**MEMORANDUM**

**To:** Mayor and City Commission

**Date:** July 27, 2026

**Subject:** Clarification Regarding the Budget Amendment Proposed Ordinance No. 2026-06

Good morning Mr. Mayor and Commissioners,

Following the discussion at the June 17, 2026, Commission meeting regarding the proposed budget amendment ordinance, I would like to provide additional background on the purpose of this item and the reasoning behind the recommendation.

My recommendation to amend the budget was made to ensure that the City Commission, Administration, and the public share a common understanding of the City's budget that is being used for operational, financial, and Charter-related purposes. In my professional opinion as the Assistant City Manager/Finance Director, formally amending the budget at this time provides the greatest clarity and transparency for all parties. This formal action of amending the budget happens every single year without fail in accordance with Florida Statutes Ch. 166.241. The only exception is that implementation is being requested now rather than in November, following the completion of the City's fiscal year-end close. Both approaches are permissible under Florida law, subject to compliance with the City Charter and applicable adoption procedures.

It is a common practice among Florida local governments, including the City of Pembroke Pines, to carry forward certain unspent appropriations from one fiscal year to the next through this budget amendment process under the City Charter and Ch. 166, FS. These carry-forward appropriations are generally associated with projects, purchase orders, contractual commitments, capital improvements, grant-funded activities, and other initiatives legally authorized in the prior fiscal year but not fully completed by fiscal year-end. The rollover of unspent appropriations does not represent new spending authority but rather the continuation of previously authorized programs, projects, or commitments. This practice promotes budgetary continuity, ensures that resources remain available to complete approved work, and aligns appropriations with the actual timing of expenditures.

It has also been our custom and practice implemented under the City Charter Section 5.07 for the City of Pembroke Pines to have the City Manager's approval to carry forward these incomplete projects from one fiscal year to the next fiscal year. Charter Section 5.07 states "All appropriations shall lapse at the end of the budget year to the extent that they shall not have been expended or lawfully encumbered. All lapsed appropriations shall be used by the City Manager in appropriating money for the budget of the next fiscal year." We perform this exercise after the fiscal year is closed, and when the exact dollar amounts are known and calculable. It has also been customary that these carry-overs, as well as any other commission approved items are incorporated into the initially adopted budget and form what we term the "current year working budget" or the "appropriated budget". This current year working budget/appropriated budget is published in our interim financial statements on a monthly basis. This practice is also consistent with Governmental, Accounting, Auditing and Financial Reporting (GAAFR), which defines "Appropriated Budget" as "***Expenditure authority created by the appropriation bills or ordinances that are signed into law and related estimated revenues. The appropriated budget includes all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes."*** While the City Manager may approve budget amendments throughout the year, based on Commission approved agenda items. The City Commission historically formally amends its working budget via Ordinance, only once a year, usually in November, which is 60 days after the fiscal year ends. However, nothing in State law precludes the City from amending the budget more frequently during each fiscal year.

In light of the questions raised before the June 17th meeting, I believed it would be beneficial to formally amend the budget now rather than wait until the City's customary annual amendment later this year. Doing so will provide additional clarity, transparency and consistency regarding the City's annual operating budget. A formally amended operating budget provides a consistent reference whenever the City's budget is utilized for operational, financial, reporting, or Charter-related purposes, including Section 8.03. This helps avoid any inconsistencies in the interpretation of the city's code of ordinances and ensures that the budget reflected in our accounting records is consistent with the City's legal authority and Commission's understanding of our financial operations.

The current schedule is to present the budget amendment ordinance for first reading on August 5, 2026, with second and final reading on August 19, 2026. The Pines Place/Reliant transaction ordinance is also anticipated to be placed on the agenda for second reading on August 19, 2026.

Looking ahead, the Finance Department intends to recommend periodic budget amendments throughout the fiscal year, rather than relying solely on a single annual amendment. This approach will enhance transparency, improve the alignment between the City's operating budget and its financial reporting, and provide the Commission with more timely updates regarding budgetary changes.

I appreciate the thoughtful questions and discussion surrounding this matter and remain available to answer any questions or provide any additional information that may be helpful.

*Lisa Chong*

Assistant City Manager/Finance Director