



## Memorandum

Memo No: 24/25-11

Date: 8/19/2025

To: Honorable Mayor and Commissioners

From: Patrick Reilly, CPA, *PR*  
City Auditor

Re: Review of the Proposed Budget for Fiscal Year 2025/2026

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The City Auditor's Office (CAO) has performed a review of the FY 2025/2026 Proposed Budget. The budget is compiled by the City Manager of the City of Fort Lauderdale, pursuant to section 4.09 of the City Charter. Our evaluation consisted of staff inquiries, analytical procedures, review of documentation provided by management, and limited testing of the evidence provided to substantiate staff's assertions.

### CONCLUSION

**As per the line-item review of the budget for the current year, the CAO concludes that the proposed budget of the primary government represents a balanced budget as presented.**

**In addition, the priorities established in the Commission Annual Action Plan (CAAP) all show funding allocations in the coming year and the proposed millage is in compliance with Florida Statutes.**

**The "Areas of Concern" section, noted below, which is not all inclusive, but currently represents areas the CAO deemed important enough to be brought to the attention of the Commission. These concerns are related to on-going events and may impact the budget and City resources going forward.**

### Objectives

The primary focus of our review was to ensure that the budget is balanced, revenue and expenditure estimates are not overestimated or underestimated, respectively, are reasonable and materially correct, and that the proposed millage is in compliance with Florida Statutes. We did not attempt to identify operational areas where additional cost savings might be achieved; however, the CAO was involved in meetings as they pertained to forecasting revenues and expenses.

## **Scope**

We analyzed the City Manager's Proposed Budget for FY 2025/2026 as presented to the City Commission. The documents reviewed included the Budget Message, Executive Summary including supporting tables and schedules, as well as revenue and expenditure detail reports from the City's software system. The CAO further examined items of interest identified by the City Commission and Budget Advisory Board (BAB), and considered other issues, that may impact the City and the City's obligations.

The CAO would like to recognize that the Budget office has continued its constructive dialogue with the BAB and that Revenue Estimating Committee discussions were had, in which all departments had an opportunity to discuss their respective budgets and potential changes for the upcoming year.

As in the past several years, the CAO currently considers the review of the Budget, and the Budget Department's work compiling the Budget, to be a low-risk engagement due to the following criteria; however, concerns do remain as noted below in "Areas of Concern":

- The CAO budget review is performed every year.
- Communication between Management, the BAB, the CAO, and the City Commission are ongoing and frequent throughout the year.
- The Budget Office has had continuity of senior staff within the department.
- No material errors were noted on previous reviews.

## **Methodology**

The CAO performed various analytical procedures, reviewed budget support worksheets and made inquiries of the Budget Office as needed. Additionally, the CAO compared the line-item detail from the Proposed Budget to the projections of actual expenditures through 9/30/25. Furthermore, the CAO analyzed trends and variances of the three prior fiscal years' budget vs. actual to gain a historical perspective to identify opportunities to improve the accuracy of revenue and expenditure estimates.

Finally, as part of our review, the CAO attended all Budget meetings, and any relevant meetings as they related to the development of the new Budget. This participation provided further insight into potential future operating conditions and budget requests. By coordinating with staff during the preparation of the budget, rather than after its presentation to the City Commission, the CAO continues to implement a continuous audit approach. This results in a deeper understanding of the departmental budget requests and service level enhancements.

## **Areas of Concern:**

### **Information Technology (IT) and Enterprise Resource Planning (ERP)**

- Upgrades and updates are a normal part of Information Technology Operations (IT), and even though ERP funding seems appropriately budgeted, the CAO believes this is still an area of concern as there are associated costs to enhancing other software



applications that work in conjunction with the ERP system so they can all work concurrently. These upgrades/enhancements are not budgeted within ERP, but instead are in other various budgeted areas, therefore not providing the consolidated true cost of ERP implementation.

- The City's ERP system (Infor) remains a significant concern due to escalating costs, incomplete functionality, and delayed implementation of key components. Key issues include, but are not limited to:
  - **CloudSuite Managed Services** (initial two-year contract of \$535,000 with annual renewal options of one year renewal for up to two years costing \$200,000 per year, totaling \$935,000) - intended to address knowledge gaps, assist with customizations, and improve analytics and reporting
  - **Pre-Production Tenant** (a testing environment to review changes and impacts before regular updates, especially Infor's semi-annual upgrades) - although Phase 1 of the ERP was implemented in 2022, this critical component is only being added now; it costs \$75,000 annually and contributes to a \$557,054.79 contract increase for subscription fees through 2032
  - **Licensing fees** (calculated per individual rather than by number of licenses) - projected to exceed \$600,000 by 2027
  - **Lack of system integration** (many approvals and workflows continue to be processed outside the ERP)
  - **Unimplemented features** (including succession planning and training)
- The combination of rising costs, delayed implementation of critical components, and operational inefficiencies indicates that Infor, in its current state, does not adequately meet the City's needs and poses a growing financial and operational risk.
- Moreover, continued issues with the payroll module remain, including, but not limited to, vacation and sick time tracking and accrual accuracy, specifically for the Fire Department.

### **Overtime**

- The CAO notes a significant amount of City funds consistently being allocated to overtime. In our review, overtime is consistently understated when compared to actual overtime incurred. In an attempt to fill the gap in overtime, what seems to be happening is that budgeted vacancies, which are funded, unfilled positions, and are cumulative over all departments, are being used to pay for the increases in overtime. The overtime budgeted numbers should more accurately reflect what is needed. As an example, the Police Department overtime was underfunded approximately \$5,400,000 in FY2025. Additionally, the Police Department is being provided with approximately \$2,000,000 in additional overtime for FY2026, which

based on historical trends will most likely still be underfunded with current operational practices.

- See **Exhibit 1**, Police Department Overtime Overview
- See **Exhibit 2**, Overtime Expenses by Department, includes the actual expenditures from 2018 through 2024, the Budget Offices' 2025 Actuals through 8/7/25, the CAO's Projected 2025 Year End estimate and Projected Total Overtime with and without FICA for 2026.

### **Community Investment Plan (CIP)**

- Regarding all construction projects in the CIP, it should be noted that the delay in starting projects and in completing projects will also have an impact on the cost of materials and labor as the city proceeds with current and new projects. The potential increase is difficult to quantify; however, it should be strongly considered as a high likelihood of occurring. Hence, if current projects are delayed or there is a delay in new projects starting, this could potentially have a significant impact on city resources. Moreover, change orders have plagued projects for years and are exacerbating the time to complete a project as well as the overall cost. Some examples include, but are not limited to:
  - Police Station Head Quarters
  - Water Treatment Plant and Associated City Enabling Work
  - Advanced Metering Infrastructure (AMI)
  - Parks Bond Projects
  - Las Olas Parking Garage Lights

### **Reserves/General Fund Unrestricted Fund Balance**

- The reserve balance for a municipality, as per the Government Finance Officers Association (GFOA) is approximately 16.7% of operating revenues or expenditures. The city has decided to have a reserve balance of 25% of expenditures. As per the GFOA, "GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. The choice of revenues or expenditures as a basis of comparison may be dictated by what is more predictable in a government's particular circumstances."
- The current understanding of the CAO, at the time of this memo, is that there is approximately \$14M over the 25% threshold for reserves, for the current year. These funds could be allocated toward other various opportunities including, but not limited to:
  - Paying down debt.
  - Paying down the COLA increase of the General Employees' Retirement System (GERS) pension plan, which was spread over seven years.
  - Allocating it to a new Fire Station.

- Paying for Police overtime, which is underfunded by \$5.4M in the current year.
- Etc.

### **Union Negotiations**

- As union negotiations are pending with Police and Fire, a concentrated review of the Collective Bargaining Agreement's (CBA) should be performed to better negotiate the obligations of the city. Examples include, but are not limited to:
  - Regardless of the group or department, if a delayed negotiation results past the start date of the new CBA, then the retroactive pay should not be paid or possibly extended to only 90 days to foster more proactive discussions and conclusions, rather than paying a retroactive amount for years in backpay once negotiations are complete.

### **Unexplained Budget Balances**

- There remains to be funding for the 2026 FIFA World Cup, where games will be played in Miami, in the amount of \$350,000. As of the CAO's final meeting with Budget, it was mentioned, but still undetermined, that these funds will be allocated to Homeless initiatives and projects in 2026.

cc: Rickelle Williams, City Manager  
D'Wayne Spence, Interim City Attorney  
David Soloman, City Clerk  
Ben Rogers, Assistant City Manager  
Chris Cooper, Assistant City Manager  
Yvette W. Matthews, Acting Assistant City Manager  
Laura Reece, Director, Office of Management and Budget



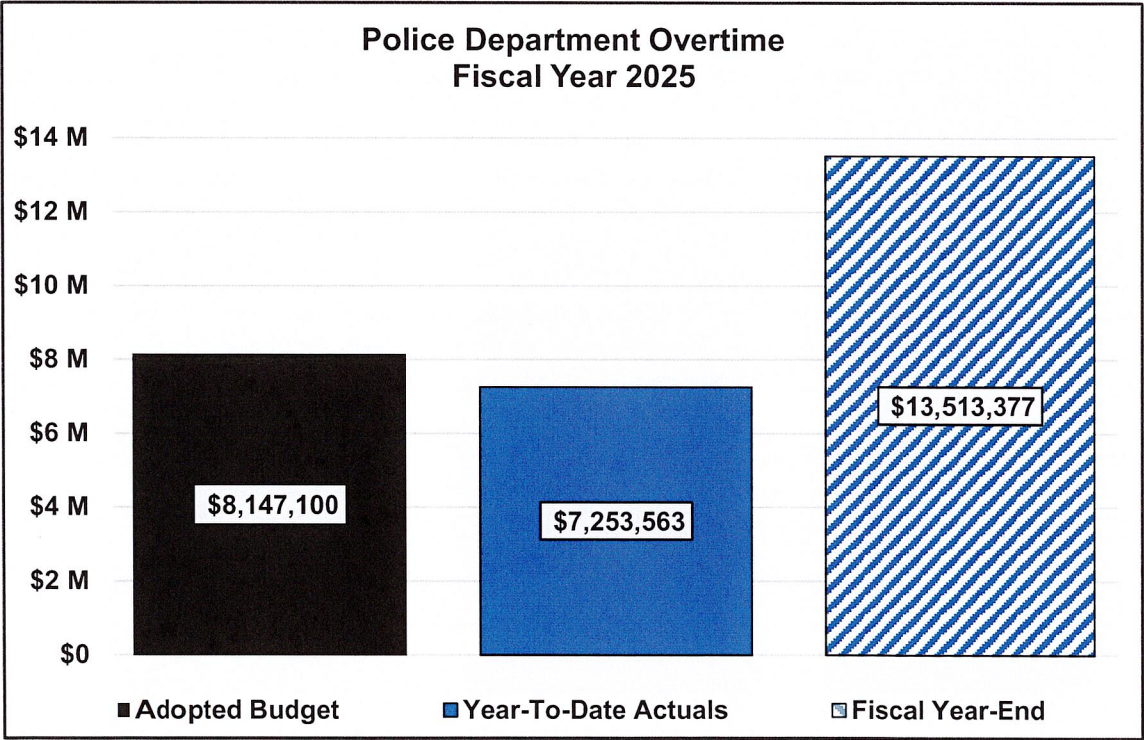
# Second Quarter Overtime Report

## Police Department Overview

The Office of Management and Budget (OMB) is pleased to share the Fiscal Year (FY) 2025 Second Quarter Police Department Overtime Report. This report aims to facilitate discussions with the City Manager and Police Chief regarding overtime spending trends and provide the data needed to develop strategies to mitigate further overtime issues throughout the fiscal year. This report also communicates the top public safety overtime earners and the primary drivers of overtime to address operational changes that may be required to mitigate the projected over expenditure of overtime.

This report reviews the overtime budget, year-to-date actuals, historic trends, current fiscal year projections, vacancies, and monthly overtime drivers – such as staffing shortages, special events, and top earning employees. Although departments coordinate with OMB staff to review the data, **the financial data in this report is unaudited.**

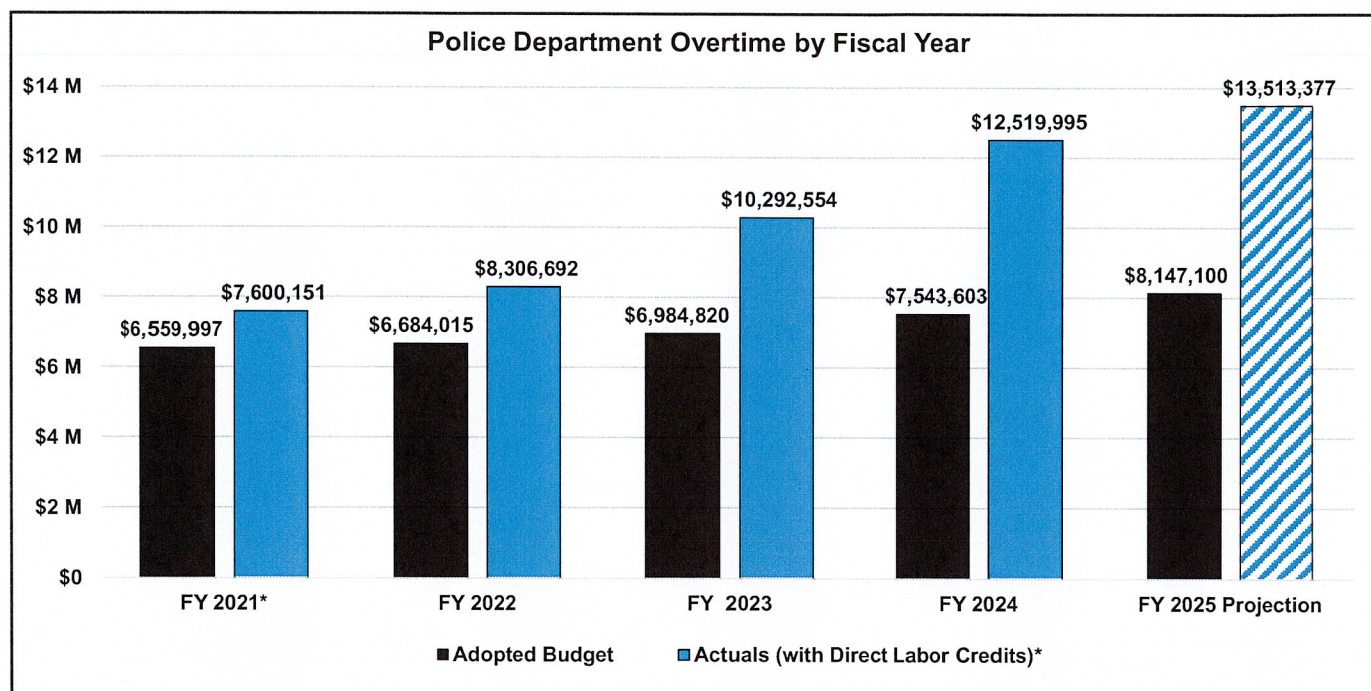
### Fiscal Year Overtime Overview



**Police**  
Department  
overtime is  
projected to  
be \$5.4M  
over budget

## Police Department Overtime Overview

Police Department Overtime					
	FY 2021*	FY 2022	FY 2023	FY 2024	FY 2025 Projection
<b>Adopted Budget</b>	\$ 6,559,997	\$ 6,684,015	\$ 6,984,820	\$ 7,543,603	\$ 8,147,100
<b>Actuals (with Direct Labor Credits)*</b>	\$ 7,600,151	\$ 8,306,692	\$ 10,292,554	\$ 12,519,995	\$ 13,513,377
<b>Budget vs. Actuals</b>	\$ (1,040,154)	\$ (1,622,677)	\$ (3,307,734)	\$ (4,976,392)	\$ (5,366,277)
<b>Percent of Budget (%)</b>	116%	124%	147%	166%	166%



\*FY 2021 overtime actuals are exclusive of \$34,678 in direct labor credits associated with Federal COVID-19 relief funding because the direct labor credits do not have a monthly breakout.

Police Department – Operational Vacancy Analysis*						
	Oct	Nov	Dec	Jan	Feb	Mar
<b>Vacancies</b>	27	27	27	30	27	26
<b>Vacancy Rate</b>	4.8%	4.8%	4.8%	5.2%	4.8%	4.7%

\*Positions include Police Officer, Sergeant, Lieutenant, and Captain as well as one (1) new Sergeant position added in FY 2025 that began the fiscal year unfilled.



## Overtime Expenses By Department

Department Name Merged	Fund	FY 2018 Actuals (by OMB)	FY 2019 Actuals (by OMB)	FY 2020 Actuals (by OMB)	FY 2021 Actuals (by OMB)	FY 2022 Actuals (by OMB)	FY 2023 Actuals (by OMB)	FY 2024 Actuals (by OMB)	FY 2025 Actuals (as of 8/7/2025 by OMB)	FY2025 (09/30/2025 Projected Total Cost of OT by CAO (including 7.65% FICA)	FY2026 Projected OT by CAO (excluding 7.65% FICA)	FY2026 Projected Total Cost of OT by CAO (including 7.65% FICA)
City Attorney's Office	001	8.00	43.00	-	-	-	-	32.26	8.20	10.20	2,100.00	11.55
City Clerk's Office	001	2,986.00	2,294.00	1,927.00	2,542.00	4,613.00	3,597.88	3,721.26	2,090.56	2,600.56	4,200.00	2,943.65
City Manager's Office	001	11,725.00	11,279.00	792.00	170.00	511.00	6,397.14	653.92	86.57	107.69	1,400.00	113.23
Development Services Department	001	120,200.00	159,302.00	80,976.00	104,037.00	124,948.00	95,963.35	99,663.35	108,939.90	135,516.39	34,600.00	153,394.93
Finance Department	001	9,205.00	4,686.00	1,205.00	4,331.00	1,520.00	4,493.50	5,272.44	12,272.38	6,558.68	-	7,423.96
Fire Rescue Department	001	1,398,977.00	2,382,925.00	1,863,410.00	4,512,553.00	3,731,611.00	3,274,921.11	1,729,419.37	1,781,359.56	2,215,932.12	3,807,100.00	2,508,277.80
Human Resources Department	001	3,524.00	13,064.00	7,809.00	3,355.00	6,321.00	5,378.77	17,747.88	7,554.04	9,396.89	17,900.00	10,636.61
Office of the Mayor and City Commission	001	223.00	-	-	163.00	-	-	1,644.84	-	-	-	-
Parks and Recreation Department	001	233,810.00	264,643.00	158,203.00	189,735.00	301,297.00	713,651.21	514,090.08	425,969.22	529,886.78	357,000.00	599,794.20
Police Department	001	6,966,065.00	7,855,648.00	7,918,022.00	7,634,843.00	8,306,710.00	10,292,553.04	12,519,985.07	11,322,937.09	14,085,230.50	10,597,400.00	15,943,480.66
Public Works Department	001	39,455.00	139,415.00	118,351.00	180,599.00	257,505.00	344,390.67	131,159.34	78,461.66	97,602.82	280,900.00	110,479.46
Transportation and Mobility Department	001	2,626.00	1,125.00	228.00	-	30.00	1,144.71	334.59	-	-	-	-
Development Services Department	108	-	57.00	106.00	-	-	413.28	283.80	-	353.03	-	399.61
Parks and Recreation Department	111	-	-	-	-	-	-	-	-	-	10,900.00	-
Development Services Department	140	624,192.00	803,324.00	780,236.00	783,693.00	751,145.00	670,694.43	785,279.14	749,950.08	932,904.57	800.00	1,055,981.72
Parks and Recreation Department	409	185,538.00	119,295.00	64,432.00	105,153.00	125,983.00	165,317.81	161,307.39	145,121.48	180,524.67	109,600.00	204,341.11
Public Works Department	409	1,028.00	1,125.00	563.00	571.00	372.00	6,367.24	2,719.69	2,068.19	2,572.74	3,700.00	2,912.15
Parks and Recreation Department	430	-	14,278.00	17,573.00	31,319.00	94,885.00	156,110.26	187,497.43	177,954.85	221,367.92	2,800.00	250,572.77
Finance Department	450	7,749.00	3,840.00	1,719.00	2,889.00	11,248.00	10,633.07	29,962.66	14,426.08	17,945.40	7,100.00	20,312.92
Public Works Department	450	2,494,793.00	2,006,273.00	2,362,318.00	2,123,204.00	1,995,224.00	1,887,707.85	2,051,881.40	1,535,574.10	1,910,185.93	1,872,900.00	2,162,194.82
Public Works Department	451	106,550.00	106,715.00	149,484.00	250,946.00	177,436.00	137,431.93	162,499.68	131,010.93	162,971.77	171,000.00	184,472.47
Transportation and Mobility Department	461	74,729.00	99,071.00	46,659.00	40,654.00	76,350.00	90,953.64	102,318.26	181,688.48	226,012.39	191,000.00	255,829.98
City Manager's Office	468	24,951.00	37,423.00	28,532.00	25,531.00	18,402.00	24,022.09	30,492.02	41,636.39	51,793.82	28,100.00	58,626.92
Public Works Department	470	239,472.00	288,087.00	290,506.00	305,586.00	173,066.00	324,480.11	255,572.02	126,705.16	157,615.59	247,200.00	178,409.65
Public Works Department	530	-	-	44,212.00	30,729.00	11,520.00	3,689.69	9,047.61	12,064.97	15,008.29	15,600.00	16,988.31
Human Resources Department	543	-	120.00	336.00	304.00	199.00	16.55	83.49	974.35	1,212.05	-	1,371.95
Human Resources Department	545	18,592.00	46,867.00	33,690.00	30,778.00	632.00	302.94	3,718.54	7,036.34	8,752.89	14,900.00	9,907.65
Information Technology Services Department	581	31,329.00	20,843.00	17,725.00	15,041.00	12,237.00	21,297.29	3,202.42	2,130.87	2,650.71	20,400.00	3,000.41
Development Services Department	582	-	-	-	-	-	-	90,354.19	65,866.91	81,935.51	49,900.00	92,745.18
Public Works Department	583	489.00	2,051.00	177.00	-	64.00	8.80	-	-	-	2,900.00	-
Transportation and Mobility Department	643	1,351.00	1,695.00	921.00	8.00	1,584.00	1,256.20	248.24	4,991.25	6,208.89	-	7,028.03
		12,599,547.00	14,385,458.00	13,990,112.00	16,378,734.00	16,185,413.00	18,243,135.80	18,904,908.52	16,932,163.47	20,318,596.16	17,851,400.00	22,999,207.93

Source: Data Received from OMB, except CAO estimates/projections in red columns.

Auditor's Note: The CAO estimated of Overtime (OT), with current operating practices, as of 9/30/2025 will exceed \$20.3 million and is projected to be approximately \$21.4 million in FY2026, excluding FICA. The total OT cost for FY2026, including FICA, is estimated at approximately \$23 million.