
98-20	The Department of Health consolidated administrative services to improve efficiency of services and avoid costs.	693,221	201,034	492,187
98-32	The Legislature eliminated the Enterprise Florida Capital Development Board.	229,882	229,882	
98-76	The Department of Labor and Employment Security combined the Division of Workers Compensation and the Division of Safety to improve operational efficiencies.	500,000		\$500,000
98-76	The Department of Labor and Employment Security and the Agency for Health Care Administration coordinated workers' compensation medical benefits regulatory processes to eliminate duplicative or overlapping activities.	1,000,000		1,000,000
98-76	The Department of Labor and Employment Security stopped reviewing and monitoring self-insurers' financial stability and instead relied on the efforts of the Florida Self-Insurer Guaranty Association, Inc.	130,000		130,000
98-76	The Legislature rescinded the statutory requirement that injured workers attempt to resolve any workers' compensation dispute through the Department of Labor and Employment Security's Employee Assistance Office prior to filing a Petition for Benefits.	3,600,000		3,600,000
98-82	The Department of Management Services further privatized services in buildings owned or leased by the state.	550,884		550,884
98-87	The Florida Highway Patrol revised patrol car purchasing practices.	25,811	25,811	
99-10	The Department of Revenue obtained clarification as to Florida's eligibility for additional federal financial participation for costs associated with converting local depositories to the CLERC System and for CLERC System operational expenses.	500,000		500,000
99-29	The Department of Transportation closed its central maintenance warehouse and used best business practices to provide supplies.	672,989		672,989
00-17	The Department of Children and Families transferred some developmentally disabled clients to less costly private and community settings.	5,300,000	2,120,000	3,180,000
00-23	The Department of Corrections improved its fleet management.	586,962	586,962	
00-23	The Department of Corrections restructured its assistance to the courts.	340,000	340,000	
00-23	The Legislature re-appropriated unused fixed capital outlay funds for Department of Corrections to other uses within the department.	7,700,000	7,700,000	
00-23	The Legislature expanded the 100-hour transition program for inmates leaving prison to additional institutions.	3,500,000	3,500,000	
00-24	The Child Support Enforcement Program reduced public assistance costs through statewide implementation of a sanctioning process against public assistance recipients who fail to cooperate with the program.	10,000,000	5,000,000	5,000,000
00-24	The Department of Revenue closed inactive cases that meet federal case closure criteria to maximize its eligibility for federal incentive funding.	2,000,000	2,000,000	
01-03	The Department of Highway Safety and Motor Vehicles reduced over-sampling of tax collectors' title paperwork.	145,000		145,000
01-10	The Legislature reduced the budget for Medicaid prescription drugs by requiring the implementation of a drug formulary and other cost containment pharmacy initiatives.	206,336,952	104,488,125	101,848,727
01-15	The Department of Labor and Employment Security encouraged workers' compensation insurance carriers to submit information electronically.	2,000,000		2,000,000
01-24	The Medicaid Options Program restructured its activities to reduce costs.	1,700,000	238,000	1,462,000

Prior Report Numbers	Recommendation	Fiscal Impact Implemented	Fiscal Impact Implemented	
			General Revenue	Trust Funds
01-35	The Department of Management Services reduced the number of federal surplus property facilities.	\$163,128		\$163,128
01-35	The Department of Management Services established a central vehicle maintenance contract.	800,000		800,000
01-45 98-86	The Department of Transportation adopted federal driving time standards for all intrastate carriers.	3,000,000		3,000,000
02-06	The Legislature eliminated the Occupational Access and Opportunity Commission.	350,000	73,500	276,500
02-11	The Legislature reduced the transfer requirement for Lottery scratch-off games.	30,000,000		30,000,000
02-11	The Lottery offered tickets with which players win instantly by "breaking open" the ticket to reveal whether they have won a prize instead of scratching off the covering.	2,000,000		2,000,000
02-15	The Legislature phased out recycling and education grants that are no longer needed to help establish county recycling programs.	3,336,000	3,336,000	
02-55	The Department of State required candidates to file campaign finance reports using an Internet-based application.	187,500	187,500	
03-13 00-24	The Child Support Enforcement Program increased recovery of administrative expenses to reduce the reliance on general revenue.	1,500,000	1,500,000	
03-27	The Legislature reduced the budget for Medicaid prescription drugs as a result of additional guaranteed savings from manufacturers that participate in the "value-added" program.	16,034,275	6,586,880	9,447,395
03-27	The Legislature reduced the budget for Medicaid prescription drugs as a result of modifications to the preferred drug list, which include cost-effective therapeutic options, step therapies, and prior authorizations of drugs not on the preferred drug list.	291,970,803	90,000,000	201,970,803
03-27 04-34	The Legislature required the Agency for Health Care Administration to eliminate "value-added" contracts and instead require all drug companies to negotiate cash rebates.	85,200,000	35,000,000	50,200,000
04-01 02-11	The Lottery implemented the multi-state game of Powerball.	85,500,000		85,500,000
04-16	School districts increased their Medicaid reimbursements for eligible children in the Exceptional Student Education Program.	3,049,239	3,049,239	
04-28 01-60	The Department of Agriculture and Consumer Services reduced direct support to Florida State Fair.	90,000		90,000
04-48 02-70	The Legislature authorized the Division of Administrative Hearings to bill for services that had been provided at little or no charge.	77,054		77,054
04-48 02-70	The Division of Administrative Hearings began assessing the Workers' Compensation Appeals Program for administrative support services.	435,431		435,431
04-80 04-01	Lottery sublet a portion of its excess warehouse space.	60,000		60,000
05-18 03-28	School districts purchased state-adopted instructional materials in three county pilot programs.	84,000	84,000	
06-07	The Legislature reduced the budget for Medicaid prescription drugs by expanding the State Maximum Allowable Cost Program.	6,100,000	2,515,640	3,584,360
06-07	The Legislature reduced the budget for Medicaid prescription drugs by implementing a recurring methodology that includes enhancements to supplemental rebate collections and expansions to State Maximum Allowable Cost pricing.	11,839,103	5,086,890	6,752,213
06-08	The Legislature discontinued the Educators Professional Liability Program.	1,400,000	1,400,000	
06-34	The Legislature expanded the Department of Juvenile Justice Redirection Program's eligibility requirements.	2,081,831	1,873,648	208,183
06-34 06-13	The Legislature diverted juvenile offenders from commitment programs into the Redirection Program.	405,355	364,820	40,536
06-39	The Department of Management Services provided training in using the People First data warehouse and retired the COPES legacy system.	387,000	387,000	
08-46 04-56	The Department of Business and Professional Regulation increased collection of tobacco taxes from Internet and mail order sales.	1,000,000		1,000,000

Prior Report Numbers	Recommendation	Fiscal Impact Implemented	Fiscal impact implemented	
			General Revenue	Trust Funds
07-09	The Lottery expanded the retailer network to increase revenue.	\$24,000,000		\$24,000,000
07-10 03-76	The Legislature expanded the Redirection Program to divert juvenile offenders from residential commitment to therapy-based community programs.	26,554,000	23,898,600	2,655,400
08-57	The Department of Management Services sold one of the three planes in the Executive Aircraft Pool.	1,459,623		1,459,623
TOTALS		\$856,947,977	\$304,528,531	\$552,419,446

Please see:

<http://www.oppaga.state.fl.us/>

for Attachment C –
OPPAGA Business Plan
2008-2009

JEFF ATWATER
President



Senator Larcenia Bullard
Senator Andy Gardiner
Senator Jeremy Ring
Senator Stephen R. Wise

THE FLORIDA LEGISLATURE
JOINT LEGISLATIVE AUDITING COMMITTEE

Senator Alex Diaz de la Portilla, Chair
Representative Marti Coley, Alternating Chair

March 3, 2009

RAY SANSOM
Speaker



Representative Joseph Abruzzo
Representative Charles McBurney
Representative Scott Randolph
Representative Ron Schulz

Gary R. VanLandingham, Ph.D., Director
Office of Program Policy Analysis and Government Accountability
111 West Madison Street, Room 312
Tallahassee, Florida 32399-1475

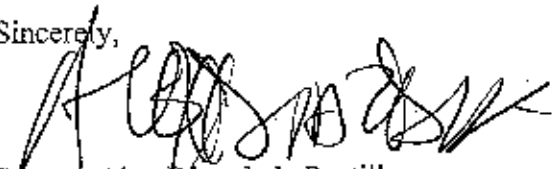
Dear Dr. VanLandingham:

As was evident from the questions raised by members of the Joint Legislative Auditing Committee at its February 16th meeting, your office's efforts in assisting the Legislature in addressing the state's budget crisis are paramount. To this end, I am requesting that you provide the following information to me prior to the committee's next meeting:

- The total potential fiscal impact of recommendations and policy options identified by OPPAGA over your tenure (2003 to present) and the preceding five years (1998 through 2002);
- The fiscal impact of recommendations and policy options identified by OPPAGA that have been implemented by the Legislature and state agencies over these periods;
- A listing of costs savings recommendations and policy options identified by OPPAGA in its reports that you believe merit consideration by the 2009 Legislature.

In addition, please feel free to suggest any changes to either the statutes or Joint Rule that govern OPPAGA that you believe would enhance the effective functioning of your office. Thank you in advance for your prompt attention and your service to the Florida Legislature.

Sincerely,


Senator Alex Diaz de la Portilla
Chair

ADLP:ch

JEFF AIWATER
President



Senator Larcenia Bullard
Senator Andy Gardiner
Senator Jeremy Ring
Senator Stephen R. Wise

THE FLORIDA LEGISLATURE
JOINT LEGISLATIVE AUDITING COMMITTEE

Senator Alex Diaz de la Portilla, Chair
Representative Marti Coley, Alternating Chair

RAY SANSOM
Speaker



Representative Joseph Abruzzo
Representative Charles McBurney
Representative Scott Randolph
Representative Ron Schultz

REVIEW OF
GARY R. VANLANDINGHAM, Ph.D.,
DIRECTOR

OFFICE OF PROGRAM POLICY
ANALYSIS AND GOVERNMENT
ACCOUNTABILITY (OPPAGA)

*By the Staff of the
Joint Legislative Auditing Committee*

February 2009

Background

This report is provided as required by Joint Rules of the Florida Legislature. Joint Rule 4.1(7) requires the Joint Legislative Auditing Committee (Committee) to review the performance of the director of the Office of Program Policy Analysis and Government Accountability (OPPAGA) every four years and submit a report to the Legislature recommending whether the director should be reappointed. Section 11.511(1)(a), F.S., states, in part, that the reappointment of a director is subject to confirmation by a majority vote of the Senate and the House of Representatives.

OPPAGA, created by the Legislature as a part of the Government Performance and Accountability Act of 1994 (Ch. 94-249, L.O.F.), is responsible for conducting performance evaluations and policy analyses of state government programs and providing other assistance to the Legislature. OPPAGA's mission is to "support the Florida Legislature by providing evaluative research and objective analyses to promote government accountability and the efficient and effective use of public resources."¹

Pursuant to s. 11.511(1)(a), F.S., Gary VanLandingham was appointed by the Committee as OPPAGA's Director on January 24, 2005.² As further required by law, his appointment was confirmed by the Legislature with the approval of HCR 1127 by the Senate on April 6, 2005.³

Prior to his appointment as Director, Dr. VanLandingham⁴ had served as the Interim Director of OPPAGA since July 2003, for a total of 18 months. From 1996 to 2003, he served as the Deputy Director of OPPAGA under the leadership of John Turcotte. He served as a Policy Coordinator for OPPAGA from 1992 to 1996. During the preceding 10 years, 1982 to 1992, he served in various positions in the Program Audit Division of the Office of the Auditor General. This division was the predecessor to OPPAGA.

Dr. VanLandingham has a Bachelor's Degree in Political Science from the University of Florida and a Master's Degree in Public Administration/Program Evaluation from Florida State University (FSU). He is also a Certified Internal Auditor and has completed training at the Legislative Staff Management Institute. In 2006, he was awarded a Ph.D. from FSU's Askew School of Public Administration and Policy. His dissertation examined legislative oversight agencies across the country and the extent to which their work products are used by state legislatures.⁵ Since earning his doctorate, Dr. VanLandingham has taught several graduate seminars in government administration and policy analysis at the Askew School and published several academic articles.

¹ www.opaga.state.fl.us/about.html

² Section 11.511(1)(a), F.S., requires, in part, that the Legislative Auditing Committee appoint an OPPAGA director by a majority vote of the committee. The appointment is subject to confirmation by a majority vote of the Senate and House of Representatives. At the time of appointment, the director is required to have 10 years' experience in policy analysis and program evaluation.

³ HCR 1127 was reported favorably by the House of Representatives on March 15, 2005.

⁴ Gary VanLandingham was awarded his Ph.D. after his appointment as OPPAGA's Director.

⁵ Gary Ryan VanLandingham. *A Voice Crying in the Wilderness - Legislative Oversight Agencies' Efforts to Achieve Utilization*. 2006.

During the 2005 process to appoint an OPPAGA Director, the Committee did not advertise for the position or consider other candidates. Dr. VanLandingham was highly regarded and had demonstrated excellent leadership abilities during his service as OPPAGA's Deputy Director and Interim Director. The Committee unanimously passed a motion to appoint him as OPPAGA's Director. During his appearance before the Committee, Dr. VanLandingham stated that as Interim Director he "worked to expand several goals, including expanding OPPAGA's research services and support to legislators, leadership and committees; promoting closer coordination between OPPAGA and legislative leadership and committees to make our research services more accessible and to ensure that our reports are meeting with the Legislature's information needs."⁶ He also explained that he had initiated the use of e-alerts to provide legislators and staff with information about OPPAGA reports the day prior to their publication to help prepare them for any questions they may receive from the media. He streamlined internal operations in order to maximize OPPAGA's research capacity and expedite the release of their products. This change reportedly resulted in increasing their research production by about 30% over the previous 18 months. OPPAGA redesigned the Florida Government Accountability Report (FGAR), an on-line desktop encyclopedia of state government, and began issuing it in printed form. In addition, OPPAGA hosted the 2004 National Legislative Program Evaluation Society (NLPEs)⁷ Conference in Tallahassee, which was attended by more than 250 legislative staff nationwide representing about 30 states.

During his career Dr. VanLandingham has also been very involved with professional associations. He has served in various capacities with the National Conference of State Legislatures (NCSL). Currently, he is serving a one-year term as NCSL's Staff Chair representing 36,000 state legislative staff across the country; this is the highest staff position within NCSL. During 2007, he served as NCSL's Staff Vice-Chair, also a one-year position. Since 2003, he has served on the NCSL Legislative Staff Coordinating Committee and as a member of the NCSL Executive Committee. In 2008, he was elected President of the North Florida Chapter of the American Society for Public Administration for 2008-09, and he has previously served as the Chair of the National Legislative Program Evaluation Society and the President of the Southeastern Evaluation Association.

Dr. VanLandingham has also received personal recognition for his accomplishments. In 2006, he received the Raul P. De Guzman Award for Outstanding Doctoral Seminar Paper from the Askew School. In 2007, he received the Leadership Achievement Award from the American Society for Public Administration North Florida Chapter. In 2000, while serving as OPPAGA's Deputy Director, he was the recipient of the NCSL Legislative Staff Achievement Award.

About OPPAGA

OPPAGA's current budget is \$8,522,368.⁸ It has had 92 authorized positions since 2003; however, 15 of these positions are currently unfunded due to the state's budget shortfall. Turnover in OPPAGA is generally 10-15% per year. Dr. VanLandingham stated that "most of

⁶ Joint Legislative Auditing Committee Meeting, January 24, 2005.

⁷ NLPEs is a staff section of the National Conference of State Legislatures.

⁸ OPPAGA's current budget is 15.6% less than the \$10,108,004 initially appropriated for fiscal year 2007-08 in Ch. 2007-72, L.O.F., reflecting the state's ongoing budget shortfalls.

the staff who leave OPPAGA do so to accept excellent offers from other employers; agencies (state, nonprofit, and federal) often seek out OPPAGA staff due to the office's reputation."

Dr. VanLandingham stated that he believes "in setting high organizational goals and standards, demonstrating personal adherence to these principles, placing the right people in key positions, and empowering them to perform their jobs without micromanaging." He further stated that he believes "in a flat organization with a minimum of bureaucracy, open communication, and accountability for results." His management team consists of a Deputy Director, a General Counsel, and the Staff Directors for OPPAGA's five policy areas: Criminal Justice; Economic Development, Environment and Transportation; Education; Government Operation; and, Health and Human Services. Although OPPAGA's staffing and funding have been reduced over the past year or so, the demand for OPPAGA's services has not decreased. Dr. VanLandingham has addressed this in several ways, including streamlining the internal structure of OPPAGA to provide as many staff hours as possible working directly on projects.

Dr. VanLandingham emphasizes the importance of an open line of communication as a way to prevent potential difficulties. He discussed steps he has taken to strengthen communication with three groups: OPPAGA staff, legislators and staff, and agencies and other groups reviewed by OPPAGA. Although Committee staff have observed the effectiveness of OPPAGA's informal lines of communication between all levels of OPPAGA's staff, there are also regularly scheduled meetings between various staff levels. Dr. VanLandingham and his Deputy Director meet with the Staff Directors as a group on a weekly basis to discuss projects and other issues. Once each month a similar group meeting is held that also includes the Chief Analysts as well as the Staff Directors. In addition, the Director and Deputy hold biweekly meetings for each policy area with its staff director and chiefs to discuss project progress in detail. The Director and Deputy also meet on a quarterly basis with representatives of all policy areas who present anonymous questions and suggestions from all staff. The Director then emails a written reply back to all staff providing relevant information in response to issues raised. Regular communication also occurs between OPPAGA and leadership, committees, and, at times, individual members (for member-requested projects). Regarding agencies, Dr. VanLandingham stated that, "we seek always to maintain highly professional relationships with agencies, which may not always welcome OPPAGA studies but respect the Legislature's oversight responsibilities." OPPAGA meets with the agency secretary, or his or her designee, at the beginning and end of each project. Also, OPPAGA staff directors routinely meet with agency Inspectors General while projects are in the planning stage and ongoing.

OPPAGA Workload

OPPAGA's work effort is primarily focused on providing information to members and staff of the Legislature. The formal reports include performance evaluations and policy reviews of state government programs and follow-up reviews from previous reports issued by OPPAGA. Projects are generally conducted as the result of law or appropriations proviso language, or as directed by the Committee or legislative leadership. Projects directed by the Committee usually begin as requests from one or more members of the Legislature. Committee staff then review the issue and make a recommendation to the Committee regarding whether the review should be conducted. Depending on the nature of the projects directed and the due dates assigned, a final

report may be released within a few months or not until the next legislative session. Formal reports are distributed to all members. In addition, these reports are posted on OPPAGA's website. In recent years, OPPAGA has been conducting an increasing number of informal reviews which can be completed in a much quicker time frame. These reviews, known as legislative research assistance memoranda, are typically conducted at the request of leadership or council or committee chairs with leadership approval. They may answer specific questions or provide information OPPAGA has previously gathered and has not reported, but in general they are less involved than the formal reviews. The information is issued in a memorandum format to the member who made the request and his or her presiding officer. OPPAGA does not post the memoranda on-line or provide them to others unless requested.

Other work efforts of OPPAGA include the Florida Government Accountability Report (FGAR) and the Florida Monitor Weekly. FGAR is an on-line and in print encyclopedia of more than 200 state programs that is provided to all legislators. This handy tool provides an excellent overview by answering a series of questions for each program included and providing links to OPPAGA reports and other sources for those persons who need additional information. The Florida Monitor Weekly is an electronic newsletter provided weekly free-of-charge to subscribers. It includes summaries of recently released OPPAGA reports and other timely news reports and articles. OPPAGA also sends a monthly electronic report to members and staff describing reviews in process and reports that are about to be or have been recently released.

OPPAGA's website is user-friendly and provides a wealth of information. The site provides an electronic version of reports published for the last 15 years and a list of all reports issued over the past 30 years. PowerPoint presentations of OPPAGA reports to legislative committees are also available. During the fall of 2008, OPPAGA also began offering a new option for users to receive the findings of selected reports. Referred to as PolicyCasts, these three to five minute narrative PowerPoint presentations can be accessed from the website and The Florida Monitor Weekly.

The following chart shows a breakdown of the major work effort by OPPAGA during the past four fiscal years. Dr. VanLandingham was appointed as the Director in January 2005, but had served as the Interim Director during the first half of that year. He was, therefore, responsible for the operation of OPPAGA during the entire year.

OPPAGA Performance Measures	2004-05	2005-06	2006-07	2007-08 ⁹
Number of formal reports issued	79	77	56	60
Number of legislative research assistance memoranda issued	88	104	119	162
Number of FGAR profiles maintained	250	247	243	241
Number of visits to the Florida Monitor and FGAR Internet pages	746,266	1,226,499	1,503,728	1,346,550 ⁹
Number of document downloads from the Florida Monitor and FGAR Internet pages	213,500	461,200	533,542	516,105
Number of recipients of the Florida Monitor Weekly	2,585	3,995	4,915	5,354
Cost per hour, OPPAGA compared to private consultants		\$65/\$168	\$70/\$143	\$69/\$148

Peer Review

In 2006, OPPAGA contracted with NCSL to conduct a peer review of OPPAGA's quality assurance system and training program.¹⁰ A team of four members spent time reviewing several OPPAGA reports, the supporting workpapers for those reports, and interviewing OPPAGA staff. Dr. VanLandingham asked the peer review team to address questions related to the quality of OPPAGA's products and training program.

The results of the review were very favorable. The peer team stated that "OPPAGA produces a large volume of quality work products that provide evaluative research, objective analyses, and useful information to members and staff of the Florida Legislature."¹¹ The OPPAGA reports reviewed were reported to be "clear and easy to read and the recommendations were useful and informative."¹² The team examined the processes used to ensure that the reports met the professional standards the office had adopted to guide its work.¹³ More than 20 specific standards were evaluated. These standards included the requirements for evaluations to be timely; complete and fair; contain valid and reliable information; and reach justified conclusions. The peer team concluded that OPPAGA meets or exceeds the professional standards.

Regarding OPPAGA's training program, the peer team was also impressed. Although they recommended offering senior staff members more opportunities for training, basically the team recommended that all other training continue as is. Currently, Dr. VanLandingham explained OPPAGA's formal training program "includes OPPAGA 1, which provides structured training

⁹ Dr. VanLandingham believes the lower number of website visits and downloads this year is the result of changes made by search engines in how they track and catalog web pages.

¹⁰ National Conference of State Legislatures, *Peer Review: Florida's Office of Program Policy Analysis and Government Accountability*, 2006.

¹¹ *Ibid.* Page 3.

¹² *Ibid.*

¹³ James R. Sanders, *The Program Evaluation Standards: How to Assess Evaluations of Educational Programs*, 2nd edition, Thousand Oaks: Sage Publications, 1994.

and mentoring to new staff, and OPPAGA 2, which provides ongoing professional development training for experienced staff. We also offer classes on specialized methodologies used in various projects to share ideas among staff. During the past year we have begun developing training that focuses on management skills as part of our succession planning.”

Recognition of OPPAGA

OPPAGA is highly regarded across the country in the field of program evaluation. It has received professional recognition and has been cited as a leader in various publications. In addition, the results of its reports often appear in newspapers and other sources. Since Dr. VanLandingham’s 2003 appointment as Interim Director, OPPAGA has received the Impact Award from NLPES every year, 2003-2008. It also received the NLPES Excellence in Research Methodology and Overall Excellence Awards in 2007. Dr. VanLandingham indicated that this is the only time that a single office has received all three of these awards in one year. Offices can only be considered for the latter two awards once every five years.

In “Grading the States ‘08”,¹⁴ OPPAGA is described as “a national leader in program evaluation.”¹⁵ When examining four major categories – money, people, infrastructure, and information – and specific areas within each of these categories, the state as a whole received a grade of B-. However, the state’s effort in the category of Performance Auditing and Evaluation received the highest possible rating, referred to as a ‘strength.’ The “Grading the States ‘05” summary noted that performance auditing seemed to be improving across the country.¹⁶ It further stated that “perhaps no effort in the country is better than that in Florida, where the Office of Program Policy Analysis and Government Accountability continues to churn out an impressive stream of reports about topics ranging from contracting to risk management to child abuse to the use of steroids in the state’s student bodies. It provides program oversight that is focused on performance and concerned with performance measures, results, cost-benefit analysis and doing the right thing.”¹⁷ It also quoted Howard Rasmussen, of the Florida Center for Public Management at FSU who said, “Every city, county and state needs an OPPAGA. Everyone needs that kind of information to know if what they’ve done has worked.”¹⁸

A report by the Center for Governmental Studies, a California-based policy research group, identified OPPAGA as an “excellent model” for the State of California to consider in developing/improving non-partisan research for their state legislature.¹⁹ Florida newspapers have often made complimentary remarks about OPPAGA when reporting the results of their

¹⁴ This initiative, a yearlong collaboration between *Governing*, the Pew Center on the States and a group of academic experts from four different colleges and universities, is a report card on the quality of management in all 50 states. The project is officially known as the Government Performance Project. The 2008 project was the fourth effort in approximately the last 10 years.

¹⁵ Katherine Barrett and Richard Greene, “Grading the States ‘08: The Mandate to Measure,” *Governing*, March 2008, p. 47.

¹⁶ Katherine Barrett and Richard Greene with Zach Patton and J. Michael Keeling, “Grading the States ‘05: The Year of Living Dangerously,” *Governing*, February 2005, <<http://www.governing.com/gpa/2005/mtro.htm>> (8/8/08).

¹⁷ *Ibid.*

¹⁸ *Ibid.*

¹⁹ Sasha Horwitz, *Termed Out: Reforming California’s Legislative Term Limits*, Center for Governmental Studies, 2007, p. 41.

reviews. Dr. Fran Berry, Chair of FSU's Askew School has studied program evaluation efforts across the country and provided very positive remarks about OPPAGA and Dr. VanLandingham's leadership. In addition to acknowledging that OPPAGA is one of the best programs in the country, she cited specific examples of the strength of the office: the volume of reports issued is quite high; it has shortened the reports to make them more user-friendly; it has worked on marketing its reports; it has taken steps to improve the website; and, it provides weekly updates.

Next Four Years

Pending reconfirmation, Dr. VanLandingham hopes to continue as OPPAGA's director for many years. When Committee staff asked him to provide his plans for the next four years, he provided the following initiatives.

- "Help ensure that the Sunset Review process meets the Legislature's intent to examine all state agencies and identify opportunities to reduce costs, streamline administration, and improve services;
- Work with NCSL to strengthen the quantity and quality of professional development opportunities made available to all legislators and legislative staff through e-learning technologies;
- Through succession planning and ongoing professional development, prepare OPPAGA for the anticipated retirement of several senior staff in coming years;
- Expand technologies for providing remote on-demand briefings to legislators and staff on OPPAGA projects and reports;
- Update OPPAGA's website to enhance its value to legislators and staff and make it easier to access OPPAGA projects."

Conclusion

Dr. VanLandingham has often referred to OPPAGA as "the research arm of the Legislature." OPPAGA produces a large volume of well-written, concise, informative, and timely reports. Dr. VanLandingham and his staff have effectively marketed their services to the members of the Legislature, committees, and legislative staff. OPPAGA receives numerous requests to present its report findings before legislative committees each year²⁰ and many of its recommendations have been adopted as state policy.

Its work products extend well beyond issuing reports that are directed by statute, proviso language, or the Committee. It offers FGAR, an encyclopedia in electronic and print version, which provides a wealth of information on over 200 state programs. It sends out a weekly electronic newsletter that profiles OPPAGA reports and other timely policy issues. Recently, OPPAGA has issued an increasing number of reports in a memorandum format to meet the information needs of leadership and other members when a less formal or quicker response is needed. Also, its specialized research teams are often called upon to consult with or answer quick questions for members and staff.

²⁰ OPPAGA staff testified before legislative committees 28 times during fiscal year 2007-08.

Dr. VanLandingham appears to always be striving to find ways to improve operations. He has sought to improve communication both within his office and with leadership and other members, committees, and staff. He has improved internal processes to get reports out quicker and now as a way to deal with staff reductions. And he has introduced new ways to deliver report findings such as the recently released PolicyCasts, narrated PowerPoint presentations. He and his staff have a good working relationship with the Auditor General and regularly brief each other on their projects. An external review of the OPPAGA's work products and training program was exemplary. Dr. VanLandingham and his office have been recognized as one of the best in the business by professional organizations and various publications.

Due to the nature of OPPAGA reviews, there may be times when a member does not agree with the recommendations of an individual report. For this reason, the performance of the director should be evaluated on the basis of OPPAGA's overall body of work. The four-year review cycle provides a reasonable period of time in order to adequately review the director's performance. Committee staff believe that Dr. VanLandingham has done an outstanding job meeting the information needs of the Florida Legislature during his first four years as OPPAGA's director. Committee staff recommend that Dr. VanLandingham be reappointed as the Director of OPPAGA.

Appendices

- Appendix 1 Joint Rule Four: Joint Legislative Auditing Committee
- Appendix 2 Section 11.51, F.S., Office of Program Policy Analysis and Government
Accountability
- Appendix 3 Section 11.511, F.S., Director of the Office of Program Policy Analysis
and Government Accountability; appointment; employment of staff;
powers and duties
- Appendix 4 Joint Rule Six: Office of Program Policy Analysis and Government
Accountability

Appendix 1

JOINT RULE FOUR

JOINT LEGISLATIVE AUDITING COMMITTEE

4.1—Responsibilities

(1) On or before December 31 of the year following each decennial census, the Legislative Auditing Committee shall review the performance of the Auditor General and shall submit a report to the Legislature which recommends whether the Auditor General should continue to serve in office.

(2) The expenses of the members of the committee shall be approved by the chair of the committee and paid from the appropriation for legislative expense.

(3) The committee shall submit to the President of the Senate and the Speaker of the House of Representatives, for approval, an estimate of the financial needs of the committee, the Auditor General, and the Office of Program Policy Analysis and Government Accountability.

(4) The committee and the units it oversees, including the Auditor General and the Office of Program Policy Analysis and Government Accountability, shall submit their budget requests and operating budgets to the President of the Senate and the Speaker of the House of Representatives for prior written approval by the presiding officers acting together.

(5) The committee may receive requests for audits and reviews from legislators. Staff of the committee shall review each request and make a recommendation to the committee concerning its disposition. The manner of disposition recommended may be:

(a) Assignment to the Auditor General for inclusion in a regularly scheduled agency audit;

(b) Assignment to the Auditor General for special audit or review;

(c) Assignment to the Office of Program Policy Analysis and Government Accountability for inclusion in a regularly scheduled performance audit;

(d) Assignment to the Office of Program Policy Analysis and Government Accountability for special audit or review;

(e) Assignment to committee staff; or

(f) Rejection as being an unnecessary or inappropriate application of legislative resources.

(6) The committee may at any time, without regard to whether the Legislature is in session, take under investigation any matter within the scope of an audit either completed or then being conducted by the Auditor General or the Office of Program Policy Analysis and Government Accountability, and in connection with such investigation may exercise the powers of subpoena by law vested in a standing committee of the Legislature.

(7) The committee shall review the performance of the director of the Office of Program Policy Analysis and Government Accountability every 4 years and shall submit a report to the Legislature recommending whether the director should be reappointed. A vacancy in the office must be filled in the same manner as the original appointment.

Appendix 2

11.51 Office of Program Policy Analysis and Government Accountability.—

(1) There is hereby created the Office of Program Policy Analysis and Government Accountability as a unit of the Office of the Auditor General appointed pursuant to s. 11.42. The office shall perform independent examinations, program reviews, and other projects as provided by general law, as provided by concurrent resolution, or as directed by the Legislative Auditing Committee, and shall provide recommendations, training, or other services to assist the Legislature.

(2) The Office of Program Policy Analysis and Government Accountability is independent of the Auditor General appointed pursuant to s. 11.42 for purposes of general policies established by the Legislative Auditing Committee.

(3) The Office of Program Policy Analysis and Government Accountability shall maintain a schedule of examinations of state programs.

(4) The Office of Program Policy Analysis and Government Accountability is authorized to examine all entities and records listed in s. 11.45(3).

(5) At the conclusion of an examination, the designated representative of the director of the Office of Program Policy Analysis and Government Accountability shall discuss the examination with the official whose office is examined and submit to that official the Office of Program Policy Analysis and Government Accountability's preliminary findings. If the official is not available for receipt of the preliminary findings, clearly designated as such, delivery thereof is presumed to be made when it is delivered to his or her office. Whenever necessary, the Office of Program Policy Analysis and Government Accountability may request the official to submit his or her written statement of explanation or rebuttal within 15 days after the receipt of the findings. If the response time is not requested to be within 15 days, the official shall submit his or her response within 30 days after receipt of the preliminary findings.

(6) No later than 18 months after the release of a report of the Office of Program Policy Analysis and Government Accountability, the agencies that are the subject of that report shall provide data and other information that describes with specificity what the agencies have done to respond to the recommendations contained in the report. The Office of Program Policy Analysis and Government Accountability may verify the data and information provided by the agencies. If the data and information provided by the agencies are deemed sufficient and accurate, the Office of Program Policy Analysis and Government Accountability shall report to the Legislative Auditing Committee and to the legislative standing committees concerned with the subject areas of the audit. The report shall include a summary of the agencies' responses, the evaluation of those responses, and any recommendations deemed to be appropriate.

History.—s. 2, ch. 90-110; s. 16, ch. 94-249; s. 30, ch. 96-318; s. 1, ch. 96-380; s. 6, ch. 2001-86; s. 17, ch. 2001-266; s. 3, ch. 2004-305.

Appendix 3**11.511 Director of the Office of Program Policy Analysis and Government Accountability; appointment; employment of staff; powers and duties.—**

(1)(a) The Legislative Auditing Committee shall appoint a director of the Office of Program Policy Analysis and Government Accountability by majority vote of the committee, subject to confirmation by a majority vote of the Senate and the House of Representatives. At the time of appointment, the director must have had 10 years' experience in policy analysis and program evaluation. The reappointment of a director is subject to confirmation by a majority vote of the Senate and the House of Representatives. The Legislative Auditing Committee may appoint an interim director.

(b) The appointment of the director may be terminated at any time by a majority vote of the Senate and the House of Representatives.

(2)(a) The director shall take and subscribe to the oath of office required of state officers by the State Constitution.

(b) Until such time as each house confirms the appointment of the director, the appointee shall perform the functions as provided by law.

(3)(a) The director shall make all spending decisions under the annual operating budget approved by the President of the Senate and the Speaker of the House of Representatives. The director shall employ and set the compensation of such professional, technical, legal, and clerical staff as may be necessary to fulfill the responsibilities of the Office of Program Policy Analysis and Government Accountability, in accordance with the joint policies and procedures of the President of the Senate and the Speaker of the House of Representatives, and may remove those personnel. The staff must be chosen to provide a broad background of experience and expertise and, to the maximum extent possible, to represent a range of disciplines that includes law, engineering, public administration, environmental science, policy analysis, economics, sociology, and philosophy.

(b) An officer or full-time employee of the Office of Program Policy Analysis and Government Accountability may not serve as the representative of any political party or on any executive committee or other governing body thereof; receive remuneration for activities on behalf of any candidate for public office; or engage, on behalf of any candidate for public office, in the solicitation of votes or other activities in behalf of such candidacy. Neither the director of the Office of Program Policy Analysis and Government Accountability nor any employee of that office may become a candidate for election to public office unless he or she first resigns from office or employment.

(4) The director shall perform and/or contract for the performance of examinations and other duties as prescribed by law. The director shall perform his or her duties independently but under general policies established by the Legislative Auditing Committee.

(5) The director may adopt and enforce reasonable rules necessary to facilitate the examinations, reports, and other tasks that he or she is authorized to perform.

6) When the director determines that conducting an examination would not be possible due to workload limitations or the project does not appear to be of critical interest to the Legislature, then, with the consent of the President of the Senate and the Speaker of the House of Representatives, the director may temporarily or indefinitely postpone such examinations. The director may at any time conduct a performance review of a governmental entity created by law.

History.—s. 3, ch. 90-110; s. 3, ch. 92-142; s. 17, ch. 94-249; s. 1310, ch. 95-147; s. 31, ch. 96-318; s. 18, ch. 99-333; s. 18, ch. 2001-266.

Appendix 4

JOINT RULE SIX

OFFICE OF PROGRAM POLICY
ANALYSIS AND GOVERNMENT ACCOUNTABILITY**6.1—Responsibilities of the director**

- (1) The director may adopt and enforce reasonable rules necessary to facilitate the studies, reviews, and reports that the office is authorized to perform.
- (2) The director shall prepare and submit annually to the President of the Senate and the Speaker of the House of Representatives for their joint approval the annual projected work plan of the office in conjunction with a proposed operating budget for the ensuing fiscal year.
- (3) Within the monetary limitations of the approved operating budget, the salaries and expenses of the director and the staff of the Office of Program Policy Analysis and Government Accountability shall be paid from the appropriation for legislative expense or any other moneys appropriated by the Legislature for that purpose. The director shall approve all bills for salaries and expenses before the same shall be paid.
- (4) Within the monetary limitations of the approved operating budget, the director shall make all spending decisions, including entering into contracts on behalf of the Office of Program Policy Analysis and Government Accountability.
- (5) The director shall transmit to the President of the Senate and the Speaker of the House of Representatives, by December 1 of each year, a list of statutory and fiscal changes recommended by office reports. The recommendations shall be presented in two categories: one addressing substantive law and policy issues and the other addressing budget issues. The director may also transmit recommendations at other times of the year when the information would be timely and useful for the Legislature.

Gary R. VanLandingham

(850) 487-0578

VanLandingham.gary@oppaga.fl.gov

Education

Ph.D. in Public Policy and Administration

Florida State University, 2006

Concentration in public policy and institutional theory

Dissertation: "A Voice Crying in the Wilderness – Legislative Oversight Agencies' Efforts to Achieve Utilization"

M.A. in Public Administration

Florida State University, 1981

Concentration in public policy and program evaluation methods

Thesis: "Escaping the Dusty Shelf: Florida Evaluation Office Strategies to Achieve Use"

B.A. in Political Science, High Honors

University of Florida, Gainesville, FL, 1979

Concentration in Public Administration and Public Policy

Honors Thesis: "Advise and Forget – County Planning Efforts in Florida"

PROFESSIONAL EXPERIENCE

Director, Florida Legislature, Office of Program Policy Analysis and Government Accountability, Tallahassee, FL (2003 to present). Provide strategic direction and manage the nation's largest state-level legislative policy research and evaluation office (92 staff, \$10.2 million budget, 150 research/evaluation reports annually). Direct and mentor management staff to focus organizational culture on value-added activities. Re-engineered work processes to increase report production by 80% and substantially enhanced the office's working relationship with legislative leadership and members to ensure that products meet legislative information needs.

Deputy Director, Florida Legislature, Office of Program Policy Analysis and Government Accountability, Tallahassee, FL (1996 to 2003). Managed Office's internal operations to ensure that office research studies were responsive to legislative needs, completed within budget, and met quality standards. Coordinated staff development activities, including staff recruitment, training, and performance appraisal. Provided liaison with legislative leadership and executive-level agency managers.

Policy Coordinator, Florida Legislature, Office of Program Policy Analysis and Government Accountability, Tallahassee, FL (1994 to 1996). Managed 12-person unit conducting policy analyses and program evaluations of state government programs. Coordinated and facilitated project teams and drafted reports detailing research findings. Provided liaison with legislative committees and agency managers.

Program Audit Supervisor, Office of the Auditor General, Tallahassee, FL (1990 to 1992). Managed 10 person unit conducting program audits of state government programs. Prior positions within Office - Assistant Program Audit Supervisor 1987-1992, Senior Auditor 1984-1987; Auditor, 1982-1984).

Gary R. VanLandingham

Evaluation Specialist, Leon County School Board, Tallahassee, FL (1981 to 1982). Coordinated student testing and program evaluation in 18 schools for District's Title 1 program.

Technical Researcher, Office of Evaluation, Department of Health and Rehabilitative Services, Tallahassee, FL (1980 to 1981). Served as team member evaluating state child abuse programs; analyzed quantitative data and drafted reports to DHRS Secretary.

Governor's Intern, Executive Office of the Governor, Tallahassee, FL (1979 to 1980). Produced report demonstrating application of various public policy analysis techniques in Florida government; tracked policy issues and assignments.

TEACHING EXPERIENCE

Adjunct Faculty

Florida State University, 2005-present

Undergraduate - Introduction to Public Administration (2005, 2006)

Graduate - Government Accountability (2007, 2008); Policy Analysis Practicum (2007)

ASSOCIATION LEADERSHIP POSITIONS

National Staff Chair. National Conference of State Legislatures, 2008-2009

President. American Society for Public Administration North Florida Chapter, 2008-09

National Staff Vice-Chair. National Conference of State Legislatures, 2007-2008

Vice President. American Society for Public Administration North Florida Chapter, 2007-08

Board of Directors. NCSL Foundation for State Legislatures, 2007-2009

Advisory Committee Member. Trust for Representative Democracy, 2007-2009

Steering Committee Member. Council of State Governments State Comparative Performance Measurement Initiative, 2007-2009

Past President. Southeast Evaluation Association, 2005-2006

High Adventure Coordinator. Boy Scout Troop 23, Tallahassee, Florida, 2003-2009

President. Southeast Evaluation Association, 2004-2005

Executive Committee Member. Southeast Evaluation Association, 2003-2006

Executive Committee Member. National Conference of State Legislatures, 2003-2006

Scoutmaster. Boy Scout Troop 23, Tallahassee, Florida, 2000-2003.

Staff Vice Chair. National Conference of State Legislatures Assembly on State Issues, 2000-2001

Staff Chair. National Conference of State Legislatures Fiscal Affairs Committee, 1999-2000

Gary R. VanLandingham

Legislative Staff Coordinating Committee Member. National Conference of State Legislatures, 1998-2009

Staff Vice Chair. National Conference of State Legislatures Fiscal Affairs Committee, 1998-1999

Chair. National Legislative Program Evaluation Society, 1998-1999

Executive Committee Member. National Legislative Program Evaluation Society, 1997-2000

AWARDS

Leadership Achievement Award. North Florida Chapter, The American Society for Public Administration, 2006

Raul P. De Guzman Award. Outstanding Doctoral Seminar Paper, Florida State University, 2005

Legislative Staff Achievement Award. National Conference of State Legislatures, 2000

Public Service Fellow. Florida State University, 1979-80

Outstanding Two-Year Scholar. University of Florida, 1979

President's Honor Role. University of Florida, 1977-1979

ASSOCIATION MEMBERSHIPS

American Society for Public Administration
National Conference of State Legislatures
National Legislative Program Evaluation Society
Southeast Evaluation Association

AREAS OF RESEARCH SPECIALIZATION

Program Evaluation/Policy Analysis
Utilization of policy research
Government Accountability
Hollow state management
Performance measurement/management
Legislative policy development

SELECTED ACADEMIC PUBLICATIONS

VanLandingham, Gary, Steve Harkreader, John Hughes, and Melanie Hicks Tozzi.
(2008). "Florida's Bright Futures Scholarships' Impact on High School Performance and College Enrollment." *Journal of Student Financial Aid* #38:1.

Gary R. VanLandingham

- VanLandingham, Gary and Martha Wellman. (2007). "Performance-Based Budgeting in Florida: Great Expectations, More Limited Reality". In: Julnes, Berry, Aristigueta and Yang, eds., *International Handbook of Practice-Based Performance Management*: 321-340.
- VanLandingham, Gary. (2006). "A Voice Crying in the Wilderness – Legislative Oversight Offices' Efforts to Achieve Utilization". In: Moran, R. and K. Sullivan (eds) *Promoting the use of Government Evaluations in Policymaking. New Directions in Evaluation # 112*: 23-39.
- VanLandingham, Gary; Martha Wellman, and Matthew Andrews. (2005). "Performance-Based Budgeting in Florida - Useful But Not a Panacea", *International Journal of Public Administration* 28: 233-253.
- VanLandingham, Gary. (2005). "When the Equilibrium Breaks, the Staffing Will Fall – Effects of Changes in Party Control of State Legislatures and Imposition of Term Limits on Legislative Staffing" *Journal of the American Society of Legislative Clerks and Secretaries* 11(1): 27-43.
- VanLandingham, Gary and Fran Berry. (2004). "Re-visiting the Field: Assessing PB² in Florida Ten Years Later." *PA Times* 27(2).

SELECTED PROFESSIONAL PUBLICATIONS

I have been a prolific contributor to public policy literature over the course of my career through professional reports released by the Office of Program Policy Analysis and Government Accountability. Over the past 12 years, I have contributed to well over 700 publications of the Office, primarily serving as research director and editor. From 1982 through 1995, my role was primarily that of team leader and primary author of approximately 60 reports. A full listing of OPPAGA reports is available at <http://www.oppaga.state.fl.us>.

The following hyperlinked examples of recent OPPAGA reports show the range of policy issues addressed in the studies that I have edited and directed:

[Florida's Current Regulatory Framework Creates Challenges for State's Title Insurance Regulation](#). September, 2008, Report 08-53.

[Redirection Program Achieves Lower Recidivism and a \\$14.4-Million Cost Savings Compared to DJJ Commitment](#). June 2008, Report 08-41.

[Medicaid Reform: Few Beneficiaries Have Participated in the Opt-Out Program](#). June 2008, Report 08-37.

[The Governance Structure of Florida's Early Education Programs Presents Administrative Challenges](#). June 2008, Report 08-35.

[Options Exist to Address the Rising Cost of Textbooks for Florida's College Students](#). June 2008, Report 08-29.

[Dividing Large Florida School Districts Would Pose Financial, Legal, Other Complex Challenges](#). April 2008, Report 08-26.

[61% of Voluntary Prekindergarten Children Are Ready for Kindergarten; Accountability Process Needs Improvement](#). April 2008, Report 08-23.

Gary R. VanLandingham

Several Steps Could Be Taken to Improve the Construction Complaint Process and Increase Homeowner Protection. April 2008, Report 08-21.

Several Alternatives Could Be Used to Reduce Increasing Imprisonment of Persons Driving with Suspended Licenses. March 2008, Report 08-12.

DJJ Should Better Identify At-Risk Youth. Use Proven Prevention Models. and Revise Funding Practices. February 2008, Report 08-07.

Additional Strategies Would Help Address the Barriers to Successful Adoptions. January 2008, Report 08-06.

Students Encounter Barriers When Transferring Credit from Non-Public Institutions to Community Colleges. December 2007, Report 07-49.

Career Academy Students Perform Better Than Other Students During High School; Later Outcomes Vary. October 2007, Report 07-40.

University Centers and Institutes Report Many Benefits: the Oversight Process Needs to Be Strengthened. August 2007, Report 07-35.

Half of College Students Needing Remediation Drop Out: Remediation Completers Do Almost as Well as Other Students. May 2007, Report 07-31.

Selected professional publications for which I was primary author include the following (some not available on-line):

VanLandingham, Gary. (2004). Ensuring the Public Trust: Program Policy Evaluation's Role in Serving State Legislatures. National Conference of State Legislatures, Denver, CO.

Review of Decentralized Surplus Property Management. February 1996, Report 95-41.

Review of the Effects of Decentralized Purchasing Authority. February 1996, Report 95-34.

Review of the Florida Department of Transportation's Performance in Controlling Cost Overruns and Delays When Building Roads and Bridges. January 1996. Report 95-30.

Review of the Impact of the Creation of the Department of Management Services. February 1995, Report 94-30.

Review of Florida Diesel Fuel Taxation. December 1994, Report 94-19.

Performance Review of the Use of the Public Records Modernization Trust Fund. September 1994, Report 94-04.

Performance Audit of the Child Support Enforcement Program Administered by the Department of Health and Rehabilitative Services. March 1993, Report 12032.

Review and Evaluation of the Enterprise Zone Program. February 1993, Report 12033.

Performance Audit of the Paternity and Child Support Establishment Program Administered by the Department of Health and Rehabilitative Services. January 1993, Report 12002.

Gary R. VanLandingham

Performance Audit of the Assessment of Required Criminal Fees Administered by the State Courts System of Florida. December 1991, Report 11766.

Performance Audit of the Preconstruction and Design program Administered by the Department of Transportation. April 1989, Report 11207.

Performance Audit of the Foster Care Program Administered by the Department of Health and Rehabilitative Services. January 1989, Report 11151.

Performance Audit of the Management of Driver Licensing Program Operations and Workload by the Department of Highway Safety and Motor Vehicles. May 1986, Report 10696.

Performance Audit of the Securities Regulation program of the Department of Banking and Finance. January 1986, Report 10641.

Performance Audit of the Farm Labor Contractor Regulation Program of the Department of Labor and Employment Security. February 1985, Report 10494.

Performance Audit of the Municipal Police Officers' and Firefighters' Retirement Trust Fund Programs of the Department of Insurance. August 1984, Report 10423.

SELECTED CONFERENCE PAPERS AND PRESENTATIONS

"*How Hollow Can You Go - Outsourcing Child Welfare Services in Florida*" (with Kai-feng Yang), Center for Accountability and Performance Symposium on Accountability and Performance Measurement: The Evolving Role of Nonprofits in Public Service Delivery, Cleveland, Ohio, October 25, 2008.

"*Legislative Oversight Offices - Who They Are, How They Work, and Why It Makes a Difference*", National Legislative Program Evaluation Society, Madison Wisconsin, September 24, 2008.

"*The Florida Sunset Review Process - Have We All Been Here Before?*" Florida ASPA Conference, Seminole, Florida, May 11, 2007.

"*Meeting Legislative Information Needs in Oversight Studies*", National Legislative Program Evaluation Society, Park City, Utah, September 27, 2006.

"*Speaking Truth to Power - How Oversight Reports are Viewed by Legislative Stakeholders*", National Conference of State Legislatures Annual Meeting, Nashville, Tennessee, August 15, 2006.

"*Speaking Truth to Power - The Art and Science of Communicating With Key Government Stakeholders*", Southeast Intergovernmental Audit Forum, Charlotte, North Carolina, April 27, 2006.

"*Key Factors in Promoting Utilization*", Southeast Evaluation Association, Tallahassee, Florida, February 3, 2006.

"*Performance Measurement Systems - Helpful but not a Panacea*", National Conference of State Legislatures Annual Meeting, Seattle, Washington, August 5, 2005.

"*When the Equilibrium Breaks, Staffing will Fall*", Florida Political Science Association, Tallahassee, Florida, January 2005.

Gary R. VanLandingham

"Using Performance Measures to Identify Effective Programs", NCSL Fiscal Chairs Seminar, Charleston, South Carolina, December 8, 2004.

"Speaking Truth to Power - Are Evaluators Following Strategies Proposed by Research?" American Evaluation Association, Atlanta, GA, November 4, 2004.

"Identifying Effective Programs through Legislative Evaluation and Performance Budgeting," National Conference of State Legislatures Symposium on Working Families, Philadelphia, PA, June 15, 2004.

Legislative Oversight as a Means of Promoting Political Accountability of the Administrative State", Southeast Conference on Public Administration, Savannah, Georgia, October 13, 2003.

"Legislative Use of Performance Information", Accountability Framework in the Public Sector Seminar, Ottawa, Ontario, February 4, 2003.

"Accountability and Performance Based Management – What is the Real Impact", Southeast Evaluation Association, Tallahassee, Florida, January 24, 2003.

"Increasing Legislative Impact of Evaluations", National Conference of State Legislatures Annual Meeting, San Antonio, TX, August 13, 2001.

"Performance-Based Budgeting – Panacea or Pipedream?" Association for Budgeting and Financial Management, American Society for Public Administration, Washington, D.C., October 22, 1997.

INTERNATIONAL WORKSHOPS AND DELEGATIONS

National Conference of State Legislatures delegations to Turkey, 2008; People's Republic of China, 2008; Argentina, 2007. Germany Partnership of Parliaments study tour, 2005. National Conference of State Legislatures technical assistance team to Nigerian National Parliament, 2000.

AGENDA ITEM 2

LOCAL GOVERNMENTS THAT DID NOT SUBMIT THEIR AUDIT REPORTS IN ACCORDANCE WITH S. 11.45, F.S. 2009 STATUS	LEGEND: [shaded] = received X = not yet received X - B = 01 AG - B'let - not yet received [date] = date received	FY 2006-07		FY 2006-06		FY 2004-05		FY 2003-04		Comments	
		AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit		
MUNICIPALITIES (County)	Senato District	House District	AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit	Phone #/E-mail address
Altha (Calhoun)	(8) A. Eason	(7) M. Cobb	X	X	X	X	X	X	X	X	(850) 762-2280
Bella Glade (Palm Beach)	(39) L. Bullard	(80) P. Taylor	X	X	X	X	X	X	X	X	(681) 592-1801
Belleair Shore (Pinellas)	(13) D. Jones	(54) J. Frisvold	X	X	X	X	X	X	X	X	
Bovington Beach (Palm Beach)	(30) T. Douthett	(87) A. Hatcher	X	X	X	X	X	X	X	X	
Bronson (Levy)	(14) S. Oerlich	(16) L. Bentley	X	X	X	X	X	X	X	X	(352) 378-2472
Callahan (Nassau)	(5) S. Weiss	(12) J. Adkins	X	X	X	X	X	X	X	X	
Cayville (Washington)	(2) D. Pender	(5) B. Druba	X	X	X	X	X	X	X	X	
Cedar Grove (Way) (DISCLOSED IN OCT. 2008)	(6) A. Lawson	(6) J. Patents	X	X	X	X	X	X	X	X	
Century (Franklin)	(2) D. Peason	(1) G. Evans	X	X	X	X	X	X	X	X	
Cloud Lake (Palm Beach)	(27) D. Arnsberg	(98) M. Brankenburg	X	X	X	X	X	X	X	X	(881) 884-2815
Coconutville (Jackson)	(6) A. Eason	(7) M. Cobb	X	X	X	X	X	X	X	X	(850) 362-4781
Davis (Broward)	(31) E. Sobel	(103) E. Jovira	X	X	X	X	X	X	X	X	
Eatonville (Orange)	(19) G. Sipin	(26) S. Randolph	X	X	X	X	X	X	X	X	
Esro (Holmes)	(2) D. Peason	(5) B. Druba	X	X	X	X	X	X	X	X	
Golden Beach (Miami-Dade)	(15) D. Gubbar	(100) R. Steinberg	X	X	X	X	X	X	X	X	
Greenville (Madison)	(6) A. Lawson	(10) L. Barkley	X	X	X	X	X	X	X	X	
Grieco (Gadsden)	(6) A. Lawson	(11) A. Williams	X	X	X	X	X	X	X	X	

LOCAL GOVERNMENTS THAT DID NOT SUBMIT THEIR AUDIT REPORTS IN ACCORDANCE WITH S. 11.46, F.S. 2009 Status		LEGEND:		FY 2006-07		FY 2006-08		FY 2006-09		FY 2006-10		FY 2007-08		FY 2008-09		FY 2009-10		Comments			
Municipalities (County)	Senate District	House District	= received	X = not yet received	X = D = on AG 10/15/09 - not yet received	[date] = date received	AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit	Photo # if e-mail address		
Il. Lupo Beach (Broward)	(25) J. Alwiler	(31) E. Bordenoff																			
Islandia (Miami-Dade)	(39) L. Bullard	(120) R. Saunders																			
Jacob City (Jackson)	(5) A. Lawson	(9) B. Drake																			
Jupiter Inland (Martin)	(28) K. Pratt	(62) W. Snyder																			
Lazy Lake Village of Broward	(23) C. Smith	(92) S. Clarke-Read																			
Lexa-Wichasee Groves (Palm Beach)	(27) D. Atchberg	(85) J. Alvarez																			
Margotia Park (Palm Beach)	(29) G. Smith	(84) P. Taylor																			
Menorah (Fogelberg, Jolita)	(9) J. King	(20) B. Proctor																			
Melbourne Village (Broward)	(24) T. Altman	(31) J. Latta																			
Norona (Homes)	(2) D. Pesden	(9) B. Drake																			
Oakland (Orange)	(9) A. Gardiner	(41) S. Presburt																			
Papalusa (Palm Beach)	(39) L. Bullard	(84) P. Taylor																			
Paxton (Volusia)	(2) D. Pesden	(5) B. Drake																			
Pirallia Park (Phonix)	(16) C. Jusico	(63) R. Kressman																			
Port City (Polk)	(15) P. Dockery	(24) K. Shropf																			
Port St. Joe (Quit)	(8) A. Lawson	(9) J. Patton																			
Quincy (Gadsden)	(6) A. Lawson	(9) A. Williams																			
Riviera Beach (Palm Beach)	(28) C. Smith	(84) P. Taylor																			
Safety Harbor (Pinellas)	(16) C. Jusico	(50) E. Hooper																			
Seventy's Palm (Marlin)	(26) K. Pruitt	(81) A. Feltman																			
South Bay (Palm Beach)	(39) L. Bullard	(80) P. Taylor																			
St. Lucia Village (St. Lucie)	(20) M. Heidowate	(79) K. Rader																			
Sweetwater (Miami-Dade)	(40) R. Garcia	(119) J. Zapala																			
Woods Wachee (Brevard)	(11) M. Fausano	(43) R. Schulz																			

3/3/09, 10:29am: E-mail with details relating to required report sent to Town. 3/3/09: Rec'd call from town finance director stating that audit has been completed - expects to have audit filed within 2 weeks. NOTE: No AFRs received since FY 1997-98. No audits received. Since no AFR data available to determine if audit threshold met.

Contacted mayor in January and February 2009. He stated that revenue and expenditures were higher in FY 2008-09 due to receipt of FEMA money and repairs from hurricane damage, respectively. Normally, revenues and expenditures are only \$100,000 threshold. He stated that the village cannot afford the cost of an audit. Mayor sent letter dated February 12, 2009, to J-LAC explaining the situation.

FR-345,445; E-116,209

2/11/09, 10:50am: Called city manager (Matthew Brock) & was transferred to finance dept. since he was at a meeting out of town - finance dept. returned me back to city manager's office - left detailed message with assistant & asked that he return call tomorrow. 2/11/09, 2:25pm: Rec'd call from Mr. Brock. FY 2008-09 audit is complete & report was to be presented to city commission at yesterday's meeting. However, due to auditor's illness, report will be presented at 2/24/09 meeting. RFP for audit services for FY 2009-10 & 2010-11 audits will soon be mailed. Since audit is complete, suggested that he file FY 2008-09 AFR. Gave him Justin Young's phone number for any questions re: AFR filing.

(95) 694-2499

(95) 694-2499

contacted city re: completion of the certification section of the on line AFR. CPA firm had entered amounts, but certification section must be completed by city official. 2/12/09, 9:29am: Called city & spoke w/ Susan Davis, City Clerk. She rec'd call from DFS yesterday re: completion of AFR. Returned her to Justin Young when she asked about a password to access LOGER. She stated that she would have mayor verify AFR today. Told her that AG had not rec'd FY 2008-09 audit. Gave her address to mail it to AG.

(95) 694-2499

NOTE: No AFRs received for FY 1997-98 through FY 2001-02. No audits received for FY 1997-98 and forward. Audit threshold for annual audit met since FY 2002-03, based on AFR data.

LOCAL GOVERNMENTS THAT DID NOT SUBMIT THEIR AUDIT REPORTS IN ACCORDANCE WITH S. 11.45, F.S.		LEGEND:		FY 2003-04		FY 2004-05		FY 2005-06		FY 2006-07		FY 2007-08		Phone # / E-mail address	Comments
2009 Status		= received	= not yet received	AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit		
MUNICIPALITIES (County)															
Wesleyville (Holmes)	(2) D. Peardon	(5) B. Dratko		X	X, D	X	X, B	X	X, B	X	X, D	X	X, B	(850) 548-5359	2/13/08, 11:45am: Called Town and spoke w/Dorothy Gillis, Clerk. Explained reporting requirements again, answered some of her questions, & referred her to DFS for answers to specific questions re: AFR filing. She stated that she had limited accounting knowledge & asked about finding a CPA. She stated that she would call DFS, & I stated that I would follow-up with her on Friday, 2/13/08. (Note: She then threatened to have our 3 years worth of reports, therefore, next audit due was for FY 2004-05 & 2005-06; called town, but clerk was not in office. Sent E-mail with details relating to required reports to Town.

**LOCAL GOVERNMENTS THAT DID NOT SUBMIT THEIR
AUDIT REPORTS IN ACCORDANCE WITH S. 11.45, F.S.
2008 Status**

LEGEND:
 = received
 = not yet received
 - B = on AG "B" list - not yet received
 [date] = date received

COUNTIES	Senate District		House District		FY 2006-07		FY 2005-06		Phone # / E-mail address	Comments
					AFR	Audit	AFR	Audit		
Lafayette County	(3) C. Dean	(1) D. Boyd							(386) 294-4323	2/8/09, 10:00am: Called and spoke w/Sueva Land, Finance Dir., re: missing AFR - he indicated that CPA was supposed to file AFR & would call him - I referred him to DFS for any questions re: filing.

LOCAL GOVERNMENTS THAT DID NOT SUBMIT THEIR AUDIT REPORTS IN ACCORDANCE WITH S. 11.48, F.S.		LEGEND:		FY 2003-04		FY 2004-05		FY 2005-06		FY 2006-07		Comments	
2009 Status		received	not yet received	Audit	AFR	Audit	AFR	Audit	AFR	Audit	AFR	Phone # / E-mail address	
		X											
		X - B											
		[date]											
INDEPENDENT SPECIAL DISTRICTS (County)		Senate District	House District	AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit	Phone # / E-mail address	Comments
	Armerante Fire District (Okaloosa)	(2) D. Peaden	(5) B. Drake	X	X - B	X	X - B	X	X - B	X	X - B	(850) 652-4750; (850) 652-3911	3/5/09: Called registered agent and left voicemail message. Sent short e-mail to Fire Chief asking for contact information of appropriate person with whom to discuss required reports. 3/16/09: Fire Chief called and left message - tried unsuccessfully to reach him at both telephone numbers provided - Sent e-mail to Fire Chief with dir's re: visiting to required reports.
	Aquafates Community Development District (Broward)	(3) E. Sobel	(100) E. Jenne	X	X - P								
	Area Housing Commission (Escambia)	(2) D. Peaden, (4) U. Goretz	(1) G. Evara, (2) U. I. Headen, (3) C. Ford										
	Avenues Walk Community Development District (Dade)	(1) T. Hill, (5) S. Wiles	(12), (13), (14), (15), (16), (17), (18), (19)		X - B (Required)								R=59,404,E=25,283
	Baker Fire District (Okaloosa)	(2) D. Peaden	(1) G. Ewers	X (DCA approved extension to 4/30/2009)	X - B	X	X - B	X	X - B	X	X - B	(850) 537-2102	3/5/09: Called registered agent and left voicemail message with some details. Sent e-mail to him; however, e-mail was returned undeliverable. No contact information was located on-line. [NOTE: E-mail address was obtained from DCA's special district information program website.]
	Bambool Bay Recreation District (Broward)	(26) M. Haridopoulos	(28) R. Poppell										2/20/09: Rec'd various e-mails from DCA relating to request and approval of extensions for AFR and audit.
	Bella Verde East Community Development District (Pasco)	(10) R. Storms, (11) M. Fasano, (12) V. Crist	(44), (45), (48), (49), (60), (61), (62)	X (DCA approved extension to 4/30/2009)	X - B								
	Bella Verde Golf Community Development District (Pasco)	(10) R. Storms, (11) M. Fasano, (12) V. Crist	(44), (45), (48), (49), (60), (61), (62)	X (DCA approved extension to 4/30/2009)	X - B								
	Bella Verde Lake Community Development District (Pasco)	(10) R. Storms, (11) M. Fasano, (12) V. Crist	(44), (45), (48), (49), (60), (61), (62)	X (DCA approved extension to 4/30/2009)	X - B								
	Bolton Lakes Community Development District (Broward)	(34) N. Rich	(97) M. Kar	X	X	X	X	X	X	X	X		3/5/09: Called registered agent - did not leave voicemail message since only voice mail box for large office. Sent email with details regarding required reports and committee meeting notice. [NOTE: E-mail address was obtained from DCA's special district information program website.]
	Burrmont Drainage District (Charlotte)	(21) M. Bennett, (23) M. Dehart, (27) D. Archibong	(71) K. Robinson, (72) P. Krevigal, (74) G. Aubirchon	X	X - B	X	X - B	X	X - B	X	X - B		
	Blackman Fire District (Chalobass)	(2) D. Peaden	(1) G. Evara	X	X - B	X	X - B	X	X - B	X	X - B		
	Bradford County Development Authority (Bradford)	(14) S. O'Leary, (24) T. Altman, M. Haridopoulos	(12) J. Adkins, (21) C. Van Zant, (29), (30), (31), (32), (33)	X	X - B	X	X - B	X	X - B	X	X - B		
	Broward County Housing Authority (Broward)	(25), (26), (30), (31), (32), (34), (35), (39)	(67), (68), (69), (62), (63), (64), (65), (66), (67), (69), (69), (70), (101), (102), (103), (105), (112)	X	X - B	X	X - B	X	X - B	X	X - B		
	Broward County Education, Research & Training Authority (Broward)												

LOCAL GOVERNMENTS THAT DID NOT SUBMIT THEIR AUDIT REPORTS IN ACCORDANCE WITH S. 11.45, F.S. 2009 Status		LEGEND:		FY 2006-07		FY 2005-06		FY 2004-05		FY 2003-04		Phone # 7 E-mail address	Comments
Senate District	House District	AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit		
Broward Soil & Water Conservation District (Broward)	(25), (29), (30), (31), (32), (34), (35), (39)	(6) A. Lawson	(12) V. Crist	X (OCA approved extension to 4/30/2006)	X (OCA approved extension to 4/15/2007)	X	X	X	X	X	X		
Camphor-Gasceville Hospital (Jackson)	(10), (11), (103), (103A), (109), (112)	(5) B. Drake, (7) M. Colby	(5) W. Westford	X (OCA approved extension to 4/30/2006)	X (OCA approved extension to 4/15/2007)	X	X	X	X	X	X		
Chapin Creek Community Development District (Pasco)	(3), (7), (11), (14), (20)	(3) C. Dean, (14) S. Oelrich	(12) V. Crist	X	X	X	X	X	X	X	X		
Citrus, Levy, Marion Regional Workforce Development Board (multi - Citrus, Levy, Marion)	(12), (17), (11), (14), (20)	(3) C. Dean, (14) S. Oelrich	(12) V. Crist	X	X	X	X	X	X	X	X		
Columbia County Law Library (Columbia)	(12) V. Crist	(12) V. Crist	(12) V. Crist	X	X	X	X	X	X	X	X		
Coxy Lakes Community Development District (Hillsborough)	(12) V. Crist	(12) V. Crist	(12) V. Crist	X	X	X	X	X	X	X	X		
Duval Fire and Rescue District (Merritt)	(2) D. Peedan	(2) D. Peedan	(2) D. Peedan	X	X	X	X	X	X	X	X		
East Mulloch Water Control District (Lee)	(21) M. Beirne, (21) M. Beirne, (27) D. Avonberg, (37) G. Richter	(21) M. Beirne, (21) M. Beirne, (27) D. Avonberg, (37) G. Richter	(21) M. Beirne, (27) D. Avonberg, (37) G. Richter	X	X	X	X	X	X	X	X		
Englewood Area Fire Control District (Charlotte & Sarasota)	(21) M. Beirne, (21) M. Beirne, (27) D. Avonberg, (37) G. Richter	(21) M. Beirne, (21) M. Beirne, (27) D. Avonberg, (37) G. Richter	(21) M. Beirne, (27) D. Avonberg, (37) G. Richter	X	X	X	X	X	X	X	X		
Florida Crown Workforce Board, Inc. (FORMER NAME: Florida Crown Workforce Development Board) WAGES Coalition, Inc. (multi - Columbia, Dale, Galveston, Union)	(3) C. Dean, (14) S. Oelrich	(3) C. Dean, (14) S. Oelrich	(3) C. Dean, (14) S. Oelrich	X	X	X	X	X	X	X	X		
Gilchrist County Housing Authority (Gilchrist)	(14) S. Oelrich	(14) S. Oelrich	(14) S. Oelrich	X	X	X	X	X	X	X	X		
Hamilton County Memorial Hospital (Hamilton)	(3) C. Dean	(3) C. Dean	(3) C. Dean	X	X	X	X	X	X	X	X		
Harbour Lake Estates Community Development District (Broward)	(31) E. Solte	(31) E. Solte	(31) E. Solte	X	X	X	X	X	X	X	X		
Hastings Drainage District	(1), (9), (7), (8), (14)	(1), (9), (7), (8), (14)	(1), (9), (7), (8), (14)	X (OCA approved extension to 4/15/2007)	X (OCA approved extension to 4/15/2007)	X	X	X	X	X	X		
Heritage Isles Community Development District (Hillsborough)	(10), (12), (18), (18)	(10), (12), (18), (18)	(10), (12), (18), (18)	X (OCA approved extension to 4/30/2009)	X (OCA approved extension to 4/15/2008)	X	X	X	X	X	X		
Highlands County Housing Authority (Highland)	(17) J.D. Alexander	(17) J.D. Alexander	(17) J.D. Alexander	X	X	X	X	X	X	X	X		
Highlands Road & Bridge District (Pasco)	(10) R. Shorns, (11) M. Fossini, (12) V. Crist	(10) R. Shorns, (11) M. Fossini, (12) V. Crist	(10) R. Shorns, (11) M. Fossini, (12) V. Crist	X	X	X	X	X	X	X	X		
Hull Fire District (Okaloosa)	(2) D. Peedan	(2) D. Peedan	(2) D. Peedan	X	X	X	X	X	X	X	X		
Huntington Community Development District (Broward)	(31) E. Solte	(31) E. Solte	(31) E. Solte	X	X	X	X	X	X	X	X		

LOCAL GOVERNMENTS THAT DID NOT SUBMIT THEIR AUDIT REPORTS IN ACCORDANCE WITH S. 11.45, F.S.

2009 Status

Independent Special Districts (County)	Senate		House		FY 2006-07		FY 2005-06		FY 2004-05		FY 2003-04		Phone # E-mail address	Comments
	District	District	AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit		
	(1) T. Hill, (8) S. Wise, (8) J. King	(10) R. Romani, (19) M. Weinstein, (20) B. Proctor												
Isles of Berriman Park Community Development District (St. Johns)	(1) T. Hill, (8) S. Wise, (8) J. King	(10) R. Romani, (19) M. Weinstein, (20) B. Proctor												
Jackson Soil & Water Conservation District (Jackson)	(6) A. Lawson	(5) B. Drake, (7) M. Colley		X, B										
Jacksonville Transportation Authority (Duval)	(1) T. Hill, (8) S. Wise	(12) (13), (14), (15), (16), (17), (19), (19)												
Lafayette Soil & Water Conservation District (Lafayette)	(3) C. Dean	(11) D. Boyd		X										
Lakewood Ranch Community Development District 1 (Manatee)	(10) A. Joyner, (21) M. Bennett, (23) N. Deiet	(55), (67), (68), (69)		X										
Lakewood Ranch Community Development District 2 (Manatee)	(18) A. Joyner, (21) M. Bennett, (23) N. Deiet	(55), (67), (68), (69)		X										
Lakewood Ranch Community Development District 3 (Manatee) - DISSOLVED IN 5/2008	(18) A. Joyner, (21) M. Bennett, (23) N. Deiet	(55), (67), (68), (69)		X										1/28/08. E-mail rec'd from DCA stating that letter required by s. 189 not sent because a registered agent and registered office does not exist.
Lakewood Ranch Community Development District 4 (Manatee)	(18) A. Joyner, (21) M. Bennett, (23) N. Deiet	(55), (67), (68), (69)		X										
Lakewood Ranch Community Development District 5 (Manatee)	(18) A. Joyner, (21) M. Bennett, (23) N. Deiet	(55), (67), (68), (69)		X										
Lakewood Ranch Community Development District 6 (Manatee)	(18) A. Joyner, (21) M. Bennett, (23) N. Deiet	(55), (67), (68), (69)		X										
Lebanon Village Water & Sewer District (Franklin)	(6) A. Lawson	(10) J. Patonias, (10) L. Bernaby		X										
Lee Soil & Water Conservation District (Lee)	(21) M. Bennett, (27) D. Aromberg	(72), (73), (74), (75)		X										
Legends Bay Community Development District (Manatee)	(18) A. Joyner, (21) M. Bennett, (23) N. Deiet	(55), (67), (68), (69)		X, B (Required)										R=13,570,352; C=6,508,026
Levy County Housing Authority (Levy)	(9) C. Dean, (14) S. Oelrich	(10) L. Bernaby, (22) L. Crestal		X										
Magnolia Bluff Community Development District (Volusia)	(2) D. Peader, (4) B. Gaez	(5) B. Drake, (7) M. Coley		X										1/28/08. E-mail rec'd from DCA stating that letter required by s. 189 not sent because a registered agent and registered office does not exist.
Manatee County Mosquito Control District (Manatee)	(18) A. Joyner, (21) M. Bennett, (23) N. Deiet	(55), (67), (68), (69), (78) K. Hader, (81) A. Fetherman, (82) W. Snyder		X, B									X	
Marlin Soil & Water Conservation District (Marlin)	(28) K. Pruitt	(8) S. Wise, (8) J. King		X										
Neasau Soil & Water Conservation District (Manatee)	(32) J. Ring	(12) J. Atkins		X, B										
Northwest Florida Transportation Corridor Authority (Invol - Bay, Escambia, Franklin, Gulf, Okaloosa, Santa Rosa, Wakulla, Walton)	(2) D. Peader, (4) D. Gaez, (8) A. Lawson	(11), (2), (3), (4), (5), (6), (7), (10)		X, B (Not on DFS list)										Received letter dated December 9, 2008, from attorney representing authority explaining authority's situation and stating that they are trying to get current with the audits.
Ocala Downtown Development Authority (Marion)	(3), (7), (14), (20)	(2), (22), (23), (24)		X, B										R=74,451; E=26,061

LOCAL GOVERNMENTS THAT DID NOT SUBMIT THEIR AUDIT REPORTS IN ACCORDANCE WITH S. 11.45, F.S. 2008 Statute														
INDEPENDENT SPECIAL DISTRICTS (County)	Senate		House		FY 2006-07		FY 2005-06		FY 2004-05		FY 2003-04		Comments	
	District	House District	AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit		Phone # / E-mail address
Ocean Highway and Port Authority (Pasco)	(5) S. Wise, (8) J. King	(12) J. Adkins (7) M. Coker, (8) A. Williams, (9) Reinfrankel Vasilinda	X	X										
Ochlocknee River Soil & Water Conservation District (Leon)	(3) C. Dean, (6) A. Lawson	(8) B. Drake (35)(34),(35), (36),(37),(38), (39),(40),(41),(49)	X	X-B	X	X								
Orange Hill Soil & Water Conservation District (Washington)	(2) D. Pevsion	(10) R. Storms, (14) M. Fasano, (12) V. Crisl	X	X	X	X								
Orange Soil & Water Conservation District (Orange)	(9),(18),(22),(24)	(44),(45),(46), (48),(60),(61),(62)	X	X	X	X								
Pasco County Mosquito Control District (Pasco)	(10) R. Storms, (11) M. Fasano, (12) V. Crisl	(44),(45),(46), (48),(60),(61),(62)	X	X	X	X								
Pasco Heights Road & Bridge District (Pasco)	(17) J.D. Alexander, (21) M. Bennett	(72) P. Kruegal	X	X-B										
Pasco River Soil & Water Conservation District (Pasco)	(34) N. Rice (21) M. Bennett (23) M. Covert	(106) J. Gibbons (35),(67),(68), (70),(71)	X	X-B	X	X								
Pineash Lighting District (Sarasota)	(20) R. Slomis, (16) P. Dockery, (17) J.D. Alexander	(63),(64),(65),(66)	X	X-B										
Polk Transit Authority (Polk)	(21) M. Bennett, (27) D. Aronberg	(72),(73),(74),(75)	X	X										
Renaissance Community Development District (Leu)	(26) M. Handgobas, (28) K. Pruitt	(76),(80),(81),(82)	X	X-B										
St. Lucie County Expressway and Bridge Authority (St. Lucie)	(5) C. Dean, (4) S. Gelfin	(10) L. Benbury, (11) D. Boyd	X	X-B										
Sanita Fo Soil & Water Conservation District (Collier)	(2) D. Pevsion, (4) D. Gelfin	(1) G. Ewert, (3) C. Ford, (4) R. Senson	X	X-B	X	X								
Sanita Rosa Bay Bridge Authority (Santa Rosa)	(9),(20),(22),(24)	(25),(33),(34),(37)	X	X										
Seminole County Housing Authority (Seminole)	(3),(20),(22),(24)	(25),(33),(34),(37)	X	X										
Seminole Soil & Water Conservation District (Seminole)	(21) M. Bennett, (27) E. Averbeg	(72),(73),(74),(75)	X	X										
Stoneybrook Community Development District (Lee)	(15) P. Dockery, (20) C. Baker	(43) M. O'Toole, (44) R. Schenck	X	X-B										
Sumner Soil & Water Conservation District (Sumner)	(34) N. Rich	(88) F. Sands	X	X										
Sumner Lakes Phase IV Recreation District (Hwy 90)	(68) C. Desri	(11) D. Boyd	X	X										
Suwannee County Housing Authority (Suwannee)	(3) C. Dean, (14) S. Gelfin	(10) L. Benbury, (11) D. Boyd	X	X										

LOCAL GOVERNMENTS THAT DID NOT SUBMIT THEIR AUDIT REPORTS IN ACCORDANCE WITH S. 11.46, F.S.		LEGEND:		FY 2003-04		FY 2004-06		FY 2005-08		FY 2006-07		FY 2007-08		FY 2008-09		Comments		
2008 Status	House District	Senate District	House District	AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit	Phone # E-mail address
	Hickory Hill Special Dependent District (Hillsborough)	(10) R. Storms, (12) V. Crist, (16) C. Justice, (19) A. Joyner	(47), (65), (66), (57), (68), (50), (60), (61), (62), (63), (67), (68)	X				X										
	Hillsborough County Industrial Development Authority (Hillsborough)	(10) R. Storms, (12) V. Crist, (16) C. Justice, (19) A. Joyner	(47), (65), (66), (57), (68), (50), (60), (61), (62), (63), (67), (68)															
	Hornsea Educational Facilities Benefit District (Miami-Dade)	(39) L. Bullard	(118) J. Zapala	X														
	Indian Creek Community Facilities District (Osceola)			X														
	Indian Point Common Facilities District (Osceola)			X														
	Jupiter Island Beach Protection District (Martin)			X														
	Lakeland (City of) Housing Authority (Polk)			X														
	Lakeland Isles Water Management District (Broward)			X														
	Lauderhill Housing Authority (Broward)			X														
	Madison County Industrial Development Authority (Hendri)			X														
	New Smyrna Beach (City of) Housing Authority (Volusia)	(7) E. Lynn	(28) D. Hukill	X														
	Osceola Community Redevelopment Agency (Orange)			X														
	Orlando Beach Community Redevelopment Agency (Volusia)			X														
	Panokee (City of) Housing Authority (Palm Beach)			X														
	Palm Beach County Health Facilities Authority (Palm Beach)	(26), (27), (28), (29), (30), (31)	(70), (62), (63), (64), (65), (66), (67), (68), (69), (80), (81)	X														
	Palm Beach Municipal Services Special District (Palm Beach)			X														
	Pine Hollow Special Dependent District (Hillsborough)			X														
	Riviera Beach (City of) Utility Special District (Palm Beach)			X														
	Seaford Housing Authority (Seminole)	(23) L. Constantine	(33) S. Adams	X														
	Sarasota (City of) Housing Authority (Sarasota)	(21) M. Bennett, (23) L. Carlton	(93), (97), (99), (70), (71)	X														
	Springfield Housing Authority (Day)			X														
	St. Petersburg Housing Authority (Pinellas)			X														
	Tallahassee Housing Authority (Leon)			X														
	Tarpon Springs Special District (Hillsborough)			X														
	Taylor County Health Facilities Authority (Taylor)			X														

LOCAL GOVERNMENTAL ENTITIES NOT IN COMPLIANCE WITH REPORTING REQUIREMENTS OF S. 218.32 AND/OR S. 218.39, F.S.

LOCAL GOVERNMENTAL ENTITY NAME	REQUIRED REPORTS NOT SUBMITTED	COMMENTS
Bronson, Town of (Levy County)	FY 2006-07 AFR & Audit FY 2005-06 AFR & Audit FY 2004-05 AFR & Audit	<p>FDLE and FBI have both had active investigations over the past 4+ years involving former city official and former employee. Also, financial records were taken by both FDLE and FBI for several years.</p> <p>Mailed letter dated 9/25/2008. Spoke w/ Mayor, City Commissioner, and CPA firm performing audit several times before and after letter was mailed. Financial records have been returned to town and CPA firm issued FY 2003-04 audit on 10/20/2008.</p> <p>2/10/2009: Spoke w/ Terry Kite, Purvis Gray & Co CPAs. Audit fieldwork for FY 2004-05 audit has been completed, and report should be issued in March 2009. FY 2005-06 and 2006-07 audits will be performed this summer and are anticipated to be issued by September 2009.</p>
Caryville, Town of (Washington County)	FY 2006-07 AFR & Audit FY 2005-06 Audit FY 2004-05 AFR & Audit FY 2003-04 Audit (meets threshold to have audit performed once every 3 years)	<p>Attempted to contact via telephone and fax in January 2008 regarding FY 2005-06 and earlier reports. No response received.</p> <p>Mailed letter dated 9/25/2008. No response was received.</p> <p>2/10/2009: Called Town and spoke with Town Clerk. She stated that she was not aware of any audits that have been performed. She will have her bookkeeper call me to discuss filing the missing AFRs. <u>As of 2/16/2009</u>, bookkeeper has not called.</p> <p>3/5/2009: Spoke w/Town Clerk who stated that bookkeeper handles financial reports and she would leave message for bookkeeper to call - sent fax with details relating to required reports since no e-mail.</p>
Cloud Lake, Town of (Palm Beach County)	FY 2006-07 AFR & Audit FY 2005-06 Audit	<p>Contacted town in January and February 2008 regarding FY 2005-06 audit. Mailed letter dated 9/25/2008.</p> <p>Letter rec'd on 10/31/2008 from town clerk stated that town council will be considering a 2-year audit. RFP scheduled to be authorized at 11/13/2008 council meeting with selection in December 2008, and audit expected to be started in early January 2009.</p> <p>2/11/2009: Spoke with Dorothy Grayhm, Town Clerk. FY 2005-06 audit is in progress and should be issued within a couple of months - still in threshold to have audit once every three years; therefore, next audit due would be for FY 2008-09. She will check on why FY 2006-07 AFR not submitted.</p>

LOCAL GOVERNMENTAL ENTITIES NOT IN COMPLIANCE WITH REPORTING REQUIREMENTS OF S. 218.32 AND/OR S. 218.39, F.S.

<p>Islandia, City of (Miami-Dade County)</p>	<p>FY 2006-07 AFR & Audit FY 2005-06 AFR & Audit FY 2004-05 AFR & Audit FY 2003-04 AFR & Audit FY 2002-03 AFR & Audit FY 2001-02 AFR & Audit FY 2000-01 AFR & Audit</p>	<p>Attempted to contact in previous years.</p> <p>No letter sent in September 2008 since there was no contact information available. City appears to be inactive.</p>
<p>Lazy Lake, Village of (Broward County)</p>	<p>FY 2005-06 Audit</p>	<p>Contacted mayor in January and February 2008. He stated that revenues and expenditures were higher in FY 2005-06 due to receipt of FEMA money and repairs from hurricane damage, respectively. Normally, revenues and expenditures are below \$100,000 threshold. He stated that the village cannot afford the cost of an audit.</p> <p>Mayor sent letter dated February 12, 2008, to JEAC explaining the situation.</p>
<p>Pahokee, City of (Palm Beach County)</p>	<p>FY 2006-07 AFR & Audit FY 2005-06 AFR & Audit</p>	<p>Contacted town in January and February 2008 regarding FY 2005-06 AFR and audit. Finance director stated that he was new to the job and that there was a complete turnover in finance department staff in the past year. He realizes that city is not in compliance; they are working to get current.</p> <p>Mailed letter dated 9/25/2008. Received letter dated 9/30/2008, from interim city manager, who stated that FY 2005-06 audit is in progress and expected to be presented to city commission in mid-October 2008. The city plans to have the following year's audit started soon thereafter and completed by February 2009.</p> <p>2/11/09: Spoke with city manager who indicated that FY 2005-06 audit is now complete & audit report was to be presented to city commission at yesterday's meeting; however, due to auditor's illness, report will be presented at 2/24/09 meeting. RFP for audit services for FY 2006-07 & 2007-08 audits will soon be mailed. Since audit is complete, suggested that he file FY 2005-06 AFR. Gave him DFS Bureau of Local Government's phone number for any questions re: AFR filing.</p> <p>2/27/2009: AFR and audit report for FY 2005-06 were received.</p>

LOCAL GOVERNMENTAL ENTITIES NOT IN COMPLIANCE WITH REPORTING REQUIREMENTS OF S. 218.32 AND/OR S. 218.39, F.S.

<p>Paxton, City of (Walton County)</p>	<p>FY 2006-07 AFR FY 2005-06 Audit</p>	<p>Contacted city in January 2008 regarding FY 2005-06 audit. City clerk indicated that audit was in progress and expected to be issued in February 2008.</p> <p>Mailed letter dated 9/25/2008. No response was received.</p> <p><u>2/11/2009</u>: Received e-mail from Lisa Williams, DFS, stating that she had contacted city re: completion of the certification section of the on-line AFR. CPA firm had entered amounts, but certification section must be completed by city official.</p> <p><u>2/12/2009</u>: Called city and spoke with city clerk. She received call from DFS yesterday re: completion of AFR. Referred her to DFS Bureau of Local Government when she asked about a password to access LOGER. She stated that she would have mayor certify AFR today. Told her that Auditor General Office had not received the FY 2005-06 audit. Gave her the mailing address.</p> <p><u>2/16/2009</u>: Audit report for FY 2005-06 was received.</p> <p><u>2/20/2009</u>: AFR for FY 2006-07 was received.</p>
<p>Weeki Wachee, City of (Hernando County)</p>	<p>FY 2006-07 Audit FY 2005-06 Audit FY 2004-05 Audit FY 2003-04 Audit FY 2002-03 Audit</p>	<p><u>NOTE</u>: No AFRs received for FY 1997-98 through FY 2001-02. No audits received for FY 1997-98 and forward. Audit threshold for annual audit met since FY 2002-03, based on AFR data.</p> <p>Contacted city in January and February 2008 regarding missing audits. Received letter dated 2/13/2008 from law firm representing city. Letter stated that, under protest, the city has engaged CPA firm to perform an audit. Also requested that any committee action be deferred until after audit is received.</p> <p>Mailed letter dated 9/25/2008. No response received.</p> <p><u>As of 2/13/2009</u>, the Auditor General's Office has not received any audits of the city.</p>

LOCAL GOVERNMENTAL ENTITIES NOT IN COMPLIANCE WITH REPORTING REQUIREMENTS OF S. 218.32 AND/OR S. 218.39, F.S.

<p>Westville, Town of (Holmes County)</p>	<p>FY 2006-07 AFR & Audit FY 2005-06 AFR & Audit FY 2004-05 AFR & Audit</p>	<p>Numerous contacts in January and February 2008 with town clerk, former CPA, and another CPA attempting to assist town regarding missing AFRs and audits. Town clerk indicated that she would speak with mayor regarding required audit.</p> <p>Mailed letter dated 9/25/2008. No response received.</p> <p>2/11/09- Called town clerk regarding status of missing AFRs and audit(s). Explained reporting requirements again, answered some of her questions, and referred her to DFS Bureau of Local Government for answers to specific questions re: AFR filing. She stated that she had limited accounting knowledge and asked about finding a CPA. She stated that she would call DFS. (Note: Still in threshold to have audit once every three years, therefore, next audit due was for FY 2004-05.)</p> <p>3/5/2009- Called town, but clerk was not in office - sent E-mail with details relating to required reports to Town.</p>
--	---	--

LOCAL GOVERNMENTAL ENTITIES NOT IN COMPLIANCE WITH REPORTING REQUIREMENTS OF S. 218.32 AND/OR S. 218.39, F.S.

LOCAL GOVERNMENTAL ENTITY NAME	REQUIRED REPORTS NOT SUBMITTED	COMMENTS
Almarante Fire District (Okaloosa County)	FY 2006-07 AFR (& Audit) FY 2005-06 AFR (& Audit) FY 2004-05 AFR FY 2003-04 AFR	<p>Attempted to contact registered agent via telephone in January 2008 regarding FY 2005-06 and earlier reports. No response received.</p> <p>Mailed letter dated 9/25/2008. No response was received.</p> <p>3/5/2009: Called registered agent and left voicemail message. Sent short e-mail to Fire Chief asking for contact information of appropriate person with whom to discuss required reports; 3/6/2009: Fire Chief called and left message - tried unsuccessfully to reach him at both telephone numbers provided - Sent e-mail to Fire Chief with details relating to required reports.</p>
Baker Fire District (Okaloosa County)	<p>FY 2006-07 AFR & Audit FY 2005-06 Audit* FY 2004-05 Audit* FY 2003-04 Audit*</p> <p>(*met threshold to have audit performed once every 3 years)</p>	<p>Attempted to contact registered agent via telephone and e-mail in January 2008. He called in February 2008 to discuss audits due. Told him that district needed to at least get FY 2005-06 audit submitted and stay current. He stated that he understood that they would also need an audit for FY 2006-07 since they were above the \$100,000 threshold and will discuss with CPA and board members and let me know time frame.</p> <p>Mailed letter dated 9/25/2008. No response was received.</p> <p>3/5/2009: Called registered agent and left voicemail message with some details. Sent e-mail to him; however, e-mail was returned undeliverable. No contact information was located on-line. [NOTE: E-mail address was obtained from DCA's special district information program website.]</p>
Belmont Lakes Community Development District (Broward County)	FY 2006-07 AFR & Audit FY 2005-06 AFR & Audit FY 2004-05 AFR	<p>Attempted to contact registered agent via telephone and e-mail in January 2008. Received call in February 2008 from district representative who stated that audit in progress and should be presented to board in March 2008. He sent e-mail confirming such.</p> <p>Mailed letter dated 9/25/2008. No response was received.</p> <p>3/5/2009: Called registered agent - did not leave voicemail message since only voice mail box for large office. Sent e-mail with details regarding required reports and committee meeting notice. [NOTE: E-mail address was obtained from DCA's special district information program website.]</p>
Broward Soil & Water Conservation District (Broward County)	FY 2005-06 Audit* FY 2004-05 Audit* FY 2003-04 Audit*	Contact with district in January 2008. No money available to pay for audit since only Federal funds received. Expect to close out Federal project in 2008 and obtain audit at that time. Below audit threshold for FY 2006-07.
Dorcas Fire District (Okaloosa County)	FY 2006-07 AFR & Audit FY 2005-06 Audit	<p>DCA approved extension of audit until April 2008.</p> <p>Mailed letter dated 9/25/2008. Received letter dated 10/16/2008 from fire commissioner re: status of audit and why district is behind schedule.</p>

LOCAL GOVERNMENTAL ENTITIES NOT IN COMPLIANCE WITH REPORTING REQUIREMENTS OF S. 218.32 AND/OR S. 218.39, F.S.

<p>Northwest Florida Transportation Corridor Authority (multit - Bay, Escambia, Franklin, Gulf, Okaloosa, Santa Rosa, Wakulla, and Walton Counties)</p>	<p>FY 2006-07 AFR & Audit FY 2005-06 AFR & Audit</p>	<p>Contacted authority in February 2008 regarding FY 2005-06 audit.</p> <p>Received letters dated 2/15/2008 and 12/9/2008 explaining situation. Authority is not provided with public funds for administrative purposes and is working with FDOT to fulfill its audit responsibilities.</p>
<p>Ochlocknee River Soil & Water Conservation District (Leon County)</p>	<p>FY 2006-07 AFR & Audit FY 2004-05 Audit FY 2003-04 Audit</p>	<p>Received letter dated 4/4/2007 from registered agent explaining why district could not afford to pay for the audits.</p>
<p>Pasco Heights Road & Bridge District (Pasco County)</p>	<p>FY 2006-07 AFR & Audit FY 2005-06 Audit FY 2004-05 AFR & Audit</p>	<p>Attempted to contact registered agent via telephone and e-mail in February 2008 regarding FY 2005-06 and earlier reports. No response received.</p> <p>Mailed letter dated 9/25/2008. No response was received.</p> <p>3/5/2009: Called registered agent who indicated that he is person responsible for filing the required reports and knows that the district is behind. 3/6/2009: Sent fax with details relating to required reports to him.</p>
<p>Santa Rosa Bay Bridge Authority (Santa Rosa County)</p>	<p>FY 2006-07 AFR & Audit FY 2005-06 Audit FY 2004-05 AFR & Audit FY 2003-04 Audit FY 2002-03 Audit FY 2001-02 Audit</p>	<p>Per discussions with authority representatives in past years, only Federal funds are received, which are not allowed to be used to pay for an audit. FDOT compiles the financial statements for the District.</p> <p>Mailed letter dated 9/25/2008. No response received.</p>



DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450



PHONE: 850-488-5334
FAX: 850-488-6975

January 8, 2009

The Honorable Alex Diaz de la Portilla, Chair
Legislative Auditing Committee
111 West Madison Street, Room 876
Tallahassee, Florida 32399-1400

Dear Senator Diaz de la Portilla:

Pursuant to Section 11.45(7)(a), Florida Statutes, this letter is to notify you of the results of our determination as to which local governmental entities were required to provide for an audit for the 2006-07 fiscal year but failed to do so. A separate notification regarding district school boards, charter schools, and charter technical career centers that failed to provide for an audit for the 2006-07 fiscal year was previously made in a letter dated November 3, 2008. A recap of our determination for local governmental entities as of January 7, 2009, is as follows:

Category	Councils (1)	Municipalities (1)	Special Districts	Total
Individual Entity Reports Received	66	372	715	1,153
Included in Another Entity's Audit Report (2)	n/a	n/a	439	439
Not Required to File (3)	n/a	7	221	228
Unable to Determine Whether Audit Was Required (4)	n/a	5	65	70
Did Not File Required Audit Report	0	28	48	76
Total Entities	<u>66</u>	<u>412</u>	<u>1,488</u>	<u>1,966</u>

- (1) The consolidated city/county government of Jacksonville/Duval County is classified as a municipality for purposes of this letter.
- (2) Includes dependent special districts that were included in audit reports of counties or municipalities.
- (3) Entities did not meet the threshold for required submission of audit reports.
- (4) Unable to obtain sufficient information to determine whether these entities met the threshold requiring submission of an audit report.

For the 2006-07 fiscal year, pursuant to Section 218.39(1), Florida Statutes, the following entities were required to provide for an annual financial audit of their accounts and records within 12 months after the end of their respective fiscal year:

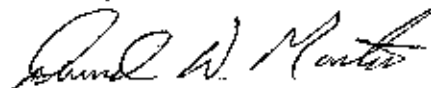
- Each county
- Each municipality with revenues or the total of expenditures and expenses in excess of \$250,000
- Each municipality with revenues or the total of expenditures and expenses between \$100,000 and \$250,000 that has not been subject to a financial audit for the two preceding fiscal years
- Each special district with revenues or the total of expenditures and expenses in excess of \$100,000
- Each special district with revenues or the total of expenditures and expenses between \$50,000 and \$100,000 that has not been subject to a financial audit for the two preceding fiscal years

Section 218.39(8), Florida Statutes, requires that any financial audit report required under Section 218.39(1), Florida Statutes, be submitted to the Auditor General within 45 days after delivery of the audit report to the local governmental entity, but no later than 12 months after the end of the fiscal year of the local governmental entity. The following is a summary of those local governmental entities that either did not file required audit reports or did not timely file audit reports:

- A total of 76 local governmental entities that were required to provide for an audit for the 2006-07 fiscal year had not submitted an audit report to us. These local governmental entities are listed on Attachment A.
- An additional 70 local governmental entities may have been required to provide for an audit for the 2006-07 fiscal year, but had not submitted an audit report to us. Because sufficient financial information was not readily available, it was not practical for us to determine whether an audit was required. These local governmental entities are listed on Attachment B.
- Of the 1,153 audit reports that were submitted to us, 126 were not received within 12 months of the local governmental entity's fiscal year-end, contrary to Section 218.39(8), Florida Statutes. These local governmental entities are listed on Attachment C.

Please advise if you or your staff have any questions regarding this information.

Sincerely,



David W. Martin

DWM/mg/am
Attachments

c: Mr. Terry Shoffstall, Staff Director, Legislative Auditing Committee

**Alphabetical List of Local Governmental Entities
For Which 2006-07 Fiscal Year Audit Reports
Have Not Been Received - Audit Was Required
(As of January 7, 2009)**

Attachment A

	Applicable Note
<u>MUNICIPALITIES</u>	
1 Aitha, Town Of	1, 3
2 Belle Glade, City Of	1
3 Boynton Beach, City Of	1, 3
4 Bronson, City Of	2, 3
5 Caryville, Town Of	2
6 Cedar Grove, Town Of	4
7 Century, Town Of	1
8 Cottondale, City Of	1, 3
9 Davie, Town Of	1, 3
10 Eatonville, Town Of	1, 3
11 Esto, Town Of	1, 3
12 Gretna, Town Of	1, 3
13 Hillsboro Beach, Town Of	1, 3
14 Mangonia Park, Town Of	1, 3
15 Melbourne Village, Town Of	1
16 Noma, Town Of	1
17 Pahokee, City Of	1, 3
18 Pinellas Park, City Of	1
19 Polk City, Town Of	1, 3
20 Port St. Joe, City Of	1
21 Quincy, City Of	1, 3
22 Riviera Beach, City Of	1, 3
23 Sewall's Point, Town Of	1, 3
24 South Bay, City of	1, 3
25 St. Leo, Town Of	1
26 St. Lucie Village, Town Of	2
27 Sweetwater, City Of	1, 3
28 Weeki Wachee, City Of	1
<u>INDEPENDENT SPECIAL DISTRICTS</u>	
1 Argyle Fire Control District	1
2 Barefoot Bay Recreation District	1, 3
3 Bay Creek Community Development District	1, 3
4 Bella Verde Golf Community Development District	1, 3
5 Belmont Lakes Community Development District	1
6 Chapel Creek Community Development District	1, 3
7 Collier Soil & Water Conservation District	1, 3
8 Cory Lakes Community Development District	1, 3
9 Dorcas Fire District	1
10 Habitat Community Development District	1
11 Hamilton County Memorial Hospital	1
12 Harbour Lake Estates Community Development District	1
13 Hastings Drainage District	2
14 Heritage Isles Community Development District	1
15 Huntington Community Development District	1
16 K-Bar Ranch Community Development District	1, 3
17 Lafayette Soil & Water Conservation District	2
18 Lakewood Ranch Community Development District	1, 3

**Alphabetical List of Local Governmental Entities
For Which 2006-07 Fiscal Year Audit Reports
Have Not Been Received - Audit Was Required
(As of January 7, 2009)**

Attachment A

	Applicable Note
<u>INDEPENDENT SPECIAL DISTRICTS</u> (Continue)	
19 Lakewood Ranch Community Development District 2	1, 3
20 Lakewood Ranch Community Development District 3	1, 3
21 Lakewood Ranch Community Development District 4	1, 3
22 Lakewood Ranch Community Development District 5	1, 3
23 Lakewood Ranch Community Development District 6	1, 3
24 Lanark Village Water & Sewer District	1
25 Lee Soil & Water Conservation District	2
26 Manatee River Soil & Water Conservation District	1
27 Martin Soil & Water Conservation District	1, 3
28 Meadow Pines Community Development District	1
29 Merritt Island Public Library District	1
30 North Springs Improvement District	1
31 Ocean Highway & Port Authority	1
32 Orange Hill Soil & Water Conservation District	1
33 Panther Trace II Community Development District	1, 3
34 Pasco County Mosquito Control District	1
35 Pasco Heights Road & Bridge District	1
36 Pine Island Community Development District	1
37 Renaissance Community Development District	1, 3
38 Rivercrest Community Development District	1
39 Seminole Soil & Water Conservation District	1
40 StoneLake Ranch Community Development District	1, 3
41 Stoneybrook Community Development District	1, 3
42 Sunrise Lakes Phase IV Recreation District	1
43 Suwannee Valley Transit Authority	1
44 Tern Bay Community Development District	1, 3
45 Tradition Community Development District	1
46 Tri-County Airport Authority	1, 3
47 Viera East Community Development District	1
48 Withlacoochee Regional Water Supply Authority	1

NOTES

- (1) Based on previous audit reports or other financial reports filed by the entity, the entity was required to provide for an audit for the 2006-07 fiscal year.
- (2) According to available financial information, the entity did not provide for an audit for either of the prior two fiscal years and had revenues or expenditures/expenses in an amount that requires an audit.
- (3) The entity either requested an extension or indicated that the audit was in progress; however, as of January 7, 2009, we had not received the audit report.
- (4) The Town was dissolved by referendum on September 30, 2008

**Alphabetical List of Local Governmental Entities
For Which 2006-07 Fiscal Year Audit Reports
Have Not Been Received - Audit May Have Been Required**

Attachment B

(As of January 7, 2009)

	<u>Last Audit Received</u>
<u>MUNICIPALITIES</u>	
1 Belleair Shore, Town Of	2006
2 Cloud Lake, Town Of	(1)
3 Islandia, City Of	(1)
4 Loxahatchee Groves, Town of	(1)
5 Westville, Town Of	2002
<u>INDEPENDENT SPECIAL DISTRICTS</u>	
1 Alachua Soil & Water Conservation District	(1)
2 Almarante Fire District	(1)
3 Aqua Isles Community Development District	(1)
4 Avenues Walk Community Development District	(1)
5 Baker Fire District	2000
6 Bella Verde East Community Development District	2006
7 Bella Verde Lake Community Development District	2006
8 Bermont Drainage District	(1)
9 Big Bend Water Authority	(1)
10 Blackman Fire District	(1)
11 Boynton Village Community Development District	(1)
12 Broward County Education, Research & Training Authority	(1)
13 Chandler's Meadow Community Development District	(1)
14 Civil Service Board of Santa Rosa County	2002
15 Duette Fire and Rescue District	(1)
16 Hamilton County Soil & Water Conservation District	(1)
17 Isles of Bartram Park Community Development District	(1)
18 Highlands Road & Bridge District	2003
19 Holt Fire District	2005
20 Jackson Soil & Water Conservation District	2006
21 Lake Beluthahatchee Community Development District	(1)
22 Legends Bay Community Development District	(1)
23 Magnolia Bluff Community Development District	(1)
24 Nassau Soil & Water Conservation District	1999, (1)
25 Northwest Florida Transportation Corridor Authority	(1)
26 Ocala Downtown Development District	2005
27 Ochlockonee River Soil & Water Conservation District	(1)
28 Orange Soil & Water Conservation District	(1)
29 Peace River Soil & Water Conservation District	(1)
30 Pembroke Harbor Community Development District	(1)
31 Pinecraft Lighting District	(1)
32 Polk Transit Authority	(1)
33 Santa Fe Soil and Water Conservation District	(1)
34 Santa Rosa Bay Bridge Authority	2000, (1)
35 St. Lucie County Expressway and Bridge Authority	2002
36 Sumter Soil & Water Conservation District	(1)
37 Tampa Bay Area Regional Transportation Authority	(1)
38 Tampa Bay Commuter Transit Authority	(1)
39 Treaty Oaks Community Development District	(1)
40 Tupelo Soil & Water Conservation District	(1)
41 Verandahs Community Development District, The	(1)
42 Villages of Avignon Community Development District	(1)
43 Yellow River Soil & Water Conservation District	2006

**Alphabetical List of Local Governmental Entities
For Which 2006-07 Fiscal Year Audit Reports
Have Not Been Received - Audit May Have Been Required**
(As of January 7, 2009)

Attachment B

**Last Audit
Received**

DEPENDENT SPECIAL DISTRICTS

44 Beacon Meadows Special Dependent Tax District	(1)
45 Broward Economic Development Board	(1)
46 Carrabelle Hospital Tax District	(1)
47 Cedar Grove Community Redevelopment Agency	(1)
48 Community Redevelopment Agency of the Town of Havana	(1)
49 Country Lakes Special Dependent Tax District	(1)
50 Cypress Woods Common Facilities District	(1)
51 Eastern Volusia Regional Water Authority	(1)
52 Gadsden County Industrial Development Authority	2003
53 Hillsborough Educational Facilities Authority	(1)
54 Marion County Industrial Development Authority	(1)
55 Northwest Neighborhood Improvement District	(1)
56 Pace Property Finance Authority	(1)
57 Palm Beach County Educational Facilities Authority	(1)
58 Palm Beach County Health Facilities Authority	2005
59 Pasco County Health Facilities Authority	(1)
60 Pine Hollow Special Dependent District	1999, (1)
61 Seminole County Industrial Development Authority	2005
62 Springfield Community Redevelopment Agency	(1)
64 Tarawood Grove Special District	1999, (1)
65 Water and Sewer Expansion Authority	(1)

Note

(1) No record of audit received for the 2000-01 through 2005-06 fiscal years.

**Alphabetical List of Local Governmental Entities
For Which 2006-07 Fiscal year Audit Reports Were
Not Received within 12 Months of Fiscal Year-End**

Attachment C

(As of January 7, 2009)

	Date Audit Report Received
<u>COUNTIES</u>	
1 Columbia County	11/12/08
2 Jackson County	10/08/08
3 Lafayette County	10/21/08
4 Union County	11/03/08
<u>MUNICIPALITIES</u>	
5 Alford, Town Of	10/06/08
6 Briny Breezes, Town Of	12/05/08
7 Carrabelle, City Of	10/15/08
8 Cedar Key, City Of	10/27/08
9 Center Hill, City Of	11/18/08
10 Davenport, City Of	11/03/08
11 DeBary, City Of	10/20/08
12 Fort White, Town Of	10/06/08
13 Golden Beach, Town Of	11/12/08
14 Greenville, Town Of	11/21/08
15 Highland Park, Village Of	11/14/08
16 Jacob City, City Of	11/17/08
17 Jupiter Inlet Colony, Town Of	11/12/08
18 Lake Hamilton, Town Of	12/08/08
19 Lake Park, Town Of	11/17/08
20 Laurel Hill, City Of	10/02/08
21 Longboat Key, Town Of	11/14/08
22 Miami Shores, Village Of	11/14/08
23 Paxton, City Of	10/15/08
24 Surfside, Town Of	12/11/08
25 Umatilla, City Of	10/07/08
26 Virginia Gardens, Village Of	10/06/08
<u>INDEPENDENT SPECIAL DISTRICTS</u>	
27 Amelia Island Mosquito Control District	11/21/08
28 Arlington Ridge Community Development District	10/31/08
29 Ave Maria Stewardship Community District	10/02/08
30 Avelar Creek Community Development District	12/15/08
31 Bartram Springs Community Development District	10/06/08
32 Bay Colony Special Recreation District	11/20/08
33 Bayside Improvement Community Development District	11/10/08
34 Brooks of Bonita Springs Community Development District	10/08/08
35 Campbellton-Graceville Hospital	11/21/08
36 Capron Trail Community Development District	10/02/08
37 Central County Water Control District	12/08/08
38 Central Florida Regional Transportation Authority (LYNX)	11/24/08
39 Century Gardens Village Community Development District	10/06/08
40 Clearwater Cay Community Development District	10/24/08

**Alphabetical List of Local Governmental Entities
For Which 2006-07 Fiscal year Audit Reports Were
Not Received within 12 Months of Fiscal Year-End**

(As of January 7, 2009)

Attachment C

	Date Audit Report Received
<u>INDEPENDENT SPECIAL DISTRICTS</u> (continued)	
41 Colonial Country Club Community Development District	10/02/08
42 Country Greens Community Development District	10/08/08
43 Cypress Club Recreation District	10/14/08
44 Destin Fire Control District	11/24/08
45 Downtown Development Authority City of Miami	12/08/08
46 East Mulloch Water Control District	12/08/08
47 East Naples Fire Control And Rescue District	12/08/08
48 East Park Community Development District	10/15/08
49 Eastlake Oaks Community Development District	10/15/08
50 Fallschase Community Development District	10/31/08
51 Fiddlers Creek Community Development District	10/08/08
52 Fiddler's Creek Community Development District #2	10/08/08
53 Florida Atlantic Research And Development Authority	12/17/08
54 Florida Crown Workforce Board, Inc.	12/03/08
55 Gateway Services Community Development District	10/16/08
56 Gilchrist Soil & Water Conservation District	10/07/08
57 Grand Bay at Doral Community Development District	10/06/08
58 Hammock Bay Community Development District	10/06/08
59 Hardee County Indigent Health Care Special District	11/26/08
60 Harmony Community Development District	10/02/08
61 Hawk's Point Community Development District	10/29/08
62 Heights Community Development District (The)	12/15/08
63 Heritage Harbour Market Place Community Development District	10/08/08
64 Heritage Harbour South Community Development District	10/08/08
65 Heritage Pines Community Development District	10/08/08
66 Lake Padgett Estates Independent Special District	11/24/08
67 Hillsboro Inlet District	12/01/08
68 Hillsborough County Public Transportation Commission	12/01/08
69 Hobe-St. Lucie Conservancy District	01/07/09
70 Holiday Park Park & Recreation District	12/01/08
71 Independence Park Community Development District	11/17/08
72 International Drive Master Transit And Improvement District	11/26/08
73 Islands at Doral (SW) Community Development District	10/22/08
74 Jacksonville Transportation Authority	11/21/08
75 Kendall Breeze Community Development District	10/22/08
76 Key Largo Fire Rescue and Emergency Medical Services District	10/02/08
77 Lake Powell Residential Golf Community Development District	10/08/08
78 Lakeside Plantation Community Development District	10/08/08
79 Landmark at Doral Community Development District	10/08/08
80 Lee County Trauma Services District	12/01/08
81 Lee Memorial Health System	12/01/08
82 Levy Soil & Water Conservation District	10/07/08
83 Magnolia Park Community Development District	10/29/08
84 Mediterra North Community Development District	10/08/08
85 Mediterra South Community Development District	10/08/08

**Alphabetical List of Local Governmental Entities
For Which 2006-07 Fiscal year Audit Reports Were
Not Received within 12 Months of Fiscal Year-End
(As of January 7, 2009)**

Attachment C

	Date Audit Report Received
<u>INDEPENDENT SPECIAL DISTRICTS</u> (continued)	
86 Midtown Miami Community Development District	10/21/08
87 Miromar Lakes Community Development District	10/08/08
88 Moody River Estates Community Development District	10/08/08
89 New Port - Tampa Bay Community Development District	12/08/08
90 New River Community Development District	12/08/08
91 North Okaloosa County Fire District	11/12/08
92 Ocean City/Wright Fire Control District	11/25/08
93 Palm Bay Community Development District	10/08/08
94 Palm River Community Development District	11/24/08
95 Parklands Lee Community Development District	10/31/08
96 Parklands West Community Development District	10/08/08
97 Pensacola-Escambia Promotion And Development Commission	11/26/08
98 Pinellas Suncoast Transit Authority	11/26/08
99 Plantation Acres Improvement District	12/10/08
100 Municipal Service District of Ponte Vedra Beach	12/22/08
101 Preserve At Wilderness Lake Community Development District, The	11/10/08
102 Quarry Community Development District	11/04/08
103 Reunion East Community Development District	11/14/08
104 River Ridge Community Development District	10/08/08
105 Sarasota National Community Development District	10/08/08
106 South Dade Soil & Water Conservation District	12/17/08
107 South Lake County Hospital District	12/01/08
108 South Trail Fire Protection & Rescue Service District	11/26/08
109 Space Florida	12/08/08
110 St. Augustine Port, Waterway And Beach District	12/01/08
111 Stonebrier Community Development District	11/17/08
112 Sunshine Water Control District	10/08/08
113 Tampa Bay Estuary Program	12/01/08
114 Tampa Palms Community Development District	11/04/08
115 Three Rivers Regional Library System	12/03/08
116 University Square Community Development District	10/08/08
117 Verandah East Community Development District	10/08/08
118 Verandah West Community Development District	10/08/08
119 Volusia Soil & Water Conservation District	11/04/08
120 Wentworth Estates Community Development District	10/08/08
121 West Villages Improvement District	10/02/08
<u>DEPENDENT SPECIAL DISTRICTS</u>	
122 Bellalago Educational Facilities Benefit District	11/21/08
123 Crescent Lakes Maintenance District	12/28/08
124 Flora Ridge Educational Facilities Benefit District	11/21/08
125 Hillsborough County Industrial Development Authority	12/01/08
126 Pace Property Finance Authority	12/01/08



REPRESENTING
ALEX SINK
 CHIEF FINANCIAL OFFICER
 STATE OF FLORIDA

January 05, 2009

Updated lists provided twice by DFS. Last one was received on 1/23/09. See attached e-mails & lists.

DW
 1/23/09

Mr. Terry Shoffstall, Staff Director
 Joint Legislative Audit Committee
 111 West Madison Street, Room 876
 Claude Pepper Building
 Tallahassee, Florida 32399-1400

Per telephone call from Justin Young, DFS, on 1/13/09, there are some errors on the attached list. Glitch in LOGE. Revised letter will be mailed out shortly.

DW
 1/13/09

Dear Mr. Shoffstall:

The Department of Financial Services, pursuant to the provisions of Section 218.32(1)(f), Florida Statutes (F.S.), is reporting units of local government that failed to comply with the reporting requirements of Section 218.32(1), F.S., for the fiscal year ended September 30, 2007. The exhibits provide detailed information on the reporting deficiencies:

Exhibits:

1. Counties, municipalities and special districts not reported by the September 30, 2008 deadline, pursuant to Section 218.32(d), F.S.
2. Municipalities and special districts not reported by the April 30, 2008 deadline pursuant to Section 218.32(e), F.S.
3. Municipalities that are, or *potentially* will be, submitted to the President of the Senate and the Speaker of the House of Representatives for violating Section 218.32(3), F.S., by not reporting financial activity for four consecutive fiscal years.

Please contact Justin Young at (850) 413-5712 or justin.young@myfloridacfo.com if you have any questions.

Sincerely,

Burton S. Marshall

BSM:cc
 Enclosures

JLAC
 Rec'd 1/7/2009

Non-Compliant Local Governments with S.218.32(d)F.S. for Fiscal Year 2007

Exhibit 1

Government ID	Local Government Name	AFR Received	Audit Received
COUNTIES			
100012	Columbia	10/3/2008	10/27/2008
100032	Jackson	10/9/2008	10/9/2008
100034	Lafayette		
100039	Liberly		9/26/2008
100067	Washington	10/7/2008	10/7/2008
CITIES			
200002	Alford	10/7/2008	10/6/2008
200004	Altha		9/16/2008
200023	Belle Glade		
200028	Belleair Shore		
200036	Boynton Beach		
200042	Bronson		
200047	Callahan		
200052	Carrabelle		
200053	Caryville		
200055	Cedar Grove		
200056	Cedar Key	10/26/2008	10/28/2008
200057	Center Hill	10/8/2008	10/8/2008
200058	Century		
200066	Cloud Lake		
200074	Cottondale		
200081	Davenport	10/14/2008	10/14/2008
200082	Davia		
200096	Eatonville		
200101	Esto		
200106	Fellsmere	10/1/2008	9/25/2008
200122	Golden Beach		7/31/2008
200130	Greenville		
200132	Gretna		
200169	Islandia		
200172	Jacob City		
200178	Jupiter Inlet Colony	11/12/2008	11/13/2008
200179	Jupiter Island		
200194	Lake Hamilton	10/3/2008	
200207	Laurel Hill	10/27/2008	10/27/2008
200210	Lazy Lake Village		
200225	Mangonia Park		
200229	Marineland		11/29/2007
200259	Noma	12/18/2008	
200268	Oakland		10/6/2008
200284	Pahokee		
200297	Paxton		
200307	Polk City		
200313	Port Richey	10/26/2008	9/25/2008
200317	Quincy	10/10/2008	
200322	Riviera Beach		

Government ID	Local Government Name	A/R Received	Audit Received
200325	Safety Harbor		9/16/2008
200343	Sewalls Point		
200347	South Bay		
200330	St Lucie Village		
200358	Sweetwater		
200375	Virginia Gardens	10/2/2008	10/6/2008
200387	Westville		
Special Districts			
300058	Alachua County Housing Authority *	10/22/2008	
300342	Almarante Fire District		
300849	Apalachicola Community Redevelopment Agency *		
301794	Aqua Isles Community Development District		
300164	Area Housing Commission		
300212	Arts Council of Hillsborough County		
301355	Ave Maria Stewardship Community District	10/2/2008	10/6/2008
301552	Avelar Creek Community Development District	12/12/2008	
300860	Avon Park Housing Authority *		
300343	Baker Fire District		
301109	Barefoot Bay Recreation District		
300085	Bay Colony Special Recreation District	12/22/2008	
300599	Beacon Meadows Special Dependent Tax District *		
301444	Bella Verde East Community Development District		
301445	Bella Verde Golf Community Development District		
301446	Bella Verde Lake Community Development District		
301796	Bellalago Educational Facilities Benefit District *		
301143	Belmont Lakes Community Development District		
300119	Bermont Drainage District		
301797	Big Bend Water Authority		
301214	Blackman Fire District		
300915	Boca Raton Housing Authority *		
300858	Brooksville Housing Authority *		
300096	Broward County Education, Research and Training Authority		
301798	Bunnell Community Redevelopment Agency *	12/23/2008	
300117	Calhoun County Transportation Authority	11/14/2008	
300249	Campbellton-Graceville Hospital		
300447	Capron Trail Community Development District	10/2/2008	10/6/2008
300851	Carrabella Community Redevelopment Agency *		
300852	Carrabelle Hospital Tax District *		
300853	Carrabelle Port and Airport Authority *		
301653	Cedar Grove Community Redevelopment Agency *		
300198	Central County Water Control District	12/2/2008	
301654	Century Gardens Village Community Development District	10/2/2008	10/6/2008
301460	Chapel Creek Community Development District		
300999	Chipley Housing Authority *		
300125	Citrus County Mosquito Control District		8/12/2008
300095	Citrus, Levy, Marion Reg Workforce Dev Bd		
300880	City of Cape Coral Health Facilities Authority *	11/7/2008	
301215	City of Cedar Key Community Redevelopment Agency *	10/26/2008	10/28/2008
301800	City of Moore Haven Redevelopment Agency *		
301359	City of Riviera Beach Utility Special District *		
301157	Civil Service Board of Santa Rosa County	11/17/2008	

Government ID	Local Government Name	AFR Received	Audit Received
301562	Clearwater Cay Community Development District	10/22/2008	11/12/2008
300934	Clearwater Housing Authority *		
301801	Coleman Community Redevelopment Agency *		
300136	Collier Soil and Water Conservation Dist		
300544	Columbia County Industrial Development Auth *	10/3/2008	10/27/2008
300151	Columbia County Law Library		
301564	Community Redevelopment Agency of the City of Fellsmere *	10/1/2008	
301156	Community Redevelopment Agency of the City of Umatilla *		
301802	Community Redevelopment Agency of the Town of Havana *		
301663	Copperhead Community Development District	12/1/2008	
300217	Cory Lakes Community Development District		
300588	Country Lakes Special Dependent Tax District *		
301168	Crescent Lakes Maintenance District *		
300901	Crestview Housing Authority *	11/18/2008	
300093	Cypress Club Recreation District	12/10/2008	
301667	Cypress Woods Common Facilities District *		
300773	Dania Beach Housing Authority *		
300774	Dania Neighborhood Improvement District *	11/20/2008	
300775	Davie Community Redevelopment Agency *		
300777	Deerfield Beach Housing Authority *		
300993	Deland Housing Authority *		
300919	Delray Beach Housing Authority *		12/28/2007
300346	Dorcas Fire District		
301806	Duette Fire and Rescue District		
300553	Duval County Research and Development Auth *		
300272	East Mulloch Water Control District		
301241	East Park Community Development District	10/13/2008	10/13/2008
300012	Englewood Area Fire Control District		9/30/2008
300845	Escambia-Pensacola Human Relations Commission *		
300171	Flagler County Housing Authority		
301118	Florida Crown Workforce Board, Inc.		
300903	Fort Walton Beach Housing Authority *		
300778	Ft Lauderdale Community Redevelopment Agency *		
300779	Ft Lauderdale Housing Authority *		
300183	Gilchrist County Housing Authority		
301883	Grand Bay at Doral Community Development District	10/2/2008	10/6/2008
300423	Greater Seminole Area Special Rec Dist	11/17/2008	
300854	Gretna Housing Authority *		
300855	Gretna Neighborhood Improvement District *		
301540	Groveland Community Redevelopment Agency *		
301308	Habitat Community Development District		
300192	Hamilton County Memorial Hospital		
300193	Hamilton County Soil & Water Conservtn Dist	39816	
301247	Harbour Lake Estates Community Development Dist		
300195	Hardee Soil & Water Conservation District	10/23/2008	
301170	Harmony Community Development District	10/1/2008	10/1/2008
301687	Hawk's Point Community Development District	10/24/2008	10/24/2008
301541	Hawthorne Community Redevelopment Agency *		
300022	Heartland Library Cooperative		
301577	Heights Community Development District, The	12/15/2008	

Government ID	Local Government Name	AFR Received	Audit Received
300572	Hendry Soil & Water Conservation District *		9/30/2008
300204	Hendry-La Belle Recreation Board	10/13/2008	9/30/2008
300220	Heritage Isles Community Development District		
300205	Hernando County Housing Authority		
300815	Hialeah Housing Authority *		
300816	Hialeah Redevelopment Agency *		
300803	Hickory Hill Special Dependent District *		10/3/2008
301248	Highlands County Housing Authority		
300409	Highlands Road & Bridge District		
300605	Hillsborough County Industrial Dev Auth *		
300328	Hobe-Saint Lucie Conservancy District	12/30/2008	
300483	Holiday Park, Park & Recreation District		
300789	Hollywood Housing Authority *	10/20/2008	
300350	Holt Fire District		
300953	Housing Authority of Bartow *		
300073	Housing Authority of Brevard County		
300760	Housing Authority of Springfield *		
300950	Housing Authority of Tarpon Springs *	12/12/2008	
300838	Housing Authority of The City of Arcadia *		
300765	Housing Authority of The City of Cocoa *		
300874	Housing Authority of The City of Eustis *		
300899	Housing Authority of The City of Fernandina Beach *		
300818	Housing Authority of The City of Homestead *		
300961	Housing Authority of The City of Lakeland *		9/15/2008
300962	Housing Authority of The City of Mulberry *		
300797	Housing Authority of The City of Pompano Beach *		
300978	Housing Authority of The City of Sarasota *		
300996	Housing Authority of The City of New Smyrna Beach *		
300703	Housing Finance Authority of Polk County *	12/3/2008	
301378	Huntington Community Development District		
301690	Independence Park Community Development District	11/17/2008	11/17/2008
301691	Indian Creek Commons Facilities District *		
301171	Indian Point Common Facilities District *		
301314	Islands at Doral(SW) Community Development Dist.	10/17/2008	10/22/2008
300250	Jackson Co Soil & Water Conservation Dist		
300631	Jackson County Agricultural Center *	10/9/2008	10/9/2008
300163	Jacksonville Transportation Authority		
300894	Jupiter Island Beach Protection District *		
301581	K-Bar Ranch Community Development District	12/29/2008	12/29/2008
301252	Kendall Breeze Community Development District	10/17/2008	10/22/2008
301814	Keys Edge Community Development District	12/2/2008	
300254	Lafayette Soil & Water Conservation District		
301582	Lake Beluthahatchee Community Development District		
301696	Lake Padgett Estates Independent Special District	11/24/2008	11/24/2008
301206	Lake Powell Residential Golf Community Dev Dist	10/1/2008	10/1/2008
300957	Lake Wales Housing Authority *		
300308	Lakewood Ranch Community Development Dist 2		
300309	Lakewood Ranch Community Development Dist 3		
300310	Lakewood Ranch Community Development District 1		
301207	Lakewood Ranch Community Development District 4		
301208	Lakewood Ranch Community Development District 5		

Government ID	Local Government Name	AFR Received	Audit Received
301388	Lakewood Ranch Community Development District 6		
300179	Lanark Village Water & Sewer District		
300527	Lauderdale Isles Water Management District *		
301699	Lauderhill Housing Authority *		
301700	Legends Bay Community Development District		
300642	Leon County Educational Facilities Authority *	12/12/2008	
300301	Levy County Housing Authority		
300987	Live Oak Housing Authority *		
300768	Macdenny Housing Authority *		
300646	Madison County Health and Hospital District *	10/20/2008	10/20/2008
300494	Magnolia Bluff Community Development Dist		
301792	Magnolia Park Community Development District	10/24/2008	10/24/2008
300312	Manatee County Mosquito Control District		3/6/2008
300658	Martin County Industrial Development Auth *		
300330	Martin Soil & Water Conservation District		
301319	Meadow Pines Community Development District		
301390	Midtown Miami Community Development District	10/17/2008	10/17/2008
300460	Midway Fire District	10/3/2008	
301816	Mills Park Community Development District	11/21/2008	
300973	Milton Housing Authority *		
300334	Monroe County Housing Authority		
300443	Municipal Service District of Ponte Vedra Beach		
300651	Myakka Fire Control District *		
300340	Nassau Soil & Water Conservation District		
301497	New Port-Tampa Bay Community Development District		
301698	New River Community Development District	12/10/2008	12/10/2008
300352	North Okaloosa County Fire District	11/12/2008	11/12/2008
301818	North Park Isles Community Development District	11/21/2008	
300100	North Springs Improvement District		
301392	North Sumter County Hospital District		
300746	Northwest Florida Community Hospital Dist *	10/7/2008	
300028	Northwest Florida Regional Housing Authority		
301709	Northwest Florida Transportation Corridor Authority		
300780	Northwest Neighborhood Improvement District *		
300341	Ocean Highway & Port Authority		
300297	Ochlockonee River Soil & Water Conservation District		
301819	Ocoee Community Redevelopment Agency *		
300499	Orange Hill Soil & Water Conservation Distr		
300366	Orange Soil & Water Conservation District		
301820	Ormond Beach Community Redevelopment Agency *		
300397	Ormond Beach Housing Authority *	11/14/2008	
300922	Pahokee Housing Authority, Inc *		
300685	Palm Beach Co Educational Facilities Auth *	11/7/2008	
300896	Palm Beach County Health Facilities Auth *		
301713	Palm Beach Municipal Services Special District *		
301715	Palm River Community Development District	11/24/2008	11/24/2008
301349	Panther Trace II Community Development District	12/29/2008	12/29/2008
300692	Pasco County Health Facilities Authority *	12/2/2008	
300416	Pasco County Mosquito Control District		
300694	Pasco County Road & Bridge District		
300417	Pasco Heights Road & Bridge District		

Government ID	Local Government Name	AFR Received	Audit Received
300160	Peace River Soil & Water Conservation Dist		
301827	Pembroke Harbor Community Development District		
300618	Pine Hollow Special Dependent District *		
301503	Pine Island Community Development District		
300465	Pinecroft Lighting District		
300426	Pinellas County Housing Authority	12/17/2008	12/9/2008
300429	Pinellas Suncoast Transit Authority	11/25/2008	11/25/2008
300865	Plant City Housing Authority *		
301829	Polk Transit Authority		
301718	Port Richey Community Redevelopment Agency *	10/28/2008	
301211	Preserve at Wilderness Lake Community Dev Dist	11/12/2008	11/12/2008
300805	Punta Gorda Health Facilities Authority *	10/29/2008	
301505	Quarry Community Development District	11/3/2008	11/3/2008
301149	Quincy Community Redevelopment Agency *	10/10/2008	
301212	Renaissance Community Development District		
301270	Reunion East Community Development District	11/13/2008	11/14/2008
301184	Rivercrest Community Development District	12/29/2008	12/29/2008
300985	Sanford Housing Authority *		
300153	Santa Fe Soil and Water Conservation Dist		
300461	Santa Rosa Bay Bridge Authority		
301728	Sarasota National Community Development District	10/1/2008	10/1/2008
300470	Seminole County Expressway Authority	11/26/2008	
300471	Seminole County Housing Authority		
300472	Seminole County Soil & Water Cnsvrn Dist		
300157	South Dade Soil & Water Conservation Dist		12/2/2008
301340	Southern Grove Community Development District 5		
301734	Springfield Community Redevelopment Agency *		
300454	St Lucie County Expressway and Bridge Authority		
300947	St Petersburg Housing Authority *		
301808	Stonebrier Community Development District	11/12/2008	11/12/2008
300729	Sumter County Industrial Development Auth *		
300473	Sumter Soil & Water Conservation District		
300046	Sunny Isles Reclamation and Water Control Special District	12/24/2008	
300782	Sunrise Key Neighborhood Improvement Dist *		
300110	Sunrise Lakes Phase IV Recreation District		9/29/2008
300476	Suwannee County Housing Authority		
300047	Suwannee Valley Transit Authority		
300887	Tallahassee Housing Authority *		
301833	Tampa Bay Area Regional Transportation Authority		
300229	Tampa Palms Community Development District	10/31/2008	11/3/2008
301776	Tapestry Community Development District		
300622	Tarawood Grove Special District *		
300479	Taylor County Development Authority		
300731	Taylor County Health Facilities Authority *		
301450	Tem Bay Community Development District		
301337	Town of Eatonville Community Redevelopment Agency *		
301835	Towne of Seahaven Community Development District	11/21/2008	
301285	Tradition Community Development District No. 1		
301286	Tradition Community Development District No. 2		
301287	Tradition Community Development District No. 3		
301288	Tradition Community Development District No. 4		

Government ID	Local Government Name	AFR Received	Audit Received
301341	Tradition Community Development District No. 6		
300319	Trailer Estates Park & Recreation District		
300051	Tri-County Airport Authority		
300234	Twelve Oaks Special District		
301836	U.S. Highway 441/27 Community Redevelopment Agency *		
300482	Union County Housing Authority		
301749	Valparaiso Cable Authority *	10/14/2008	
300623	Valrico Manor Special Dependent Tax District *	10/24/2008	10/7/2008
300979	Venice Housing Authority *		
301613	Verandah East Community Development District	10/1/2008	10/1/2008
301750	Verandahs Community Development District		
301617	Villages of Avignon Community Development District		
300742	Volusia County Housing Finance Authority *		
300743	Volusia County Industrial Development Authority *		
300488	Volusia Soil & Water Conservation District	11/4/2008	11/4/2008
300747	Washington County Development Authority *	10/7/2008	
301838	Water and Sewer Expansion Authority *		
300370	West Orange Healthcare District		
300407	West Palm Beach Downtown Development Auth		
300928	West Palm Beach Housing Authority *		
301435	West Villages Improvement District	10/2/2008	10/6/2008
301758	Williams Community Development District Number Five	10/2/2008	
301759	Williams Community Development District Number Four	10/2/2008	
301761	Williams Community Development District Number Seven	10/2/2008	
301762	Williams Community Development District Number Six	10/2/2008	
301763	Williams Community Development District Number Three	10/2/2008	
301764	Williams Community Development District Number Two	10/2/2008	
300963	Winter Haven Housing Authority *		
300910	Winter Park Housing Authority *		
300355	Yellow River Soil & Water Conservation Dist		
Other Entities			
500007	Apalachee Regional Planning Council		2/1/2008
500021	Florida Intergovernmental Financing Commission		9/2/2008
500020	Florida Ports Financing Commission		

331 Non-Complaint Local Government Entities

* Indicates Dependent Special District

Non-Compliant Municipalities and Independent Special Districts Missing 4/30/2008 File Date
Pursuant to Sec. 215.32(e) F.S.

Municipalities and independent special districts not required to have an annual financial audit pursuant to Section 218.39, F.S. that were to file by April 30, 2008

Exhibit 2

<u>Unit ID</u>	<u>Unit Name</u>	<u>FY-2007 AFR Receipt Date</u>	<u>AFR Filed with Audit?</u>	<u>FY-2007 Revenues</u>	<u>FY-2007 Expenditures</u>
<u>Municipalities</u>					
200120	Glen Ridge	5/5/2008	N	138,773	115,431
200282	Otter Creek	6/25/2008	N	108,694	102,870
200318	Raiford	5/1/2008	N	64,619	72,571
<u>Independent Special Districts</u>					
300060	Alachua Soil and Water Conservation District	9/30/2008	N	4,875	5,028
300064	Baker Soil and Water Conservation District	5/5/2008	N	0	0
301649	Bella Fonte Community Development District	9/10/2008	N	5,527	5,527
301650	Bella Venetia Community Development District	5/5/2008	N	0	0
300070	Bradford County Development Authority	8/13/2008	N	29,631	18,520
300117	Calhoun County Transportation Authority	11/14/2008	N	0	0
301655	Century Gardens at Tamiami Community Development District	9/30/2008	N	18,997	18,997
300118	Chipola River Soil & Water Conservation Dist	5/19/2008	N	150	204
301157	Civil Service Board of Santa Rosa County	11/17/2008	N	0	0
300323	Cold Springs Improvement District	8/29/2008	N	4,232	4,350
301663	Copperhead Community Development District	12/1/2008	N	18,666	18,886
300358	Coquina Road & Bridge District	9/8/2008	N	0	0
300177	Franklin Soil & Water Conservation Dist	5/19/2008	N	0	0
300423	Greater Seminole Area Special Rec Dist	11/17/2008	N	0	0
301684	Grove Community District	9/30/2008	N	49,475	42,393
300193	Hamilton County Soil and Water Conservation District	1/3/2009	N	0	0
300431	Haines City Drainage District	5/19/2008	N	15,062	5,779
300195	Hardee Soil & Water Conservation District	10/23/2008	N	854	160
301614	Keys Edge Community Development District	12/2/2008	N	4,800	3,261
301697	Lakeside Community Development District	9/18/2008	N	6,466	6,466
301704	Mandarin Grove Community Development District	9/29/2008	N	20,000	19,429
301816	Mills Park Community Development District	11/21/2008	N	0	0
300188	Moore Haven Mosquito Control District	7/9/2008	N	76,396	77,474

Unit ID	Unit Name	FY 2007 AFR Receipt Date	AFR Filed with Audit?	FY 2007 Revenues	FY 2007 Expenditures
301818	North Park Isles Community Development District	11/21/2008	N	13,808	13,808
301506	RC Jupiter Community Development District	8/22/2008	N	15,513	12,059
301725	RiverPark Community Development District	9/29/2008	N	0	0
300470	Seminole County Expressway Authority	11/26/2008	N	0	761
301729	Silverleaf Community Development District	5/5/2008	N	46,374	44,465
300456	St Lucie Soil & Water Conservation District	9/30/2008	N	38,594	36,346
300045	Sunny Isles Reclamation and Water Control Special District	12/24/2008	N	0	0
301737	Sunnyland Farms Community Development District	9/25/2008	N	18,977	18,977
301835	Towne of Seahaven Community Development District	11/21/2008	N	0	0
300190	Tupelo Soil & Water Conservation District	9/17/2008	N	170	250
301430	Village Community Development District # 10	5/12/2008	N	0	0
301429	Village Community Development District # 9	5/15/2008	N	0	0
300491	Wakulla Soil & Water Conservation District	5/21/2008	N	278	1,102
301197	Walkabout Community Development District	8/28/2008	N	0	0
300054	Walton/Okaloosa/Santa Rosa Regional Utility Auth	8/14/2008	N	0	802
301754	Waterleaf Community Development District (Hillsborough Co)	9/29/2008	N	47,776	48,700
301758	Williams Community Development District Number Five	10/2/2008	N	0	0
301759	Williams Community Development District Number Four	10/2/2008	N	0	0
301761	Williams Community Development District Number Seven	10/2/2008	N	0	0
301762	Williams Community Development District Number Six	10/2/2008	N	0	0
301763	Williams Community Development District Number Three	10/2/2008	N	0	0
301764	Williams Community Development District Number Two	10/2/2008	N	0	0

Exhibit 3

Pursuant to Section 218.32(3), Florida Statutes, the Department of Financial Services is to notify the President of the Senate and the Speaker of the House of Representatives "of any municipality that has not reported any financial activity for the last 4 fiscal years." The list below is comprised of municipalities that have not submitted an AFR for at least 2 consecutive fiscal years.

Government ID	Local Government Name	2007	2006	2005	2004
200042	Bronson	X	X	X	
200058	Century	X	X	X	X
200169	Islandia	X	X	X	X
200284	Pahokee	X	X		
200387	Westville	X	X	X	

"X" = No report submitted

Blank = Report was submitted

WHITE.DEBORAH

From: Justin Young [Justin.Young@myfloridacfo.com]
Sent: Wednesday, January 14, 2009 11:22 AM
To: WHITE.DEBORAH; ANITA MARLOWE
Cc: MARILYN ROSETTI
Subject: Revised Non Compliant Report
Attachments: Sept 30.xls

*Updated list provided
by DFS on 1/13/09.
JY
1/13/09*

Good afternoon Ladies. Last week you probably received the 218.32 Non-compliant report from our office. Please replace the Exhibit 1 section with the attached spreadsheet. We found a glitch in how we processed the component units for last few paper submissions we received so a few of the dependent districts have been removed from the non-compliance list. No other changes to the other Exhibits were made.

Feel free to reply with any questions and have a great day – Justin

*Justin Young
Financial Administrator
Bureau of Local Government
Phone: (850) 413-5712
Fax: (850) 413-5548*

Non-Compliant Local Governments with S.218.32(d)F.S. for Fiscal Year 2007

Exhibit 1

Government ID	Local Government Name	AFR Received	Audit Received
Counties			
100012	Columbia	10/3/2008	10/27/2008
100032	Jackson	10/9/2008	10/9/2008
100034	Lafayette		
100039	Liberty		9/26/2008
100067	Washington	10/7/2008	10/7/2008
Cities			
200002	Alford	10/7/2008	10/6/2008
200004	Altha		9/16/2008
200023	Belle Glade		
200028	Bellaire Shore		
200036	Boynton Beach		
200042	Bronson		
200047	Callahan		
200052	Carrabelle		
200053	Caryville		
200055	Cedar Grove		
200056	Cedar Key	10/25/2008	10/28/2008
200057	Center Hill	10/8/2008	10/8/2008
200058	Century		
200066	Cloud Lake		
200074	Cottondale		
200081	Davenport	10/14/2008	10/14/2008
200082	Davie		
200096	Eatonville		
200101	Esto		
200105	Fellsmere	10/1/2008	9/25/2008
200122	Golden Beach		7/31/2008
200130	Greenville		
200132	Gretna		
200169	Islandia		
200172	Jacob City		
200178	Jupiter Inlet Colony	11/12/2008	11/13/2008
200179	Jupiter Island		
200194	Lake Hamilton	10/3/2008	
200207	Laurel Hill	10/27/2008	10/27/2008
200210	Lazy Lake Village		
200225	Mangonia Park		
200229	Marineland		11/29/2007
200259	Noma	12/18/2008	
200268	Oakland		10/6/2008
200284	Pahokee		
200297	Paxton		
200307	Polk City		
200313	Port Richey	10/26/2008	9/25/2008
200317	Quincy	10/10/2008	
200322	Riviera Beach		

Government ID	Local Government Name	AFR Received	Audit Received
200325	Safety Harbor		9/16/2008
200343	Sewalls Point		
200347	South Bay		
200330	St Lucie Village		
200358	Sweetwater		
200376	Virginia Gardens	10/2/2008	10/6/2008
200387	Westville		
Special Districts			
300058	Alachua County Housing Authority *	10/22/2008	
300342	Almarante Fire District		
301794	Aqua Isles Community Development District		
300164	Area Housing Commission		
300212	Arts Council of Hillsborough County		
301355	Ave Maria Stewardship Community District	10/2/2008	10/6/2008
301552	Avelar Creek Community Development District	12/12/2008	
300860	Avon Park Housing Authority *		
300343	Baker Fire District		
301109	Barefoot Bay Recreation District		
300085	Bay Colony Special Recreation District	12/22/2008	
300589	Beacon Meadows Special Dependent Tax District *		
301444	Bella Verde East Community Development District		
301445	Bella Verde Golf Community Development District		
301446	Bella Verde Lake Community Development District		
301796	Bellalago Educational Facilities Benefit District *		
301143	Belmont Lakes Community Development District		
300119	Bermont Drainage District		
301797	Big Bend Water Authority	1/5/2009	
301214	Blackman Fire District		
300915	Boca Raton Housing Authority *		
300858	Brooksville Housing Authority *		
300086	Broward County Education, Research and Training Authority		
301798	Bunnell Community Redevelopment Agency *	12/23/2008	
300117	Calhoun County Transportation Authority	11/14/2008	
300249	Campbellton-Graceville Hospital		
300447	Capron Trail Community Development District	10/2/2008	10/6/2008
300851	Carrabelle Community Redevelopment Agency *		
300852	Carrabelle Hospital Tax District *		
300853	Carrabelle Port and Airport Authority *		
301653	Cedar Grove Community Redevelopment Agency *		
300198	Central County Water Control District	12/2/2008	
301654	Century Gardens Village Community Development District	10/2/2008	10/6/2008
301460	Chapel Creek Community Development District		
300999	Chipley Housing Authority *		
300125	Citrus County Mosquito Control District		6/12/2008
300005	Citrus, Levy, Marion Reg Workforce Dev Bd		
300880	City of Cape Coral Health Facilities Authority *	11/7/2008	
301215	City of Cedar Key Community Redevelopment Agency *	10/26/2008	10/26/2008
301359	City of Riviera Beach Utility Special District *		
301157	Civil Service Board of Santa Rosa County	11/17/2008	
301562	Clearwater Cay Community Development District	10/22/2008	11/12/2008
300934	Clearwater Housing Authority *		

Government ID	Local Government Name	AFR Received	Audit Received
301801	Coleman Community Redevelopment Agency *		
300136	Collier Soil and Water Conservation Dist		
300544	Columbia County Industrial Development Auth *	10/3/2008	10/27/2008
300151	Columbia County Law Library		
301584	Community Redevelopment Agency of the City of Fellsmere *	10/1/2008	
301156	Community Redevelopment Agency of the City of Umatilla *		
301802	Community Redevelopment Agency of the Town of Havana *		
301663	Copperhead Community Development District	12/1/2008	
300217	Cory Lakes Community Development District		
300598	Country Lakes Special Dependent Tax District *		
301168	Crescent Lakes Maintenance District *		
300901	Crestview Housing Authority *	11/18/2008	
300093	Cypress Club Recreation District	12/10/2008	
301667	Cypress Woods Common Facilities District *		
300773	Dania Beach Housing Authority *		
300774	Dania Neighborhood Improvement District *	11/20/2008	
300775	Davie Community Redevelopment Agency *		
300777	Deerfield Beach Housing Authority *		
300993	Deland Housing Authority *		
300919	Delray Beach Housing Authority *		12/28/2007
300346	Dorcas Fire District		
301806	Duette Fire and Rescue District		
300553	Duval County Research and Development Auth *		
300272	East Mulloch Water Control District		
301241	East Park Community Development District	10/13/2008	10/13/2008
300012	Englewood Area Fire Control District		9/30/2008
300845	Escambia-Pensacola Human Relations Commission *		
300171	Flagler County Housing Authority		
301118	Florida Crown Workforce Board, Inc.		
300903	Fort Walton Beach Housing Authority *		
300183	Gilchrist County Housing Authority		
301683	Grand Bay at Doral Community Development District	10/2/2008	10/6/2008
300423	Greater Seminole Area Special Rec Dist	11/17/2008	
300854	Gretna Housing Authority *		
300855	Gretna Neighborhood Improvement District *		
301540	Groveland Community Redevelopment Agency *		
301308	Habitat Community Development District		
300192	Hamilton County Memorial Hospital		
300193	Hamilton County Soil & Water Conservtn Dist	1/3/2009	
301247	Harbour Lake Estates Community Development Dist		
300195	Hardee Soil & Water Conservation District	10/23/2008	
301170	Harmony Community Development District	10/1/2008	10/1/2008
301687	Hawk's Point Community Development District	10/24/2008	10/24/2008
301541	Hawthorne Community Redevelopment Agency *		
300022	Heartland Library Cooperative		
301577	Heights Community Development District, The	12/15/2008	
300572	Hendry Soil & Water Conservation District *		9/30/2008
300204	Hendry-La Belle Recreation Board	10/13/2008	9/30/2008
300220	Heritage Isles Community Development District		
300205	Hernando County Housing Authority		

Government ID	Local Government Name	AFR Received	Audit Received
300815	Hiataeh Housing Authority *		
300816	Hiataeh Redevelopment Agency *		
300603	Hickory Hill Special Dependent District *		10/3/2008
301248	Highlands County Housing Authority		
300409	Highlands Road & Bridge District		
300605	Hillsborough County Industrial Dev Auth *		
300328	Hobe-Saint Lucie Conservancy District	12/30/2008	
300453	Holiday Park, Park & Recreation District		
300789	Hollywood Housing Authority *	10/20/2008	
300350	Holt Fire District		
300953	Housing Authority of Bartow *		
300073	Housing Authority of Brevard County		
300760	Housing Authority of Springfield *		
300950	Housing Authority of Tarpon Springs *	12/12/2008	
300838	Housing Authority of The City of Arcadia *		
300765	Housing Authority of The City of Cocoa *		
300874	Housing Authority of The City of Eustis *		
300899	Housing Authority of The City of Fernandina Beach *		
300818	Housing Authority of The City of Homestead *		
300961	Housing Authority of The City of Lakeland *		9/15/2008
300962	Housing Authority of The City of Mulberry *		
300797	Housing Authority of The City of Pompano Beach *		
300978	Housing Authority of The City of Sarasota *		
300996	Housing Authority of The City of New Smyrna Beach *		
300703	Housing Finance Authority of Polk County *	12/3/2008	
301378	Huntington Community Development District		
301690	Independence Park Community Development District	11/17/2008	11/17/2008
301691	Indian Creek Commons Facilities District *		
301171	Indian Point Common Facilities District *		
301314	Islands at Doral(SW) Community Development Dist.	10/17/2008	10/22/2008
300250	Jackson Co Soil & Water Conservation Dist		
300631	Jackson County Agricultural Center *	10/9/2008	10/9/2008
300163	Jacksonville Transportation Authority		
300894	Jupiter Island Beach Protection District *		
301581	K-Bar Ranch Community Development District	12/29/2008	12/29/2008
301252	Kendall Breeze Community Development District	10/17/2008	10/22/2008
301814	Keys Edge Community Development District	12/2/2008	
300254	Lafayette Soil & Water Conservation District		
301582	Lake Beluthahatchee Community Development District		
301898	Lake Padgett Estates Independent Special District	11/24/2008	11/24/2008
301208	Lake Powell Residential Golf Community Dev Dist	10/1/2008	10/1/2008
300957	Lake Wales Housing Authority *		
300308	Lakewood Ranch Community Development Dist 2		
300309	Lakewood Ranch Community Development Dist 3		
300310	Lakewood Ranch Community Development District 1		
301207	Lakewood Ranch Community Development District 4		
301208	Lakewood Ranch Community Development District 5		
301388	Lakewood Ranch Community Development District 6		
300179	Lanark Village Water & Sewer District		
300527	Lauderdale Isles Water Management District *		
301699	Lauderhill Housing Authority *		

Government ID	Local Government Name	AFR Received	Audit Received
301700	Legends Bay Community Development District		
300642	Leon County Educational Facilities Authority *	12/12/2008	
300301	Levy County Housing Authority		
300987	Live Oak Housing Authority *		
300756	Macclenny Housing Authority *		
300646	Madison County Health and Hospital District *	10/20/2008	10/20/2008
300494	Magnolia Bluff Community Development Dist		
301792	Magnolia Park Community Development District	10/24/2008	10/24/2008
300312	Manatee County Mosquito Control District		3/6/2008
300658	Martin County Industrial Development Auth *		
300330	Martin Soil & Water Conservation District		
301319	Meadow Pines Community Development District		
301390	Midtown Miami Community Development District	10/17/2008	10/17/2008
300460	Midway Fire District	10/3/2008	
301816	Mills Park Community Development District	11/21/2008	
300973	Milton Housing Authority *		
300334	Monroe County Housing Authority		
300443	Municipal Service District of Ponte Vedra Beach		
300651	Myakka Fire Control District *		
300340	Nassau Soil & Water Conservation District		
301497	New Port-Tampa Bay Community Development District		
301588	New River Community Development District	12/10/2008	12/10/2008
300352	North Okaloosa County Fire District	11/12/2008	11/12/2008
301818	North Park Isles Community Development District	11/21/2008	
300100	North Springs Improvement District		
301392	North Sumter County Hospital District		
300746	Northwest Florida Community Hospital Dist *	10/7/2008	
300028	Northwest Florida Regional Housing Authority		
301709	Northwest Florida Transportation Corridor Authority		
300341	Ocean Highway & Port Authority		
300297	Ochlocknee River Soil & Water Conservation District		
301819	Ocoee Community Redevelopment Agency *		
300499	Orange Hill Soil & Water Conservation Distr		
300366	Orange Soil & Water Conservation District		
301820	Ormond Beach Community Redevelopment Agency *		
300997	Ormond Beach Housing Authority *	11/14/2008	
300922	Pahokee Housing Authority, Inc *		
300585	Palm Beach Co Educational Facilities Auth *	11/7/2008	
300686	Palm Beach County Health Facilities Auth *		
301713	Palm Beach Municipal Services Special District *		
301715	Palm River Community Development District	11/24/2008	11/24/2008
301349	Panther Trace II Community Development District	12/29/2008	12/29/2008
300892	Pasco County Health Facilities Authority *	12/2/2008	
300416	Pasco County Mosquito Control District		
300694	Pasco County Road & Bridge District		
300417	Pasco Heights Road & Bridge District		
300160	Peace River Soil & Water Conservation Dist		
301827	Pembroke Harbor Community Development District		
300618	Pine Hollow Special Dependent District *		
301503	Pine Island Community Development District		
300466	Pinecraft Lighting District		

Government ID	Local Government Name	AFR Received	Audit Received
300426	Pinellas County Housing Authority	12/17/2008	12/9/2008
300429	Pinellas Suncoast Transit Authority	11/25/2008	11/25/2008
300865	Plant City Housing Authority *		
301829	Polk Transit Authority		
301718	Port Richey Community Redevelopment Agency *	10/28/2008	
301211	Preserve at Wilderness Lake Community Dev Dist	11/12/2008	11/12/2008
300805	Punta Gorda Health Facilities Authority *	10/29/2008	
301505	Quarry Community Development District	11/3/2008	11/3/2008
301149	Quincy Community Redevelopment Agency *	10/10/2008	
301212	Renaissance Community Development District		
301270	Reunion East Community Development District	11/13/2008	11/14/2008
301184	Rivercrest Community Development District	12/29/2008	12/29/2008
300985	Sanford Housing Authority *		
300153	Santa Fe Soil and Water Conservation Dist		
300461	Santa Rosa Bay Bridge Authority		
301728	Sarasota National Community Development District	10/1/2008	10/1/2008
300470	Seminole County Expressway Authority	11/26/2008	
300471	Seminole County Housing Authority		
300472	Seminole County Soil & Water Conserv Dist		
300157	South Dade Soil & Water Conservation Dist		12/2/2008
301340	Southern Groves Community Development District 5		
300454	St Lucie County Expressway and Bridge Authority		
300947	St Petersburg Housing Authority *		
301606	Stonebriar Community Development District	11/12/2008	11/12/2008
300473	Sumter Soil & Water Conservation District		
300045	Sunny Isles Reclamation and Water Control Special District	12/24/2008	
300110	Sunrise Lakes Phase IV Recreation District		9/29/2008
300476	Suwannee County Housing Authority		
300047	Suwannee Valley Transit Authority		
300887	Tallahassee Housing Authority *		
301833	Tampa Bay Area Regional Transportation Authority		
300229	Tampa Palms Community Development District	10/31/2008	11/3/2008
301778	Tapestry Community Development District		
300622	Tarawood Grove Special District *		
300479	Taylor County Development Authority		
300731	Taylor County Health Facilities Authority *		
301450	Tem Bay Community Development District		
301337	Town of Eatonville Community Redevelopment Agency *		
301835	Towne of Seahaven Community Development District	11/21/2008	
301285	Tradition Community Development District No. 1		
301286	Tradition Community Development District No. 2		
301287	Tradition Community Development District No. 3		
301288	Tradition Community Development District No. 4		
301341	Tradition Community Development District No. 6		
300319	Trailer Estates Park & Recreation District		
300051	Tri-County Airport Authority		
300234	Twelve Oaks Special District		
301836	U.S. Highway 441/27 Community Redevelopment Agency *		
300482	Union County Housing Authority		
301749	Valparaiso Cable Authority *	10/14/2008	
300623	Valrico Manor Special Dependent Tax District *	10/24/2008	10/7/2008

Government ID	Local Government Name	AFR Received	Audit Received
300979	Venice Housing Authority *		
301613	Verandah East Community Development District	10/1/2008	10/1/2008
301750	Verandahs Community Development District		
301617	Villages of Avignon Community Development District		
300742	Volusia County Housing Finance Authority *		
300743	Volusia County Industrial Development Authority *		
300488	Volusia Soil & Water Conservation District	11/4/2008	11/4/2008
300747	Washington County Development Authority *	10/7/2008	
300370	West Orange Healthcare District		
300407	West Palm Beach Downtown Development Auth		
300928	West Palm Beach Housing Authority *		
301435	West Villages Improvement District	10/2/2008	10/6/2008
301758	Williams Community Development District Number Five	10/2/2008	
301759	Williams Community Development District Number Four	10/2/2008	
301761	Williams Community Development District Number Seven	10/2/2008	
301762	Williams Community Development District Number Six	10/2/2008	
301763	Williams Community Development District Number Three	10/2/2008	
301764	Williams Community Development District Number Two	10/2/2008	
300963	Winter Haven Housing Authority *		
300910	Winter Park Housing Authority *		
300356	Yellow River Soil & Water Conservation Dist		
Other Entities			
500007	Apalachee Regional Planning Council		2/1/2008
500021	Florida Intergovernmental Financing Commission		9/2/2008
500020	Florida Ports Financing Commission		

331 Non-Complaint Local Government Entities

* Indicates Dependent Special District

WHITE.DEBORAH

From: Justin Young [Justin.Young@myfloridacfo.com]
Sent: Friday, January 23, 2009 2:30 PM
To: WHITE.DEBORAH
Cc: Brandy Tunnell; Burton Marshall
Subject: RE: Lake Beluthahatchee CDD
Attachments: Sept 30 1-24-09.xls

Hi Debbie,

Attached is the updated non-compliance list with updated date fields if the AFR was received since the last version and the comment field for the dependents.

Lake Beluthahatchee 2006 Revenue is: \$39,088 / Expenditures: \$7,444

Just reply with any further questions.
Have a great afternoon / weekend -- Justin

Justin Young
Financial Administrator
Bureau of Local Government
Phone: (850) 413-5712
Fax: (850) 413-5548

From: WHITE.DEBORAH [mailto:WHITE.DEBORAH@leg.state.fl.us]
Sent: Friday, January 23, 2009 2:20 PM
To: Justin Young
Subject: Lake Beluthahatchee CDD

Justin,

Per LOGER, the '06 AFR for Lake Beluthahatchee CDD (#301582) was received on 1/5/2009. Please e-mail me the total revenue and total expenditure/expense amounts submitted by the CDD. I need to determine if the audit threshold was met.

Thanks,

Debbie White, CPA, Analyst
Joint Legislative Auditing Committee
Telephone #: (850) 922-5668
Fax #: (850) 922-5667
white.deborah@leg.state.fl.us

111 West Madison Street, Room 876
Tallahassee, Florida 32399-1400

Non-Compliant Local Governments with S.218.32(d)F.5. for Fiscal Year 2007

Exhibitor	Local Government	App Received	Amount Received	Comments
100012	Columbia	10/1/2006	10/27/2006	
100032	Jackpot	10/9/2006	10/18/2006	
100034	Lafayette			
100039	Liberty		9/26/2006	
100067	Washington	10/7/2009	10/7/2009	
Other				
200002	Allard	10/7/2006	10/6/2006	
200201	Altha		6/16/2006	
200523	Rolle Glade			
200028	Bellaire Shore			
200036	Beynon Beach			
200042	Bismont			
200047	Cashan			
200062	Catalbella	1/14/2006	1/16/2006	
200063	Cayville			
200065	Cedar Grove - <i>DISOLVED IN 10/2006</i>	10/20/2006	10/20/2006	
200066	Cedar Key	10/20/2006	10/20/2006	
200057	Canter Hill	10/20/2006	10/20/2006	
200058	Century			
200068	Cinco Lake			
200074	Colonsdale			
200001	Davenport	10/14/2006	10/14/2006	
200082	Davis			
200098	Edenville			
200101	Esco			
200109	Felthams	10/1/2006	8/26/2006	
200122	Golden Beach		7/8/2006	
200130	Greenhill			
200132	Griena			
200168	Icelanda			
200172	Jacob City			
200178	Jupiter Inlet Colony	11/19/2006	11/19/2006	
200379	Jupiter Island			
200184	Lake Hamilton	10/9/2006		
200207	Laural Hill	10/27/2006	10/27/2006	
200210	Lazy Lake Village	10/1/2006		
200225	Margolis Park			
200228	Marionland		11/26/2007	
200230	Nema	12/16/2006		
200286	Oaklane		10/6/2006	
200284	Palmette			
200287	Panola			
200337	Polk City			

200313 Port Richey 8/22/2008
200317 Quincy 10/28/2008
200322 Riviera Beach 10/10/2008

Agency Name	Agency Address	Agency City	Agency State	Agency Zip	Agency Phone	Agency Fax	Agency Email	Agency Website	Agency Status	Agency Type	Agency Category	Agency Subcategory	Agency Subtype	Agency Subcode	Agency Subname	Agency Subdescription	Agency Subcomment	
200325	Safety Harbor																	8/18/2008
200343	Sawelle Park																	10/22/2008
200347	South Bay																	10/22/2008
200350	St Lucie Village																	10/22/2008
200356	Sweethair																	10/22/2008
200376	Vergina Gardens																	10/22/2008
200381	Westville																	10/22/2008
300061	Alachua County Housing Authority *																	10/22/2008
200322	Alachua Fire District																	10/22/2008
301784	Aqua Isles Community Development District																	10/22/2008
300164	Area Housing Commission																	12/22/2008
300212	Area Council of Hillsborough County																	10/22/2008
301355	Ave Maria Stewardship Community District																	10/22/2008
301352	Avesar Creek Community Development District																	12/22/2008
300062	Avon Park Housing Authority																	Parent lists from Independently Reported
300323	Baker Fire District																	Parent lists from No Report Submitted
201709	Barclay Bay Recreation District																	12/22/2008
300055	Bay Colony Special Recreation District																	Parent lists from Independently Reported
300588	Beacon Meadows Special Dependent Tax District *																	New district added to DCA database
301444	Bella Vista East Community Development District																	
301445	Bella Vista Golf Community Development District																	
301448	Bella Vista Lake Community Development District																	
201703	Belleair Educational Facilities Benefit District *																	
301143	Belmont Lakes Community Development District																	
300116	Bermond Drainage District																	
301787	Big Bend Water Authority																	12/22/2008
304214	Blackman Fire District																	12/22/2008
300816	Boca Raton Housing Authority																	Parent lists from No Report Submitted
300658	Buckhale Housing Authority																	Parent lists from Independently Reported
300085	Broward County Education, Research and Training Authority																	
301789	Burnell Community Redevelopment Agency *																	12/22/2008
300117	Calhoun County Transportation Authority																	11/14/2008
300249	Campbell-Grovesville Hospital																	
300447	Capron Trail Community Development District																	10/22/2008
300881	Carroll County Redevelopment Agency *																	1/16/2009
300852	Carroll County Redevelopment Agency *																	1/16/2009
300853	Carroll County Redevelopment Agency *																	1/16/2009
301623	Carroll County Redevelopment Agency *																	1/16/2009
300186	Carroll County Water Control District																	10/22/2008
301624	Century Gardens Village Community Development District																	10/22/2008
301480	Chesapeake Community Development District																	10/22/2008
300948	Chippley Housing Authority *																	Parent lists from Independently Reported
300125	Citrus County Mosquito Control District																	5/12/2008
300206	Citrus, Levy, Marion Reg Mosquito Div Bd																	
300830	City of Cape Coral Health Facilities Authority *																	11/7/2008
301215	City of Cedar Key Community Redevelopment Agency *																	10/22/2008

Agency Name	Agency Address	Agency Phone	Agency Fax	Agency Email	Agency Website	Agency Status
301389 City of Riviera Beach Utility Special District	1117723008	111720009				Parent has not submitted
301167 DMV Service Board of Santa Rosa County	1062520001					Parent lists them independently Reported
301062 Dismwater Day Community Development District						New district added to DCA database
300934 Clearwater Housing Authority	10620009	10620009				Parent lists them as No Report Submitted
301801 Crossman Community Redevelopment Agency	10620001	10620009				New district added to DCA database
300138 Collier Soil and Water Conservation Dist	10620008					Parent lists them as No Report Submitted
300344 Columbia County Industrial Development Auth	10620008					New district added to DCA database
300161 Columbia County Law Library	10620008					Parent lists them as No Report Submitted
301964 Community Redevelopment Agency of the City of Falmers	10620008					Parent lists them as No Report Submitted
301196 Community Redevelopment Agency of the City of Umatilla	10620008					New district added to DCA database
301602 Community Redevelopment Agency of the Town of Havant	10620008					Parent lists them as No Report Submitted
304063 Coppeland Community Development District	10620008					Parent lists them as No Report Submitted
300217 Cory Lakes Community Development District	10620008					Parent lists them as No Report Submitted
300308 County Lakes Special Dependent Tax District	10620008					Parent lists them as No Report Submitted
301188 Crescent Lakes Maintenance District	10620008					Parent lists them as No Report Submitted
300401 Crestwick Housing Authority	10620008					Parent lists them as No Report Submitted
300383 Cypress Lake Recreation District	10620008					Parent lists them as No Report Submitted
301680 Cypress Woods Common Facilities District	10620008					Parent lists them as No Report Submitted
300778 Danah Beach Housing Authority	10620008					Parent lists them as No Report Submitted
300774 Davis Neighborhood Improvement District	10620008					Parent lists them as No Report Submitted
300775 Davis Community Redevelopment Agency	10620008					Parent lists them as No Report Submitted
300777 Deerfield Beach Housing Authority	10620008					Parent lists them as No Report Submitted
300983 Deland Housing Authority	10620008					Parent lists them as No Report Submitted
300910 Dairy Beach Housing Authority	10620008					Parent lists them as No Report Submitted
300846 Deers Fire District	10620008					Parent lists them as No Report Submitted
301806 Duarte Fire and Rescue District	10620008					Parent lists them as No Report Submitted
300363 Duval County Research and Development Auth	10620008					Parent lists them as No Report Submitted
300272 East Muloch Water Control District	10620008					Parent lists them as No Report Submitted
301241 East Park Community Development District	10620008					Parent lists them as No Report Submitted
300012 Englewood Ave Fire Control District	10620008					Parent lists them as No Report Submitted
300849 Escambia-Pensacola Human Affairs Commission	10620008					Parent lists them as No Report Submitted
300171 Flagler County Housing Authority	10620008					Parent lists them as No Report Submitted
301118 Florida Crown Workforce Board, Inc.	10620008					Parent lists them as No Report Submitted
300683 Fort Walton Beach Housing Authority	10620008					Parent lists them as No Report Submitted
300183 Gadsden County Housing Authority	10620008					Parent lists them as No Report Submitted
301083 Grand Bay at Coral Community Development District	10620008					Parent lists them as No Report Submitted
300423 Greater Seminole Area Spgs at Red D.S.I	10620008					Parent lists them as No Report Submitted
300684 Gretna Housing Authority	10620008					Parent lists them as No Report Submitted
300655 Gretna Neighborhood Improvement District	10620008					Parent lists them as No Report Submitted
301446 Gretna Community Redevelopment Agency	10620008					Parent lists them as No Report Submitted
301300 Habitat Community Development District	10620008					Parent lists them as No Report Submitted
300192 Hamilton County Memorial Hospital	10620008					Parent lists them as No Report Submitted
300183 Hamilton County Soil & Water Conservation Dist	10620008					Parent lists them as No Report Submitted
301247 Harbour Lake Estates Community Development Dist	10620008					Parent lists them as No Report Submitted
300185 Hardee Soil & Water Conservation District	10620008					Parent lists them as No Report Submitted
301170 Henry County Development District	10620008					Parent lists them as No Report Submitted
301807 Hawk's Point Community Development District	10620008					Parent lists them as No Report Submitted

Agency	Agency Name	Agency Address	Agency Phone	Agency Email	Agency Website	Agency Status
301541	Hawthorne Community Redevelopment Agency	127152506	93022008			Parent Lists them as No Report Submitted
300072	Hoardland Library Cooperative	127152506	93022008			Parent Lists them as No Report Submitted
301577	Palms Community Development District, The	127152506	93022008			Parent Lists them as No Report Submitted
300572	Henry Soil & Water Conservation District	101132008				Parent Lists them as No Report Submitted
800204	Hemlock-Lake Recreation Park	101132008				Parent Lists them as No Report Submitted
300230	Herridge Hills Community Development District					Parent Lists them as No Report Submitted
300205	Hernando County Housing Authority					Parent Lists them as No Report Submitted
200016	Hialeah Housing Authority					Parent Lists them as No Report Submitted
200010	Hialeah Redevelopment Agency					Parent Lists them as No Report Submitted
300603	Hickory Hill Special Development District					Parent Lists them as No Report Submitted
301248	Highlands County Housing Authority					Parent Lists them as No Report Submitted
300409	Higley Road & Briggs District					Parent Lists them as No Report Submitted
300805	Hillborough County Industrial Dev Auth					Parent Lists them as No Report Submitted
200240	Hills-Saint Louis Conservancy District	127302008				Parent Lists them as No Report Submitted
300463	Holiday Park Park & Recreation District	132002008				Parent Lists them as No Report Submitted
300788	Hollywood Housing Authority					Parent Lists them as No Report Submitted
300350	Holt Fire District					Parent Lists them as No Report Submitted
300063	Housing Authority of Bantow					Parent Lists them as No Report Submitted
300073	Housing Authority of Brevard County					Parent Lists them as No Report Submitted
300160	Housing Authority of Springfield					Parent Lists them as No Report Submitted
300060	Housing Authority of Sunset Springs	127172008				Parent Lists them as No Report Submitted
300833	Housing Authority of The City of Acacia					Parent Lists them as No Report Submitted
300783	Housing Authority of The City of Cocoa					Parent Lists them as No Report Submitted
300074	Housing Authority of The City of Eustis					Parent Lists them as No Report Submitted
300898	Housing Authority of The City of Fernandina Beach					Parent Lists them as No Report Submitted
300818	Housing Authority of The City of Homestead					Parent Lists them as No Report Submitted
300961	Housing Authority of The City of Leesville					Parent Lists them as No Report Submitted
300862	Housing Authority of The City of Maitland					Parent Lists them as No Report Submitted
600797	Housing Authority of The City of Pompano Beach					Parent Lists them as No Report Submitted
300878	Housing Authority of The City of Sarasota					Parent Lists them as No Report Submitted
300006	Housing Authority of The City of New Smyrna Beach					Parent Lists them as No Report Submitted
300709	Housing Finance Authority of Polk County	13320008				Parent Lists them as No Report Submitted
301378	Huntington Community Development District	11172008				Parent Lists them as No Report Submitted
301880	Independence Park Community Development District					Parent Lists them as No Report Submitted
301691	Indian Creek Commons Facilities District					Parent Lists them as No Report Submitted
301177	Inglis Point Commons Facilities District					Parent Lists them as No Report Submitted
301314	Islands at Bonita Community Development Dist.	103222008				Parent Lists them as No Report Submitted
300260	Jackson Co Soil & Water Conservation Dist.					Parent Lists them as No Report Submitted
300631	Jackson County Agricultural Center	10192008				Parent Lists them as No Report Submitted
300183	Jacksonville Transportation Authority					Parent Lists them as No Report Submitted
300894	Jupiter Inland Beach Protective District	120282008				Parent Lists them as No Report Submitted
301681	K-Bar Ranch Community Development District	10172008				Parent Lists them as No Report Submitted
301292	Kendall Branch Community Development District					Parent Lists them as No Report Submitted
301814	Keys Edge Community Development District	13222008				Parent Lists them as No Report Submitted
300254	Lalaysville Soil & Water Conservation District					Parent Lists them as No Report Submitted
301602	Lake Eslerhatchee Community Development District	1052009				Parent Lists them as No Report Submitted

Agency	Agency	Agency	Agency
301616 Lake Padgett Estarea Independent Special District	11/24/2008	11/24/2008	
301206 Lake Powell Residential Gov Community Dev Dist	10/12/2008	10/12/2008	Parent lists them Independently Reported
300497 Lake Wales Housing Authority			
300309 Lakewood Ranch Community Development Dist 2			
300309 Lakewood Ranch Community Development Dist 3			
300310 Lakewood Ranch Community Development District 1			
301207 Lakewood Ranch Community Development District 4			
301208 Lakewood Ranch Community Development District 6			
301380 Lakewood Ranch Community Development District 5	10/28/2008	10/28/2008	Parent lists them Independently Reported
300178 Lemark Village Water & Sewer District			
300827 Landisba Isles Water Management District			
301600 Leudolph Housing Authority			
301100 Legends Bay Community Development District			
300842 Leon County Educational Facilities Authority	12/12/2008	12/12/2008	Parent lists them as Not Reported Submitted
300321 Levy County Housing Authority			
300387 Live Oak Housing Authority			
300786 Macclenny Housing Authority			
300646 Madison County Health and Hospital District	10/30/2008	10/30/2008	
300684 Magnolia Bluff Community Development Dist			
301761 Magnolia Park Community Development District	10/24/2008	10/24/2008	
300312 Manatee County Mosquito Control District			
300638 Manatee County Industrial Development Auth			
300330 Manatee Soil & Water Conservation District			
301319 Meadow Phase Community Development District			
300390 Meadowlark Community Development District	10/17/2008	10/17/2008	
300665 Midway Fire District	10/31/2008	10/31/2008	
301816 Mill Park Community Development District	11/21/2008	11/21/2008	
300673 Milton Housing Authority	11/30/2008	11/30/2008	
300334 Monroe County Housing Authority			
300449 Municipal Services District of Santa Vaca Beach			
300361 Myakka Fire Control District			
300940 Nassau Soil & Water Conservation District			
301487 New Port-Tampa Bay Community Development District	11/20/2008	11/20/2008	Parent lists them Independently Reported
300352 New River Community Development District	12/10/2008	12/10/2008	
301210 North Okaloosa County Fire District	12/12/2008	12/12/2008	
301210 North Park Isles Community Development District	11/21/2008	11/21/2008	
300100 North Springs Improvement District			
301892 North Sumter County Hospital District			
300748 Northwest Florida Community Hospital Dist	10/17/2008	10/17/2008	
300028 Northwest Florida Regional Housing Authority			
301700 Northwest Florida Transportation Corridor Authority			
300341 Ocean Highway & Port Authority			
300297 Ochlocknee River Soil & Water Conservation District			
301818 Ocala Community Redevelopment Agency			New district added to DCA database
300499 Orange Hill Soil & Water Conservation District			
300386 Orange Soil & Water Conservation District			
301820 Omond Beach Community Redevelopment Agency			New district added to DCA database

Agency	Case Number	Case Name	Case Status	Case Date	Case Description
Ormond Beach Housing Authority	300097	Ormond Beach Housing Authority	Parent has not submitted	11/14/2016	
Palmetto Housing Authority, Inc.	320522	Palmetto Housing Authority, Inc.	Parent has not submitted	11/17/2016	
Palm Beach Co Educational Facilities Auth	300685	Palm Beach Co Educational Facilities Auth	Parent lists them independently Reported		
Palm Beach County Health Facilities Auth	300686	Palm Beach County Health Facilities Auth	Parent lists them as No Report Submitted		
Palm Beach Municipal Services Special District	301773	Palm Beach Municipal Services Special District		11/24/2016	
Palm River Community Development District	301715	Palm River Community Development District		11/24/2016	
Palmetto Community Development District	301348	Palmetto Community Development District		12/28/2016	
Palmetto Community Development District	320692	Palmetto Community Development District		12/28/2016	
Peace County Health Facilities Authority	300416	Peace County Health Facilities Authority		12/28/2016	
Peace County Mosquito Control District	300484	Peace County Mosquito Control District		12/28/2016	
Peace County Road & Bridge District	300417	Peace County Road & Bridge District		12/28/2016	
Peace Heights Road & Bridge District	300185	Peace Heights Road & Bridge District		12/28/2016	
Peace River Soil & Water Conservation Dist	301827	Peace River Soil & Water Conservation Dist		12/28/2016	
Palmetto Harbor Community Development District	300616	Palmetto Harbor Community Development District	Parent lists them as No Report Submitted		
Pine Hollow Special Services District	301503	Pine Hollow Special Services District		12/28/2016	
Pine Island Community Development District	300446	Pine Island Community Development District		12/28/2016	
Pinecrest Lighting District	300426	Pinecrest Lighting District		12/28/2016	
Pinecrest Community Development Authority	300429	Pinecrest Community Development Authority		12/28/2016	
Pinecrest Transit Authority	300965	Pinecrest Transit Authority		12/28/2016	
Polk Transit Authority	301116	Polk Transit Authority		12/28/2016	
Port Richer Community Redevelopment Agency	301211	Port Richer Community Redevelopment Agency		12/28/2016	
Preserve at Wilderness Lake Community Use Dist	300625	Preserve at Wilderness Lake Community Use Dist		12/28/2016	
Punta Gorda Health Facilities Authority	301605	Punta Gorda Health Facilities Authority		12/28/2016	
Quincy Community Development District	301149	Quincy Community Development District		12/28/2016	
Quincy Community Redevelopment Agency	301212	Quincy Community Redevelopment Agency		12/28/2016	
Renaissance Community Development District	301270	Renaissance Community Development District		12/28/2016	
Reynolds East Community Development District	301184	Reynolds East Community Development District		12/28/2016	
Rivercrest Community Development District	300986	Rivercrest Community Development District		12/28/2016	
St. Johns Housing Authority	300163	St. Johns Housing Authority		12/28/2016	
Santa Fe Soil and Water Conservation Dist	300461	Santa Fe Soil and Water Conservation Dist		12/28/2016	
Santa Rosa Bay Bridge Authority	301728	Santa Rosa Bay Bridge Authority		12/28/2016	
Sarasota National Community Development District	300470	Sarasota National Community Development District		12/28/2016	
Seminole County Expressway Authority	300471	Seminole County Expressway Authority		12/28/2016	
Seminole County Housing Authority	300472	Seminole County Housing Authority		12/28/2016	
Seminole County Soil & Water Conservation Dist	301157	Seminole County Soil & Water Conservation Dist		12/28/2016	
South Dade Soil & Water Conservation Dist	301340	South Dade Soil & Water Conservation Dist		12/28/2016	
Southern Grove Community Development District 6	300464	Southern Grove Community Development District 6		12/28/2016	
St. Lucie County Expressway and Bridge Authority	300847	St. Lucie County Expressway and Bridge Authority		12/28/2016	
St. Petersburg Housing Authority	301616	St. Petersburg Housing Authority		12/28/2016	
St. Petersburg Community Development District	300473	St. Petersburg Community Development District		12/28/2016	
St. Petersburg Soil & Water Conservation District	300345	St. Petersburg Soil & Water Conservation District		12/28/2016	
Sunny Isles Reclamation and Water Control Special District	301110	Sunny Isles Reclamation and Water Control Special District		12/28/2016	
Surrey Lakes Phase IV Reclamation District	300476	Surrey Lakes Phase IV Reclamation District		12/28/2016	
Suwannee County Housing Authority	300047	Suwannee County Housing Authority		12/28/2016	
Suwannee Valley Transit Authority	300867	Suwannee Valley Transit Authority		12/28/2016	
Tallahassee Housing Authority	301983	Tallahassee Housing Authority		12/28/2016	
Tampa Bay Area Regional Transportation Authority	301983	Tampa Bay Area Regional Transportation Authority		12/28/2016	

300429	Tampa Palms Community Development District	10/31/2008	11/3/2008	
301776	Tapestry Community Development District	10/31/2008	11/3/2008	Parent lists them as No Report Submitted
301822	Tarwood Grove Special District			Parent lists them Independently Reported
300478	Taylor County Development Authority			Parent lists them Independently Reported
300731	Taylor County Health Facilities Authority			Parent lists them Independently Reported
301450	Tam Bay Community Development District			Parent has not submitted
301337	Tam Bay Community Development Authority			Parent has not submitted
301035	Town of Seagraves Community Development District	11/21/2008		
301285	Tradition Community Development District No. 1			
301286	Tradition Community Development District No. 2			
301287	Tradition Community Development District No. 3			
301288	Tradition Community Development District No. 4			
301341	Tradition Community Development District No. 6			
300378	Trilar Estates Park Reclamation District			
300203	Tri-County Airport Authority			
300234	Twelve Oaks Special District	10/14/2008	10/17/2008	Parent lists them Independently Reported
301838	U.S. Highway 44/127 Community Redevelopment Agency	10/24/2008		New district added to DCA database
300482	Union County Housing Authority			
301748	Valparaiso Cable Authority			
300823	Valrico Manor Special Dependent Tax District			
300878	Venice Housing Authority			
301610	Venue East Community Development District	10/11/2008	10/11/2008	Parent lists them Independently Reported
301750	Verandah Community Development District			
301617	Villages of Avignon Community Development District			
300742	Volusia County Housing Finance Authority			Parent lists them Independently Reported
300743	Volusia County Industrial Development Authority	1/13/2009		
300486	Volusia Sail & Water Conservation District	11/10/2008	11/4/2008	
300747	Washington County Development Authority	10/12/08		
300870	West Orange Healthcare District			
300407	West Palm Beach Downtown Development Auth			
300828	West Palm Beach Housing Authority			Parent lists them Independently Reported
301435	West Villages Improvement District	10/22/08	10/19/2008	
301758	Williams Community Development District Number Five	10/22/08		
301739	Williams Community Development District Number Four	10/22/08		
301781	Williams Community Development District Number Seven	10/22/08		
301782	Williams Community Development District Number Six	10/22/08		
301783	Williams Community Development District Number Three	10/22/08		
301784	Williams Community Development District Number Two	10/22/08		
300303	Winter Haven Housing Authority			Parent lists them Independently Reported
300810	Winter Park Housing Authority			Parent lists them Independently Reported
300306	Yellow River Boat & Water Conservation Dist			
Other Entities				
300007	Apalachee Regional Planning Council		2/1/2009	
300021	Florida Interoperational Planning Committee on Florida Ports Financing Commission		8/22/08	
300020	Florida Ports Financing Commission			

11.40 Legislative Auditing Committee.—

(5) Following notification by the Auditor General, the Department of Financial Services, or the Division of Bond Finance of the State Board of Administration of the failure of a local governmental entity, district school board, charter school, or charter technical career center to comply with the applicable provisions within s. 11.45(5)-(7), s. 218.32(1), or s. 218.38, the Legislative Auditing Committee may schedule a hearing. If a hearing is scheduled, the committee shall determine if the entity should be subject to further state action. If the committee determines that the entity should be subject to further state action, the committee shall:

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

(b) In the case of a special district, notify the Department of Community Affairs that the special district has failed to comply with the law. Upon receipt of notification, the Department of Community Affairs shall proceed pursuant to the provisions specified in s. 189.421.

(c) In the case of a charter school or charter technical career center, notify the appropriate sponsoring entity, which may terminate the charter pursuant to ss. 1002.33 and 1002.34.

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

(7) AUDITOR GENERAL REPORTING REQUIREMENTS.--

(a) The Auditor General shall notify the Legislative Auditing Committee of any local governmental entity, district school board, charter school, or charter technical career center that does not comply with the reporting requirements of s. 218.39. The committee shall proceed in accordance with s. 11.40(5).

(b) The Auditor General, in consultation with the Board of Accountancy, shall review all audit reports submitted pursuant to s. 218.39. The Auditor General shall request any significant items that were omitted in violation of a rule adopted by the Auditor General. The items must be provided within 45 days after the date of the request. If the governmental entity does not comply with the Auditor General's request, the Auditor General shall notify the Legislative Auditing Committee. The committee shall proceed in accordance with s. 11.40(5).

(c) The Auditor General shall provide annually a list of those special districts which are not in compliance with s. 218.39 to the Special District Information Program of the Department of Community Affairs.

(d) During the Auditor General's review of audit reports, he or she shall contact those units of local government, as defined in s. 218.403, that are not in compliance with s. 218.415 and request evidence of corrective action. The unit of local government shall provide the Auditor General with evidence of corrective action within 45 days after the date it is requested by the Auditor General. If the unit of local government fails to comply with the Auditor General's request, the Auditor General shall notify the Legislative Auditing Committee. The committee shall proceed in accordance with s. 11.40(5).

(e) The Auditor General shall notify the Governor or the Commissioner of Education, as appropriate, and the Legislative Auditing Committee of any audit report reviewed by the Auditor General pursuant to paragraph (b) which contains a statement that a local governmental entity, charter school, or district school board has met one or more of the conditions specified in s. 218.503. If the Auditor General requests a clarification regarding information included in an audit report to determine whether a local governmental entity, charter school, or district school board has met one or more of the conditions specified in s. 218.503, the requested clarification must be provided within 45 days after the date of the request. If the local governmental entity, charter school, or district school board does not comply with the Auditor General's request, the Auditor General shall notify the Legislative Auditing Committee. If, after obtaining the requested clarification, the Auditor General determines that the local governmental entity, charter school, or district school board has met one or more of the conditions specified in s. 218.503, he or she shall

notify the Governor or the Commissioner of Education, as appropriate, and the Legislative Auditing Committee.

(f) The Auditor General shall annually compile and transmit to the President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee a summary of significant findings and financial trends identified in audit reports reviewed in paragraph (b) or otherwise identified by the Auditor General's review of such audit reports and financial information, and identified in audits of district school boards conducted by the Auditor General. The Auditor General shall include financial information provided pursuant to s. 218.32(1)(e) for entities with fiscal years ending on or after June 30, 2003, within his or her reports submitted pursuant to this paragraph.

(g) If the Auditor General discovers significant errors, improper practices, or other significant discrepancies in connection with his or her audits of a state agency or state officer, the Auditor General shall notify the President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee. The President of the Senate and the Speaker of the House of Representatives shall promptly forward a copy of the notification to the chairs of the respective legislative committees, which in the judgment of the President of the Senate and the Speaker of the House of Representatives are substantially concerned with the functions of the state agency or state officer involved. Thereafter, and in no event later than the 10th day of the next succeeding legislative session, the person in charge of the state agency involved, or the state officer involved, as the case may be, shall explain in writing to the President of the Senate, the Speaker of the House of Representatives, and to the Legislative Auditing Committee the reasons or justifications for such errors, improper practices, or other significant discrepancies and the corrective measures, if any, taken by the agency.

(h) The Auditor General shall transmit to the President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee by December 1 of each year a list of statutory and fiscal changes recommended by the Auditor General. The Auditor General may also transmit recommendations at other times of the year when the information would be timely and useful for the Legislature.

* * * * *

189.419 Effect of failure to file certain reports or information.--

(1) If a special district fails to file the reports or information required under s. 189.415, s. 189.416, or s. 189.417 with the local governing authority, the person authorized to receive and read the reports or information shall notify the district's registered agent and the appropriate local governing authority or authorities. If requested by the district, the governing authority shall grant an extension of time of up to 30 days for filing the required reports or information.

(2) If at any time the local governing authority or authorities or the board of county commissioners determines that there has been an unjustified failure to file the reports or information described in subsection (1), it may notify the department, and the department may proceed pursuant to s. 189.421.

(3) If a special district fails to file the reports or information required under s. 112.63, s. 218.32, s. 218.38, or s. 218.39 with the appropriate state agency, the agency shall notify the department, and the department shall proceed pursuant to s. 189.421.

History.--s. 10, ch. 79-183; s. 26, ch. 89-169; s. 14, ch. 96-324; s. 145, ch. 2001-266; s. 20, ch. 2004-305.

Note.--Former s. 189.007.

189.421 Failure of district to disclose financial reports.--

(1) When notified pursuant to s. 189.419, the department shall attempt to assist a special district to comply with its financial reporting requirements by sending a certified letter to the special district, and a copy of the letter to the chair of the governing body of the local general-purpose government, which includes the following: a description of the required report, including statutory submission deadlines, a contact telephone number for technical assistance to help the special district comply, a 60-day extension of time for filing the required report with the appropriate entity, the address where the report must be filed, and an explanation of the penalties for noncompliance. The department may grant an additional 30-day extension of time if requested to do so in writing by the special district. The department shall notify the appropriate entity of the new extension of time. In the case of a special district that did not timely file the reports or information required by s. 218.38, the department shall send a certified technical assistance letter to the special district which summarizes the requirements and encourages the special district to take steps to prevent the noncompliance from reoccurring.

(2) Failure of a special district to comply with the financial reporting requirements after the procedures of subsection (1) are exhausted shall be deemed final action of the special district. The financial reporting requirements are declared to be essential requirements of law. Remedy for noncompliance shall be by writ of certiorari as set forth in subsection (3).

(3) Pursuant to s. 11.40(5)(b), the Legislative Auditing Committee shall notify the department of those districts that failed to file the required report. Within 30 days after receiving this notice or within 30 days after the extension date provided in subsection (1), whichever occurs later, the department shall proceed as follows: notwithstanding the provisions of chapter 120, the department shall file a petition for writ of certiorari with the circuit court. Venue for all actions pursuant to this subsection shall be in Leon County. The court shall award the prevailing party attorney's fees and costs in all cases filed pursuant to this section unless affirmatively waived by all parties. A writ of certiorari shall be issued unless a respondent establishes that the notification of the Legislative Auditing Committee was issued as a result of material error. Proceedings under this subsection shall otherwise be governed by the Rules of Appellate Procedure.

History.--s. 10, ch. 79-183; s. 79, ch. 81-259; s. 27, ch. 89-169; s. 80, ch. 92-279; s. 55, ch. 92-326; s. 961, ch. 95-147; s. 32, ch. 96-410; s. 20, ch. 97-255; s. 21, ch. 2004-305.

Note.--Former s. 189.008.

218.32 Annual financial reports; local governmental entities.--

(1)(a) Each local governmental entity that is determined to be a reporting entity, as defined by generally accepted accounting principles, and each independent special district as defined in s. 189.403, shall submit to the department a copy of its annual financial report for the previous fiscal year in a format prescribed by the department. The annual financial report must include a list of each local governmental entity included in the report and each local governmental entity that failed to provide financial information as required by paragraph (b). The chair of the governing body and the chief financial officer of each local governmental entity shall sign the annual financial report submitted pursuant to this subsection attesting to the accuracy of the information included in the report. The county annual financial report must be a single document that covers each county agency.

(b) Each component unit, as defined by generally accepted accounting principles, of a local governmental entity shall provide the local governmental entity, within a reasonable time period as established by the local governmental entity, with financial information necessary to comply with the reporting requirements contained in this section.

(c) Each regional planning council created under s. 186.504, each local government finance commission, board, or council, and each municipal power corporation created as a separate legal or administrative entity by interlocal agreement under s. 163.01(7) shall submit to the department a copy of its audit report and an annual financial report for the previous fiscal year in a format prescribed by the department.

(d) Each local governmental entity that is required to provide for an audit in accordance with s. 218.39(1) must submit the annual financial report with the audit report. A copy of the audit report and annual financial report must be submitted to the department within 45 days after the completion of the audit report but no later than 12 months after the end of the fiscal year.

(e) Each local governmental entity that is not required to provide for an audit report in accordance with s. 218.39 must submit the annual financial report to the department no later than April 30 of each year. The department shall consult with the Auditor General in the development of the format of annual financial reports submitted pursuant to this paragraph. The format shall include balance sheet information to be utilized by the Auditor General pursuant to s. 11.45(7)(f). The department must forward the financial information contained within these entities' annual financial reports to the Auditor General in electronic form. This paragraph does not apply to housing authorities created under chapter 421.

(f) If the department does not receive a completed annual financial report from a local governmental entity within the required period, it shall notify the Legislative Auditing Committee of the local governmental entity's failure to comply with the reporting requirements. The committee shall proceed in accordance with s. 11.40(5).

(2) The department shall annually by December 1 file a verified report with the Governor, the Legislature, the Auditor General, and the Special District Information Program of the Department of Community Affairs showing the revenues, both locally derived and derived from intergovernmental transfers, and the expenditures of each local governmental entity, regional planning council, local government finance commission, and municipal power corporation that is required to submit an annual financial report. The report must include, but is not limited to:

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

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

(3) The department shall notify the President of the Senate and the Speaker of the House of Representatives of any municipality that has not reported any financial activity for the last 4 fiscal years. Such notice must be sufficient to initiate dissolution procedures as described in s. 165.051(1)(a). Any special law authorizing the incorporation or creation of the municipality must be included within the notification.

History.--s. 2, ch. 73-349; s. 15, ch. 77-165; s. 46, ch. 79-164; s. 5, ch. 79-183; s. 4, ch. 79-589; s. 42, ch. 80-274; s. 18, ch. 81-167; s. 16, ch. 83-55; s. 2, ch. 83-106; s. 43, ch. 89-169; s. 55, ch. 91-45; s. 93, ch. 92-152; s. 90, ch. 92-279; s. 55, ch. 92-326; s. 36, ch. 94-249; s. 18, ch. 96-324; s. 8, ch. 2000-152; s. 5, ch. 2000-264; s. 62, ch. 2001-266; s. 26, ch. 2004-305.

218.39 Annual financial audit reports.--

(1) If, by the first day in any fiscal year, a local governmental entity, district school board, charter school, or charter technical career center has not been notified that a financial audit for that fiscal year will be performed by the Auditor General, each of the following entities shall have an annual financial audit of its accounts and records completed within 12 months after the end of its fiscal year by an independent certified public accountant retained by it and paid from its public funds:

(a) Each county.

(b) Any municipality with revenues or the total of expenditures and expenses in excess of \$250,000.

(c) Any special district with revenues or the total of expenditures and expenses in excess of \$100,000.

(d) Each district school board.

(e) Each charter school established under s. 1002.33.

(f) Each charter technical center established under s. 1002.34.

(g) Each municipality with revenues or the total of expenditures and expenses between \$100,000 and \$250,000 that has not been subject to a financial audit pursuant to this subsection for the 2 preceding fiscal years.

(h) Each special district with revenues or the total of expenditures and expenses between \$50,000 and \$100,000 that has not been subject to a financial audit pursuant to this subsection for the 2 preceding fiscal years.

(2) The county audit report shall be a single document that includes a financial audit of the county as a whole and, for each county agency other than a board of county commissioners, an audit of its financial accounts and records, including reports on compliance and internal control, management letters, and financial statements as required by rules adopted by the Auditor General. In addition to such requirements, if a board of county commissioners elects to have a separate audit of its financial accounts and records in the manner required by rules adopted by the Auditor General for other county agencies, such separate audit shall be included in the county audit report.

(3)(a) A dependent special district may make provision for an annual financial audit by being included within the audit of another local governmental entity upon which it is dependent. An independent special district may not make provision for an annual financial audit by being included within the audit of another local governmental entity.

(b) A special district that is a component unit, as defined by generally accepted accounting principles, of a local governmental entity shall provide the local governmental entity, within a reasonable time period as established by the local governmental entity, with financial information necessary to comply with this section. The failure of a component unit to provide this financial information must be noted in the annual financial audit report of the local governmental entity.

(4) A management letter shall be prepared and included as a part of each financial audit report.

(5) At the conclusion of the audit, the auditor shall discuss with the chair of each local governmental entity or the chair's designee, or with the elected official of each county agency or with the elected official's designee, or with the chair of the district school board or the chair's designee, or with the chair of the board of the charter school or the chair's designee, or with the chair of the charter technical career center or the chair's designee, as appropriate, all of the auditor's comments that will be included in the audit report. If the officer is not available to discuss the auditor's comments, their discussion is presumed when the comments are delivered in writing to his or her office. The auditor shall notify each member of the governing body of a local governmental entity, district school board, or charter school for which deteriorating financial conditions exist that may cause a condition described in s. 218.503(1) to occur if actions are not taken to address such conditions.

(6) The officer's written statement of explanation or rebuttal concerning the auditor's findings, including corrective action to be taken, must be filed with the governing body of the local governmental entity, district school board, charter school, or charter technical career center within 30 days after the delivery of the auditor's findings.

(7) The predecessor auditor of a district school board shall provide the Auditor General access to the prior year's working papers in accordance with the Statements on Auditing Standards, including documentation of planning, internal control, audit results, and other matters of continuing accounting and auditing significance, such as the working paper analysis of balance sheet accounts and those relating to contingencies.

(8) All audits conducted in accordance with this section must be conducted in accordance with the rules of the Auditor General promulgated pursuant to s. 11.45. All audit reports and the officer's written statement of explanation or rebuttal must be submitted to the Auditor General within 45 days after delivery of the audit report to the entity's governing body, but no later than 12 months after the end of the fiscal year.

(9) Each charter school and charter technical career center must file a copy of its audit report with the sponsoring entity; the local district school board, if not the sponsoring entity; the Auditor General; and with the Department of Education.

(10) This section does not apply to housing authorities created under chapter 421.

(11) Notwithstanding the provisions of any local law, the provisions of this section shall govern.

History.--s. 65, ch. 2001-266; s. 924, ch. 2002-387; s. 28, ch. 2004-305; s. 2, ch. 2006-190.

AGENDA ITEM 3



THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

COMMITTEES:
 Agriculture, Chair
 Criminal Justice
 Energy, Environment, and Land Use -
 Policy and Steering
 General Government Appropriations
 Governmental Operations - Policy and Steering
 Governmental Oversight and Accountability
 Reapportionment
 Regulated Industries

JOINT COMMITTEE:
 Administrative Procedures

SENATOR CHARLES S. "CHARLIE" DEAN, SR.

Majority Whip
3rd District

February 27, 2009

The Honorable Alex Diaz De La Portilla, Chairman
 Joint Legislative Auditing Committee
 876 Pepper Building
 111 W. Madison Street
 Tallahassee, FL 32399-1400


Dear Senator Diaz De La Portilla:

A number of years ago the Legislature created the Citrus Memorial Hospital Board by Special Act providing them the ability to access up to three mills of ad valorem property taxes. My understanding is the purpose of this board is to offset the costs of indigent and charity care provided by Citrus Memorial Hospital. Through my research I have discovered the money collected by the board is apparently transferred to the Citrus Memorial Health Foundation, a private, not-for-profit entity which directs the operations of Citrus Memorial Hospital. Recently, I have received complaints from board members and hospital physicians regarding the oversight of these tax dollars. These board members and physicians have requested a more detailed accounting of these tax dollars only to be met by resistance from the hospital's administration.

I write today to request your committee direct the Auditor General's Office to begin an immediate review of:

1. Whether the Hospital Board is in compliance with the Special Act which created them.
2. The relationship between the Board and Foundation as it relates to the Special Act.
3. A complete audit of how \$12 million of tax payer money is being accounted for and spent in this private, not-for-profit hospital.

It is our obligation to the people of Citrus County to answer the questions that have arisen. Thank you for your consideration of my request. Please do not hesitate to contact me personally if you have any questions.

Sincerely,

 Charles S. Dean
 State Senator District 3

cc: Terry Shoffstall

REPLY TO:
 415 Tompkins Street, Inverness, Florida 34450 (352) 860-5175
 2511 SE 3rd Street, Ocala, Florida 34471 (352) 873-6513
 311 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5017

Senate's Website: www.flsenate.gov

JEFF ATWATER
President of the Senate

MIKE FASANO
President Pro Tempore

JLAC
2/27/09

STAFF ANALYSIS

Date: March 6, 2009

Subject: Request by Senator Charles Dean to have the Legislative Auditing Committee direct the Auditor General to conduct an audit of the expenditures incurred using tax revenues transferred from the Citrus Memorial Hospital Board to the Citrus Memorial Health Foundation, which directs the operations of the Citrus Memorial Hospital.

Analyst

White ^{DW}

Staff Director

Shoffstall ^{KD for TS}

I. Summary:

Request by Senator Charles Dean to have the Legislative Auditing Committee direct the Auditor General to conduct an audit of the expenditures incurred using tax revenues transferred from the Citrus Memorial Hospital Board to the Citrus Memorial Health Foundation, which directs the operations of the Citrus Memorial Hospital.

II. Present Situation:

Current Law

Section 11.40(3), F.S., provides that the Legislative Auditing Committee may direct the Auditor General or the Office of Program Policy Analysis and Government Accountability (OPPAGA) to conduct an audit, review, or examination of any entity or record described in s. 11.45(2) or (3), F.S.

Section 11.45(2)(a), F.S., provides that the Auditor General shall conduct audits of records and perform related duties as prescribed by law, concurrent resolution of the Legislature, or as directed by the Legislative Auditing Committee.

Section 11.45(3)(a)1, F.S., provides that the Auditor General may, pursuant to his or her own authority, or at the discretion of the Legislative Auditing Committee, conduct audits or other engagements as determined appropriate by the Auditor General of the accounts and records of any governmental entity created or established by law.

Joint Rule 4.1(5), provides that the committee may receive requests for audits and reviews from legislators. Committee staff shall review each request and make a recommendation to the committee concerning the disposition of the request. The manner of disposition recommended may be:

- (a) Assignment to the Auditor General for inclusion in a regularly scheduled agency audit;
- (b) Assignment to the Auditor General for special audit or review;
- (c) Assignment to OPPAGA for inclusion in a regularly scheduled performance audit;
- (d) Assignment to OPPAGA for special audit or review;
- (e) Assignment to committee staff; or
- (f) Rejection as being an unnecessary or inappropriate application of legislative resources.

Background

Citrus County Hospital Board

The Citrus County Hospital Board [a.k.a. Citrus Memorial Hospital Board] (Board) is an independent special district originally created by special act of the Legislature in 1949 (ch. 25728, Laws of Florida). Chapter 99-442 (as subsequently amended by ch. 2001-308), Laws of Florida, is the codification of all special acts relating to the Board.

The Board was created as a public nonprofit corporation without stock¹ for the purpose of operating public hospitals, medical nursing homes, and convalescent homes, primarily and chiefly for the benefit of the citizens and residents of Citrus County.² The Board is composed of and governed by a five-member board of trustees, all of whom are appointed by the Governor with four-year appointment terms.³

The Board is authorized and empowered, in part, to: (1) own and acquire property by purchase, lease, gift, grant, or transfer; (2) acquire, construct, maintain, operate, expand, alter, repair, change, lease, finance, and equip hospitals, medical nursing homes, convalescent homes, medical care facilities, and clinics in Citrus County; (3) enter into contracts with individuals, partnerships, corporations, and various governmental entities to carry out its purposes in law; (4) adopt all necessary rules, regulations, and bylaws for the operation of said hospitals and related facilities; (5) provide for admission and treatment of specified charity patients; and (6) establish a medical staff and employ personnel.⁴

In addition, the Board has express authority to: (1) borrow money, with or without issuing notes, for the purpose(s) of constructing, maintaining, repairing, altering, expanding, equipping, leasing, and operating said hospitals and related facilities; and (2) issue bonds, subject to approval by a referendum of the voters of Citrus County, and Revenue Certificates, without a such referendum, the proceeds of which shall be used for erecting, equipping, building, expanding, altering, changing, maintaining, operating, leasing, and repairing said hospitals and related facilities.⁵

The Board is authorized by the State of Florida to levy up to three (3) mills per year on all taxable real and personal property in Citrus County (hospital tax).⁶ The bonds issued and

¹ Section 3 of Chapter 99-442, Laws of Florida

² Section 5 of Chapter 99-442, Laws of Florida

³ Section 3 of Chapter 99-442, Laws of Florida

⁴ Sections 8-10 of Chapter 99-442, Laws of Florida

⁵ Sections 14-15 of Chapter 99-442, Laws of Florida

⁶ Section 6 of Chapter 99-442, Laws of Florida

the interest thereon are to be paid solely from a millage not to exceed one and one-half (1½) mills per year, which is included in the maximum millage of three (3) mills per year.⁷

Citrus Memorial Health Foundation

In March 1987, the Board created the Citrus County Health Foundation, Inc., subsequently renamed in November 1989 as the Citrus Memorial Health Foundation, Inc. (Foundation).⁸ The Foundation was created as a not-for-profit corporation, with the Board as its sole member, to carry out the purpose of the special act creating the Board. The Foundation is currently doing business as the Citrus Memorial Health System, which includes:⁹

- 198-bed in-patient hospital
- 24-hour emergency room
- laboratory and diagnostic services
- walk-in clinic
- home health agency
- rehabilitation services
- heart center
- orthopaedic services

Per the Articles of Restatement¹⁰, the Foundation operates exclusively for charitable, scientific, and/or educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended. The Foundation is managed by a board of directors comprised of three categories: (1) the five trustees of the Board, (2) a minimum of five and a maximum of seven at-large directors, and (3) the chief/president of the medical staff who represents the medical staff of the Citrus Memorial Hospital. In the event of dissolution of the Foundation, its assets, after payment of its liabilities, revert to the Board.

The Board entered into a lease agreement and an agreement for hospital care with the Foundation, both effective March 1, 1990. The lease agreement expires on June 15, 2033, unless sooner terminated in accordance with lease terms. The Foundation has the right to unconditionally renew the lease for an additional 45-year term, if the Foundation is not in default under the lease agreement terms. In the event the lease is terminated, the Board will take over the hospital facilities.¹¹ The agreement for hospital care is automatically renewed each year for a total of 40 years, or for as long as the lease agreement remains in effect, unless terminated by the Foundation in accordance with agreement terms.¹²

Under the lease agreement, the Foundation has leased from the Board all of the land, buildings, improvements, equipment, furniture, and fixtures of the Citrus Memorial Health System and agreed to make rental payments equal to the principal and interest and any premiums on the Hospital Revenue and Revenue Refunding Bonds issued by the Board.

⁷ Section 16 of Chapter 99-442, Laws of Florida

⁸ Obtained from Florida Department of State, Division of Corporations, records.

⁹ Obtained from Citrus Memorial Hospital's website (www.citrusmh.com)

¹⁰ Articles of Restatement, dated January 23, 2006, which superseded the original Articles of Incorporation and all amendments, were obtained from Florida Department of State, Division of Corporations, records.

¹¹ Section 2 of Lease Agreement, as amended by Fourth Amendment to Lease Agreement

¹² Section 4.1 of Agreement for Hospital Care

Under the agreement for hospital care, the Board agreed to assist the Foundation with funding for uncompensated care and the acquisition, expansion, and maintenance of proposed and existing hospital and health facilities in exchange for medical services provided by the Foundation to the residents of Citrus County. In addition, the Foundation provides personnel to fulfill the general and administrative functions of the Board at no charge.¹³ In addition, the Foundation is required to submit an annual operating and capital budget to the Board. The Board is required to promptly review the budget and, in accordance with its enabling legislation, certify to the Citrus County Board of County Commissioners the millage rate required to be levied. Public budget hearings are held as required by law.

Ad valorem tax revenue reported, millage rates levied, and funds provided to the Foundation for the past six years were as follows:¹⁴

<u>Fiscal Year</u>	<u>Revenue</u>	<u>Millage Rate</u>	<u>Funds to Foundation per Agreement</u>
2007-08	\$10,889,759	0.8990	\$10,050,000
2006-07	\$10,357,117	0.9200	\$9,900,000
2005-06	\$8,031,865	0.9500	\$7,585,000
2004-05	\$6,846,020	1.0000	\$6,600,000
2003-04	\$1,636,218	0.2539	\$1,730,000
2002-03	\$1,523,517	0.2648	\$1,455,000

Estimated ad valorem tax revenue, estimated funds to Foundation, and the millage rate for FY 2008-09 per the Board's Budget Summary is \$12,799,305; \$11,900,000; and 1.1689, respectively.

Other Items

In August 2006, the Florida Attorney General was asked, "Is the Citrus Memorial Health Foundation, Inc., which leases and operates a hospital owned by the Citrus County Hospital Board, an independent special taxing district, entitled to sovereign immunity under the provisions of Section 768.28, Florida Statutes." In Opinion 2006-36, the Attorney General determined that, since the Foundation is acting primarily as an instrumentality of the Board for purposes of Section 768.28, Florida Statutes, it would appear to be subject to the sovereign immunity provisions of that section.

This opinion was confirmed in Circuit Court of the Fifth Judicial Circuit (Court), Case No. 2007-CA-1166, Citrus Memorial Health Foundation, Inc., vs. Citrus Orthopedics, LLC and James J. Mueller, M.D., vs. Citrus Memorial Health Foundation, Inc., Ryan D. Beaty, and Jerrald DeLoach. In March 2008, the Court determined that the Foundation was entitled to sovereign immunity pursuant to Section 768.28, Florida Statutes, as a matter of law.

¹³ Note 5 to the Financial Statements of the Financial Statements and Independent Auditors' Report of the Citrus County Hospital Board, September 30, 2008.

¹⁴ Revenue amounts for FY 2003-04 through 2007-08 were obtained from the Department of Financial Services (DFS), Local Government Electronic Reporting (LOGER) system. Millage rates were obtained from staff of the Citrus Memorial Hospital Foundation, Inc.

Concerns Regarding the Board and the Foundation

In his letter, Senator Dean expresses concern regarding the oversight of the tax dollars that are transferred from the Board to the Foundation. He requests that the Auditor General's Office review/audit:

1. Whether the Board is in compliance with the Special Act which created it.
2. The relationship between the Board and the Foundation as it relates to the Special Act.
3. How \$12 million of tax payer money is being accounted for and spent in this private, not-for-profit hospital.

Committee staff met with Senator Dean and his legislative staff to discuss the Senator's request. Concerns were discussed relating to the following:

- Lack of control by the Board over the Foundation's activities since the Board's trustees are 5 of 13 members on the Foundation's board of directors. Also, the limited representation of Board trustees on the Foundation's finance committee.
- Procedures followed relating to construction projects, including how projects were administered, subcontractors and vendors selected, and construction costs controlled.
- Accountability/use of bond proceeds
- Expenditures for retreats
- Until the past year or so, there was a lack of tape recordings of Board meetings and minimal written minutes of Board and Foundation meetings.

Review of Citrus County Hospital Board's Financial Audit Reports

For the Fiscal Years Ended September 30, 2008, and September 30, 2007:

- The auditors issued an unqualified opinion on the financial statements for each fiscal year.
- There were no prior or current year audit findings.
- The Board did not meet any of the financial emergency conditions described in s. 218.503(1), F.S.
- 2008: Management's Discussion and Analysis and Note 7 to the Financial Statements (Medicaid-Low Income Pool Contract) state that the Board entered into an agreement with the State through AHCA under proviso language contained in the general appropriations act for FY 2007-08, which called for payments to hospitals

meeting certain eligibility criteria. The funds are only to be used to increase the provision of health services for Medicaid, uninsured, and underinsured citizens. As a result, funds of approximately \$7.7 million paid by the Board to the State were enhanced (matched) by approximately \$1.5 million and returned to the Foundation for operations.

- The Board has issued Hospital Revenue and Revenue Refunding Bonds, Series 2002, to refund the Hospital Revenue and Revenue Refunding Bonds, Series 1992A, and pay a portion of the costs to acquire, construct, and equip new medical facilities at the Citrus Memorial Health System, including an open heart surgery and cardiac cath suite, additional observation beds, and associated nursing functions, diagnostic imaging, and laboratory functions, and additional operating rooms. The Board has also issued Hospital Revenue Bonds, Series 2006, and Hospital Revenue Note, Series 2008, to provide funds to finance and refinance the acquisition, construction, and equipping of the hospital or improvements thereto.¹⁵

The total outstanding principal balance of these three debt obligations was \$61,780,000 as of September 30, 2008. Debt service costs are paid solely from, and secured by, payments to be made by the Foundation under the terms of the lease agreement with the Board and gross revenues of the Foundation. These bonds do not constitute a debt or pledge of faith and credit of the Board, the State, Citrus County, or any political subdivision thereof.¹⁶

Review of Citrus Memorial Health Foundation's Financial Audit Reports

For the Fiscal Years Ended September 30, 2008, and September 30, 2007:

- The auditors issued an unqualified opinion on the financial statements for each fiscal year.
- Total Unrestricted Revenues, Gains, and Other Support were \$170,564,109 for 2008 and \$157,237,155 for 2007.
- Expenses were \$170,069,018 for 2008 and \$160,306,034 for 2007.
- The notes to the financial statements for both fiscal years include a note related to charity care. Charges foregone, based on established rates for 2008 and 2007 were \$6,838,092 and \$7,335,582, respectively. Estimated costs and expenses incurred to provide charity care were \$1,870,218 and \$2,006,282, respectively.¹⁷

¹⁵ Note 4 to the Financial Statements of the Financial Statements and Independent Auditors' Report of the Citrus County Hospital Board, September 30, 2008.

¹⁶ Ibid.

¹⁷ Note 11 to the Financial Statements of the Financial Statements and Independent Auditors' Report of the Citrus Memorial Health Foundation, Inc., September 30, 2008.

Other Considerations

Applicability of Laws

The Foundation is a not-for-profit corporation incorporated pursuant to the Florida Not For Profit Corporation Act, Chapter 617, Florida Statutes. This Act regulates the activities of Florida not-for-profit corporations. Most laws governing the activities of governmental entities are not made applicable to these corporations. Specifically, laws governing travel, competitive selection of vendors, purchasing and construction selection and activities, record retention, and related constraints on governmental entities are generally not applicable to not-for-profit corporations such as the Foundation. Therefore, many of the legal and regulatory requirements the Auditor General audits compliance with during his examination of governmental entities will not be present during an audit of the Foundation.

Availability of Records

The Agreement For Hospital Care requires that the Foundation remain organized as a charitable tax exempt organization qualified under Section 501(c)(3) of the Internal Revenue Code. United States Treasury regulations require that the Foundation maintain its records for three years from the date it filed its last tax return (Treas. Reg. s. 1.6001-1(e) and 301.6501). Section 617.1601, Florida Statutes, provides that the corporation must retain "accurate accounting records" and generally requires the records be retained for a period of three years.

III. Effect of Proposed Request and Committee Staff Recommendation:

Committee staff recommends that the committee direct the Auditor General to conduct an operational audit or other appropriate engagement of the receipt and expenditure of Citrus County hospital tax funds by the Citrus County Hospital Board and the Citrus Memorial Health Foundation, Inc. This engagement will include a review of whether the Board is in compliance with its enacting legislation, whether the relationship between the Board and Foundation is in accordance with this legislation and other applicable law, and whether the expenditure of the hospital tax funds are being accounted for and spent as required by law. Committee staff also recommends that the Auditor General be authorized to expand the scope of this engagement if he determines during his audit that such action is warranted to address the stated concerns. The Auditor General should also be allowed to conduct the engagement as audit resources are available, consistent with his work plan and so as not to jeopardize the timely completion of statutorily mandated assignments.

IV. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

If the committee directs the audit, the Auditor General would absorb the audit costs within his approved operating budget.

V. Related Issues:

None.

This staff analysis does not reflect the intent or official position of the requestor.

Jan J. Gorrie
813 222 8139
jan.gorrie@bigc.com

SunTrust Financial Centre
401 E. Jackson Street, Suite 2500
Tampa, FL 33602-5236
T 813 222 8180
F 813 222 8189
www.buchananingersoll.com

March 6, 2009

Terry Shoffstall
Staff Director
Joint Legislative Auditing Committee
876 Pepper Building
Tallahassee, FL 32399

**Re: Request by Sen. Charles S. Dean for an Auditor General Audit Concerning
Citrus Memorial Hospital Board Created by Special Act of the Legislature**

Dear Mr. Shoffstall:

This letter serves to supplement several telephone calls between your staff and Citrus Memorial Health Foundation, Inc. ("Citrus Memorial") regarding the February 27, 2009, letter from Senator Charles S. Dean to Senator Alex Diaz de la Portilla, Chairman of the Joint Legislative Auditing Committee (the "Committee"). This letter also responds to the specific issues raised in Senator Dean's letter.

Question 1: Is the Hospital Board in compliance with the special act that created it?

The Citrus County Hospital Board ("Hospital Board") was created by special act in 1965 for the benefit of the citizens of Citrus County.¹ The special act has been amended several times over the past 40+ years and was most recently re-codified in 1999, when it made the Hospital Board an independent special district for the express purpose of operating and financially supporting public hospitals for the benefit of the residents of Citrus County:

Section 3(a) There is hereby created the Citrus County Hospital Board, an independent special district....The board is created as a public nonprofit corporation....~~The hospital is hereby constituted and declared to be an agency of the county~~ and incorporated for the purpose of operating hospitals and medical nursing and convalescent homes in the county....

Section 5: The Citrus County hospital board as hereby created shall be for the purpose of operating, in the County of Citrus, public hospitals and medical nursing homes and convalescent homes, primarily and chiefly for the benefit of the citizens and residents of Citrus County.... Authority is hereby given to said

¹ Chapter 65-1371, Laws of Florida.

Mr. Terry Shoffstall

March 6, 2009

Page - 2 -

board to build, erect, expand, equip, maintain, operate, alter, change, lease, and repair public hospitals, medical nursing homes, and convalescent homes in Citrus County.

Section 6. It shall be the duty of the Board of County Commissioners of Citrus County and/or their successors to levy or cause to be levied each year beginning with the fiscal year commencing July 1, 1965, the millage certified to said board of county commissioners by the trustees of the Citrus County Hospital Board upon all taxable property in Citrus County. ...However, in no event shall the annual tax herein authorized and required exceed three mills on the dollar.

Section 7. From and after the effective date of this act, in each year (beginning with the year 1965), it shall be the duty of the hospital board, not later than July 15th, to determine the amount required during the ensuing fiscal year for the purpose of erecting, building, expanding, equipping, maintaining, operating, altering, changing, leasing, financing, and repairing said county hospitals, medical nursing homes, and convalescent homes.

Section 16(c). Whenever this board shall pass a resolution approving the issuance of said bonds, the board of county commissioners shall immediately thereafter pass a resolution approving the bond issue and calling a freeholder's election and, subject to said election, permitting the repayment of the bonds out of the annual levy of three (3) mills per year. The bonds or revenue certificated shall not be issued until after the same have been approved in a validation suit.

(g). The board of county commissioners during said period shall, in addition to a maximum of one and one half (1 1/2) mill levy above authorized for the repayment of the bonds and interest, levy annually the remainder of the hospital tax in the amount up to one and one half (1 1/2) mills on the dollar for the purposes of maintaining and operation the county hospital, medical nursing homes and convalescent homes.²

We believe the Hospital Board is in full compliance with the provisions contained within the special act because its sole purpose is to operate Citrus Memorial Hospital, the largest hospital in Citrus County whose mission is to primarily and chiefly serve the citizens and residents of Citrus County. Each year the Hospital Board determines the amount of money required to fulfill this purpose and certifies that amount to the Board of County Commissioners of Citrus County so that the County Commissioners can appropriately levy upon all taxable property in Citrus County. Attachment 2 reflects the millage rates for the Hospital Board for

² Chapter 99-442, Laws of Florida, codification of all special acts relating to the Citrus County Hospital Board, a copy of which is attached hereto as Attachment 1.

Mr. Terry Shoffstall
March 6, 2009
Page - 3 -

each year from 1997 to 2009, which has never exceeded three mills on the dollar. As an additional source of funding, the Hospital Board passed a resolution authorizing the issuance of bonds in 1985.

Question 2: What is the relationship between the Hospital Board and Citrus Memorial as it relates to the special act?

Citrus Memorial is a not-for-profit corporation that was created by the Hospital Board on March 27, 1987, for the purpose of fulfilling the Hospital Board's public function of operating hospitals in Citrus County for the benefit of Citrus County residents. The Hospital Board is the sole member of Citrus Memorial and as such, Citrus Memorial may not dissolve or merge with another entity without the consent of the Hospital Board. In the event of dissolution of Citrus Memorial, the remaining assets of Citrus Memorial revert to the Hospital Board.

All five members of the Board of Trustees of the Hospital Board are required to sit, and do in fact sit, on the Board of Directors of Citrus Memorial. The President and Chief Executive Officer of the Hospital Board is also the President and Chief Executive Officer of Citrus Memorial. Otherwise, the Hospital Board has no employees. Rather, all employees operating the Hospital Board's hospital facilities are employees of Citrus Memorial.

Thus, although Citrus Memorial is technically a corporate entity, it exists for a statutorily declared public purpose³ and is therefore also properly considered a governmental agent. Indeed, on August 3, 2006, the Office of Attorney General for the State of Florida issued Attorney General Opinion 2006-36, a copy of which is attached hereto as Attachment 3, in which it determined that Citrus Memorial is a public hospital entitled to sovereign immunity. The Attorney General explicitly held that Citrus Memorial "is acting primarily as an instrumentality of the Citrus County Hospital Board for purposes of section 768.28, Florida Statutes, and thus would appear to be subject to the sovereign immunity provisions of that section." And on March 26, 2008, the circuit court in and for Citrus County, Florida, entered a final judgment, a copy of which is attached hereto as Attachment 4, declaring Citrus Memorial to be entitled to the privileges of sovereign immunity. The circuit court reasoned that the Hospital Board exercised sufficient control over Citrus Memorial such that Citrus Memorial acted as a mere instrumentality of the Hospital Board.

The relationship between the Hospital Board, as an independent special district responsible for operating and financially supporting public hospitals for the benefit of the residents of Citrus County, and Citrus Memorial, as a corporate entity charged with carrying out this purpose, is therefore derived from statute, and yet supplemented by and embodied in two

³ § 155.22, F.S.; See: Indian River County Hospital Dist. V. Indian River Memorial Hospital, 766 So. 2d 733 (Fla. 4th DCA 2000).

Mr. Terry Shoffstall

March 6, 2009

Page - 4 -

principal documents: an Agreement for Hospital Care and a Lease, both of which were entered into effective March 1, 1990. The Hospital Care Agreement, a copy of which is attached hereto as Attachment 5, provides that "the obligations of [Citrus Memorial] are to be considered a transfer of a governmental function from the [Hospital] Board to [Citrus Memorial]; and additionally, that in carrying out its obligations, [Citrus Memorial] will be construed as acting on behalf of the [Hospital] Board, as that term is used in Section 155.40." Under the Hospital Care Agreement, Citrus Memorial agreed to provide health services on behalf of the Hospital Board for the "indigent sick" and "dependent poor" of Citrus County. The Hospital Care Agreement requires Citrus Memorial to participate in the Medicare and Medicaid programs and to be licensed to operate a hospital. Citrus Memorial does in fact participate in the Medicare and Medicaid programs and is in fact licensed to operate a hospital. The Hospital Care Agreement also requires Citrus Memorial to treat all patients in Citrus County without discrimination. It further requires Citrus Memorial to control its admissions of non-residents of Citrus County so that beds are always available to Citrus County residents.

In exchange for Citrus Memorial's fulfillment of the Hospital Board's governmental function, the Hospital Board agreed to appropriate sufficient funds each year to Citrus Memorial to support Citrus Memorial's operating and capital budget. The extent of such funding is in the discretion of the Hospital Board. In a recent example of the Hospital Board exercising control over Citrus Memorial, in the tax year 2008, the Hospital Board declined to levy taxes at a millage rate requested by Citrus Memorial to support Citrus Memorial's operating and capital budget, and instead levied taxes at a substantially lesser millage rate.

The Hospital Care Agreement also requires Citrus Memorial to make the following reports to the Hospital Board:

- Monthly Citrus Memorial Hospital Operational Report
- Annual Citrus Memorial Hospital Audited Financial Statements and Independent CPH Auditor's Report
- Annual Citrus Memorial Hospital Budget as approved by Citrus Memorial
- Annual Summary of Citrus Memorial Activities
- Other reports filed with state agencies that would be informative and of interest to the Hospital Board.

Working in tandem with the Hospital Care Agreement, the Lease, a copy of which is attached hereto as Attachment 6, serves as the vehicle through which the Hospital Board leases its hospital facilities in Citrus County to Citrus Memorial.⁴ The express purpose of the Lease is to "enable [Citrus Memorial] to provide needed hospital and health care facilities in Citrus County and [to] promote the health and welfare of the people of Florida." Unlike many other

⁴ § 155.40, F.S.

leased non-profit hospital facilities,⁵ it is clear from the Lease that Citrus Memorial was intended to carry out the public function of the Hospital Board in fulfilling the terms of the Lease.

Importantly, the Lease requires Citrus Memorial to hold public Board of Directors meetings, just as the Board of Trustees of the Hospital Board must hold public meetings under Florida's Sunshine law. Citrus Memorial in fact holds all of its Board of Directors meetings as open, public meetings. In fact, Citrus Memorial complies with all state laws regarding open meetings and public records.

The Lease also imposes the following obligations on Citrus Memorial, all of which are indicative of Citrus Memorial's fulfillment of the Hospital Board's public function:

- Citrus Memorial must comply with covenants and conditions associated with a 1985 bond issue by the Hospital Board, as well as future obligations incurred by the Hospital Board for the purpose of renovating or building onto the Hospital Board's facilities. Id. § 1.2(E).
- Citrus Memorial may only operate the Hospital Board's facilities for health care purposes. Id. § 5.1.
- Citrus Memorial may not deny emergency hospital care based upon ability to pay. Id. § 5.2.
- Citrus Memorial may not discriminate on the basis of race, color, religion, sex, national origin, marital status, or handicap in its provision of services. Id. § 5.3.
- Citrus Memorial must remain a not-for-profit corporation. Id. § 5.7.

Despite the importance of the Hospital Care Agreement and the Lease, the ultimate authority for the relationship between the Hospital Board and Citrus Memorial stems from the special act, as described above. For example, although the Hospital Board's obligation to provide financial support to Citrus Memorial is memorialized in the Hospital Care Agreement between the parties, that agreement "is not the primary or sole basis for the health care provider to receive tax revenues."⁶ The primary source is in the special act, which established the Hospital Board, prescribed its mission, and gave it taxing authority as noted above. The Hospital Board's fiduciary duty to fund Citrus Memorial's expenses, liabilities, and deficits is therefore based in statute rather than contractually created.

⁵ § 155.40(6), F.S., which reads: (6) Unless otherwise expressly stated in the lease documents, the transaction involving the sale or lease of a hospital shall not be construed as: (a) A transfer of a governmental function from the county, district, or municipality to the private purchaser or lessee; (b) Constituting a financial interest of the public lessor in the private lessee; or (c) Making a private lessee an integral part of the public lessor's decision making process.

⁶ 42 CFR 433.50(a)(ii)(B) (which is highlighted in the body of the letter).

Mr. Terry Shoffstall

March 6, 2009

Page - 6 -

Furthermore, the Lease is not the primary or sole basis for Citrus Memorial's receipt of tax revenues. The Hospital Board issues bonds for the facility, and Citrus Memorial has an unqualified obligation to pay the bond payments or rent. In turn, the Hospital Board is obligated to pay to Citrus Memorial proceeds from the ad valorem taxes, and Citrus Memorial must care for the residents of Citrus County. The Hospital Board's obligation to provide health care services and to finance those services through ad valorem taxes is therefore based in law, specifically sections 3 and 6 of the special act that created the Hospital Board, as noted above.

In practice, this is achieved through an annual meeting of the Hospital Board, wherein any projects proposed by Citrus Memorial requiring bond financing are reviewed and must be approved. This is necessary because once the Hospital Board approves the issuance of bonds and then levies the millage associated with bonds and support of Citrus Memorial operations, Citrus Memorial is obligated to repay the bonds and interest. Accordingly, the name on the TRIM notices associated with the Hospital Board taxes is Citrus Memorial's Chief Financial Officer. In addition, Citrus Memorial provides regular updates to the Hospital Board regarding the status of capital projects and the amount of care provided to uninsured and under-insured persons.

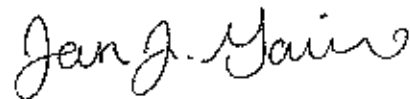
Question 3: Is there a complete audit of how \$12 million in taxpayer money is being accounted for and spent in this private, not-for-profit hospital?

As noted above, Citrus Memorial operates as a public hospital subject to the public records and open meetings laws and with the benefit of sovereign immunity. Citrus Memorial expends the tax funds from the Hospital Board pursuant to the terms of the Lease and the Hospital Care Agreement for (1) capital expenditures and (2) uncompensated care. These items are clearly in public health care interest. Attachment 7 hereto is the Preliminary Operating and Capital Budget for Citrus Memorial for fiscal year October 1, 2008, to September 30, 2009, identifying funding for each item. Such is consistent with the terms of the Lease and the Hospital Care Agreement. Further, Attachment 8 is a compilation of the last five (5) yearly tax revenues received for the payment of capital expenses and uncompensated care. The use of these funds is "accounted for" to the Hospital Board by (1) an annual audit (previously provided), (2) the initial, estimated annual operating budget, and (3) monthly accounting reports of Citrus Memorial provided to Hospital Board members. Further, at each monthly Hospital Board meeting, a list of Citrus Memorial's capital expenses is reported as an informational item to the Hospital Board. Citrus Memorial's other operating expenses are derived from operational revenues. The annual audits of Citrus Memorial to date have not identified any issues of inappropriate expenditures of public tax dollars. Finally, all records of Citrus Memorial are public and subject inspection.

Mr. Terry Shoffstall
March 6, 2009
Page - 7 -

We hope this information fully answers Senator Dean's questions. However, if at the conclusion of the Committee's deliberations, they believe a separate audit is required to examine the taxpayers' investment in Citrus Memorial, we look forward to working with you. Please do not hesitate to contact me should you require anything further.

Very truly yours,



Jan J. Gorrie, Esq.

Attachments were too large to include.

Contact committee office if you need them.

AGENDA ITEM 4



Citizens Property Insurance Corporation

Operational Audit

March 2006 Through February 2008, and
Selected Actions Through December 16, 2008

AG Report No. 2009-102

1

Citizens Property Insurance Corporation

Scope of Audit

This operational audit focused on internal audit function establishment, procurement, personnel administration, customer service, claims handling, take-out programs and bonuses, policyholder eligibility, financing arrangements, information technology (IT) controls, and other selected internal controls.

Our audit covered the period March 2006 through February 2008, and selected actions through December 16, 2008.

AG Report No. 2009-102

2

Citizens Property Insurance Corporation

ENTERPRISE RISK MANAGEMENT

Finding No.1: Citizens had no documentation to support that it had conducted an enterprise-wide evaluation of the effectiveness of operational and financial controls.

AG Report No. 2009-102

3

Citizens Property Insurance Corporation

CONFLICT OF INTEREST DISCLOSURE FORMS

Finding No. 2: Citizens' records in some instances did not contain a completed and signed Conflict of Interest Disclosure Form. Additionally, we determined that in some instances, Citizens did not timely receive Conflict of Interest Disclosure Forms executed by the vendors.

AG Report No. 2009-102

4

Citizens Property Insurance Corporation

INFORMATION TECHNOLOGY CONTROLS

Finding No. 3: Citizens had not established an information technology security awareness program.

Finding No. 4: Access controls were not effectively administered.

Finding No. 5: Other deficiencies in Citizens' security control features have been disclosed to appropriate members of Citizens management.

Citizens Property Insurance Corporation

INTERNAL AUDIT PROCEDURES

Finding No. 6: Policies and procedures providing guidance for the internal audit activity had not been completed. The objective of such policies and procedures is to provide for the internal audit function an operational framework which reasonably ensures auditor compliance with governing auditing standards.

Citizens Property Insurance Corporation

TAKE-OUT PROGRAM LONG-TERM MONITORING

Finding No. 7: Citizens developed a software application to identify policies that may be returning to Citizens after having been assumed by a take-out insurer. The application was run monthly beginning in October 2007. However, the output from the application has not been reviewed by Citizens staff to determine what policies may be returning to Citizens from take-out insurers.

AG Report No. 2009-102

7

Citizens Property Insurance Corporation

POLICYHOLDER NOTIFICATION

Finding No. 8: Citizens provided a data file to the prospective take-out insurer of all policies eligible for take-out. However, prior to March 11, 2008, when the selection file was provided, Citizens also communicated to the prospective take-out insurer that the policies written by certain insurance agencies or captive agents should not be selected.

AG Report No. 2009-102

8

Citizens Property Insurance Corporation

MARKET ASSISTANCE PLAN

Finding No. 9: Additional opportunities to promote the Market Assistance Plan, and thereby increase its production of voluntary insurer placements, may exist through real estate professionals, mortgage companies and brokers, and others involved in the sale of real estate and the financing and refinancing thereof.

AG Report No. 2008-102

9

Citizens Property Insurance Corporation

Customer Service Survey					
	Somewhat Dissatisfied		Satisfied		Total Responses ¹
	Number	Percentage	Number	Percentage	
Policy Issuance	22	19%	91	81%	113
Policy Renewal	21	23%	85	80%	106
Claims Handling	13	38%	21	62%	34
Agent Service	16	16%	87	84%	103
Call Center Operations	6	18%	28	82%	34
Overall	19	18%	89	82%	108

¹ Not all 117 policyholders responded to every question.

Source: Policyholder Surveys

AG Report No. 2008-102

10

Citizens Property Insurance Corporation

Appointed Agent Survey					
	Somewhat Dissatisfied		Satisfied to Very		Total Responses ¹
	Number	Percentage	Number	Percentage	
Agent Certification Program	9	12%	64	88%	73
Training	3	5%	62	95%	65
ePAS	3	4%	70	96%	73
eWind	2	3%	60	97%	62
eDOCS	4	6%	60	94%	64
Commercial Policyholder System	6	19%	25	81%	31
New Policy Issuance	13	17%	64	83%	77
Policy Renewal	3	4%	71	96%	74
Service	10	18%	47	82%	57
Overall Agent Support	6	8%	71	92%	77

¹ Not all 82 agents responded to every question.

Citizens Property Insurance Corporation

MANAGING STAKEHOLDER FEEDBACK

Finding No. 10: Citizens has taken steps to improve customer service, including but not limited to, the establishment of a Consumer Services Department and a Consumer Services Committee, Web site enhancements, and the conduct of policyholder forums. However, to better identify and trend customer service issues Citizens should establish a central reporting mechanism to aggregate and evaluate customer service issues.

Citizens Property Insurance Corporation

CLAIM ADJUSTMENT AND PAYMENT

Finding No. 11: With respect to claims reviewed, our audit disclosed that some improvements were needed. Specifically:

- Citizens was not enforcing the 80 percent co-insurance clause in its various insurance policies. Our current audit again found few insurance-to-value analyses in the claim files reviewed.
- For some of the claims reviewed, Citizens did not appear to have taken sufficient action to subrogate claims.

Citizens Property Insurance Corporation

MEDIATION AND APPRAISAL

Finding No. 12: Of the sixty reopened claims that we tested, we found that 28 went through mediation, appraisal, or lawsuit. For 26 of these 28 claims, a public adjuster had been hired by the policyholder. Our testing disclosed the following relating to the mediation and appraisal process:

- For 18 of the 28 reopened cases that went to mediation, appraisal, or umpire, either the public adjuster representing the policyholder or the public adjuster's firm performed the appraisal. This appears to be contrary to policy terms which require that appraisals be performed by a disinterested appraiser.
- There was no requirement that the umpires, in making award decisions, itemize or otherwise explain the rationale followed in determining the award, and in the files we reviewed, the umpire's award did not itemize the specific cost elements in the award or the rationale for the award.

Citizens Property Insurance Corporation

UNDERWRITING FILES

Finding No. 13: Issues relating to eligibility, insurability, and receipt of correct premium were not appropriately addressed in some underwriting files.

Citizens Property Insurance Corporation

FINANCING ARRANGEMENTS

Finding No. 14: Citizens should continue its efforts to reduce the cost-of-carry on any pre-event financing while maintaining the safety and liquidity of the financing proceeds through conservative investment.

Questions?

Contact Information:

Kathryn Walker, CPA
Audit Manager
Auditor General's Office
487-9085

Email: kathrynwalker@aud.state.fl.us

CITIZENS PROPERTY INSURANCE CORPORATION

Operational Audit

March 2006 Through February 2008 and Selected
Actions Through December 16, 2008



STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

CITIZENS PROPERTY INSURANCE CORPORATION

Members of the Citizens Property Insurance Corporation Board of Governors and the President and Executive Director who served during the audit period are as follows:

Andrea Bennett, from March 2007 to July 2008
John Collins, to March 2007
William Corry, from August 2008
Richard Dechene, from August 2006 to July 2008
G. Bruce Douglas, Chair, to July 2008
Carol Everhart, from March 2007
Gloria Fletcher, to July 2008
Cheryl Herrin, to February 2007
Earl Horton
Sherrill Hudson, from August 2008
Allan Katz, from March 2007
Carlos Lacasa, from February 2006 to March 2007, and from August 2008
James Malone, Chair and Member from August 2008
Jay Odom
Phil Thomasson, to July 2006
Robert L. Ricker, President and Executive Director, to November 2006
Scott Wallace, President and Executive Director, from November 2006

The audit was made by Allen Wayne, CPA, and supervised by Kathryn D. Walker, CPA. Please address inquiries regarding this report to Kathryn D. Walker, CPA, Audit Manager, by e-mail at kathrynwalker@cpafl.com or by telephone at (850) 487-9187.

This report and other audit reports prepared by the Auditor General can be obtained on our Web site at www.myfloridacounty.com, by telephone at (850) 487-9624, or by mail at C-74 Claude Pepper Building, 114 West Madison Street, Tallahassee, Florida 32399-1950.

**CITIZENS PROPERTY INSURANCE CORPORATION
OPERATIONAL AUDIT**

Table of Contents

	<u>PAGE NO.</u>
SUMMARY	1
BACKGROUND	3
FINDINGS AND RECOMMENDATIONS.....	5
INTERNAL CONTROLS.....	5
FINDING NO. 1: ENTERPRISE RISK MANAGEMENT	5
PERSONNEL AND PROCUREMENT.....	6
FINDING NO. 2: CONFLICT OF INTEREST DISCLOSURE FORMS.....	6
INFORMATION TECHNOLOGY CONTROLS.....	6
FINDING NO. 3: INFORMATION TECHNOLOGY SECURITY AWARENESS PROGRAM.....	7
FINDING NO. 4: INFORMATION TECHNOLOGY SECURITY CONTROLS.....	7
FINDING NO. 5: OTHER SECURITY CONTROLS	8
INTERNAL AUDIT.....	8
FINDING NO. 6: INTERNAL AUDIT POLICIES AND PROCEDURES.....	8
TAKE-OUT PROGRAMS AND BONUSES.....	9
FINDING NO. 7: TAKE-OUT PROGRAM LONG-TERM MONITORING.....	10
FINDING NO. 8: POLICYHOLDER NOTIFICATION.....	10
FINDING NO. 9: MARKET ASSISTANCE PLAN	11
CUSTOMER SERVICE.....	12
FINDING NO. 10: MANAGING STAKEHOLDER FEEDBACK.....	14
CLAIMS HANDLING	15
FINDING NO. 11: CLAIM ADJUSTMENT AND PAYMENT.....	15
FINDING NO. 12: MEDIATION AND APPRAISAL.....	16
UNDERWRITING	18
FINDING NO. 13: UNDERWRITING FILES.....	18
PROBABLE MAXIMUM LOSS FINANCING	19
FINDING NO. 14: FINANCING ARRANGEMENTS.....	19
PRIOR AUDIT FOLLOW-UP	21

CITIZENS PROPERTY INSURANCE CORPORATION
OPERATIONAL AUDIT

Table of Contents

	PAGE NO. (CONT.)
OBJECTIVES, SCOPE, AND METHODOLOGY.....	21
AUTHORITY.....	22
MANAGEMENT'S RESPONSE	22
EXHIBIT A	23

CITIZENS PROPERTY INSURANCE CORPORATION**SUMMARY**

Citizens Property Insurance Corporation (Citizens) has been established to operate as the State's last resort insurer. As such, the Legislature's intent, as expressed in Section 627.351(6), Florida Statutes, is that diligent efforts be made to place risks with voluntary insurers and that risks to be placed with Citizens only when coverage is not available in the voluntary market. As of August 31, 2008, Citizens had 1,172,401 policies in force, with annualized premiums of \$2.7 billion and related loss exposure of \$433 billion.

Section 627.351(6)(f), Florida Statutes, requires the Auditor General to conduct an operational audit of Citizens every three years. The findings of our audit of the period March 1, 2006, through February 29, 2008, and selected actions taken through December 16, 2008, are summarized below.

Internal Controls**ENTERPRISE RISK MANAGEMENT**

Finding No. 1: In audit report No. 2006-096, we noted that Citizens had no documentation to support that it had conducted an enterprise-wide evaluation of the effectiveness of operational and financial controls. Similarly, our current audit disclosed that no such evaluation had been completed during the audit period. However, on October 23, 2008, Citizens management presented to the Board a proposal to create an Enterprise Risk Management function that at a minimum will encompass risk management, compliance, and quality assurance.

Personnel and Procurement**CONFLICT OF INTEREST DISCLOSURE FORMS**

Finding No. 2: Citizens' records in some instances did not contain a completed and signed Conflict of Interest Disclosure Form to evidence that the Citizens employees taking part in the evaluation and contract award processes were independent of, and had no conflict of interest with respect to, the vendors evaluated and selected. Additionally, we determined that in some instances, Citizens did not timely receive Conflict of Interest Disclosure Forms executed by the vendors.

Information Technology**SECURITY AWARENESS PROGRAM**

Finding No. 3: Citizens had not established an information technology security awareness program. The purpose of a security awareness program is to inform personnel of the importance of the information they handle and the legal and business reasons for maintaining its integrity, confidentiality, and availability.

SECURITY CONTROLS

Finding No. 4: Effective security controls include access controls that ensure that users have only the access privileges needed to perform their duties, access to sensitive resources is limited to only a few users, and users are restricted from performing incompatible functions. Our audit disclosed deficiencies in certain security controls.

Finding No. 5: We noted certain other deficiencies in Citizens' security control features, the details of which have been disclosed to appropriate members of Citizens management.

Internal Audit

INTERNAL AUDIT PROCEDURES

Finding No. 6: Policies and procedures providing guidance for the internal audit activity had not been completed. The objective of such policies and procedures is to provide for the internal audit function an operational framework which reasonably ensures auditor compliance with governing auditing standards.

Take-Out Programs and Bonuses

TAKE-OUT PROGRAM LONG-TERM MONITORING

Finding No. 7: Section 627.351(6), Florida Statutes, as amended, required that effective July 1, 2007, in order to evaluate the costs and benefits of approved take-out plans, if Citizens pays a bonus or other payment to an insurer for an approved take-out plan, then Citizens shall maintain a record of all addresses or such other identifying information on the property or risk removed in order to track if and when the property or risk is later insured by the corporation. To address the requirements of the statute, Citizens developed a software application (application) to identify policies that may be returning to Citizens after having been assumed by a take-out insurer. The application was run monthly beginning in October 2007. However, the output from the application has not been reviewed by Citizens staff to determine what policies may be returning to Citizens from take-out insurers.

POLICYHOLDER NOTIFICATION

Finding No. 8: Insurers which were interested in considering the take-out of policies were to request from Citizens a selection file. In response to the request for a selection file, Citizens provided a data file to the prospective take-out insurer of all policies eligible for take-out. However, prior to March 11, 2008, when the selection file was provided, Citizens also communicated to the prospective take-out insurer that the policies written by certain insurance agencies or captive agents should not be selected, as the agencies or agents would be unable or unwilling to be appointed as an agent of the prospective take-out insurer and, thus, may not present a take-out proposal to the policyholder. Effective March 2008, Citizens was required by consent order of the Office of Insurance Regulation, to send notice to any policyholder whose policy has been selected for take-out, but whose agent is unable or unwilling to be appointed by the take-out insurer, that an offer of coverage was made which may have saved them premium dollars.

MARKET ASSISTANCE PLAN

Finding No. 9: Section 627.3515, Florida Statutes, requires that, through such measures as are found appropriate by the Plan's Board, the Plan shall take affirmative steps to assist in the removal from Citizens any risk that can be placed in the voluntary market. Section 627.3515(3)(a), Florida Statutes, as amended, also requires that the Plan and Citizens develop a business plan providing for the implementation of an electronic database for the purpose of confirming eligibility. Our audit disclosed:

- Additional opportunities to promote the Market Assistance Plan, and thereby increase its production of voluntary insurer placements, may exist through real estate professionals, mortgage companies and brokers, and others involved in the sale of real estate and the financing and refinancing thereof.
- The business plan was submitted to the Financial Services Commission, and in presenting the Plan, Citizens identified several potential implementation issues that required further consideration. As of December 16, 2008, further development of the proposed electronic database was pending.

Customer Service

MANAGING STAKEHOLDER FEEDBACK

Finding No. 10: Citizens has taken steps to improve customer service, including but not limited to, the establishment of a Consumer Services Department and a Consumer Services Committee, Web site enhancements, and the conduct of policyholder forums. In evaluating customer service issues, we surveyed

a sample of policyholders, analyzed complaint data maintained by the Department of Financial Services, and surveyed a sample of agents appointed by Citizens. The results of these surveys and analyses indicated that there remain opportunities for Citizens to further enhance customer service. One such opportunity involves the establishment of a central reporting mechanism to aggregate and evaluate customer service issues for Citizens as a whole.

Claims Handling

CLAIM ADJUSTMENT AND PAYMENT

Finding No. 11: With respect to claims reviewed, we evaluated the timeliness with which the claims were processed, the extent to which file evidence supported the existence of a loss, the extent to which the described and depicted losses were consistent with the amounts paid, the sufficiency of case reserves, and the sufficiency of the steps taken by Citizens to review the findings of the adjusters. Our audit disclosed that some improvements were needed. Specifically:

- In audit report No. 2006-096, we noted that in adjusting claims, Citizens was not enforcing the 80 percent co-insurance clause in its various insurance policies. Our current audit again found few insurance-to-value analyses in the claim files reviewed.
- For some of the claims reviewed, Citizens did not appear to have taken sufficient action to subrogate claims.

MEDIATION AND APPRAISAL

Finding No. 12: Of the sixty reopened claims that we tested, we found that 28 went through mediation, appraisal, or lawsuit. For 26 of these 28 claims, a public adjuster had been hired by the policyholder. Our testing disclosed the following relating to the mediation and appraisal process:

- For 18 of the 28 reopened cases that went to mediation, appraisal, or umpire, either the public adjuster representing the policyholder or the public adjuster's firm performed the appraisal. This appears to be contrary to policy terms which require that appraisals be performed by a disinterested appraiser.
- There was no requirement that the umpires, in making award decisions, itemize or otherwise explain the rationale followed in determining the award, and in the files we reviewed, the umpire's award did not itemize the specific cost elements in the award or the rationale for the award.

Underwriting

UNDERWRITING FILES

Finding No. 13: Citizens' underwriters (internal and contracted) are required, at a minimum, to review the applications and supporting documentation and to make decisions concerning eligibility, insurability, and receipt of correct premium. Our tests of 30 applications, including policy renewals, disclosed in three applications issues that were not appropriately addressed.

Probable Maximum Loss Financing

FINANCING ARRANGEMENTS

Finding No. 14: Citizens should continue its efforts to reduce the cost-of-carry on any pre-event financing while maintaining the safety and liquidity of the financing proceeds through conservative investment.

BACKGROUND

Effective July 1, 2002, pursuant to amendments made to Section 627.351, Florida Statutes, by Chapter 2002-240, Laws of Florida, Citizens Property Insurance Corporation (Citizens) was created to provide, as the State's last resort insurer, residential and commercial property insurance. Pursuant to those amendments, the policies, obligations, rights, assets,

and liabilities of both the Florida Residential Property and Casualty Joint Underwriting Association (FRPCJUA) and the Florida Windstorm Underwriting Association (FWUA) became the policies, obligations, rights, assets, and liabilities of Citizens.

In accordance with Section 627.351(6), Florida Statutes, Citizens' Plan of Operation required that Citizens operate subject to the supervision and approval of an eight-member Board of Governors (Board). The Governor, the Chief Financial Officer, the President of the Senate, and the Speaker of the House are each to appoint two members of the Board, and at least one of the two members appointed by each appointing officer must have demonstrated expertise in insurance. Also, in accordance with statute, the Plan of Operation required that Citizens' Executive Director and senior managers be engaged and serve at the pleasure of the Board. The Executive Director is to be responsible for employing other staff as the corporation may require, subject to review and concurrence by the Board.

Section 627.351(6)(b)2., Florida Statutes, provides that all revenues, assets, liabilities, losses, and expenses of Citizens shall be divided into three separate accounts, as follows:

- A personal lines account (PLA) for personal residential policies issued by Citizens or issued by the FRPCJUA and renewed by Citizens. Such policies are to provide comprehensive, multi-peril coverage on risks that are not located in areas eligible for coverage in the FWUA, as those areas were defined on January 1, 2002. The account is to also include policies that do not provide coverage for the peril of wind on risks that are located in such areas.
- A commercial lines account (CLA) for commercial residential and commercial nonresidential policies issued by Citizens or issued by the FRPCJUA and renewed by Citizens. Such policies are to provide coverage for basic property perils on risks that are not located in areas eligible for coverage in the FWUA, as those areas were defined on January 1, 2002. The account is to also include policies that do not provide coverage for the peril of wind on risks that are located in such areas.
- A high-risk account (HRA) for personal residential policies and commercial residential and commercial nonresidential property policies issued by Citizens or transferred to Citizens that provide coverage for the peril of wind on risks that are located in areas eligible for coverage in the FWUA, as those areas were defined on January 1, 2002.

The three accounts must be maintained as long as financing obligations entered into by the FRPCJUA or the FWUA are outstanding, in accordance with the terms of the corresponding financing documents. When the obligations are no longer outstanding, a single account may then be used.

Tables 1 and 2 summarizes by account, the policies in force, premiums, and exposure, as of August 31, 2007, and 2008:

Table 1

Citizens Policy in Force Report			
As of August 31, 2007			
Account	Policies in Force	Premiums	Exposure
Personal-Residential (PLA)	918,612	\$1,714,844,898	\$197,912,801,798
Commercial (CLA)	12,696	554,035,152	77,827,709,460
High-Risk (HRA)	430,345	1,237,420,179	219,748,005,354
Total	1,361,653	\$3,506,300,229	\$495,488,516,612

Table 2

Citizens Policy in Force Report As of August 31, 2008			
Account	Policies in Force	Premiums	Exposure
Personal-Residential (PLA)	713,310	\$1,115,899,122	\$139,503,398,875
Commercial (CLA)	10,489	391,981,926	61,035,543,182
High-Risk (HRA)	448,602	1,190,446,781	232,608,110,324
Total	1,172,401	\$2,698,327,829	\$433,147,052,381

The Legislature's intent, as expressed in Section 627.351(6), Florida Statutes, is that diligent efforts be made to place risks with voluntary insurers and that risks be placed with Citizens only when coverage is not available in the voluntary market. Consistent with this intent, the Legislature has authorized plans and programs to encourage voluntary market coverage of risks and to transfer, through take-out programs, Citizens' policies to voluntary insurers. The reduction in policies in force, premiums and exposure between August 31, 2007, and 2008, is primarily due to the transfer of risks through take-out programs to voluntary insurers.

In general, the premium due from a Citizens' policyholder is derived by multiplying the insured value of the property by a premium rate. In finding No. 16 of audit report No. 2006-096, we reported that the premium rates that had been charged by Citizens were not supported by actuarial studies. Subsequently, actuarial studies were obtained by Citizens and rates based thereon were approved by the Office of Insurance Regulation (OIR) with an effective date of January 1, 2007. However, as directed by the provisions of Section 627.351(6)(m)4. through 5., Florida Statutes, the assessment of actuarially determined rates was postponed until January 1, 2010. Citizens' actuary has estimated that for the years ended December 31, 2007, and 2008, the difference between the premiums that would have been due using actuarially-determined rates and the premiums actually authorized to be approximately \$414 million.

FINDINGS AND RECOMMENDATIONS

Internal Controls

Citizen's Board and management have a responsibility for establishing internal controls that will provide reasonable assurance of the efficient, effective, and economical accomplishment of Citizens' responsibilities, as established by law, contracts, and insurance industry standards.

As described more fully below, we found that Citizens has made improvements in internal controls and other changes are in progress. We also found that there remain opportunities for improvement.

Finding No. 1: Enterprise Risk Management

In audit report No. 2006-096, we noted that Citizens had no documentation to support that it had conducted an enterprise-wide evaluation of the effectiveness of operational and financial controls. Similarly, our current audit disclosed that no such evaluation had been completed during the audit period. Such an evaluation may be accomplished through an Enterprise Risk Management function. This function provides a means through which management may for its financial and operational objectives and related strategies, identify, assess, and manage the associated risks.

On October 23, 2008, Citizens management presented to the Board a proposal to create an Enterprise Risk Management function that at a minimum will encompass risk management, compliance, and quality assurance.

Recommendation: We recommend that Citizens continue its implementation of an enterprise risk management function.

Personnel and Procurement

In audit report No. 2006-096, we reported several areas in which Citizens' personnel administration and Citizens' procurement practices were deficient. For example, we found that personnel policies and procedures did not require background checks, and procurement policies and procedures did not address competitive procurement processes. In response to the audit findings, the Legislature amended Section 627.351(6), Florida Statutes, to address these and other administrative matters. Our current audit disclosed that Citizens had implemented policies and procedures to implement these statutory requirements and that for the files and transactions tested Citizens had complied with the applicable requirements of law, except as indicated in the following finding.

Finding No. 2: Conflict of Interest Disclosure Forms

As part of the procurement process, Citizens' policy requires that the vendor, and any Citizens employee involved in any part of the evaluation or selection of a vendor, provide a completed and signed Conflict of Interest Disclosure Form.

Our audit tests disclosed that for 2 of the 10 procurements tested, Citizens' records did not contain a completed and signed Conflict of Interest Disclosure Form to evidence that the Citizens employees taking part in the evaluation and contract award processes were independent of, and had no conflict of interest with respect to, the vendors evaluated and selected. In 2 of these instances, the contract amounts totaled \$60,000 and \$350,000 and related to the procurement of telecommunication consulting services and janitorial services, respectively. Additionally, we determined that for 2 of the 10 procurements tested, Citizens' did not timely receive Conflict of Interest Disclosure Forms executed by the vendors. In these instances, the contract amounts ranged from \$1.6 million to \$8 million and involved the leasing of facilities and the procurement of telecommunications services, respectively. Such attestations help to ensure the fairness and objectivity of the procurement and contracting processes.

Recommendation: We recommend that Citizens ensure that employee and vendor conflict of interest statements are timely obtained and retained in Citizens' records.

Information Technology Controls

In order to accomplish the mission and objectives of Citizens, several informational technology application systems have been contracted for or developed. These systems include:

- Active Directory – A central component of the Windows platform. Provides the means to manage the identities and relationships that make up network environments.
- ePAS – A browser based policy and claims processing system. Currently processes PLA policy and claim transactions.
- Wind – HRA residential and commercial policy system, including claims and accounting functionality.
- cWind – A browser based policy and claims processing system for wind-only policies. Currently processes HRA policy and claim transactions.

- CSC Point – An AS400 based commercial residential multi-peril policy system.
- Claims Tracking System (CTS) – Daily and catastrophic claims tracking and adjuster management system. This system is integrated with cPAS and Wind.
- ImageRight – A document management system that has been tailored for use in the insurance industry.

Finding No. 3: Information Technology Security Awareness Program

Information technology (IT) user awareness is an essential component of an effective security program. The purpose of a security awareness program is to inform personnel of the importance of the information they handle and the legal and business reasons for maintaining its integrity, confidentiality, and availability. Our review disclosed that Citizens had not established a security awareness program. Although Citizens did provide to users periodic e-mail advisories that can provide a good opportunity to set forth concepts of IT security and data handling, security awareness programs should be ongoing to remind employees of their parts in the total security program. The absence of an ongoing security awareness training program and a related lack of users' knowledge regarding their responsibilities for the safeguarding of Citizens' data resources, could jeopardize the integrity, confidentiality, and availability of system resources.

On October 13, 2008, subsequent to audit inquiry, Citizens indicated that a vendor had been identified to help Citizens implement and deliver an information security awareness program.

Recommendation: We recommend that Citizens continue in its efforts to implement a security awareness program.

Finding No. 4: Information Technology Security Controls

Effective security controls include access controls that ensure that users have only the access privileges needed to perform their duties, access to sensitive resources is limited to only a few users, and users are restricted from performing incompatible functions. Access controls include the use of individual user identification codes (IDs) and passwords to allow the matching of system activities to the responsible user. Further, to help reduce the risk of errors and fraud and the concealment thereof, appropriate members of management should approve the access rights granted and periodically review and confirm the continuing appropriateness of granted access rights.

Our audit disclosed deficiencies in certain security controls. Specifically:

- For 6 of 20 user IDs tested, Citizens was unable to provide documentation showing that management had approved the related employee's network access. Citizens indicated that it was initiating a recertification project to assess system access rights for all Citizens IT user accounts.
- Citizens had implemented procedures to remove the access privileges of employees who terminated employment and for external users whose employment or contracts had been terminated. Such procedures required that notification of termination be provided, upon termination, to security administration. Upon receipt of notification, security administration was to revoke access privileges. Our tests disclosed 97 instances in which notification to security administration was not sent timely. In these instances, notification was provided on dates ranging from 6 to 751 days after the date of employee termination. Additionally, we identified 128 former employees whose access privileges had not been timely revoked. In 34 of these instances, access was revoked, but not until dates ranging from 6 to 763 days after the date of termination. In 94 of the 128 instances, the access privileges of the former employees had not been revoked as of the date of our audit test. Absent timely revocation of access privileges, data and IT resources are exposed to increased risks of loss, error, and unauthorized use. Citizens indicated that some of the instances identified by our audit had occurred in 2006 when procedures for processing employee actions were not fully in place. Citizens further indicated that

its IT function will work with human resources to improve procedures for timely reporting and processing employee actions.

Recommendation: We recommend that Citizens ensure that user access authorization documentation is appropriately maintained. We also recommend Citizens perform periodic reviews of access privileges to ensure that the access granted is appropriate and monitor compliance with procedures requiring the timely revocation of the access privileges of terminating employees and contractors.

Finding No. 5: Other Security Controls

Security controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. Our audit disclosed certain security controls related to Citizens' IT systems, in addition to the matters discussed in finding Nos. 3 and 4, that needed improvements. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising Citizens' data and IT resources. However, we have notified appropriate management of the specific issues. Without adequate security controls, the confidentiality, integrity, and availability of data and IT resources may be comprised, increasing the risk that data and IT resources may be subject to improper disclosure, modification, or destruction.

Recommendation: We recommend that Citizens implement the appropriate security controls to ensure the confidentiality, integrity, and availability of data and IT resources.

Internal Audit

Citizens' Internal Audit Department became functional in December 2004 with the hiring of an internal auditor and the Board's approval of the original internal audit charter in February 2005. Effective July 1, 2006, Section 15, Chapter 2006-12, Laws of Florida, created the Office of Internal Audit (Section 627.351(6)(h), Florida Statutes). A Chief, Audit and Inspections, was subsequently added in January 2007 to create a two-person internal audit department. In June 2007, both internal auditors left the employment of Citizens and the Board approved the retention of an external audit firm on a temporary basis. A new Chief Internal Auditor was hired in November 2007, a new charter was put in place in January 2008, and four other staff had been employed as of August 2008.

The Office of Internal Audit in its published audit reports, excerpts from Citizens' Audit Committee minutes, and the January 2008 charter indicate that the Internal Audit Department follows the International Standards for the Professional Practice of Internal Auditing (IIA Standards) published by the Institute of Internal Auditors. Auditing standards govern such matters as auditor proficiency, auditor competence, audit planning and supervision, the reporting of internal audit findings, and internal audit quality assurance.

Finding No. 6: Internal Audit Policies and Procedures

Publications of the Institute of Internal Auditors provide that internal audit activities are performed in diverse legal and cultural environments; within organizations that vary in purpose, size, complexity, and structure; and by persons within or outside the organization. While differences may affect the practice of internal auditing in each environment, compliance with IIA Standards is essential if the responsibilities of internal audit are to be met.

IIA Performance Standard 2040 – Policies and Procedures states, "The chief audit executive [Chief Internal Auditor] should establish policies and procedures to guide the internal audit activity." The objective of such policies and procedures is to provide for the internal audit function an operational framework which is to reasonably ensure auditor compliance with the governing auditing standards. Such policies and procedures had not yet been

implemented, although they were under development. Absent clear guidance in the internal audit activity's policies and procedures, there is less assurance that internal audits will always be conducted in accordance with IIA standards.

Recommendation: Citizens should continue its efforts to develop policies and procedures necessary to guide the internal audit activity and ensure compliance with IIA standards.

Take-Out Programs and Bonuses

In an effort to encourage the return of policies to the voluntary market, Sections 627.351(6)(p)3.a, and 627.3511, Florida Statutes, authorize voluntary insurers to take-out Citizens' policies. Any policy taken out, assumed, or removed from Citizens is, as of the effective date of the take-out, assumption, or removal, direct insurance issued by the insurer and not by Citizens, even if Citizens continues to service the policies. Take-out plans of voluntary insurers are subject to the approval of Citizens' Board and OIR.

Citizens' files show that since January 2003, a total of 954,993 policies from the PLA account and 142,989 policies from the non-PLA accounts (commercial and high risk accounts) had been taken out. Table 3 below, summarizes the policies taken out from the PLA account and the non-PLA account during the period January 1, 2003, through October 15, 2008.

Table 3

Citizens PLA and Non-PLA Take-Outs For the Calendar Years 2003 through 2008				
Calendar Year	PLA Policies	Exposure (000's)	Non-PLA Policies	Exposure (000's)
2003	28,219	\$ 8,140,682	0	\$ -
2004	145,959	29,161,307	12,457	1,501,769
2005	218,128	40,174,893	75,556	13,483,947
2006	26,225	6,548,575	41,628	9,089,015
2007	247,887	68,259,426		-
2008 ¹	288,575	80,696,815	13,348	4,688,127
Total	954,993	\$ 232,981,608	142,989	\$ 28,762,858

¹ Through October 15, 2008

Source: Citizens' Take-Out Program data file.

To encourage voluntary insurers to take out policies, Section 627.3511(2),¹ Florida Statutes, provides that Citizens shall pay the sum of up to \$100 to an insurer for each risk taken-out. Section 627.3511(2), Florida Statutes, further provides that, in order to qualify for the bonus, the take-out plan must include a minimum of 25,000 policies. Since March 2006, only one insurer had taken out a sufficient number of policies to qualify for the payment of a bonus. In this instance, a total of 26,728 policies were taken out on August 14, 2007.

Section 627.3511(5), Florida Statutes, provides that if policies taken-out are cancelled or nonrenewed by the insurer, the bonus amount is subject to proration for the time period the policies were insured.

¹ Chapter 2006-12, Laws of Florida, amended this statute effective January 1, 2008, to align the amount of bonus to that authorized in Section 627.3511, Florida Statutes.

Finding No. 7: Take-Out Program Long-Term Monitoring

In audit report No. 2006-096, finding No. 11, we recommended that Citizens ensure that a complete property address be maintained for all insured properties and that this information also be maintained for all properties that were removed by take-out agreements. In the finding, we recommended that this information be used periodically by Citizens to assist in the measurement of how well the take-out programs are working to permanently remove risks from Citizens. Subsequent to the issuance of the audit report, Section 627.351(6), Florida Statutes, was amended to require that effective July 1, 2007, in order to evaluate the costs and benefits of approved take-out plans, if Citizens pays a bonus or other payment to an insurer for an approved take-out plan, then Citizens shall maintain a record of all addresses or such other identifying information on the property or risk removed in order to track if and when the property or risk is later insured by Citizens.

To address the prior audit recommendation and the amendment of the statutes, Citizens developed a software application (application) to identify policies that may be returning to Citizens after having been assumed by a take-out insurer. The application was run monthly beginning in October 2007. However, the output from the application has not been reviewed by appropriate staff to determine what policies may be returning to Citizens from take-out insurers.

Absent the review and analysis of this data, Citizens may miss opportunities to identify policies returning to Citizens from take-out insurers, follow-up on why the policies are returning, and develop strategies to strengthen current take-out programs. In response to our inquiry, Citizens management stated that this application will be utilized in the future to ensure that take-out insurers are in compliance with the law and all contractual agreements.

Recommendation: We recommend that Citizens perform long-term monitoring on the take-out programs by reviewing the application output to identify policies returning to Citizens from take-out insurers, follow-up on why the policies are returning, and develop strategies to strengthen current take-out programs.

Finding No. 8: Policyholder Notification

Insurers which were interested in considering the take-out of policies were to request from Citizens a selection file. In response to the request for a selection file, Citizens provided a data file to the prospective take-out insurer of all policies eligible for take-out. However, prior to March 11, 2008, when the selection file was provided, Citizens also communicated to the prospective take-out insurer that the policies written by certain insurance agencies or captive agents² should not be selected, as the agencies or agents would be unable or unwilling to be appointed as an agent of the prospective take-out insurer and, thus, may not present a take-out proposal to the policyholder. In those instances in which the policies written by certain insurance agencies and captive agents were excluded from the prospective take-out insurer's consideration, the opportunity for the removal of policies from Citizens and the opportunity for a policyholder to obtain a reduced premium were foregone.

Effective March 11, 2008, the OIR issued consent order 94539-08, "Order Approving Citizens Property Insurance Corporation's Personal Residential and Commercial Residential Non-Bonus Takeout Plans." This consent order provided, in part, that "CITIZENS shall discontinue this notice [notice that policies of certain insurance agencies and captive agents should not be selected] so that the takeout companies will make their selections without categorically eliminating policies from eligibility for removal." In addition, to ensure that the policyholders are made aware of any

² Captive agents are insurance agents working exclusively for a single voluntary insurer, as opposed to an independent agent who may have been appointed by several insurers.

offers of coverage that may not be communicated by their agent, the order requires Citizens to send notice to any policyholder whose policy is selected for take-out, but whose agent is unable or unwilling to be appointed by the take-out insurer, that an offer of coverage was made which may have saved the policyholder premium dollars.

Recommendation: We recommend that in administering its responsibilities under the take-out programs, Citizens comply with the consent order.

Finding No. 9: Market Assistance Plan

Section 627.3515, Florida Statutes, establishes the Market Assistance Plan (Plan) to assist in the placement of risks of applicants who are unable to procure property or casualty insurance from authorized insurers when such insurance is otherwise generally available from insurers authorized to transact and write that kind and class of insurance in this State. Pursuant to statute, each person serving as a member of Citizens' Board of Governors also serves as a member of the Plan's Board of Governors.

The Plan provided a variety of programs for consumers, agents, and insurance companies. As shown by Table 4, during the period January 2006 through March 2008, the Plan provided agents with the names of over 120,000 customers who were trying to obtain property and casualty insurance, of which approximately 9,800 were placed with voluntary insurers. There were approximately 230 agents participating in the Plan.

Table 4

Florida Market Assistance Placements			
Calendar Year	Requests Through Plan for the Year	Voluntary Placements Through Plan for the Year	Percent Requests Placed
2006	61,382	4,692	7.64
2007	49,598	3,971	8.01
2008 ¹	9,118	1,192	13.07
Totals	120,098	9,855	8.21

¹Through March 31, 2008

Source: Citizens

Section 627.3515, Florida Statutes, requires that, through such measures as are found appropriate by the Plan's Board, the Plan shall take affirmative steps to assist in the removal from Citizens any risk that can be placed in the voluntary market. Section 627.3515(3)(a), Florida Statutes, as amended effective January 25, 2007, also requires that the Plan and Citizens develop a business plan providing for the implementation of an electronic database for the purpose of confirming that the applicant is eligible for coverage by Citizens because the applicant is unable to obtain insurance coverage in the voluntary market. The business plan was to be presented to the Financial Services Commission for approval by September 1, 2007.

Our audit disclosed that

- Promotion of the Plan's use was accomplished primarily through the Web sites of Citizens, OIR, the Department of Financial Services, and various other insurance and news-related organizations. Additional opportunities to promote the Plan, and thereby increase its production of voluntary insurer placements, may exist through real estate professionals, mortgage companies and brokers, and others involved in the sale of real estate and the financing and refinancing thereof.

- Citizens submitted the "Proposed Electronic Eligibility Database Business Plan" on August 31, 2007, to the Financial Services Commission. Citizens concluded:

"The legislative intent of s. 627.3515(3)(a), Florida Statutes seems to be to ensure that only those applicants that meet the eligibility requirements set forth by the Florida Legislature are insured by Citizens. However, participation in the proposed electronic eligibility database is purely voluntary. The statute referenced above does not mandate compliance by insurer and/or agents. Therefore, there is no effective guarantee that implementing an electronic eligibility database of this nature will be effective. Additionally, there are other implementation issues, such as privacy concerns and enforcement issues that may also affect the success of this program. It is true that an effectively created and efficiently functioning electronic database could potentially result in fewer risks being written by Citizens and therefore could reduce future growth in exposure and number of policies in force. However, there may be serious customer service issues such as lapses in coverage, difficulty in creating and maintaining this database, company and agent enforcement problems and costs of development and maintenance which may mitigate against any success this program could produce."

As described above, the business plan was submitted to the Financial Services Commission, and in presenting the Plan, Citizens identified several potential implementation issues that required further consideration. As of December 16, 2008, further development of the proposed electronic database was pending.

Recommendation: We recommend that the Plan consider additional opportunities and methods that may be used to promote the use of the Plan. We also recommend that any obstacles to the development of the electronic eligibility database be presented to the Legislature for evaluation.

Customer Service

Since our last audit, Citizens has taken steps to improve customer service, including but not limited to, the establishment of a Consumer Services Department and a Consumer Services Committee, Web site enhancements, and the conduct of policyholder forums. In evaluating customer service issues, we surveyed a sample of policyholders, analyzed complaint data maintained by the Department of Financial Services, and surveyed a sample of agents appointed by Citizens. The results of these surveys and analyses are presented below and, in summary, indicate that there remain opportunities for Citizens to further enhance customer service.

Policyholder Surveys

Citizens, like other insurance companies, provides customer service that ranges from the issuance of policies to the payment of claims. To measure the degree of customer satisfaction with the level of services provided by Citizens, we mailed surveys to 500 policyholders, including 200 who had filed claims. Questions were included in the survey to address customer satisfaction with services relating to policy issuance, policy renewal, and claims handling. We also included questions to measure policyholder satisfaction with the services provided by Citizens' agents, Citizens' call center operations, and overall satisfaction with their insurance policies. We received 117 responses to our survey from policyholders. Our evaluation of the results for all surveyed policyholders, as shown by Table 5, indicated that most policyholders were satisfied with the services received from Citizens, the call center, and Citizens' agents. However, a number of respondents reported being dissatisfied with their claims handling experiences. In comparison to the measurements of customer service satisfaction reported in audit report No. 2006-096, the percentage of satisfied to very satisfied policyholders showed relatively little change.

Table 5

Customer Service Survey					
	Somewhat Dissatisfied to Dissatisfied		Satisfied to Very Satisfied		Total Responses ¹
	Number	Percentage	Number	Percentage	
Policy Issuance	22	19%	91	81%	113
Policy Renewal	21	20%	85	80%	106
Claims Handling	13	38%	21	62%	34
Agent Service	16	16%	87	84%	103
Call Center Operations	6	18%	28	82%	34
Overall	19	18%	89	82%	108

¹ Not all 117 policyholders responded to every question.

Source: Policyholder Surveys

Complaints

As part of our audit of Citizens' customer service function, we analyzed Department of Financial Services (DFS), Division of Consumer Services, data available for the period March 1, 2006, through September 30, 2007, to identify any indications of significant customer service issues. As shown in Table 6, we found that during this period, Citizens ranked second among the top 11 Florida residential, commercial, and other property and casualty insurers in terms of the number of complaints as a percentage of policies in force as of September 30, 2007.

Table 6

Complaints as a Percentage of Policies in Force at September 30, 2007			
Company	Complaints as a Percentage of Policies in Force	Complaints for the Period March 1, 2006, through September 30, 2007	Policies in Force at September 30, 2007
1	0.679	1,638	241,218
Citizens	0.675	9,318	1,313,627
2	0.334	455	136,175
3	0.309	1,123	363,574
4	0.026	278	106,755
5	0.252	517	204,868
6	0.241	291	120,629
7	0.024	2,457	1,024,223
8	0.208	267	128,338
9	0.192	287	149,518
10	0.071	136	192,631

Source: Office of Insurance Regulation, and the DFS, Division of Consumer Services

We did note recent improvement in that Citizens experienced a 64 percent decrease in complaints for the period March 2007 through February 2008, as compared to the period March 2006 through February 2007.

Survey of Agents

As part of its operations, Citizens appoints agents to serve policyholders and act as the first line of customer service. Consequently, it is critical to the effective and efficient operations of Citizens that its agents have the necessary resources to cost-effectively serve policyholders including adequate training, the availability of policyholder information electronically, and consistent support from Citizens' underwriting, claims, and other staff. To measure agent satisfaction with the provisions made by Citizens and to identify potential areas where Citizens could enhance its operations with respect to its appointed agents, we mailed surveys to 200 appointed agents. Questions were included in the survey to gauge agent satisfaction with, among other things, Citizens' training program, its primary electronic policy administration systems (ePAS, eWind, eDOCS, and the Commercial Policyholder System), service provided by Citizens' staff, and overall satisfaction with Citizens' agent support. Our evaluation of the survey results, as shown by Table 7, indicated that most agents were satisfied with Citizens' operations, including its training program, electronic policy administration systems, and overall support provided to them.

Table 7

Appointed Agent Survey					
	Somewhat Dissatisfied		Satisfied to Very Satisfied		Total Responses ¹
	Number	Percentage	Number	Percentage	
Agent Certification Program	9	12%	64	88%	73
Training	3	5%	62	95%	65
ePAS	3	4%	70	96%	73
eWind	2	3%	60	97%	62
eDOCS	4	6%	60	94%	64
Commercial Policyholder System	6	19%	25	81%	31
New Policy Issuance	13	17%	64	83%	77
Policy Renewal	5	4%	71	96%	74
Service	10	18%	47	82%	57
Overall Agent Support	6	8%	71	92%	77

¹ Not all 82 agents responded to every question.

Source: Agent Surveys

Finding No. 10: Managing Stakeholder Feedback

Citizens' reports that customer service takes place through various Citizens' business units including Claims, the Technical Resource Center, Agent Services, and Underwriting. According to Citizens, this approach is used to more closely link customers to business unit experts. In such a de-centralized customer service environment it is important that customer service information is aggregated at a corporate level to better identify and trend customer service issues. Our audit found that Citizens had not established a central reporting mechanism to aggregate and evaluate customer service issues for Citizens as a whole. While, as indicated above, Citizens has instituted a Department of Consumer Services which is responsible for tracking and coordinating the handling of all written consumer complaints, absent the ability to track and evaluate all customer service issues (questions, complaints, etc.), Citizens capacity to identify and trend stakeholder issues and respond accordingly is limited.

Recognizing the importance of the need to aggregate information on all customer service issues, Citizens has begun to take steps to implement a single, formal process for managing stakeholder communication and feedback. These measures have included:

- Enhanced customer service training for all Citizens employees.
- The President's conduct of senior management leadership meetings.
- Centralization of Citizens communication regarding customer service.
- Implementation of a complaint handling and tracking systems (CHATS) which will automate Citizens' tracking and handling of complaints. CHATS will also have the capability of handling and tracking all communication and consumer issues and is tentatively scheduled to "go live" February 1, 2009.

Recommendation: Citizens should continue its efforts to implement a corporate-wide system that will facilitate the aggregation and evaluation of all customer service issues.

Claims Handling

Generally, insurance claim files and related claims processing or tracking systems should include documentation that facilitates a demonstration that good faith was exercised in handling reported claims in a manner consistent with the requirements of insurance policies, governing statute, and administrative rules. In addition, to allow proper financial management, the claim files and related systems should also show evidence that reserves (loss estimates) were properly established and adjusted, as necessary, to set aside moneys to cover claims. Based on industry practice, examples of documentation that should be available for each claim include:

- From the adjuster, notes, photographs of damages, estimates of the property's replacement value and the cost of repairs or replacements, and a calculation of the amounts due to the policyholder.
- Evidence that an examiner of the insurer has reviewed the claim, obtained clarifications, and made corrections as necessary.
- A clear trail of correspondence and notes on insurer actions, including the dates thereof, that allow a demonstration that the insurer has, in handling the claim, conformed to insurance policy requirements and industry standards and acted in good faith to settle the policyholder's claim.
- Evidence that a reserve has been established in an amount consistent with the most recent estimate of the damages incurred.

Finding No. 11: Claim Adjustment and Payment

We examined 202 claim files totaling \$34,284,420, including 60 claims totaling \$14,590,062 which were coded as reopened. With respect to each of these claims, we determined the timeliness with which the claims were processed, the extent to which file evidence supported the existence of a loss, the extent to which the described and depicted losses were consistent with the amounts paid, the sufficiency of case reserves, and the sufficiency of the steps taken by Citizens to review the findings of the adjusters. Our audit did not include reinspection of the properties. To assist us in the review of these files, we retained the services of an insurance industry consultant.

Specifically, the review of claim files and claim adjustment procedures disclosed the following:

- In audit report No. 2006-096, we noted that in adjusting claims, Citizens was not enforcing the 80 percent co-insurance clause that has been included in its various insurance policies. Our current audit again found few insurance-to-value analyses in the claim files reviewed. Citizens' Chief of Internal Audit, in a report dated October 17, 2008, also disclosed a similar observation.

An insurance-to-value analysis facilitates a determination as to whether the property was insured at a level commensurate with the replacement cost of the property. Should the analysis show that a property's value, as shown by the policy, is less than 80 percent of the property's estimated replacement cost, Citizens then, pursuant to policy loss settlement provisions, may become responsible for a smaller portion of the claim.

- Subrogation is the process by which an insurance company takes action to recover the amount of a claim from a third party whose action caused the loss. For some of the claims reviewed, Citizens did not appear to have taken sufficient action to subrogate claims. Specifically:
 - Citizens paid \$6,227 to repair fire damage to a tenant-occupied property. The tenant had fallen asleep while cooking and a fire resulted. Claim information did not indicate that Citizens had pursued the tenant for payment of damages.
 - Citizens paid \$7,716 to repair damage in a 3rd floor condominium unit caused by a leak that originated in a 4th floor unit. To subrogate the claim, Citizens mailed a letter to the owner of the 4th floor condominium unit. However, the letter was returned by the postal service as not deliverable as addressed. No further action in pursuit of damages was identified by the applicable claim files.
- Generally, the claim files reviewed demonstrated good faith in the handling of the claim and contained support in justification of the amounts paid. However, we did note one claim in which Citizens paid \$13,438 to replace the ceramic tile on the first floor of a policyholders residence. The reported event giving rise to the claim was the dropping of a pot, which caused a small chip in a single tile. The claim handling documents did not explain why all of the tile had to be replaced in lieu of the replacement of the one damaged tile. Had only the one damaged tile been replaced, the costs of repair would not have exceeded the policy's \$2,500 deductible.

Recommendation: We recommend that Citizens complete insurance-to-value analyses and, when necessary and appropriate, enforce the 80 percent co-insurance policy clauses. We also recommend that Citizens pursue subrogation of losses when appropriate. In those cases in which subrogation is available, but not pursued, we recommend that claim files contain notes explaining why subrogation was not pursued. Lastly, we recommend Citizens determine, where appropriate, that replacement items can be matched thereby reducing the amount of the claims adjusted.

Finding No. 12: Mediation and Appraisal

In the event that Citizens and the policyholder cannot agree on the amount of the loss, the policies allow for mediation or appraisal. Mediation is the process by which Citizens and the policyholder agree to resolve their differences in the amount of the loss through the use of a mediator.

Appraisal is an option through which Citizens and the policyholder are to each choose a competent and disinterested appraiser to determine the amount of the loss. If the appraisers can agree on an amount, then that will be considered the amount of the loss. If the appraisers cannot agree on an amount, the matter is to be submitted to an independent umpire. An amount agreed to by any two parties (the appraisers or an appraiser and the umpire) will then be considered the amount of the loss. Each party is responsible for the cost of its appraisers and attorneys and shall split all other expenses of the appraisal and the umpire.

Of the sixty reopened claims that we tested, we found that 28 went through mediation, appraisal, or lawsuit. For 26 of these 28 claims, a public adjuster had been hired by the policyholder. Our testing disclosed the following relating to the mediation and appraisal process:

- For 18 of the 28 reopened cases that went to mediation, appraisal, or umpire, either the public adjuster representing the policyholder or the public adjuster's firm also performed the appraisal. The public adjusters (or firms) performing the appraisals in these cases may not have been disinterested parties or free of conflicts of

interest.³ By allowing a public adjuster who will receive a payment from the claim proceeds to also perform the appraisal of the loss, Citizens may receive reduced assurance that a fair and impartial appraisal amount will be derived.

- There was no requirement that the umpires, in making award decisions, itemize or otherwise explain the rationale followed in determining the award, and in the files we reviewed, the umpire's award did not itemize the specific cost elements in the award or the rationale for the award. In many of these cases, the difference between the losses estimated by Citizens the losses awarded by the umpire were substantial. For example:
 - The policyholder had engaged a public adjuster to represent it for a Hurricane Wilma claim for the repair a portion of the outer walls of several floors of a 20 story condominium. Citizens had hired structural engineers to examine and work with contractors on repairs. The engineer had noted that age deterioration and wood rot caused some of the damage and this damage was not covered by the policy. Citizens had determined the amount of the claim to be \$5.7 million on a \$22.9 million policy. A public adjuster estimated \$33 million was needed for repairs. The claim went to the appraisal and umpiring process and the umpire awarded \$22.9 million to policyholder.
 - A policyholder hired a public adjuster to provide representation for a Hurricane Wilma claim for the replacement of a cedar tongue-in-groove ceiling with water damage. The umpire awarded the policyholder an additional \$95,283.
 - A policyholder had hired a public adjuster to provide representation for a Hurricane Wilma claim relating to a damaged roof. An engineer engaged by Citizens to determine the extent of damage to the roof had provided a report indicating that only 2 percent of the roof had been damaged by winds and that the observed loose tiles were a result of depreciation and improper bedding during installation. Citizens and the policyholder adjuster went to mediation and then appraisal, which resulted in an umpire approving an award for an additional \$70,400 to pay for a new roof.

In an effort to address the mediation, appraisal, and umpire process, Citizens Board of Governors has approved amendments to Citizens policy forms that would:

- Require the parties (the insured claimant and Citizens) to agree to a "memorandum of appraisal" listing the specific items to be appraised.
- Require each appraiser, and the appraisal award, to separately set the amount of the damage for each item listed in the memorandum of appraisal.
- Require that the amount of the loss as determined in the appraisal process be adjusted for prior payments, policy deductibles and all policy conditions.
- Limit the time period in which the insured and Citizens may demand appraisal.
- Require the public adjuster (when the insured is represented by public adjuster) to submit to examination under oath and recorded statements, as the insured is required to do.

Citizens' staff is reconsidering whether to move forward with these amendments or, instead, whether it should eliminate appraisal from its policy forms (in which case these disputes would be resolved through litigation). Approval of OIR is required for any of these changes to take effect.

Recommendation: We recommend that Citizens continue to evaluate its options relating to the handling of mediation, appraisal, and umpiring and select an option which ensures the fair treatment of policyholders and full disclosure of all decisions made relative to the claim amounts ultimately paid. Should appraisal be retained as an option, we recommend that Citizens amend its policy forms to include the criteria to be used by Citizens and the policyholders in determining that the appraisers selected are competent and disinterested.

³ Section 626.8795, Florida Statutes, requires public adjusters not serve in a capacity that may be considered a conflict of interest.

Underwriting

Citizens' Agent Appointment Agreement requires that agents, in accordance with the procedures established by Citizens, shall be responsible for assuring that all submitted applications are complete and accurate and in compliance with applicable application requirements for that coverage. All documents that are received from agents whether electronically or by mail are entered into Citizens' imaging system.

Citizens' underwriters (internal and contracted) are required, at a minimum, to review the applications and supporting documentation and to make decisions concerning eligibility, insurability, and assessment of the correct premium. The underwriters' work is to be reviewed on a sample basis by a lead senior underwriter, and product development staff are to perform quality assurance reviews of underwriters' work.

Finding No. 13: Underwriting Files

Our tests of 30 applications, including policy renewals, disclosed issues in three applications that were not appropriately addressed:

- Two policies reviewed were for renewals of coverage for policies that were transferred to Citizens from Atlantic Preferred Insurance Company and Southern Family Insurance Company (subsidiaries of the Poe Insurance Company) upon Poe Insurance Company's liquidation. Underwriting issues were detected in both of the policies reviewed. Specifically:
 - One commercial residential multi-peril policy included \$2,750,000 coverage with an 80 percent coinsurance clause. Although the commercial underwriting guidelines required a current appraisal (not older than 18 months) for each separately scheduled building to be insured, only an illegible appraisal could be found in the imaging system. On February 27, 2007, a legible copy of an appraisal dated August 9, 2006, was submitted by the policyholder, together with a request to change the value insured to 100 percent coverage. The appraisal indicated a value of \$3,800,000. The value shown by the August 9, 2006, appraisal indicated that the insured had been receiving 80 percent coinsurance coverage, but paid premium on only 72.4 percent of the appraised value.
 - One personal residential multi-peril policy received a protective device discount totaling \$285. Although the underwriting rules require a legible copy of the certificate of installation that includes a monitoring agreement or a current legible copy (not more than one year-old) of a monitoring subscription agreement, there was no documentation available in the imaging system to support that any monitoring agreements were received.

Further inquiry disclosed that due to the high volume of renewals over a 12 month period for these transferred policies (over 300,000 policies), Citizens management determined that all applications submitted by Citizens agents for the former Poe Insurance Company insured properties would be approved without undergoing normal underwriting review procedures.

- One personal residential multi-peril policy which included \$300,000 in personal liability coverage was approved with a swimming pool. Although the underwriting rules required that properties with pools and similar structures be completely fenced, walled, or screened to be eligible for liability coverage, a picture of the back of the property disclosed that the pool was not enclosed completely by a fence.

Absent a more thorough underwriting review process, Citizens may provide insurance to risks that are not eligible, may not receive the proper amount of premium, and may ultimately pay claim amounts in excess of the amounts due.

Recommendation: We recommend that Citizens ensure that underwriters are properly approving policies for only insurable risks, at the correct values, and all documentation supporting discounts and credits is received and entered into the imaging system. We also recommend that Citizens review the transferred policies prior to any further renewals.

Probable Maximum Loss Financing

Consistent with Florida insurance industry practice, Citizens is responsible for ensuring that sufficient liquid resources exist to pay no less than the probable maximum loss (PML) associated with a 1-in-100 year storm (100-year PML).⁴ To meeting this responsibility, Citizens utilizes modeling to predict a worst case scenario storm and the resulting losses that would be incurred by Citizens, given its policy commitments. These modeling processes yield two 100-year PMLs, one for the risks accounted for within the personal lines and commercial lines accounts (PLA/CLA), and one for the risks accounted for within the High Risk Account (HRA). At November 30, 2007, the estimated 100-year PMLs for the PLA/CLA and HRA accounts were \$9.75 billion and \$15.115 billion, respectively.

To fund the payment of the 100-year PMLs, Section 627.351(6), Florida Statutes, authorizes Citizens to secure the necessary resources from the following sources:

- Available cash on hand from operations (surplus).
- Proceeds from assessments, including policyholder surcharges.
- Private market reinsurance.
- Reinsurance from the Florida Hurricane Catastrophe Fund (FHCF).
- Borrowed funds, such as, lines of credit and bond issues.

Finding No. 14: Financing Arrangements

In order to have sufficient cash on hand to pay catastrophic losses, Citizens has provided for liquidity through the issuance of pre-event bonds, (bonds issued in anticipation of storm events). Because the cash must be available to pay claims when needed, a primary goal must be the maintenance of the safety and liquidity of the proceeds through conservative investment. There is also, however, a need to minimize the cost of carrying the debt (cost-of-carry). The cost-of-carry is defined as the difference between the interest expense accruing on the debt and the investment earnings accruing on the proceeds while they are available for investment. The cost-of-carry can be minimized over the life of the debt by initially structuring the debt issue such that the interest rate on the debt is matched as closely as possible to expected rates of return on conservatively invested proceeds. Our review of the effectiveness of the steps taken by Citizens to maintain the safety and liquidity of the invested proceeds and to minimize the cost-of-carry disclosed:

- As shown in Table 8, as of September 30, 2008, Citizens had incurred realized and unrealized losses of \$229,508,981 on four holdings of asset-backed commercial paper managed for Citizens by the State Board of Administration. Also, Citizens' investment in the Local Government Surplus Fund Trust Fund (LGSF1F) similarly incurred losses due to these four specific investments. Citizens has since increased its monitoring efforts and revised its investment policy effective July 1, 2008, to specifically exclude the purchase of asset-backed commercial paper.

⁴ A 1-in-100 year storm is defined as a storm having a 1 percent (1/100) chance of occurrence in any year.

Table 8

Losses Due to Asset-Backed Commercial Paper as of September 30, 2008:			
Investment	Realized Losses	Unrealized Losses	Total Losses
Axon Financial Funding, LLC	\$ 101,137,500	\$ 32,737,500	\$ 133,875,000
Ottimo Funding LTD	24,390,184	882	24,391,066
KKR Atlantic Funding Trust	23,192,729	18,460,324	41,653,053
KKR Pacific Funding Trust	15,830,392	13,759,470	29,589,862
LGSFTF	18,502,480	-	18,502,480
Total	\$ 183,053,285	\$ 64,958,176	\$ 248,011,461

Source: Citizens

- Interest expense paid on the pre-event bonds significantly exceeded the amounts earned on the proceeds for the period June 2006 through May 2008. Citizens structured these pre-event bonds as auction rate bonds.⁵ A combination of the above-described investment losses on asset-backed commercial paper, and the increasing interest rates on the pre-event bonds due to adverse developments in the credit markets led to the negative cost-of-carry. As shown in Table 9, the total interest expense paid from June 2006 through May 2008 exceeded by more than \$143 million the amounts earned on investments of the bond proceeds. After the auction market failed, Citizens established a strategy to exit the auction rate security market by buying back its auction rate securities in the auction market. Citizens' purchase of its auction rate securities during the period January 1, 2008, through March 1, 2008, is currently the subject of a Securities and Exchange Commission inquiry and an Office of Financial Regulation inquiry. Adverse effects, if any, related to these inquiries were unknown at the date of our audit report.

Table 9

Comparison of Bond Interest Expense and Earnings on Investment of Bond Proceeds From June 2006 through May 2008 (In Millions)					
Accounts	Interest Earnings	Interest Expense	Cost-of-Carry, Before Realized and Unrealized Losses	Net Realized and Unrealized Losses	Total Cost-of-Carry
HRA Senior Secured Bonds, Series 2006A	\$ 287	\$ 305	\$ (18)	\$ (97)	\$ (115)
PLA Senior Secured Bonds, Series 2007A	35	41	(6)	(22)	(28)
Totals	\$ 322	\$ 346	\$ (24)	\$ (119)	\$ (143)

Source: Citizens Investment Earnings and Interest Expense Reports

⁵ Auction rate bonds are generally long-term bonds that have interest rates that are reset at frequent intervals through auctions which typically occur every 7, 14, 28 or 35 days. Bids with the lowest interest rates get accepted first, followed by successively higher bids until all bonds available for auction are sold. The highest rate accepted in the auction then becomes the interest rate that applies to all the bonds until the next auction. When there are not sufficient bids to purchase all the bonds, the auction fails and the holders of the bonds will generally receive an interest rate set above market rates for the next auction period. The bond offering documents identify how rates will be calculated when auctions fail.

- In audit report No. 2006-096, finding No. 17, Financing Options, we recommended that for the FWUA Series 1999A bonds, Citizens continue the exploration of means by which the differential between interest expense and investment earnings may be reduced. Citizens refunded the FWUA Series 1999A bonds during February 2007 which resulted in an approximate \$276.9 million gross cash flow savings and a \$86.5 million present value cash flow savings. Additionally, the call premium which was estimated at \$245 million in September 2004 was reduced to \$181 million at the time of the refunding.

Recommendation: We recommend that Citizens continue its efforts to reduce the cost-of-carry on any pre-event financing while maintaining the safety and liquidity of the financing proceeds through conservative investment. Furthermore, we recommend that Citizens continue to monitor its investments for compliance with its investment policy.

PRIOR AUDIT FOLLOW-UP

As part of our audit, we determined that Citizens staff had corrected, or were in the process of correcting, the applicable findings included in audit report No. 2006-096, unless otherwise noted above.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit focused on information technology (IT) controls, other selected internal controls, internal audit function establishment, procurement, personnel administration, customer service, claims handling, take-out programs and bonuses, policyholder eligibility, and financing arrangements. Our audit covered the period March 2006 through February 2008, and selected actions through December 16, 2008. The overall objectives of the audit were:

- To evaluate the effectiveness of established internal controls in achieving management's control objectives in the categories of compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the validity and reliability of records and reports; and the safeguarding of assets.
- To evaluate management's performance in achieving compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the validity and reliability of records and reports; and the safeguarding of assets.
- To determine whether the management has corrected, or is in the process of correcting, deficiencies disclosed in the prior audit (report No. 2006-096).
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

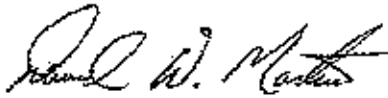
The methodology for this audit included:

- Obtaining an understanding of governing laws, guidelines, and industry practice in selected areas.
- Testing the effectiveness of internal controls relevant to the scope of the audit.

- Interviews of Citizens' management and staff, Office of Insurance Regulation personnel, Department of Financial Services personnel, insurance professionals, financial advisors engaged by Citizens, Florida Division of Bond Finance personnel, and legislative staff.
- Surveys of agents and policyholders.
- Analytical evaluations and tests of data files and other records provided by Citizens, the Office of Insurance Regulation, and the Department of Financial Services.
- With the help of a specialist, evaluations of catastrophe claims handling procedures and, for a selection of claims, daily and catastrophe claim file documentation.

AUTHORITY

Section 627.351(6)(f), Florida Statutes, requires that the Auditor General conduct an operational audit of Citizens Property Insurance Corporation every three years. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



David W. Martin, CPA
Auditor General

MANAGEMENT'S RESPONSE

In a response letter dated January 22, 2009, the President and Executive Director of Citizens Property Insurance Corporation concurred with our audit findings and recommendations. The President's response is included as Exhibit A.

**EXHIBIT A
MANAGEMENT'S RESPONSE**

CITIZENS PROPERTY INSURANCE CORPORATION
101 NORTH MCNRICE STREET, SUITE 1000
TALLAHASSEE, FLORIDA 32301



TELEPHONE: 850-513-3744 FAX: 850-513-2900

David W. Martin, CPA, Auditor General
State of Florida
674 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

January 22, 2009

Dear Mr. Martin:

Enclosed herewith please find our written statement of explanation concerning all of the findings contained in the list of preliminary and tentative audit findings and recommendations provided to us on December 23, 2008. We were pleased to find that your report recognized the steps Citizens has taken to improve customer service, including but not limited to, the establishment of a Consumer Services Department and a Consumer Services Committee, web site enhancements, and policyholder forums held throughout Florida. We were also encouraged that your evaluation of our surveys indicated that most agents were satisfied with Citizens' operations and overall support, including its training program and electronic policy administration systems.

This Operational Audit for the period March 1, 2006 through February 29, 2008 provides an opportunity for improvement and we will use the report findings to continue to enhance our infrastructure, processes and procedures.

Please let me know when the final Audit Report will be released.

Sincerely,

Scott Wallace
President/CEO and Executive Director

SW/bw
Enclosure

cc: James Malone, Chairman
Joyce Bellevs, Chief of Internal Audit

James R. Malhotra, Chairman, Collier County
Jay O'Quinn, Okaloosa County • Earl Kinton, Pinellas County • Carol Everhart, Pinellas County
Alan Katz, Leon County • Carter Lucas, Hillsborough County • Sherill W. Hucery, Nassau County
William P. Cory, Indian River County • Scott Wallace, President/CEO & Executive Director

**EXHIBIT A
MANAGEMENT'S RESPONSE (CONTINUED)**

**CITIZENS PROPERTY INSURANCE CORPORATION
MANAGEMENT RESPONSES TO PRELIMINARY AND TENTATIVE
AUDIT FINDINGS**

Finding No. 1 – Enterprise Risk Management

In Audit Report No. 2006-096, we noted that Citizens had no documentation to support that it had conducted an enterprise-wide evaluation of the effectiveness of operational and financial controls. Similarly, our current audit disclosed that no such evaluation had been completed during the audit period. However, on October 23, 2008, Citizens management presented to the Board a proposal to create an Enterprise Risk Management function that at a minimum will encompass risk management, compliance, and quality assurance.

Recommendation: We recommend that Citizens continue its implementation of an enterprise risk management function.

Management Response:

Citizens agrees with the Auditor General recommendation. In 2009, we will create an Enterprise Risk Management (ERM) function at Citizens that will increase our ability to better determine financial risks, implement strong enterprise-wide controls and more effectively identify and manage risks across the corporation.

Finding No. 2 – Conflict of Interest Disclosure Forms

Citizens' records in some instances did not contain a completed and signed Conflict of Interest Disclosure Form to evidence that the Citizens employees taking part in the evaluation and contract award processes were independent of, and had no conflict of interest with respect to, the vendors evaluated and selected. Additionally, we determined that in some instances, Citizens did not timely receive Conflict of Interest Disclosure Forms executed by the vendors.

Recommendation: We recommend that Citizens ensure that employee and vendor conflict of interest statements are timely obtained and retained in Citizens' records.

Management Response:

We agree with this overall recommendation and have already implemented procedures to assure that employee and vendor conflict of interest statements are timely obtained and retained in Citizens' records.

Finding No. 3 – Information Technology Security Awareness Program

Citizens had not established an information technology security awareness program. The purpose of a security awareness program is to inform personnel of the importance of the information they handle and the legal and business reasons for maintaining its integrity, confidentiality, and availability.

Recommendation: We recommend that Citizens continue in its efforts to implement a security awareness program.

**EXHIBIT A
MANAGEMENT'S RESPONSE (CONTINUED)**

Management Response:

We agree with the recommendation. An Information Technology Security Awareness Program is planned to be delivered to the Citizens' employees through a vendor prepared program.

Finding No. 4 – Information Technology Security Controls

Effective security controls include access controls that ensure that users have only the access privileges needed to perform their duties; access to sensitive resources is limited to only a few users; and users are restricted from performing incompatible functions. Our audit disclosed deficiencies in certain security controls.

Recommendation: We recommend that Citizens ensure that user access authorization documentation is appropriately maintained. We also recommend Citizens perform periodic reviews of access privileges to ensure that the access granted is appropriate and monitor compliance with procedures requiring the timely revocation of the access privileges of terminating employees and contractors.

Management Response:

We agree with the recommendation. We plan to implement the following control enhancements: 1) Account Management Recertification; 2) Implementation of Active Directory automatic provisioning/de-provisioning user rights tools; 3) additional review and challenge of aged accounts; and 4) transfer of certain access control functions to the Information Security Office.

Finding No. 5 – Other Security Controls

We noted certain other deficiencies in Citizens' security control features, the details of which have been disclosed to appropriate members of Citizens management.

Recommendation: We recommend that Citizens implement the appropriate security controls to ensure the confidentiality, integrity, and availability of data and IT resources.

Management Response:

We agree with this recommendation. Citizens is in the process of implementation of a specific solution for the enforcement of required controls for the specific system as noted in the AG's recommendation.

Finding No. 6 – Internal Audit Procedures

Policies and procedures providing guidance for the internal audit activity had not been completed. The objective of such policies and procedures is to provide for the internal audit function an operational framework which reasonably ensures auditor compliance with governing auditing standards.

Recommendation: Citizens should continue its efforts to develop policies and procedures necessary to guide the internal audit activity and ensure compliance with IIA standards.

EXHIBIT A
MANAGEMENT'S RESPONSE (CONTINUED)

Management Response:

We agree with this recommendation. Comprehensive OIA department policies and procedures have been targeted for completion by the 1st quarter of 2010. As required by the IIA Standards, the OIA will engage an outside firm to conduct the required Quality Assurance Review of the Citizens OIA department no later than June 2010.

Finding No. 7—Take-Out Program Long Term Monitoring

Section 627.351(6), Florida Statutes, as amended, required that effective July 1, 2007, in order to evaluate the costs and benefits of approved take-out plans, if Citizens pays a bonus or other payment to an insurer for an approved take-out plan, then Citizens shall maintain a record of all addresses or such other identifying information on the property or risk removed in order to track if and when the property or risk is later insured by the corporation. To address the requirements of the statute, Citizens developed a software application (application) to identify policies that may be returning to Citizens after having been assumed by a take-out insurer. The application was run monthly beginning in October 2007. However, the output from the application has not been reviewed by Citizens staff to determine what policies may be returning to Citizens from take-out insurers.

Recommendation: We recommend that Citizens perform long-term monitoring on the take-out programs by reviewing the application output to identify policies returning to Citizens from take-out insurers, follow-up on why the policies are returning, and develop strategies to strengthen current take-out programs.

Management Response:

We agree in part with this recommendation; however it ignores the language of current law which does not require that Citizens identify and track all policies which have ever been assumed to determine if they return to Citizens. Rather, the statute only requires, effective July 1, 2007, that Citizens track those policies which are assumed and for which a takeout bonus was paid. Because the currently approved takeout programs do not provide for the payment of a bonus, the 400,000 policies removed from Citizens in 2008 and many of those assumed in 2007 are not subject to this statutory monitoring requirement.

Additionally, under current law, even policies which have been removed from Citizens can qualify for coverage with Citizens and return to Citizens, whether a bonus is paid or not, if the premium charged by the takeout insurer is more than 15% higher than the Citizens rate for comparable coverage.

Notwithstanding the foregoing, for those policies assumed after July 1, 2007 which qualify for the payment of a bonus, Citizens will utilize its monthly reports of policies that were assumed and return as new business and update internal processes to incorporate the data analysis of these reports and provide management with their findings.

**EXHIBIT A
MANAGEMENT'S RESPONSE (CONTINUED)**

Finding No. 8 – Policyholder Notification

insurers which were interested in considering the take-out policies were to request from Citizens a selection file. In response to the request for a selection file, Citizens provided a data file to prospective take-out insurer of all policies eligible for take-out. However, prior to March 11, 2008, when the selection file was provided, Citizens also communicated to the prospective take-out insurer that the policies written by certain insurance agencies or captive agents should not be selected, as the agencies or agents would be unable or unwilling to be appointed as an agent of the prospective take-out insurer and, thus, may not present a take-out proposal to the policyholder. Effective March 2008, Citizens was required by consent order of the Office of Insurance Regulation, to send notice to any policyholder whose policy has been selected for take-out, but whose agent is unable or unwilling to be appointed by the take-out insurer, that an offer of coverage was made which may have saved them premium dollars.

Recommendation: We recommend that in administering its responsibilities under the take-out programs, Citizens comply with the consent order.

Management Response:

We agree with this recommendation. Citizens has and will continue to work very closely with the Office to facilitate the removal of policies from the cooperation and to promote the success of the takeout programs. We pledge our continued commitment to these programs and are unaware of any failure to comply with the requirements of Consent Order 94539-08.

Finding No. 9 – Market Assistance Plan

Section 627.3515, Florida Statutes, requires that, through such measures as are found appropriate by the Plan's Board, the Plan shall take affirmative steps to assist in the removal from Citizens any risk that can be placed in the voluntary market. Section 627.3515(3)(a), Florida Statutes, as amended, also requires that the Plan and Citizens develop a business plan providing for the implementation of an electronic database for the purpose of confirming eligibility. Our audit disclosed:

- Additional opportunities to promote the Market Assistance Plan, and thereby increase its production of voluntary insurer placements, may exist through real estate professionals, mortgage companies and brokers, and others involved in the sale of real estate and the financing and refinancing thereof.
- The business plan was submitted to the Financial Services Commission, and in presenting the Plan, Citizens identified several potential implementation issues that required further consideration. As of December 16, 2008, further development of the proposed electronic database was pending.

Recommendation: We recommend that the Plan consider additional opportunities and methods that may be used to promote the use of the Plan. We also recommend that any obstacles to the development of the electronic eligibility database be presented to the Legislature for evaluation.

**EXHIBIT A
MANAGEMENT'S RESPONSE (CONTINUED)**

Management Response:

We agree, in part, with this recommendation. Citizens and FMAP are exploring a variety of ways to promote the use of the Plan, which can benefit hundreds of thousands of Floridians. We appreciate the implicit recognition in this report of the potential that a robust, fully effective Plan could achieve. However, with respect to the additional recommendation that we identify any obstacles to the development of an electronic eligibility database, we point out that such obstacles are discussed in the 2007 public report to the Financial Services Commission, which is available to the public, including members of the legislature.

Finding No. 10 – Managing Stakeholder Feedback

Citizens has taken steps to improve customer service, including but not limited to, the establishment of a Consumer Services Department and a Consumer Services Committee, Web site enhancements, and the conduct of policyholder forums. In evaluating customer service issues, we surveyed a sample of policyholders, analyzed complaint data maintained by the Department of Financial Services, and surveyed a sample of agents appointed by Citizens. The results of these surveys and analyses indicate that there remain opportunities for Citizens to further enhance customer service. One such opportunity involves the establishment of a central reporting mechanism to aggregate and evaluate customer service issues for Citizens as a whole.

Recommendation: Citizens should continue its efforts to implement a corporate-wide system that will facilitate the aggregation and evaluation of all customer service issues.

Management Response:

We agree with this recommendation and will continue our efforts to provide superior customer service at all levels throughout the corporation.

Finding No. 11 – Claim Adjustment and Payment

With respect to claims reviewed, we evaluated the timeliness with which the claims were processed, the extent to which file evidence supported the existence of a loss, the extent to which the described and depicted losses were consistent with the amounts paid, the sufficiency of case reserves, and the sufficiency of the steps taken by Citizens to review the findings of the adjusters. Our audit disclosed that some improvements were needed. Specifically:

- In audit report No. 2006-096, we noted that in adjusting claims, Citizens was not enforcing the 80 percent co-insurance clause in its various insurance policies. Our current audit again found few insurance-to-value analyses in the claim files reviewed.
- For some of the claims reviewed, Citizens did not appear to have taken sufficient action to subrogate claims.

Recommendation: We recommend that Citizens complete insurance-to-value analyses and, when necessary and appropriate, enforce the 80 percent co-insurance policy clauses. We also recommend that citizens pursue subrogation of losses when appropriate. In

EXHIBIT A
MANAGEMENT'S RESPONSE (CONTINUED)

those cases in which subrogation is available, but not pursued, we recommend that claims files contain notes explaining why subrogation was not pursued. Lastly, we recommend Citizens determine, where appropriate, that replacement items can be matched thereby reducing the amount of the claims adjusted.

Management Response:

We agree with this insurance-to-value recommendation, which validates the insurance-to-value program we began in 2005. We also agree that subrogation should be pursued where appropriate. We agree that replacement items should be matched where appropriate, subject to the requirements of Section 626.9744(2).

Finding No. 12 – Mediation and Appraisal

Of the sixty reopened claims that we tested, we found that 28 went through mediation, appraisal, or lawsuit. For 26 of these 28 claims, a public adjuster had been hired by the policyholder. Our testing disclosed the following relating to the mediation and appraisal process:

- For 18 of the 28 reopened cases that went to mediation, appraisal, or umpire, either the public adjuster representing the policyholder or the public adjuster's firm performed the appraisal. This appears to be contrary to policy terms which require that appraisals be performed by a disinterested appraiser.
- There was no requirement that the umpires, in making award decisions, itemize or otherwise explain the rationale followed in determining the award, and in the files we reviewed, the umpire's award did not itemize the specific cost elements in the award or the rationale for the award.

Recommendation: We recommend that Citizens continue to evaluate its options relating to the handling of mediation, appraisal, and umpiring and select an option which ensures the fair treatment of policyholders and full disclosure of all decisions made relative to the claim amounts ultimately paid. Should appraisal be retained as an option, we recommend that Citizens amend its policy forms to include the criteria to be used by Citizens and the policyholders in determining that the appraisers selected are competent and disinterested.

Management Response:

We agree with this recommendation. Citizens is working to finalize proposed amendments to its policy forms for filing with the Office of Insurance Regulation this year, which will modify or eliminate appraisal of disputed property claims. Citizens concurs with the Auditor General's concerns that a conflict of interest may arise when the insured's public adjuster (or a member of its firm) serves as the insured's appraiser.

Finding No. 13 – Underwriting Files

Citizens' underwriters (internal and contracted) are required, at a minimum, to review the applications and supporting documentation and to make decisions concerning eligibility, insurability, and receipt of correct premium. Our tests of 30 applications, including policy renewals, disclosed in three applications issues that were not appropriately addressed.

EXHIBIT A
MANAGEMENT'S RESPONSE (CONTINUED)

Recommendation: We recommend that Citizens ensure that underwriters are properly approving policies for only insurable risks, at the correct values, and all documentation supporting discounts and credits is received and entered into the imaging system. We also recommend that Citizens review the transferred policies prior to any further renewals.

Management Response:

Citizens implemented processes to ensure that underwriters properly approve risks with acceptable documentation to support value, eligibility and discounts / credits. Citizens' underwriting staff is required to utilize updated checklists to assist them in thoroughly reviewing underwriting files. In addition, we have designed and implemented a quality assurance program that includes file review within the underwriting department and separately through an independent compliance unit housed in product development. The purpose of the quality review is to ensure compliance with file review procedures, documentation requirements and checklists. Citizens has also developed and implemented an ongoing review of renewal policies that focuses on the verification of characteristics such as claims history, construction type and discounts / credits.

Finding No. 14-- Financing Options

Citizens should continue its efforts to reduce the cost-of-carry on any pre-event financing while maintaining the safety and liquidity of the financing proceeds through conservative investment.

Recommendation: We recommend that Citizens continue its efforts to reduce the cost-of-carry on any pre-event financing while maintaining the safety and liquidity of the financing proceeds through conservative investment. Furthermore, we recommend that Citizens closely monitor its investments for compliance with its investment policy.

Management Response:

We agree with this recommendation.