



# AUDITOR GENERAL

William O. Monroe, CPA



## A REVIEW OF THE ADMINISTRATION OF STATE TRUST FUNDS

### SUMMARY

Currently, the State of Florida operates approximately 450 trust funds. These 450 trust funds have been further partitioned in the State's accounting system to create approximately 1,200 accounting entities. Our review disclosed the following areas in which the administration of the State's trust funds could be improved:

- ◆ Because of the importance of measuring the economy, efficiency, and effectiveness of government operations, the State of Florida should, in our opinion, explore the feasibility of establishing accounting codes and conventions to track the full cost (direct and indirect) of each major activity of each State agency. The establishment of cost accounting capabilities would generate several benefits, including the elimination of the need for many State trust funds.
- ◆ There is no single source accessible to multiple users that provides for each State trust fund a complete description of the fund's purpose, administering agency or agencies, source of revenues, and authorized resource uses. We also found that State trust funds are not titled and coded in a manner that consistently discloses their purpose. Absent a readily accessible source of information and a sufficiently descriptive coding and titling approach, it may be difficult for the Legislature, the Governor, and the State Comptroller, who all have significant responsibilities relating to the oversight and management of the State's financial affairs, to efficiently accomplish their respective duties.

- ◆ The State should have a policy in place requiring that when a program receives funding from both the General Revenue Fund and one or more State trust funds, any reversion of appropriation balances from the trust funds be transferred to the General Revenue Fund, except when such transfers would violate contract provisions, Federal laws, or the State Constitution.
- ◆ Section 215.20, Florida Statutes, contains provisions assessing most State trust funds a service charge of seven percent of the income of a revenue nature. State accounting records indicate that the service charges collected and deposited in the General Revenue Fund during the 2000-01 fiscal year totaled \$361 million. Our review of the service charge assessment process disclosed:
  - Section 215.20, Florida Statutes, indicates that the assessment is to cover the costs of general government. However, the statute does not define the term general government. Absent a clear definition of general government, it is not possible to evaluate the appropriateness of the amounts generated by the existing statutory rates.
  - The assessment is based on income of a revenue nature. It may be more appropriate to base the assessment on other allocation bases that relate General Revenue Fund general government disbursements to the general government services provided to the particular trust funded activities.
  - Various Florida Statutes, including Sections 215.21 through 215.22, Florida Statutes,

*A REVIEW OF THE  
ADMINISTRATION OF STATE TRUST FUNDS*

*identify the particular trust funds that are exempt from the assessment or to which a different rate is to be applied. However, the statutes do not contain criteria that could be used to determine when a trust fund should be exempted or made subject to a rate other than seven percent. Absent the codification of criteria, the rationale for the exemptions and the reduced rates may be unclear.*

◆ *The time spent by State agency and judicial branch personnel in preparing the trust fund investment notices and by the State Treasurer, State Comptroller, and the Executive Office of the Governor in processing the notices could be more efficiently used. It appeared that the only purpose served by an agency's provision of the notice is to ensure that the agency's trust funds receive credit for the earnings derived from the amounts invested. We found that trust fund moneys can be (and are) invested by the State Treasurer whether or not a notice of availability has been provided by the respective State or judicial branch agencies.*

◆ *Section 215.3208, Florida Statutes, provides that the Legislature shall review each State trust fund at least once every four years. Our review of the trust fund review processes implemented pursuant to Section 215.3208, Florida Statutes, disclosed the following opportunities for improvement:*

➤ *Agencies should be required to submit draft legislation when existing laws do not clearly address the principal characteristics of the trust funds.*

➤ *The trust fund review process should include consideration of the merits of the continuation of any exemptions to the general government service charge assessments levied pursuant to Section 215.20, Florida Statutes.*

**ISSUES AND RECOMMENDATIONS**

A trust fund consists of a set of accounts through which transactions relating to earmarked revenues and the related assets, liabilities, expenditures, and residual balances may be recorded, summarized, and reported for the purpose of

demonstrating stewardship. In general, State trust funds are established to provide a means for demonstrating that the administering agency has utilized earmarked moneys in accordance with any limitations or restrictions placed on those moneys.

State trust funds have in the past been established through a variety of means, including the Florida Constitution, Florida Statutes, appropriation acts, and session laws not codified in the Florida Statutes. Establishing laws, in many, but not all cases, specify the name of the trust fund, the purpose of the trust fund, revenue sources, and the administering agency or agencies. Other statutes may address other peculiarities of the fund, such as requirements relating to mandatory transfers to other trust funds and fund balance limitations. Still other statutes address financial management issues for trust funds, such as, for example, investment authorization and general government service charge assessments.

Currently, the State of Florida operates within the State Treasury approximately 450 trust funds. These 450 trust funds have been further partitioned in the State's accounting system to create approximately 1,200 accounting entities.

The objectives of our review of the State's trust funds included:

- ◆ Obtain an understanding of the legal framework authorizing and describing the establishment, operation, and oversight of State trust funds.
- ◆ Identify areas in which the administration of the State's trust funds might be made more efficient and effective.

The results of our review are described in succeeding paragraphs.

**Cost Accounting**

**Issue No. 1: The State of Florida, like most governments, has not maintained accounting records to accumulate the cost of each government activity.**

Traditionally, governments, including the State of Florida, have not consistently and universally maintained accounting records to accumulate the cost of each government activity, other than those cost records

*A REVIEW OF THE  
ADMINISTRATION OF STATE TRUST FUNDS*

maintained to track and match the revenues and expenses of government-run proprietary enterprises. However, because of the importance of measuring the economy, efficiency, and effectiveness of government operations, the State of Florida should, in our opinion, explore the feasibility of establishing accounting codes and conventions to track the full cost (direct and indirect) of each major activity of each State agency. We believe that the availability of cost information at the activity level would have the following advantages:

- ◆ Costs incurred relative to certain activities, which have been designated by the Legislature as self-supporting, could be more accurately compared to the fees authorized and collected. Currently, there are particular State activities for which license and inspection fees are collected, but for which there are no comparable and complete cost records available. For example, within the General Inspection Trust Fund of the Department of Agriculture and Consumer Services, the Department deposits, along with other revenues, license and inspection fees assessed in connection with the performance of fair ride inspections. The total costs, including the direct and indirect costs of performing these inspections, are not tracked by the Department. Under such circumstances, the Legislature and State agency managers lack the information needed to evaluate whether the fees collected are excessive, insufficient, or appropriate in amount.
- ◆ Cost information would greatly facilitate decisions relative to the feasibility of outsourcing particular government functions. In addition, such cost information could be used to evaluate the nature and extent of any actual cost savings derived through the outsourcing of a particular activity.
- ◆ Cost information could be used to compare the costs incurred within an agency or within State government in performing like activities. For example, the Department of Business and Professional Regulation, the Department of Health, and the Department of Agriculture and Consumer Services all perform inspections of food establishments. The availability to agency managers of cost information for each agency's food establishment inspection activity may

enable the managers in each agency to identify opportunities to improve the economy and efficiency of operations, and allow those with oversight responsibilities to view the activity from a Statewide perspective.

- ◆ Recent legislative initiatives to improve the State's budgetary practices would greatly benefit from the availability of cost information. The Legislative Budget Commission, in connection with its responsibilities under Section 216.1825, Florida Statutes, could use cost information to compare the costs of particular activities to their perceived benefit and compare the costs incurred by agencies in providing like services. Section 216.1826, Florida Statutes, implements Activity-Based Planning and Budgeting and requires that all dollars within an agency or the judicial branch be allocated to the appropriate activity for budgeting purposes. To facilitate the preparation of such budgets and their subsequent comparison to actual results, it will be necessary that cost accounting records be established and maintained.
- ◆ The implementation and maintenance of cost records at the activity level may eliminate the need for some trust funds. Because many trust funds have been established as a means to track costs and compare those costs to the related revenues, the ability to track costs and revenues through cost records may eliminate the need for these trust funds. A reduction in the number of trust funds would simplify the State's external financial reporting processes.

The State Comptroller's Office has advised us that it has recommended the replacement of the State's current accounting system with one that will better accommodate cost accounting.<sup>1</sup> We recommend that those cost records be designed to accumulate both the direct and indirect costs of each activity and that the Legislature authorize the Executive Office of the Governor, in consultation with the State's Chief Financial Officer (the State Comptroller<sup>2</sup>), to

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<sup>1</sup>The State Comptroller has estimated that the cost of replacing the current accounting system would be approximately \$98 million paid over a six-year period.

<sup>2</sup>Pursuant to Article IV, Section 4 of the Constitution of the State of Florida, as amended, the Chief Financial Officer will replace the State Comptroller as the chief fiscal officer of the State, effective January 7, 2003.

*A REVIEW OF THE  
ADMINISTRATION OF STATE TRUST FUNDS*

develop policies and related guidelines for the identification and classification of direct and indirect costs. Because State law does not currently require State agencies to develop and implement indirect cost allocation plans, we also recommend that, in support of the maintenance of cost records, the Legislature require each State agency to adopt, and periodically thereafter update, a plan for allocating to each activity an appropriate share of the agency's indirect costs.

### Trust Fund Guidance

**Issue No. 2: There is no single source accessible to multiple users that provides for each State trust fund a complete description of the fund's purpose, administering agency or agencies, source of revenues, and authorized resource uses. Also, State trust funds are not always titled and coded in a manner that consistently discloses their purpose.**

The Legislature, the Governor, the State Comptroller, and State agency management all have significant responsibilities relating to the oversight and management of the State's financial affairs. To ensure the efficient accomplishment of these responsibilities, all should have the same understanding relative to the purpose of each of the State's 450 trust funds. To facilitate this understanding, information relative to each trust fund's legal purpose, administering agencies, funding sources, and resource uses should be clearly communicated and recorded in a readily accessible repository. In addition, to further facilitate an understanding of each trust fund, there should be in place a classification system that ensures that funds having common purposes and restrictions are titled and coded similarly. Our review disclosed, as indicated by the following, that existing guidance was lacking:

- ◆ While Section 17.32, Florida Statutes, does require that the State Comptroller submit to the President of the Senate and the Speaker of the House of Representatives an annual report of State trust funds showing the statute or law authorizing the trust fund, the administering agencies, and some cash basis financial data, we found no single source accessible to multiple users that provided for each State trust fund a complete description of the fund's purpose, administering agency or agencies, source of revenues, authorized resource uses, and fiscal

characteristics, including average total revenues, expenditures, and fund equity balances. Currently, to obtain a complete understanding of a particular State trust fund, one must locate and evaluate each of the laws and statutes relating to the trust fund. In the case of some funds, that process may involve a significant effort. For example, as shown on Exhibit A, we have identified at least 87 statutory references that are relevant to the operation of the General Inspection Trust Fund, administered by the Department of Agriculture and Consumer Services. For other funds, such as the Administrative Trust Funds administered by various agencies, and the Alcohol, Drug Abuse, and Mental Health Trust Funds, we determined, after a relatively lengthy search, that there are no statutory provisions describing the purpose and use of the trust funds. Absent a central repository of information on each trust fund, the Legislature, the Governor, and the State Comptroller may lack a practical means for determining the operating characteristics of particular State trust funds. Such knowledge is critical to making informed financial management decisions impacting the State's trust funds.

- ◆ State trust funds are not always titled and coded in a manner that consistently discloses their purpose. For example, many State agencies operate trust funds titled as Administrative Trust Funds. From the fund name, one might conclude that such trust funds would be used to account for collections of overhead assessments that are used to pay related agency administrative expenses. However, as shown on Table 1, our review of a sample of these trust funds disclosed that one fund was used to account for Department of Lottery proceeds, one fund was used to account for Federal moneys and miscellaneous revenues, and one fund was used to account for miscellaneous license fees. It is important to note that these funds were all being used in accordance with the applicable authorizing law; however, the title Administrative Trust Fund, provided by the respective authorizing law, did not appear to be sufficiently descriptive in these instances. Contributing to this mischaracterization of trust funds was the absence, within the State's chart of accounts,

*A REVIEW OF THE  
ADMINISTRATION OF STATE TRUST FUNDS*

of a consistent fund titling and coding scheme. Absent the assignment of titles that are sufficiently descriptive and consistently applied, the Legislature, the Governor, and the State Comptroller may lack the information needed to efficiently evaluate the nature and availability of State resources.

<b>Table 1 Administrative Trust Funds Examples of Variations in Use</b>	
Department of the Lottery	Lottery revenues and investment earnings
Department of Juvenile Justice	Interdepartmental transfers, fingerprint fees, and Federal moneys
Department of Elder Affairs	License fees paid by State Assisted Living Facilities and fees for background checks from other State agencies

We recommend that:

- ◆ The Legislature enact statutes requiring the Executive Office of the Governor, in consultation with the State Comptroller, to develop within the State’s chart of accounts a consistent fund titling and coding scheme. The fund coding scheme should address:
  - The source of the authorizing law (for example, the State Constitution, Florida Statute, session laws, etc.).
  - The primary purpose of the fund (for example, Operating, Debt Service, Federal Funds Depository, Clearing, etc.).
  - The fund’s principal revenue type (for example, taxes, license fees, service charges, etc.).
  - The presence of Federal moneys.
- ◆ The Legislature enact statutes requiring the State Comptroller to maintain a Web-accessible catalog of State trust funds, showing for each trust fund:
  - The authorizing law.
  - The primary purpose of the fund.
  - The administering agency or agencies.
  - The authorized types and sources of revenues.
  - The authorized uses of the fund’s resources.

- Statutorily required minimum or maximum balances.
- Total average annual revenues and operating transfers-in based on the amounts recorded for each of the most recent five fiscal years.<sup>3</sup>
- Total average annual expenditures and operating transfers-out based on the amounts recorded for each of the most recent five fiscal years.<sup>3</sup>
- The unreserved fund equity as of the end of each of the last five fiscal years.<sup>3</sup>

**Expenditures Payable From Multiple Funds**

**Issue No. 3: The State should have a policy in place requiring that when a program receives funding from both the General Revenue Fund and one or more trust funds, any reversion of appropriation balances from the trust funds be transferred to the General Revenue Fund, except when such transfers would violate Federal or State laws.**

Many State agencies have programs, activities, or functions that are funded through appropriations made from both the State’s General Revenue Fund and one or more State trust funds. For example, during the 2000-01 fiscal year, both General Revenue moneys and trust fund moneys from the Citrus Inspection Trust Fund and the General Inspection Trust Fund were appropriated to pay the costs associated with the Department of Agriculture and Consumer Services’ Agriculture Law Enforcement Program.

With respect to the payment of obligations that could be paid from either the State’s General Revenue Fund or one or more trust funds, our review disclosed that there is little statutory guidance available relative to which source of funding should be emphasized. In the absence of statutory guidance, one would expect State agency managers to pursue a financial management strategy that favors payment from General Revenue appropriations. Such an approach would work to preserve the agency’s trust fund resources, which are retained by the agency at the end of the fiscal year, while utilizing most, if not all, of the available

<sup>3</sup> Amounts to be determined in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board.

*A REVIEW OF THE  
ADMINISTRATION OF STATE TRUST FUNDS*

General Revenue appropriation balances, which are not retained by the agency at the end of the fiscal year.

In an operating environment in which the need for General Revenue Fund dollars may exceed the related available resources, we believe the State should have in place a policy requiring that, when a program receives funding from both the General Revenue Fund and one or more trust funds, any reversion of appropriation balances from the trust funds be transferred to the General Revenue Fund, except when such transfers would violate contract provisions, Federal laws, or the State Constitution.

We note that Section 216.301(1)(c), Florida Statutes, currently contains provisions requiring the transfer of trust fund reversions to the General Revenue Fund. However, in that statute, the transfers are required only for those agencies or programs designated by the Executive Office of the Governor or the Chief Justice of the Supreme Court. We recommend that Section 216.301(1)(c), Florida Statutes, be revised to require that, when a program receives funding from both the General Revenue Fund and one or more trust funds, the reversion of the trust fund appropriation balances be required for all of the applicable trust funds. We also recommend that the Legislature specify in the statute those conditions under which a specific trust fund might be exempted from the recommended appropriation reversion requirement. Those conditions might include, for example, the substantiation by the administering agency of the absence of a sufficient cash balance and the existence of contracts or Federal laws prohibiting the transfer of the appropriation balances.

#### **General Revenue Service Charge**

**Issue No. 4: Section 215.20, Florida Statutes, should be amended to define the term *general government* and the specific criteria under which a trust fund may be made exempt from the payment of the General Revenue service charge.**

Chapter 20890, Laws of Florida, 1941, established a three percent service charge to be assessed against Special Funds (now referred to as trust funds) on the total sums collected by or deposited with the State Comptroller or the State Treasurer. In the 1941 law, the Legislature made it clear that the law was intended to prevent “Special Funds” from benefiting, without cost, from the general government

services provided. The 1941 Legislature indicated that the service charge was necessary to avoid an “unfair drain on the General Revenue Fund.” The current law, codified in Section 215.20, Florida Statutes, contains provisions assessing most State trust funds a service charge of seven percent of the income of a revenue nature. Various Florida Statutes, including Sections 215.21 through 215.22, Florida Statutes, identify the particular trust funds that are exempt from this standard assessment or to which a different rate is to be applied. State accounting records indicate that the service charges collected and deposited in the General Revenue Fund during the 2000-01 fiscal year totaled \$361 million.

Our review of the service charge assessment process disclosed the following matters:

- ◆ Section 215.20, Florida Statutes, indicates that the assessment is to cover the costs of general government paid from the General Revenue Fund. However, Section 215.20, Florida Statutes, does not define the term *general government*. Some may conclude that the costs of general government would encompass only the costs of central support services (for example, those services provided by State entities such as the Legislative branch, the Executive Office of the Governor, the Department of Legal Affairs, or the Department of State), while others may take a much broader view and include costs paid by the General Revenue Fund for functions such as education. Absent a clear definition of *general government*, it is not possible to evaluate the appropriateness of the amounts generated by the existing statutory rates.
- ◆ The assessment is based on income of a revenue nature. Since the assessment is to relate to the costs of general government paid by the General Revenue Fund, it may be more appropriate to base the assessment on other allocation bases that relate General Revenue Fund general government disbursements to the general government services provided to the particular trust funds.
- ◆ Current statutory provisions addressing the assessment of the service charge are contained in Sections 215.20 through 215.22, Florida Statutes. These provisions contain numerous instances in

*A REVIEW OF THE  
ADMINISTRATION OF STATE TRUST FUNDS*

which particular trust funds have been either exempted from the payment of the service charge or have been made subject to a different rate. The statutes do not contain criteria that could be used to determine when a trust fund should be exempted or made subject to a rate other than seven percent. Absent the codification of criteria, the rationale for the exemptions and the modified rates may be unclear. Exhibit B presents, for several agencies, a listing of the trust funds that are either exempt or partially exempt from the General Revenue surcharge.

We recommend that the Legislature:

- ◆ Amend Section 215.20, Florida Statutes, to define *general government*. Accompanying the definition should be the statutory assignment to the Governor of the responsibility to estimate on a biennial basis the annual costs of general government that will be paid by the General Revenue Fund. The Governor should also be assigned the responsibility for establishing the allocation bases used to spread these costs to the benefiting activities and funds.
- ◆ Amend Section 215.20, Florida Statutes, to include criteria identifying the specific situations under which a trust fund may be exempted from the standard service charge or made subject to a different rate. For example, with respect to trust fund exemptions, such criteria might limit the exemptions to only those trust funds established by the Constitution of the State of Florida and trust funds containing moneys received pursuant to contracts prohibiting the payment of administrative charges.

**Allocation of Investment Earnings**

**Issue No. 5: The time spent by State agency and judicial branch personnel in preparing the trust fund investment notices and by the State Treasurer in processing the notices could be more efficiently used.**

Section 18.10, Florida Statutes, authorizes the State Treasurer to invest moneys that are not immediately needed for the disbursement needs of the State. Section 18.10(4), Florida Statutes, provides that all earnings on any investments shall be credited to the General Revenue Fund,

except that earnings attributable to moneys made available pursuant to Section 18.125(3), Florida Statutes, shall be credited pro rata to the trust funds from which such moneys were made available. Section 18.125(3), Florida Statutes, directs each State agency and the judicial branch to make moneys available for investment and to notify the State Treasurer of the availability of the moneys.

The State Treasurer invests all moneys not required to meet immediate disbursement needs. The moneys invested include General Revenue Fund moneys and trust fund moneys. The trust fund moneys can be (and are) invested by the State Treasurer whether or not a notice of availability has been provided by the respective State or judicial branch agencies. If a notice to invest is provided pursuant to Section 18.125(3), Florida Statutes, the earnings are credited to the applicable trust fund. If a notice is not provided, the earnings derived from State trust fund moneys are deposited, pursuant to Section 18.10(4), Florida Statutes, in the General Revenue Fund. Consequently, it appears that the only purpose served by an agency's calculation of the amounts to be made available for investment and the provision of the related notice is to ensure that the agency's trust funds receive credit for the earnings derived from the amounts invested.

During the 2000-01 fiscal year, interest earned by the State Treasurer, according to records of the State Treasurer, was \$781 million. Of this amount, \$294 million was credited to the General Revenue Fund and \$487 million was credited pro rata to trust funds. Administrative assessments in the amount of \$8.5 million were credited pursuant to Section 18.125(4), Florida Statutes, to the Treasurer's Administrative and Investment Trust Fund.

The time spent by State agency and judicial branch personnel in preparing the trust fund investment notices and by the State Treasurer, State Comptroller, and the Executive Office of the Governor in processing the notices could be more efficiently used. Therefore, we recommend that the Legislature amend Sections 18.10(4) and 18.125, Florida Statutes, to eliminate the requirement that State agencies and the judicial branch provide notices to the State Treasurer relative to amounts available for investment. The legislation should also specify an appropriate disposition for amounts earned on trust fund investments. For example, the legislation might recommend that the amounts

*A REVIEW OF THE  
ADMINISTRATION OF STATE TRUST FUNDS*

earned be credited on a pro-rata basis to the General Revenue Fund and the applicable State trust funds. Any amounts moved at the discretion of the Legislature could be transferred by appropriation or through the assessment of a service charge.

**Trust Fund Reviews**

**Issue No. 6: Opportunities exist for the improvement of the trust fund review processes.**

Article III, Section 19(f) of the State Constitution, provides that no trust fund shall be created by law without a three-fifths vote of the membership of each house of the Legislature in a separate bill for that purpose only. That provision of the Constitution also provides that, with the exception of the trust funds referenced in Table 2, State trust funds in existence prior to November 4, 1992, shall terminate not more than four years after that date. The Constitution further provides that State trust funds created after November 4, 1992, shall terminate not later than four years after the effective date of the act authorizing the creation of the trust fund.

<b>Table 2 Trust Funds Not Subject to Termination</b>
Trust funds required by Federal programs
Trust funds established for bond covenants, indentures, or resolutions
State Transportation Trust Fund
Trust fund containing net proceeds from Florida education lotteries
Florida Retirement System Trust Fund
Trust funds used as clearing funds or accounts
Trust funds that account for assets held by the State in a trustee capacity as an agent or fiduciary for individuals, private organizations, or other governmental units
Other trust funds authorized by State Constitution (such as the Everglades Trust Fund)

By making it more difficult to create new trust funds and requiring the termination of most trust funds on a four-year cycle, this provision of the State Constitution would seem to be encouraging a reduction in the number of trust funds. Arguably, such a reduction would lead to less earmarking of State revenues and thereby increase the amount of discretion that could be exercised by the Governor and the Legislature in making policy, setting priorities, and allocating available resources.

To implement the above-described provisions of the State Constitution, the Legislature enacted Sections 215.3207 and 215.3208, Florida Statutes. Section 215.3208, Florida Statutes, provides that the Legislature shall review each State trust fund at least once every four years. A list showing agencies with trust funds scheduled for review during a particular year is included in the annual legislative budget instructions provided to each agency.

Our review of the trust fund review processes implemented pursuant to Section 215.3208, Florida Statutes, disclosed the following opportunities for improvement:


- ◆ For new trust funds, Section 215.3207, Florida Statutes, requires that trust funds be created by statutory language that specifies at least the principal characteristics of the trust fund, those being the agency or branch of State government responsible for administering the trust fund, the requirements and the purposes that the trust fund is established to meet, and the sources of the moneys to be credited to the trust fund or specific sources of receipts to be deposited in the trust fund. We found that for existing trust funds that are being considered for re-creation, the review process may not always result in the amendment of existing statutes to address all the fund characteristics required of legislation creating new trust funds. Consequently, in some cases, statutes authorizing trust funds that have been reviewed and re-created still do not address one or more of the principal fund characteristics. For example, we found that following the review and re-creation of the Operations and Maintenance Trust Fund (administered by the Department of Children and Family Services), Chapter 2000-14, Laws of Florida, which authorizes the Trust Fund, continues to lack language addressing the purpose of the fund and the sources of the moneys to be credited to the trust fund or specific sources of receipts to be deposited in the trust fund. We recommend that agencies be required to submit draft legislation when existing laws do not clearly address the principal characteristics of the trust funds scheduled for review.
- ◆ As indicated under the heading General Revenue Service Charge, some trust funds have been made

*A REVIEW OF THE  
ADMINISTRATION OF STATE TRUST FUNDS*

exempt from the assessment of the general revenue service charge assessment levied pursuant to Section 215.20, Florida Statutes. We recommend that the trust fund review process include, where applicable, consideration of the merits of the continuation of any exemptions to the general government service charge assessments levied pursuant to Section 215.20, Florida Statutes.

**AUTHORITY**

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our review.

  
William O. Monroe, CPA  
Auditor General

To promote accountability in government and improvement in government operations, the Auditor General makes operational audits, reviews, and studies of selected programs, activities, and functions of State agencies. This review was made in accordance with applicable *Government Auditing Standards* issued by the Comptroller General of the United States. This review was conducted by Jennifer Reeves, CPA, and supervised by David Vick, CPA. Please address inquiries regarding this report to Don Hancock, CPA, Audit Manager, via E-mail at [donhancock@aud.state.fl.us](mailto:donhancock@aud.state.fl.us) or by telephone at (850) 487-9037.

This report and audit reports prepared by the Auditor General can be obtained on our Web site (<http://www.state.fl.us/audgen>); by telephone ([850] 487-9024); or by mail (G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450).

*A REVIEW OF THE  
ADMINISTRATION OF STATE TRUST FUNDS*

**EXHIBIT A  
FLORIDA STATUTE REFERENCES  
GENERAL INSPECTION TRUST FUND**

	<b>Statute</b>	<b>Brief Title</b>		<b>Statute</b>	<b>Brief Title</b>
1	<b>201.15</b>	Tax distribution	44	<b>527.021</b>	Liquefied petroleum -transport inspection fee
2	<b>253.01</b>	Aquaculture lease	45	<b>527.06</b>	Liquefied petroleum - civil fine
3	<b>255.25001</b>	Department property, sales proceeds	46	<b>527.13</b>	Liquefied petroleum penalty
4	<b>270.22</b>	Aquaculture lease	47	<b>527.15</b>	Stenographic costs
5	<b>328.72</b>	Clam license	48	<b>527.23</b>	Propane gas assessment
6	<b>328.76</b>	Vessel registration	49	<b>531.415</b>	Metrology lab fees
7	<b>370.06</b>	Oyster license fee	50	<b>531.50</b>	Weights and measures violation fines
8	<b>370.07</b>	Oyster surcharge	51	<b>534.011</b>	Livestock inspection fees
9	<b>372.6673</b>	Alligator egg collection fee	52	<b>534.48</b>	Livestock market license fee
10	<b>372.6674</b>	Alligator hide validation fee	53	<b>534.52</b>	Livestock license violation fine
11	<b>403.708</b>	Violation fine - alcoholic beverages	54	<b>539.001</b>	Pawnbroker license fees and fines
12	<b>427.8041</b>	Technology devices	55	<b>559.805</b>	Business opportunity seller fee
13	<b>487.045</b>	Pesticide annual fee	56	<b>559.9215</b>	Motor vehicle repair
14	<b>487.071</b>	Pesticide analysis fee	57	<b>559.928</b>	Seller of travel -registration fee
15	<b>487.111</b>	Pesticide or device (condemned) - sale proceeds	58	<b>559.938</b>	Seller of travel -penalties and fees
16	<b>496.405</b>	Charitable organization registration fee	59	<b>570.195</b>	Tobacco -equipment proceeds
17	<b>496.409</b>	Professional fundraising consultant registration fee	60	<b>570.20</b>	Donations, fees and other receipts
18	<b>496.410</b>	Professional solicitor registration fee	61	<b>570.247</b>	Agribusiness Financial Assistance
19	<b>496.419</b>	Penalties for violation (charity -fundraiser)	62	<b>570.481</b>	Agricultural Products Inspection Fees
20	<b>496.420</b>	Penalties for civil violation (charity -fundraiser)	63	<b>571.04</b>	Seal of quality use/reproduction
21	<b>500.09</b>	Food safety lab services	64	<b>571.11</b>	Eggs and poultry fine
22	<b>500.12</b>	Food permit fees	65	<b>573.118</b>	Marketing order assessment
23	<b>500.121</b>	Food establishments - fine	66	<b>576.021</b>	Fertilizer license/fee
24	<b>500.149</b>	Food products - expenses and salaries	67	<b>576.041</b>	Fertilizer inspection fee
25	<b>500.175</b>	Food condemned - proceeds	68	<b>576.045</b>	Fertilizer supplemental fees
26	<b>500.459</b>	Water vending permit fee	69	<b>576.061</b>	Fertilizer deficiency fees
27	<b>500.511</b>	Water vending fees	70	<b>578.22</b>	Seed fees
28	<b>501.014</b>	Health studios fines and fees	71	<b>580.051</b>	Commercial feed label fine
29	<b>501.015</b>	Health studio annual registration fee	72	<b>580.121</b>	Feed administrative fine
30	<b>501.019</b>	Health studio violation fine	73	<b>585.002</b>	Equine fees
31	<b>501.059</b>	Telephone solicitation listing	74	<b>585.61</b>	Animal lab fees
32	<b>501.143</b>	Dance studio fees and fines	75	<b>597.003</b>	Aquaculture project profit
33	<b>501.605</b>	Commercial telephone seller license	76	<b>597.004</b>	Aquaculture registration fee
34	<b>501.607</b>	Salesperson license	77	<b>597.0045</b>	Shellfish theft reward program
35	<b>501.922</b>	Antifreeze violation fine	78	<b>597.010</b>	Shellfish lease
36	<b>502.015</b>	Milk products - fees and fines	79	<b>601.281</b>	Citrus road guard fee
37	<b>503.0415</b>	Frozen dessert - fees and fines	80	<b>601.67</b>	Citrus fine -unlicensed dealer
38	<b>504.36</b>	Organic farming and food fees and fines	81	<b>601.74</b>	Citrus license fee
39	<b>525.10</b>	Gasoline and oil inspection fines and fees	82	<b>603.13</b>	Agricultural products inspection fees
40	<b>526.10</b>	Liquid fuels - legal fees	83	<b>604.28</b>	Agriculture products dealer
41	<b>526.311</b>	Liquid fuels - administrative fine	84	<b>604.29</b>	Agriculture products dealer license
42	<b>526.51</b>	Liquid fuels - brake fluid brand registration fee and fine	85	<b>604.30</b>	Agriculture products dealer - administrative fines
43	<b>527.02</b>	Liquefied petroleum license	86	<b>616.15</b>	Fair exposition permit fee
			87	<b>616.242</b>	Fair ride inspections

*A REVIEW OF THE  
ADMINISTRATION OF STATE TRUST FUNDS*

**EXHIBIT B**  
**GENERAL REVENUE SERVICE CHARGE**  
**EXAMPLES OF TRUST FUNDS WITH EXEMPTIONS**

FUND NUMBER	TITLE	FUND NUMBER	TITLE
<b>DEPARTMENT OF AGRICULTURE &amp; CONSUMER SERVICES</b>		<b>DEPARTMENT OF EDUCATION (Cont.)</b>	
42-102-021001	Administrative TF	48-202-543001	State School TF
42-102-792002	Working Capital TF	48-202-552001	Projects, Contracts and Grants TF
42-202-025001	Agricultural Law Enforcement TF	48-202-555001	Pub Educ Capital Outlay & Debt Service TF
42-202-093001	Citrus Inspection TF	48-202-612001	District Capital Outlay & Debt Service TF
42-202-133001	Contracts and Grants TF	48-302-137001	Construction TF FL School for Deaf & Blind
42-202-321001	General Inspections TF	48-502-160001	Displaced Homemaker TF
42-202-360001	Agricultural Emergency Eradication TF	48-502-176001	Education Certification & Services TF
42-202-381001	Incidental TF	48-502-183001	Educational Media & Technology TF
42-202-466002	Market Trade Show TF	48-502-380001	Institutional Assessment TF
42-202-473001	Market Improvements Working Capital TF	48-502-646001	Sophomore Level Test TF
42-202-507001	Plant Industry TF	48-502-727001	Teacher Certification Examination TF
42-202-564001	Quarter Horse Racing Promotion TF	48-602-792003	Working Capital TF Knott Data Ctr. TF
42-202-609003	Florida Saltwater Products Promotion TF	48-712-718002	Student Loan Guarantee Reserve TF
42-202-773001	Viticulture TF	48-742-071001	Capital Improvement Fee TF
42-202-931001	Conservation & Recreation Lands Program TF	48-742-605999	Salary Clearing Trust Fund-Default
42-302-021001	Administrative TF	48-742-730001	Textbook Bid TF
42-302-025001	Law Enforcement TF	489-202-339037	Grants and Donations TF
42-302-093001	Citrus Inspection TF	489-302-137002	Construction TF School for the Deaf & Blind
42-302-133001	Contracts and Grants TF	<b>DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>	
42-302-321001	General Inspection TF	37-102-021024	Administrative TF
42-302-332001	Florida Preservation 2000 TF	37-102-035001	Air Pollution Control TF
42-302-349001	Florida Forever Program TF	37-202-030001	Invasive Plant Control TF
42-302-381001	Incidental TF	37-202-035001	Air Pollution Control TF
42-302-473001	Market Improvements Working Capital TF	37-202-044001	Drinking Water Revolving Loan TF
42-302-507001	Plant Industry TF	37-202-050001	Environmental Laboratory TF
42-302-584001	Relocation and Construction TF	37-202-099001	Florida Coastal Protection TF
42-302-931001	Conservation & Recreation Lands Program TF	37-202-131001	Conservation & Recreation Lands TF
42-502-528004	Pest Control TF	37-202-193001	Ecosystem Management & Restoration TF
42-502-920001	Florida Agricultural Promotion Campaign TF	37-202-212001	Inland Protection TF
42-502-920001	Fl Agriculture Promotion Campaign TF	37-202-267001	Forfeited Property TF
42-742-605999	Salary Clearing Trust Fund-Default	37-202-339074	Grants & Donation TF
<b>DEPARTMENT OF STATE</b>		37-202-348001	Florida Forever TF
45-202-097001	Coconut Grove Playhouse TF	37-202-408001	Internal Improvement TF
45-202-130001	Corporation TF	37-202-423001	Land Acquisition TF
45-202-163001	Division of Licensing TF	37-202-467001	Marine Resources Conservation TF (FWCC)
45-202-279001	Florida Fine Arts TF	37-202-499001	Minerals TF
45-202-339085	Grants and Donations TF	37-202-506002	Non-Mandatory Land Reclamation TF
45-202-339450	Grants and Donations TF	37-202-526001	Permit Fee TF
45-202-447001	Library Construction TF Sec. State	37-202-549001	Project Construction TF
45-202-450001	Library Services TF	37-202-644001	Solid Waste Management TF
45-202-478001	Cultural Institutions TF	37-202-661001	Wastewater Management Revolving Loan TF
45-202-510002	Operating TF	37-202-675002	State Parks TF
45-202-542001	Public Access Data Systems TF	37-202-776001	Water Management Lands TF
45-502-130001	Corporation TF	37-202-780001	Water Quality Assurance TF
45-502-163001	Division of Licensing TF	37-202-890001	Lake Okeechobee Protection TF
45-502-561001	Publications Revolving TF	37-302-221007	Save Our Everglades TF
45-602-572001	Records Management TF	37-302-221008	Save Our Everglades TF
45-742-605999	Salary Clearing Trust Fund-Default	37-302-221009	Save Our Everglades TF
<b>DEPARTMENT OF EDUCATION</b>		37-302-221010	Save Our Everglades TF
48-202-004001	Lottery Cap Outlay & Debt Services TF	37-302-221101	Save Our Everglades TF
48-202-178001	Education Enhancement TF	37-302-221201	Save Our Everglades TF
48-202-180009	Education Aids TF	37-302-332005	Florida Preservation 2000 TF Series 1995
48-202-183002	Educational Media & Technology Div of Voc ED	37-302-332006	Florida Preservation 2000 TF Series 1996
48-202-206001	Excellent Teaching Program TF	37-302-332007	Florida Preservation 2000 TF Series 1996
48-202-222001	Facilities Construction Administration TF	37-302-332008	Florida Preservation 2000 TF Series 1996
48-202-240001	State Student Financial Assistance TF	37-302-332009	Florida Preservation 2000 TF Series 1996
48-202-270001	Federal Rehabilitation TF	37-302-332010	Florida Preservation 2000 TF Series 1996
48-202-270004	Federal Rehabilitation TF Div of Blind Services	37-302-348001	Florida Forever Trust Fund
48-202-315001	Food and Nutrition Services TF	37-302-348002	Florida Forever Trust Fund Series 2002
48-202-339036	Grants and Donations TF Blind Services	37-602-792010	Working Capital TF
48-202-395001	IFAS Relocation & Construction TF	37-742-605999	Salary Clearing Trust Fund-Default
48-202-397001	Student Loan Operating TF		
48-202-505001	Nursing Student Loan Forgiveness TF		

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ADMINISTRATION OF STATE TRUST FUNDS*

