



Audit of Office of Management & Budget's Supplemental Budget Amendments

Office of the County Auditor

Audit Report

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Report No. 26-02
October 30, 2025



OFFICE OF THE COUNTY AUDITOR

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October 30, 2025

Honorable Mayor and Board of County Commissioners

Pursuant to the Fiscal Year 2025 Audit Plan, we conducted an audit of the Office of Management and Budget's Supplemental Budget Amendments.

Our objectives were to determine whether Supplemental Budget Amendments are presented in a complete and transparent manner, are used appropriately, and represent best budgetary practices. The audit period covers fiscal years 2023 through 2025, from October 1, 2022, to September 30, 2025.

We conclude that, except as noted in our report, Supplemental Budget Amendments are presented in a complete and transparent manner, are used appropriately, and represent the best budgetary practices. Opportunities for Improvement are included in this report.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. The standards require that we plan and perform the audit to obtain sufficient and 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 conclusions based on our audit objectives.

We appreciate the cooperation and assistance provided by the Office of Management and Budget throughout our review process.

Respectfully submitted,

A handwritten signature in blue ink that reads "Bob Melton".

Bob Melton
County Auditor

Broward County Board of County Commissioners

Mark D. Bogen • Alexandra P. Davis • Lamar P. Fisher • Beam Furr • Steve Geller • Robert McKinzie • Nan H. Rich • Hazelle P. Rogers • Michael Udine
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INTRODUCTION

Scope and Methodology

The County Auditor's Office conducts audits of Broward County's entities, programs, activities, and contractors to provide the Board of County Commissioners, Broward County's residents, County management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

Pursuant to the Fiscal Year 2025 Audit Plan, we conducted an audit of the Office of Management and Budget's Supplemental Budget Amendments. Our audit objectives were:

1. To determine whether Supplemental Budget Amendments are presented in a complete and transparent manner.
2. To determine whether Supplemental Budget Amendments are used appropriately and represent the best budgetary practices.
3. To determine whether any opportunities for improvement exist.

To determine whether Supplemental Budget Amendments are presented in a complete and transparent manner, we reviewed and analyzed Broward County's Supplemental Budget Amendments, performed a limited review of selected transactions, and interviewed management from the Office of Management and Budget.

To determine whether Supplemental Budget Amendments are used appropriately and represent the best budgetary practices, we reviewed Supplemental Budget documentation published by Duval County, Miami-Dade County, Orange County, Palm Beach County, and Pinellas County. We conducted a survey regarding budgetary practices and performed a limited review of the changes to the General Fund budget balances.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. The standards require that we plan and perform the audit to obtain sufficient and 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 conclusions based on our audit objectives.

Our audit included such tests of records and other auditing procedures, as we considered necessary in the circumstances. The audit period is fiscal years 2023 through 2025. However, transactions, processes, and situations reviewed were not limited by the audit period.

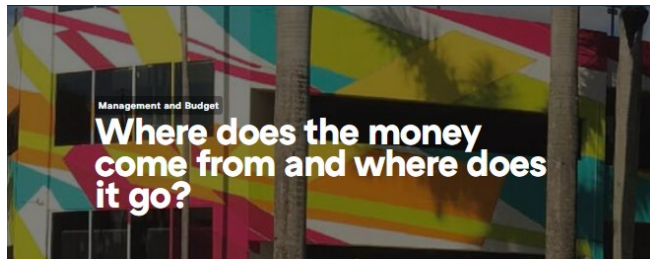
Overall Conclusion

We conclude that, except as noted in our report, Supplemental Budget Amendments are presented in a complete and transparent manner, are used appropriately, and represent the best budgetary practices. Opportunities for Improvement are included in this report.

Background

Office of Management and Budget (OMB)

The Office of Management and Budget (OMB) is responsible for the coordination of all budget and management policy activities of Broward County (County). Specific responsibilities include: the preparation of a proposed annual County budget and five-year capital program, fiscal impact analysis for proposed County ordinances and relevant state legislation, and managerial and operational reviews and assistance to County agencies through a participative internal consulting program. OMB's objective is to provide clear and complete public information regarding each year's proposed budget.



Broward County's Annual Budget Process

The Broward County Board of County Commissioners (County Commission) begins planning for a new fiscal year in February; and in March, individual County agencies submit their operating budget to OMB. During this time, OMB analyzes each County agency's proposed operating and capital estimates. The County Commission holds a series of budget workshops from April through July. By July 15, the County Administrator finalizes and submits a Recommended Operating Budget and a Recommended Capital Program to the County Commission. In September, the County Commission holds two public hearings to adopt an Operating Budget, Capital Budget, and Budget-in-Brief (Adopted Budget). After the new fiscal year begins in October, Administrative Budget Amendments may periodically be effectuated by OMB. These consist of minor adjustments to the budget which are not required to be presented to the County Commission. However, Supplemental Budget Amendments require a public hearing and approval from the County Commission. Supplemental Budget Amendments are further discussed later.

Broward County's Fiscal Year 2025 Adopted Budget

As described in the Adopted Budget-in-Brief, Broward County's Adopted Budget consists of three primary components, the Operating Budget, Capital Budget and Debt Service Budget.

- The Operating Budget funds the ongoing activities of the County government. Ongoing activities include enterprise operations, which are totally user fee supported, special purpose operations, which are supported with user fees and other non-property tax revenues, and general-purpose operations, which are supported by a mixture of user fees, property taxes, and other revenues.
- The Capital Budget funds all major projects (construction, maintenance and improvement, and acquisition of facilities and infrastructure). Major projects may be funded by a variety of funding sources. The most significant funding sources are taxes, bonds and loan proceeds, grants, user fees, and existing fund balance(s).
- The Debt Service Budget provides for payment of principal and interest on bonds, including revenue bonds, general obligation (voted) bonds, and the required reserves.

The total adopted budget for the fiscal year 2025, from October 1, 2024, to September 30, 2025, is \$7.8 billion, as shown in Figure 1.

Figure 1 – Fiscal Year 2025 Adopted Budget (\$ millions)

Fund	County-Wide	Constitutionals	Enterprise	Total
Operating	\$ 2,353	\$ 1,419	\$ 1,244	\$ 5,016
Capital	1,471	-	515	1,986
Debt	186	-	591	777
Total	\$ 4,010	\$ 1,419	\$ 2,350	\$ 7,779

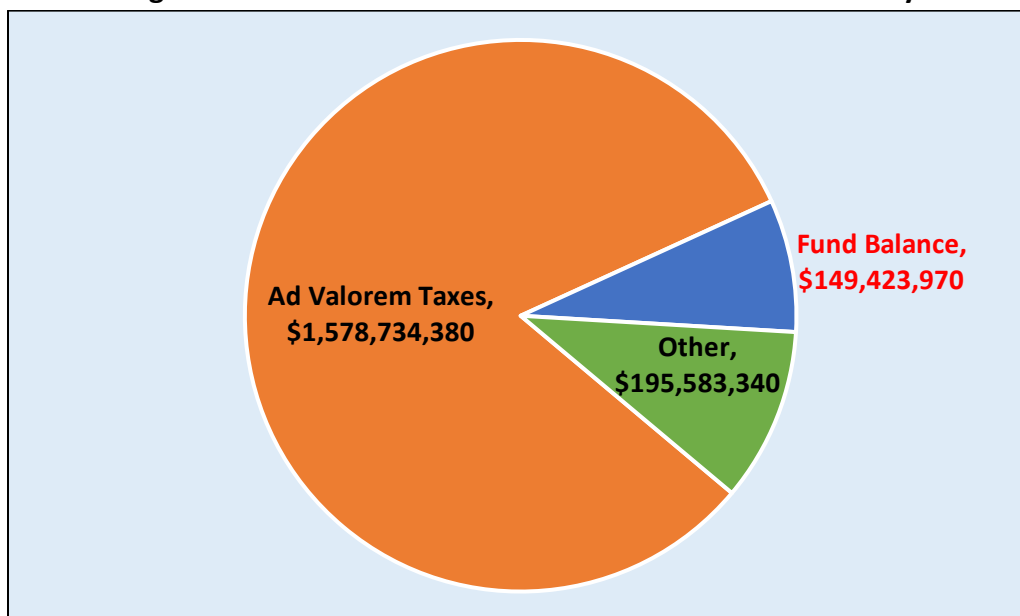
Source: Prepared by the Office of the County Auditor with information from the Broward County, Florida Fiscal Year 2025 Adopted Budget-In-Brief.

Note: Dollars in millions.

Broward County's Fiscal Year 2025 Adopted Budget General Fund Revenue

Broward County services are funded through a variety of revenue sources. The two largest general fund revenue sources in the fiscal year 2025 budget are Ad Valorem Taxes of \$1.5 billion and Fund Balance of \$149 million (labeled in red), as shown in Figure 2.

Figure 2 – Fiscal Year 2025 General Fund Revenue Summary



Source: Prepared by the Office of the County Auditor with information from the Broward County, Florida Fiscal Year 2025 Adopted Operating Budget.

Ad Valorem Taxes are the taxes collected based on the assessed value on properties. The Fund Balance is considered a General Fund revenue source for budgetary purposes. It represents the prior year's unused budgeted funds after the fiscal year has ended. Since the new fiscal year's budget is adopted prior to the completion of the current fiscal year, the Fund Balance is forecasted when preparing the new fiscal year's annual budget. Fund Balance is further discussed in the "Second Supplemental Budget Amendment" section below.

Broward County's Supplemental Budget Amendments

Broward County holds three public hearings within the fiscal year to amend the adopted budget, as applicable. Each of the three Supplemental Budget Amendments include transactions which fall within a primary stated purpose. Specifically:

- The First Supplemental Budget Amendment appropriates unexpended funds (at the end of the previous fiscal year) for specific non-reoccurring items.

- The Second Supplemental Budget Amendment includes transactions which reconcile the fund balances to the audited Annual Comprehensive Financial Report. Fund Balance is further discussed in the "Second Supplemental Budget Amendment" section below.
- The Third Supplemental Budget Amendment includes year-end adjustments to various funds, ensuring that each fund ends the fiscal year in a positive financial position.

In addition to the budgetary actions consistent with the above noted primary stated purposes, each Supplemental Budget Amendment may include additional amendments such as new appropriations, transfers, and reductions to reserves.

Fiscal Year 2024 Supplemental Budget Amendments

The total Supplemental Budget Amendments for fiscal year 2024, from October 1, 2023, through September 30, 2024, cumulatively were \$1.139 billion, as shown in Figure 3.

Figure 3 – Summary of Fiscal Year 2024 Supplemental Budget Amendments by Fund

No.	General & Other	Special Revenue	Capital Outlay	Enterprise	Debt & Internal Service	Total	%
1 st	\$41,063,280	\$16,550,794	\$15,150,000	\$17,051,888	\$28,600	\$89,844,562	7.9%
2 nd	203,656,788	411,508,163	227,095,025	68,925,679	5,659,766	916,845,421	80.5%
3 rd	30,000	12,970,116	12,427,443	106,188,919	453,010	132,069,488	11.6%
Total	\$244,750,068	\$441,029,073	\$254,672,468	\$192,166,486	\$6,141,376	\$1,138,759,471	100%

Source: Prepared by the Office of the County Auditor with information from the Broward County Board of County Commissioners Regular Meeting Agendas.

Second Supplemental Budget Amendment

The Second Supplemental Budget Amendment represents 80.5% of the total Supplemental Budget Amendments in fiscal year 2024, as shown in Figure 3. This amendment recognizes the difference between the budgeted fund balance to the actual fund balance for various funds (General Fund, Special Revenue Fund, Capital Outlay, etc.).

For the General Fund, when the Adopted Budget is created, an estimate of how much money the General Fund will have at the end of the year is forecasted based on expected revenues and planned spending; this is referred to as the General Fund Beginning Fund Balance. After the fiscal year ends, the actual amount is determined through the Annual Financial Audit process. Any differences between the forecasted and actual amounts are adjusted in the Second Supplemental Budget Amendments.

For example, if the Beginning Fund Balance was forecasted to be \$300 million but the actual Beginning Fund Balance was subsequently determined to be \$320 million, then the Supplemental

Budget Amendments will include an adjustment to increase the Beginning Fund Balance by \$20 million.

This practice aligns with Broward County's Fund Balance Policy which states, "In the event that the actual fund balance (year-end revenues less year-end expenses) exceeds the budgeted fund balance in any fund, the difference will be appropriated in the second supplemental budget of each year as approved by the Board of County Commissioners."

OPPORTUNITIES FOR IMPROVEMENT

Our audit disclosed certain policies, procedures and practices that could be improved. Our audit was neither designed nor intended to be a detailed study of every relevant system, procedure or transaction. Accordingly, the Opportunities for Improvement presented in this report may not be all-inclusive of areas where improvement may be needed.

1. General Fund Beginning Fund Balance Should be More Accurately Forecasted to Allow Funding Decisions to be Better Addressed During the Budget Adoption Process.

We found that the amendment to the General Fund Beginning Fund Balances is excessive. As a result, significant budgetary funding decisions are effectively embedded in the Supplemental Budget Amendments. Specifically:

As shown in Figure 4, amendments to the General Fund Beginning Fund Balances over the past five years range from 102% to 146%, or more than twice the size of the original budgeted amounts.

Figure 4 - Broward County General Fund Beginning Fund Balance
Fiscal Year 2021 to 2025

Fiscal Year (FY)	Forecast Per Adopted Budget	Actual	Variance / Amendments	Variance as % of Budget
FY21	\$144,852,380	\$292,010,934	\$147,158,554	102%
FY22	144,188,929	332,532,139	188,343,210	131%
FY23	169,688,279	417,653,476	247,965,197	146%
FY24	178,101,100	379,908,128	201,807,028	113%
FY25	149,423,970	320,410,528	170,986,558	114%

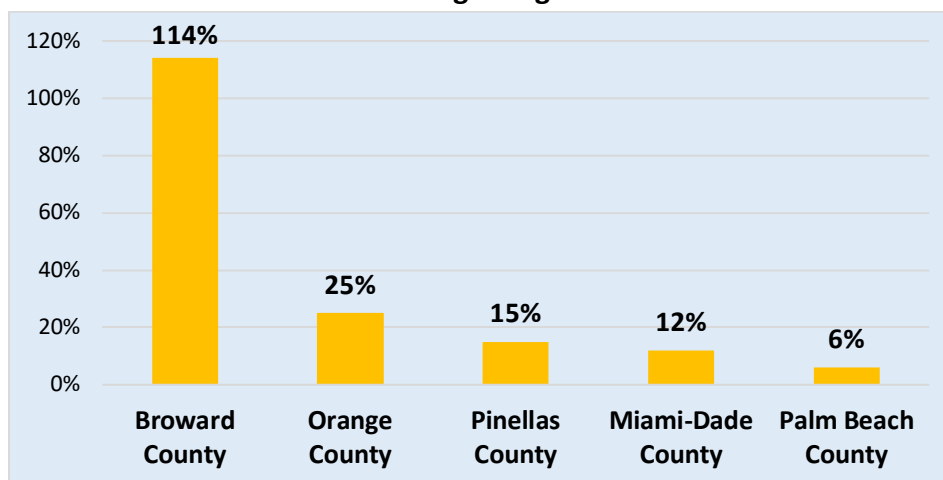
Source: Prepared by the Office of the County Auditor with data obtained from the 2022, 2023, 2024, and 2025 Adopted Operating Budgets and Supplemental Budgets.

Note: Includes all amendments to General Fund Beginning Fund Balance.

When compared to other Florida counties, Broward County's amendments to the General Fund Beginning Fund Balance are substantially larger. To identify an appropriate criterion or standard for variances between budgeted and actual beginning fund balances, we performed benchmarking to other Florida counties for fiscal year 2025. Figure 5 shows that other Florida counties amended their adopted General Fund Beginning Fund Balance by only 6% to 25%, which

appears to be a closely grouped and standard range, whereas Broward County amended its adopted General Fund Beginning Fund Balance by 114%.

Figure 5 – Fiscal Year 2025 Percentage Increase in General Fund Beginning Fund Balance



Source: Prepared by the Office of the County Auditor with data obtained from Orange, Pinellas, Miami-Dade, and Palm Beach County's 2025 Adopted Budget and Commissioner Board Meeting Agendas.

As a result, budgetary funding decisions are embedded in the Second Supplemental Budget Amendment which are difficult to review given the large volume and nature of transactions. We noted some uses of these monies include increasing reserves, funding additional appropriations, or transfers to other funds. The identification of additional revenues results in budgetary decisions, which should be deliberated during the annual budget process. Therefore, amendments to Beginning Fund Balances (revenues) result in additional decision making about where those revenues will be used. Significant budgetary funding decisions are better addressed during the budget adoption process where there are workshops and greater context for informed decision making. For example, funded capital projects are shown in isolation in the Second Supplemental Budget Amendment whereas during the budget adoption process, all capital projects and other competing funding needs are presented during workshops for deliberation.

Over the past five years, most of the amendments to General Fund Beginning Fund Balances (revenues) have been transferred to the General Capital Outlay Fund where the monies were then appropriated to specific capital projects. Figure 6 shows the transfers from the General Fund to the General Capital Outlay Fund within the Second Supplemental Budget Amendment for each year.

**Figure 6 – General Fund's Beginning Fund Balance Amendment
transferred to the Capital Fund from the
Second Supplemental Budget Amendment**

Fiscal Year (FY)	Amendment to the Beginning Fund Balance	Transfer to Capital Fund
FY21	\$61,480,175	\$58,117,164
FY22	51,810,264	48,649,130
FY23	133,853,849	124,043,831
FY24	163,642,449	159,643,175
FY25	126,306,304	\$95,092,398

*Source: Prepared by the Office of the County Auditor with data
obtained from Broward County's Second Supplemental Budget Amendments.*

Note: Includes only Second Supplemental Budget Amendments.

Given the substantial amendments to the Beginning Fund Balances, particularly in comparison with historical amendments and comparison with other Counties, it appears there is a need for improved forecasting of the Beginning Fund Balances in order to minimize the size of the Supplemental Budget Amendments. Forecasting a more accurate Beginning Fund Balance will result in smaller required amendments during the year. We identified a need for improved forecasting policies and procedures as further discussed in Opportunity for Improvement 4.

We recommend management incorporate a more accurate Beginning Fund Balance Forecast into the Adopted Budget in order to reduce the size of Supplemental Budget Amendments during the year. Considerations for accomplishing this may include:

- i. ensuring forecasts adequately consider all elements impacting Beginning Fund Balances,
- ii. assessing the appropriate degree of fiscal conservatism to apply in estimates,
- iii. implementing routine forecast updates after publishing the Recommended Budget to address material changes prior to finalizing the Adopted Budget, and
- iv. comparing Supplemental Budget adjustments to prior years and peer counties.

2. Agenda Items for Supplemental Budget Amendments Need Improved Presentation and Explanation for Transparency.

We found that the narrative/background portion of the agenda item for Supplemental Budget Amendments lack adequate information to understand the nature of all included transactions. Specifically, individual transactions require clearer presentation, including grouping of standard/routine transactions, while more significant/nonstandard transactions should be distinctly identified with more detailed explanations provided.

As described in the Background section of this report, each Supplemental Budget Amendment has a primary stated purpose (primary purpose amendments) and presents the associated transactions. However, each amendment may also include additional amendments outside of the primary purpose, such as new appropriations, transfers, and reductions to reserves. We found that the additional amendments are listed in a “co-mingled” fashion along with the primary purpose amendments.

To illustrate this point, the following excerpt (Figure 7) from the Fiscal Year 2025 Second Supplemental Budget Amendment (Special Revenue Fund) shows primary purpose amendments with repeated language (in red font) but the additional amendments (shown in black font) are not specifically separated, highlighted, or elaborated upon.

**Figure 7 - Excerpt from Fiscal Year 2025 Second Supplemental Budget Amendment
(Special Revenue Funds) Agenda Item's Summary Explanation/Background**

TRANSPORTATION SURTAX FUND (11610) - \$22,962,349 - Budgeted fund balance is adjusted (\$22,962,349) and a net-zero transfer from reserves <\$411,192,411> is budgeted as a transfer to the Transportation Surtax Capital Fund (\$431,789,760) for committed projects in the Fiscal Year 2025 to 2029 Adopted Capital Program. Budget is also appropriated to Regional Transportation for a Federal Railroad Administration grant match (\$2,365,000).

ANIMAL CARE GENERAL TRUST FUND (11700) - \$2,281 - Budgeted fund balance is adjusted, and additional funds are appropriated to reserve.

ADOPTION TRUST (11701) - <\$72,479> - Budgeted fund balance is adjusted, and reserves are adjusted accordingly.

STERILIZATION TRUST (11702) - \$26,213 - Budgeted fund balance is adjusted, and additional funds are appropriated to reserve.

VICTIM TRUST (11703) - \$11,736 - Budgeted fund balance is adjusted, and additional funds are appropriated to reserve.

OPIOID REGIONAL SETTLEMENT FUND (11710) - \$222,197 - Budgeted fund balance is adjusted, and additional funds are appropriated to reserves for opioid abatement programs in Broward County.

BROWARD REDEVELOPMENT PROGRAM FUND (30210) - \$27 - Budgeted fund balance is adjusted, and additional funds are appropriated for future redevelopment projects.

BROWARD BOATING IMPROVEMENT CAPITAL FUND (30220) - \$65,705 - Budgeted fund balance is adjusted, and reserves are adjusted accordingly.

PARKS IMPACT FEE TRUST FUND (30225) - \$152,927 - Budgeted fund balance is adjusted (\$152,927), and reserves are increased accordingly. Additionally, the transfer to the General Capital Outlay Fund is reduced <\$544,797> while the transfer to BMSD Capital (\$544,797) is increased to have historical parks impact fee revenues support capital projects within the Broward Municipal Services District neighborhood parks.

PUBLIC ART AND DESIGN FUND (30231) - \$564,207 - Budgeted fund balance is adjusted, a transfer from the General Capital Outlay Fund is recognized, and additional funds are appropriated for future pooled Public Art programming.

ECONOMIC DEVELOPMENT PROGRAM FUND (30240) - \$28,832 - Budgeted fund balance is adjusted, and additional funds are appropriated to reserve.

TRANSPORTATION SURTAX CAPITAL FUND (35100) - \$446,629,162 - Budgeted fund balance is adjusted (\$10,839,402) and a transfer from the Transportation Surtax Fund is recognized (\$431,789,760). Budget is appropriated to the Sheridan Street Bridge Project (\$5,000,000) of which \$4,000,000 is supported by FDOT from a previously approved local agreement, grant match for a grant application for NW 31st Avenue road improvement project from Broward Boulevard to Commercial Boulevard (\$6,200,000), adjustments for post closing accruals <\$464,225>, and the remainder is budgeted in reserves (\$435,893,388) for committed projects in the Fiscal Year 2025 to 2029 Adopted Capital Program.

Source: Broward County Board of County Commissioner Meeting Agenda Item No. 46 on May 6, 2025.

Note: Office of the Count Auditor added red font to identify primary purpose amendments with repeated language.

By repeating the same narrative for these primary purpose amendments and not separately distinguishing the additional amendments, it places all the amendments on the same level or hierarchy. This has the unintended consequence of “burying” additional amendments that the reader should otherwise be directed to for review.

According to the Government Finance Officers Association's Best Practices, “Transparency is a core value of governmental budgeting.” Governments are encouraged to “provide information to the public in a format that they can understand” and “include the proper context to best inform the public and minimize additional request for more information.”

One method of presenting the Supplemental Budget Amendments more clearly would be to group routine transactions requiring less attention (primary purpose transactions) as a concise listing under a shared narrative and to separately address additional amendments individually. For example, Figure 8, shows (for a limited selection of transactions) how the amendments could be presented so that the primary purpose transactions are grouped under a shared narrative and the additional amendment transactions are separately distinguished to receive appropriate attention.

Figure 8 - Revised Presentation of the Special Revenue Fund's Agenda Item Narrative

Budgeted fund balance is adjusted, and additional funds are appropriated to reserve.

- TRANSPORTATION SURTAX FUND (11610) - \$22,962,349
- ANIMAL CARE GENERAL TRUST FUND (11700) - \$2,281
- ADOPTION TRUST (11701) – (\$72,479)
- STERLIZATION TRUST (11702) - \$26,213
- VICTIM TRUST (11703) - \$11,736
- OPIOID REGIONAL SETTLEMENT FUND (11710) - \$222,197

Additionally, the following transactions are recommended for approval to address issues that have arisen since the adoption of the Fiscal Year 2025 budget.

TRANSPORTATION SURTAX FUND (11610) -

- \$431,789,760 - Transfer to the Transportation Surtax Capital Fund from Reserve-Project Commitments in the amount of \$411,192,410 and \$20,597,349 from the fund balance adjustment for newly committed projects as shown in the Fiscal Year 2025 to 2029 Adopted Capital Program.
- \$2,365,000 - Appropriation to Regional Transportation for a Federal Railroad Administration grant match from the fund balance adjustment.

PARKS IMPACT FEE TRUST FUND (30225) -

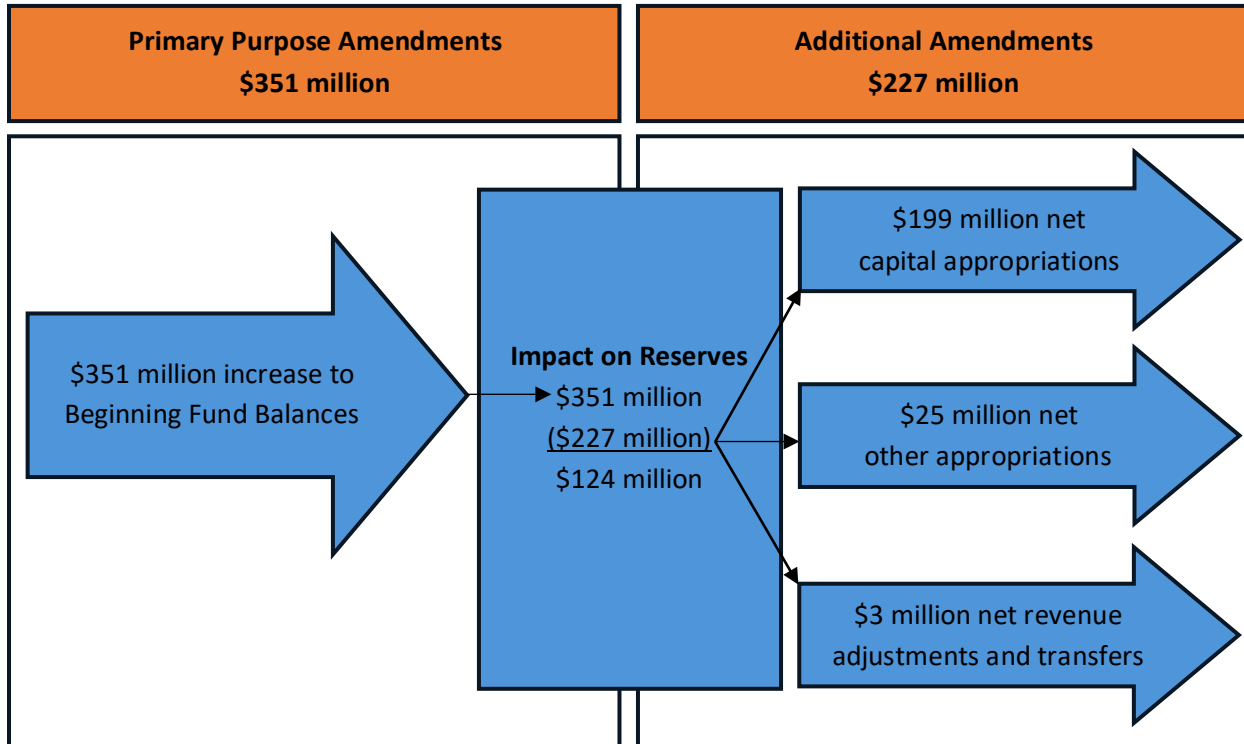
- \$544,797 - Transfer to BMSD Capital Fund from the General Capital Outlay Fund to reallocate monies obtained from historical parks impact fee revenues to support funding for capital projects within the Broward Municipal Services District neighborhood parks.

Source: Office of the County Auditor summary of select amendments from Broward County Board of County Commissioner Meeting Agenda Item No. 45 on May 6, 2025.

One example of additional amendments that were not clearly distinguished from other transactions and not adequately elaborated upon were the amendments for additional funding to the Broward Sheriff's Office (BSO) Training Center. As shown in our previous report, Audit of Broward Sheriff's Office Training Center Project (Report No. 24-23), "the County had initially budgeted \$33.2 million..." and appropriated "an additional \$22.3 million for a total of \$55.5 million for the Project." Three of these appropriations, totaling \$14.6 million, were presented as additional amendments in Supplemental Budget Amendments; however, as stated in our report, these amendments "were incrementally presented with no record of cumulative funding approvals to date or other context and...grouped among other voluminous transactions".

The magnitude of additional amendments, as compared to primary purpose amendments, can be significant. As shown in Figure 9, of the total \$578 million in adjustments included in the Fiscal Year 2024 Second Supplemental Budget Amendment, \$351 million (61%) were primary purpose amendments and \$227 million (39%) were additional amendments.

Figure 9 – Summary of Fiscal Year 2024 Second Supplemental Budget Amendment



Source: Office of the County Auditor analysis of Fiscal Year 2024 Second Supplemental Budget Amendment.

As shown in Figure 9, the Beginning Fund Balances increased by \$351 million and the additional funds were appropriated to reserves. Other amendments then drew down \$227 million of the reserves for capital appropriations, expenditure type appropriations, and miscellaneous adjustments and transfers. These types of summaries, as shown in Figure 8 and Figure 9, along with appropriate narrative, would provide additional transparency and clarity to the Supplemental Budget Amendments.

This issue and suggested alternative presentations are most significant and most readily demonstrated with examples from the Second Supplemental Budget Amendments; however, the same concept can be applied in the First and Third Supplemental Budget Amendments.

We recommend management improve the clarity in presenting Supplemental Budget Amendments, considering incorporation of the following:

- i. Apply an enhanced summary / overview specifically addressing summarized amounts, specific amendments, and key take aways.
- ii. Separate primary purpose amendments from additional amendments and include a shared (rather than repeated) narrative.

- iii. Distinguish key additional amendments and elaborate, as applicable, with necessary narrative and analysis.
- iv. Improve communication of the Supplemental Budget Amendments through the use of tables, charts, and/or graphs to summarize information and highlight major points with narrative, analysis, and/or interpretations in the "Summary Explanation/Background" of the agenda item.

3. Supplemental Budget Amendments Should Present the Current and Revised Budget.

Supplemental Budget Amendments only present the amended amount, not the current budget before the amendment and revised budget after the amendment. As a result, inadequate context is provided to the reader to facilitate an informed review and/or approval of the amendments. To better demonstrate the actual changes to the funds, Supplemental Budget Amendments should present the current budget amount along with the proposed change, and the final revised amount, if approved. This approach would improve transparency and provide greater context to the public and the Board regarding the impact of the proposed actions. For example, if an item was originally budgeted for \$1 million, and a \$100,000 budget increase was proposed, the total revised budget would be \$1,100,000; each of three amounts should be reflected in the agenda item as shown in Figure 10.

Figure 10 – Presentation Example, Including Current and Revised Budget

	Current Budget	Amended Amount	Revised Budget
Budget Item	\$1,000,000	\$100,000	\$1,100,000

Source: Example prepared by Office of the County Auditor.

This method provides appropriate context when reviewing a proposed budget amendment as compared to only showing the amended amount. According to the Government Finance Officers Association's Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting, "Final changes to the budget should be reported." This means that not just the amendment should be reported, but the revised amount resulting from the amendment should be reported as well.

As part of our benchmarking efforts, we reviewed presentation provided by other Florida counties, and confirmed this approach is commonly used. Figure 11 lists the counties surveyed and their presentation of the current and revised budgets.

Figure 11 – Presentation of Current and Revised Budget by Other Counties

FL County	Current Budget	Amendment	Revised Budget
Broward	No	Yes	No
Orange	Yes	Yes	Yes
Pinellas	Yes	Yes	Yes
Miami-Dade	Yes	Yes	Yes
Palm Beach	Yes	Yes	Yes

Source: Prepared by the Office of the County Auditor with data obtained from Broward County, Orange, Pinellas, Miami-Dade, and Palm Beach County's Board Meeting Agendas for budget amendments.

We recommend management include the Current and Revised Budget along with the proposed increase or decrease within the Supplemental Budget Amendment presentations.

4. Written Policies and Procedures Should be Established to Address the Calculation, Level, and Budgeted Amount of Beginning Fund Balances.

As mentioned in the Background, the Beginning Fund Balance is a forecast amount. It represents OMB's estimate of the prior fiscal year's unspent money that the County can appropriate in the new fiscal year.

OMB does not have adequate written policies or procedures to address how to calculate the Beginning Fund Balance amount, what the desired level is, and how much to include in the adopted budget. The operational policy regarding the Beginning Fund Balance is limited to the following:

"A beginning fund balance for each fund will be estimated and included as revenue in the annual budget. In the event that the actual fund balance (year-end revenues less year-end expenses) exceeds the budgeted fund balance in any fund, the difference will be appropriated in the second supplemental budget of each year as approved by the Board of County Commissioners. Appropriate uses for unexpected fund balance include avoidance of planned debt, retirement of outstanding debt such as commercial paper, acquisition of fixed assets, or as an added reserve amount for future one-time purposes."

The Government Finance Officers Association's (GFOA) Best Practices for *Fund Balance Guidelines for the General Fund* recommends a formal policy should be maintained for budgetary purposes. Specifically, the GFOA states a "guideline should be set by the appropriate policy body and articulate a framework and process for how the government would increase or decrease the level of unrestricted fund balance over a specific time period...governments should provide broad guidance in the policy for how resources will be directed to replenish fund balance should the

balance fall below the level prescribed.” As mentioned, Broward County’s policy does not address a prescribed level to maintain, guidance on replenishing the balance, nor a framework and process for how the balance changes over time.

The current Fund Balance Policy in the Broward County Administrative Code was developed over twenty years ago and has not been updated to reflect the current and recommended budgetary practices. By not maintaining a formalized policy and procedure regarding the Beginning Fund Balance exposes Broward County to misalignment of budgetary practices and impacts the annual budget process. As shown in Opportunity for Improvement No. 1, substantial additional Beginning Fund Balance revenue that is recognized in the Second Supplemental Budget Amendment is not addressed during the initial planning budget development process.

We recommend management:

A. Develop written specific procedures to address:

- i. How to calculate the Beginning Fund Balance amount for inclusion in the Proposed and Adopted Budget, and
- ii. How to calculate and process amendments to the Beginning Fund Balance in the Supplemental Budgets.

B. Amend the current Fund Balance Policy to include:

- i. Prescribed minimum and maximum level of Fund Balance based on current strategic plans,
- ii. Appropriate parameters for the Beginning General Fund Balance forecasted and adopted amount,
- iii. The framework and process for recognizing changes in the Beginning General Fund Balance,
- iv. Defined uses of the budgeted Beginning Fund Balance,
- v. Method to replenish the Fund Balance when below the minimum amount over a certain period, and
- vi. How to address a Beginning General Fund Balance above the prescribed maximum level.

MANAGEMENT'S RESPONSE



Michael W. Ruiz, Assistant County Administrator

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MEMORANDUM

DATE: October 30, 2025

TO: Robert Melton, County Auditor

FROM: Michael W. Ruiz, Assistant County Administrator

RE: Management Response to Audit of Office of Management & Budget's Supplemental Budget Amendments

County Administration and the Office of Management and Budget have reviewed the County Auditor's Report on the Office of Management & Budget's Supplemental Budget Amendments. In summary, Management concurs with the conclusion that Supplemental Budget Amendments are presented in a complete and transparent manner, are used appropriately, and represent the best budgetary practice, with some opportunities for improvement proposed for consideration.

Opportunity 1: General Fund Beginning Fund Balance Should be More Accurately Forecasted to Allow Funding Decisions to be Better Addressed During the Budget Adoption Process

Management partially concurs with the recommendation. The OMB follows thorough procedures to forecast the Beginning Fund Balance of all funds during the budget process. The recommendation to budget the Beginning Fund Balance for the General Fund more conservatively than its forecast is one that OMB makes intentionally to the County Administrator. In the case of nearly all other funds, the forecast becomes the recommended budget.

For the General Fund, the OMB currently advises the County Administrator to budget a conservative (lower) value given the importance of the General Fund balance to the County's year round financial management. See below for examples of the flexibility provided by this approach.

EXAMPLES

- Hurricanes: General Fund Balance is the major financial resource for the County Commission and County Administrator to manage major financial events, and the budget cycle (May to September) has significant overlap with hurricane season (June to November). In addition, the recent federal shutdown and the conversations surrounding FEMA reorganization suggest that local governments must be more, not less, reliant on their own financial reserves.
- Emergency Capital: The tragic crash of a Broward Sheriff's Office Fire Rescue helicopter is a recent reminder of how quickly the Board may need to have access to financial reserve resources in the appropriate categories, such as the case in this situation where the Board appropriated \$15 million to BSO from General Fund reserves.
- Reserves: Due to these types of events, while budgeting the Beginning Fund Balance in the Recommended Budget, we cannot assume that the General Fund Reserves will remain unspent at the end of the fiscal year.

Management currently emphasizes consideration "ii", assessing the appropriate degree of fiscal responsibility to apply in estimates. By adopting a substantial degree of fiscal conservatism to the General Fund Beginning Fund Balance the OMB and County Administration preserve the Board's options to manage uncertainty late in the fiscal year. As Management proceeds through the FY27 budget process it will continue to review its approach to budgeting the Beginning Fund Balance for the General Fund, taking into consideration the recommendations of the Auditor.

Opportunity 2: Agenda Items for Supplemental Budget Amendments Need Improved Presentation and Explanation for Transparency

Management concurs with the recommendation. OMB will provide a summary explanation on future Budget Amendments of a similar type. The Third Budget Amendment for FY25, formerly known as the Third Supplemental Budget Amendment, approved by the County Commission on September 4, 2025, already included the summary in a table format that included the individual adjustments by fund. OMB will continue to use this updated format in future budget amendments.

Opportunity 3: Supplemental Budget Amendments Should Present the Current and Revised Budget

Management concurs with the recommendation. OMB will provide current and revised budget information at the Fund level on future items.

Opportunity 4: Written Policies and Procedures Should be Established to Address the Calculation, Level, and Budgeted Amount of Beginning Fund Balances

Management partially concurs with the recommendation. The OMB already has procedures for its staff to forecast the Beginning Fund Balance and process amendments to the Beginning Fund Balance for all funds. During the budget process, the OMB recommends that the County Administrator use these Beginning Fund Balance forecasts in the Recommended Budget for all funds except for the General Fund, as previously mentioned in the response to Opportunity 1.

In Management's professional opinion, the recommendation to prescribe minimums, maximums, forecasting, uses, replenishment, and calibration of funds, particularly the General Fund, significantly eliminates the Board's flexibility to respond to emergent events and circumstances. A prescriptive approach to budgeting is a policy decision for the Board, not management, to choose.

Conclusion

Thank you for the opportunity to respond and provide Management's comments to the audit. If there are any additions, deletions/omissions, or other changes or modifications to Management's response, please provide us with the opportunity to review prior to issuance. Should you have any questions or require additional information, please do not hesitate to contact me.

cc: Monica Cepero, County Administrator
 Kevin B. Kelleher, Deputy County Administrator
 Jennifer Steelman, Director, Office of Management and Budget
 Andrew J. Meyers, County Attorney
 Kathie-Ann Ulett, Deputy County Auditor
 Jed Shank, Audit Manager
 Giselle Armas, Audit Senior