

AUDITOR GENERAL UPDATE

FGFOA 2026 ANNUAL CONFERENCE
JUNE 16, 2026



AUDITOR GENERAL UPDATE

- ❖ 2026 Legislative Changes
- ❖ Recent Auditor General Audit Findings
- ❖ Auditor General Operational Audits
 - ❖ Recently Issued
 - ❖ Currently Underway

2026 LEGISLATIVE CHANGE – HB 1329

“Local Government Financial Transparency and Accountability Act”

- Counties and municipalities shall hold a budget workshop to perform a budget reduction exercise, identifying strategies to potentially reduce the ensuing fiscal year budget by 10 percent in comparison to the current year budget without compromising essential public services, such as law enforcement or fire services, or legal obligations.
 - Such exercise shall be posted to the official Web site in an electronically accessible form (e.g., PDF) or a link to a recording of the budget workshop.
 - The budget reduction exercise must occur at least 14 days before final budget adoption (although the government entity is not required to implement the budget reductions).
 - For municipalities without a Web site, the budget reduction exercise, and all other Web site postings mentioned in subsequent slides, must be posted on the county Web site.

2026 LEGISLATIVE CHANGE – HB 1329

- Each tentative budget, adopted tentative budget, and final budget must be posted on the official Web site. The budget must be posted in an electronically accessible form (e.g., PDF). At a minimum, the posted budgets must include the following information for the proposed fiscal year, the current fiscal year, and the preceding 4 fiscal years:
 - Budget overview and summary, including a narrative analysis that also utilizes graphical illustrations to highlight major points of emphasis and trends.
 - Overall government-wide summary of revenue and expenditures.
 - Summary of revenue and expenditures by fund.
 - Summary of expenses by department and division.
 - Summary of expenses by program or function.
 - Summary of expenses related to debt obligations.
 - Summary of expenses related to capital projects.
 - Organizational chart or staffing summary.
 - Summary and analysis of reserves and fund balances.

2026 LEGISLATIVE CHANGE – HB 1329

- Each county and municipality shall prepare a quarterly summary of compensation for all employees funded with appropriations. The summary must be posted on the official Web site in an electronically accessible form (e.g., PDF).
- Each county shall publish a budget development calendar for the ensuing fiscal year. The calendar must list, to the extent practicable, the following budget-related events: SN1
 - The expected timeframe for county and municipal agencies to submit their proposed budget requests, including the name of the agency or budget officer to whom such requests must be submitted.
 - For counties, the expected timeframe for constitutional county officers to submit their tentative budgets to the board of county commissioners.

2026 LEGISLATIVE CHANGE – HB 1329

- The expected timeframe by which the county property appraiser is expected to submit to the county budget officer and each municipality within the county an estimate of total valuations against which taxes may be levied.
- An expected timeframe for holding any budget workshops at which:
 - The municipal governing body will discuss the budget, or
 - The board of county commissioners may discuss the ensuing county budget, county agency funding requests, or the budgets of constitutional county officers.
- The expected timeframe in which the budget public hearings required under Section 200.065, Florida Statutes, may be held.
- The expected timeframe for the budget workshop at which the budget reduction exercise will be performed.

SN1

2026 LEGISLATIVE CHANGE – HB 1329

- The budget development calendar must be published on the Web site on or before January 30 of each calendar year. However, the publication of the budget development calendar may not serve as a basis for bringing any civil or equitable action challenging the adoption of the tentative or final budgets pursuant to Sections 129.01 or 200.065, Florida Statutes.
- The public hearing to amend the budget must be advertised at least 5 days before the date of the hearing and must be posted on the official Web site 5 days before the adoption of the amendment.

LOCAL GOVERNMENT REPORT REVIEW

- State law requires local governmental entities, such as counties and certain municipalities and special districts, to provide for annual financial audits conducted by independent CPAs, and to submit copies of their reports to us for review.
- As of July 31, 2025, 2,009 entities had filed 1,733 audit reports for the 2023-24 fiscal year. Specifically:
 - 56 counties composed of 332 county agencies*
 - 310 municipalities
 - 1,367 special districts

* County agencies include constitutional officers, such as tax collectors and supervisors of elections.

LOCAL GOVERNMENT REPORT REVIEW

- Noncompliance with audit report submission requirements, as of October 10, 2025:
 - 132 entities (6 counties, 60 municipalities, 66 special districts) audit required but report not submitted.
 - 40 entities (2 municipalities, 38 special districts) audit may have been required but report not submitted.

LOCAL GOVERNMENT REPORT REVIEW

- Audit reports submitted late for:
 - 157 entities (6 counties, 46 municipalities, 105 special districts) more than 9 months after fiscal year end but within 45 days after the report was delivered to the entity's governing body.
 - 47 entities (1 county, 7 municipalities, 39 special districts) more than 45 days after report delivered to entity's governing body AND more than 9 months after fiscal year end.
 - 65 entities (3 counties, 16 municipalities, 46 special districts) more than 45 days after report delivered to entity's governing body but within 9 months after fiscal year end.

LOCAL GOVERNMENT REPORT REVIEW

The Auditor General does not have the authority to extend statutory deadlines for completing and submitting audit reports; even for extenuating circumstances such as hurricanes and pandemics.

Federal Single Audit filing extensions do not extend Florida's statutory deadlines.

LOCAL GOVERNMENT REPORT REVIEW

- Our completeness reviews for 23-24 fiscal year reports submitted as of July 31, 2025, identified, for example: SN1
 - 152 (100 percent) of 152 applicable audit reports contained significant budget overexpenditures without disclosure that the overexpenditures represented significant violation of legally adopted budget or did not disclose corrective action.
 - 76 (39 percent) of 196 applicable audit reports did not include a notarized affidavit from the entity's chief financial officer (CFO), or if no CFO, the entity's executive officer, attesting to the best of his or her knowledge, that all impact fees were collected and expended in accordance with State law impact fee provisions.
 - 16 (7 percent) of 218 applicable audit reports did not correctly calculate in accordance with Department of Financial Services Rules and Rules of the Auditor General, the dollar threshold used to distinguish between Type A and Type B State projects reported in the Schedules of Findings and Questioned Costs. Hint: The State project Type A/Type B threshold differs from the Federal threshold.

LOCAL GOVERNMENT REPORT REVIEW

- We also sent letters to 353 entities regarding missing or inadequate items. For example:
 - Disclosures on special districts' number of employees, contractors, compensation paid to employees and contractors, construction projects with a cost of at least \$65,000, budget variances, ad valorem tax millage rates and amounts of such taxes collected, special assessment rates and amounts of such assessments collected the total amount of outstanding bonds issued and the terms of the bonds, as required by State law and Rules of the Auditor General.
 - Disclosures and citations required by Federal Single Audit and Florida Single Audit Act reporting requirements, such as the calculated dollar threshold used to distinguish between Type A and Type B programs and projects.
 - Disclosures clarifying whether audit findings from the preceding audit report were corrected and identification of any uncorrected audit findings from the two preceding financial audit reports.
 - RSI for Pension and OPEB plans.

LOCAL GOVERNMENT REPORT REVIEW

- We performed comprehensive reviews of 60 audit reports to determine compliance with GAAP, GAGAS, and Rules of the Auditor General (excluding pension and OPEB note disclosures). We found that, for example:
 - 6 (10 percent) of 60 applicable audit reports did not state that the audit was performed in accordance with *Government Auditing Standards* (GAS).
 - 7 (12 percent) of 60 applicable reports' MD&A did not provide reasons for changes in net position and fund balances from prior fiscal year.

LOCAL GOVERNMENT REPORT REVIEW

- We performed comprehensive reviews of 60 audit reports with pension plan note disclosures. We found that, for example:
 - 10 (33 percent) of 30 reports with single-employer defined benefit pension plans and 26 (70 percent) of 37 reports with cost-sharing defined benefits plans did not provide information about the plan's change in discount rate used to calculate the pension liability since the prior pension liability measurement date.
 - 30 (81 percent) of 37 reports with cost-sharing defined benefit pension plans, the notes did not disclose assumptions regarding projected cash flows into and out of the pension plan.

LOCAL GOVERNMENT REPORT REVIEW

- We performed comprehensive reviews of 60 audit reports with OPEB note disclosures. We found that, for example:
 - 18 (30 percent) of the 60 applicable reports did not disclose a brief description of the types of benefits and the authority under which benefits are required to be paid or did not disclose the amount paid by the employer as benefits came due.
 - 14 (23 percent) of the 60 applicable reports did not disclose the discount rate used to calculate the OPEB liability or did not disclose the change in the discount rate since the prior OPEB liability measurement date.

LOCAL GOVERNMENT REPORT REVIEW

- We performed comprehensive reviews of 60 audit reports for compliance with the Federal Single Audit Act and 60 audit reports for compliance with the Florida Single Audit Act. We found that, for example:
 - 5 (8 percent) of the 60 did not mention did not disclose whether the audit disclosed any findings required to be reported pursuant to the Rules of the Auditor General.
 - 4 (7 percent) of the 60 Florida Single Audit reports on compliance did not cite the Florida Department of Financial Services as the correct authority for the State projects compliance supplement.

SIGNIFICANT AUDIT FINDINGS

- Our review of the 1,733 audit reports for the 2,009 entities (including 56 counties that included separate audits for 332 county agencies) disclosed that audit reports for:
 - 15 entities (1 percent) contained modified opinions.
 - 107 entities (6 percent) disclosed one or more material weaknesses.
 - 88 entities (5 percent) disclosed one or more significant deficiencies.
 - 32 entities (2 percent) disclosed one or more instances of noncompliance required to be reported in accordance with GAS.
- In total, the 2023-24 fiscal year audit reports for 310 local governments (15 percent) contained 563 audit findings.

SIGNIFICANT AUDIT FINDINGS

- Modified opinions on financial statements included:
 - Qualified Opinion – except for the effects of the matter(s) to which the qualification relates, the financial statements are fairly presented (8 municipalities, 6 special districts).
 - Adverse Opinion – the financial statements are not fairly presented (4 special districts).
 - 3 special districts with both adverse and qualified opinions.
 - 8 (53 percent) of the 15 entities with modified opinions also had one or more modified opinions in the 2022-23 fiscal year.

SIGNIFICANT AUDIT FINDINGS

- A **material weakness** is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.
- A **significant deficiency** is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention of those charged with governance.
- **Noncompliance** (with provisions of laws, regulations, contracts, and grant agreements) required to be reported in accordance with GAS.

SIGNIFICANT AUDIT FINDINGS

	Material Weaknesses		Significant Deficiencies		GAS Noncompliance	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Counties	35	31	29	19	3	1
Municipalities	56	74	68	69	20	14
Special Districts	65	59	25	29	23	31

SIGNIFICANT AUDIT FINDINGS

- The 2023-24 fiscal year material weaknesses and significant deficiencies reported primarily related to:
 - Inadequate separation of duties.
 - General accounting records.
 - Financial reporting.
- The 2023-24 fiscal year noncompliance primarily related to:
 - Deteriorating financial condition.
 - Financial reporting.

SIGNIFICANT AUDIT FINDINGS

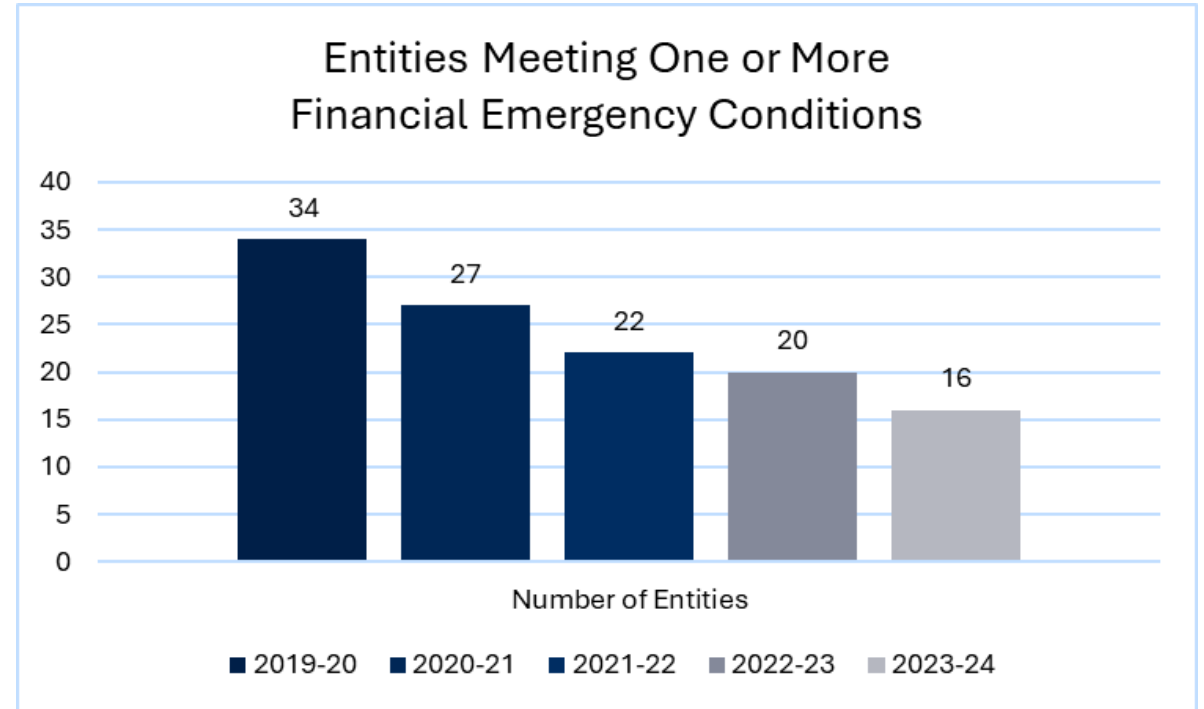
- Many (198) of the 563 findings (35 percent) in the audit reports we reviewed did not include one or more of the elements required by GAS and Rules of the Auditor General, such as:
 - A description of the criteria or specific requirement upon which the audit finding was based.
 - A description of the condition found, including facts that support the deficiency.
 - A proper perspective (e.g., the number of records examined, and the quantity or dollar value of deficiencies noted).

SIGNIFICANT AUDIT FINDINGS

- Repeated Audit Findings: The 2023-24 fiscal year audit reports for 310 local governments (15 percent) contained 563 audit findings, which is comparable to the 298 reports (16 percent) with 585 findings in the 2022-23 fiscal year audit reports.
 - 182 (32 percent) of the 563 findings reported in the 2023-24 fiscal year audit reports had been similarly reported in the two preceding financial audit reports.
 - 178 (30 percent) of the 585 findings in the 2022-23 fiscal year audit reports had been similarly reported in the two preceding financial audit reports.

FINANCIAL TRENDS

- Financial Emergency Conditions: SN1 16 the 1,870 local governmental entity 2023-24 fiscal year audit reports submitted to us through October 2025 reported that the entity met at least one condition described in State law that could cause the entity to be in a state of financial emergency.
 - All 16 were special districts.
 - Continuing downward trend over the last 5 fiscal years.



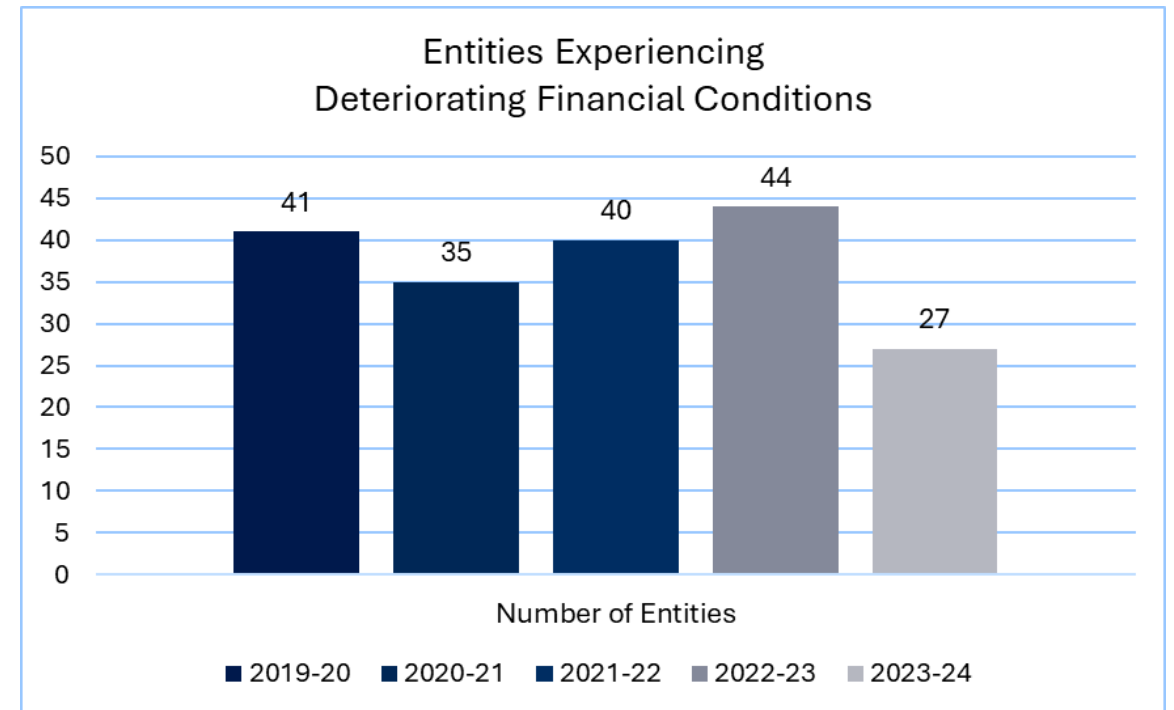
FINANCIAL TRENDS

Local Governmental Entities Meeting Specified Conditions For the 2019-20 Through 2023-24 Fiscal Years

	Fiscal Year				
	2019-20	2020-21	2021-22	2022-23	2023-24
Number of audit reports received through October of the subsequent fiscal year and included in our review.	1,672	1,699	1,685	1,775	1,870
Number of Local Governmental Entities meeting one or more of the financial emergency conditions.	34	27	22	20	16
Number of Local Governmental Entities cited for failure:					
<ul style="list-style-type: none"> • Within the same fiscal year in which due, to pay short-term loans or failure to make bond debt service or other long-term debt payments when due, because of a lack of funds. 	33	26	19	20	14
<ul style="list-style-type: none"> • To pay uncontested claims from creditors within 90 days after the claim is presented, due to lack of funds. 	2	2	4	2	5

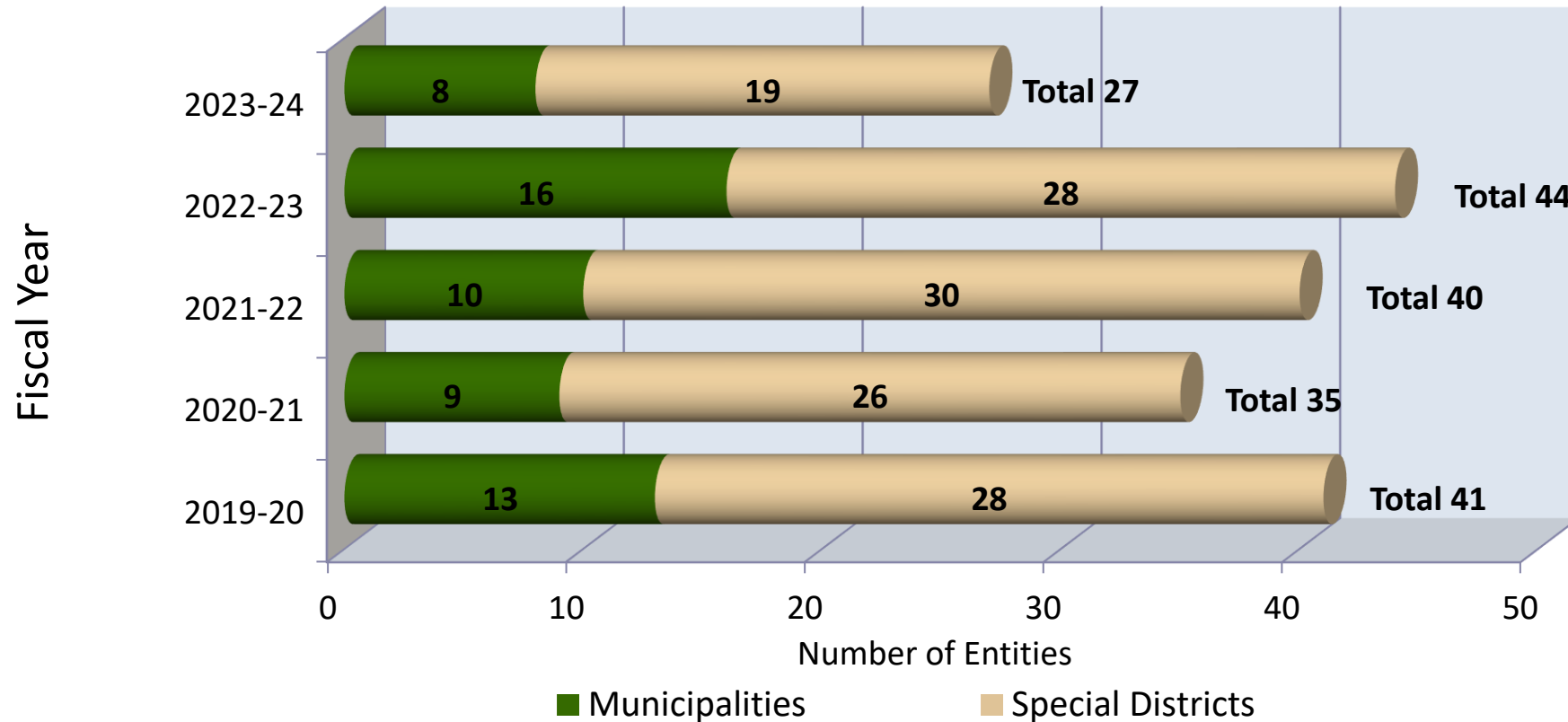
FINANCIAL TRENDS

- Deteriorating Financial Conditions:
 - 27 (8 municipalities and 19 special districts), or 2 percent, of the 1,870 entities.
 - Overall downward trend in reporting deteriorating financial conditions over last 5 fiscal years.



FINANCIAL TRENDS

Entities Reported as Experiencing Deteriorating Financial Conditions For the 2019-20 Through 2023-24 Fiscal Years



FINANCIAL TRENDS

- Other deteriorating financial condition trends based on Auditor General analysis of 1,733 audit reports received as of July 31, 2025, and 158 unaudited annual financial audit reports.
 - 126 entities - Net deficit assigned and unassigned fund equity
 - 281 entities - No assigned and unassigned or unrestricted fund equity
 - 745 entities - Expenditures greater than revenues (governmental funds) or operating losses (proprietary funds)
 - 648 entities - Net losses in both governmental and proprietary funds
 - 84 entities - Low or declining levels of cash and investments, as compared to current liabilities

FINANCIAL TRENDS

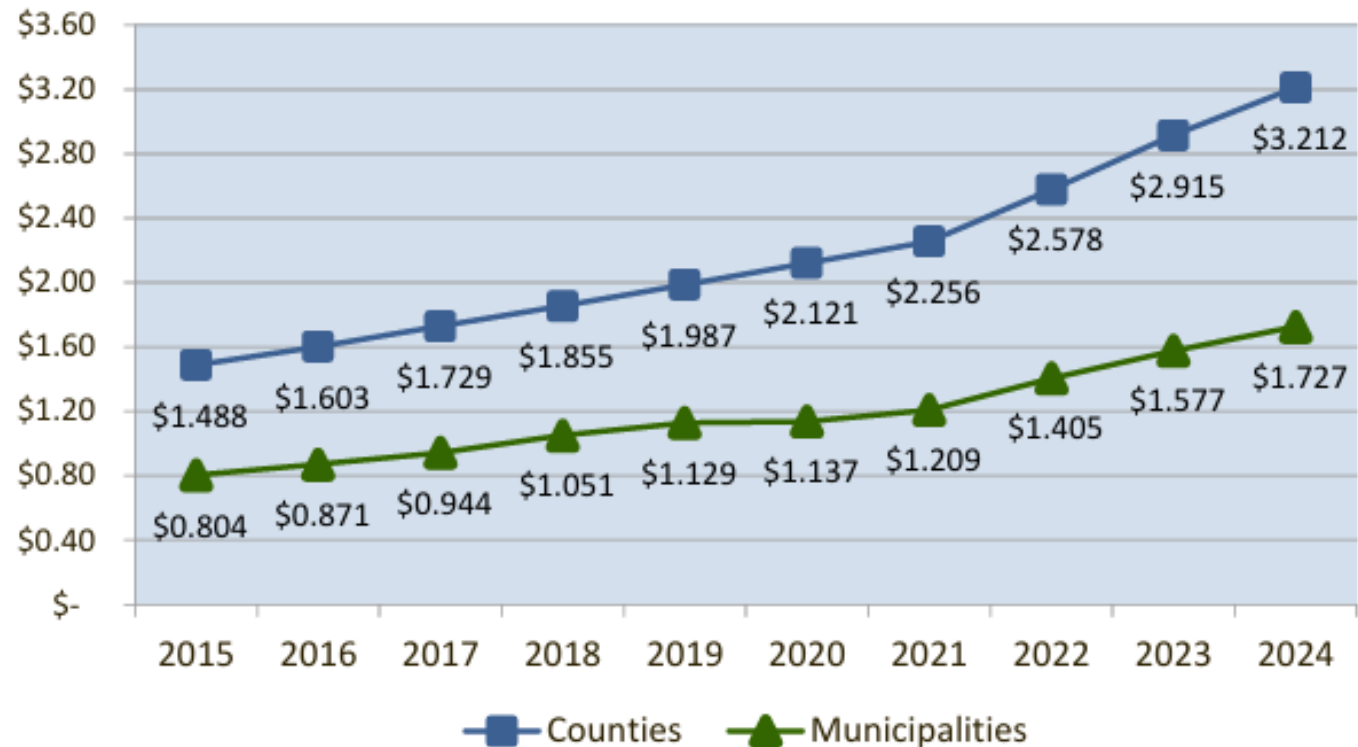
- Ad Valorem Property Taxes
 - Less less-populated counties had higher millage rates.
 - In contrast, more populated municipalities had higher millage rates.

Counties		Municipalities	
Population Range	Average 2024 Millage Rate	Population Range	Average 2024 Millage Rate
< 25,000	9.0962	< 1,000	3.4991
25,000 – 74,999	8.0342	1,000 – 2,999	4.3072
75,000 – 224,999	6.0048	3,000 – 9,999	4.8384
225,000 – 674,999	5.4838	10,000 – 24,999	4.8808
675,000 +	4.9678	25,000 – 99,999	4.9457
		100,000 +	6.2262

FINANCIAL TRENDS

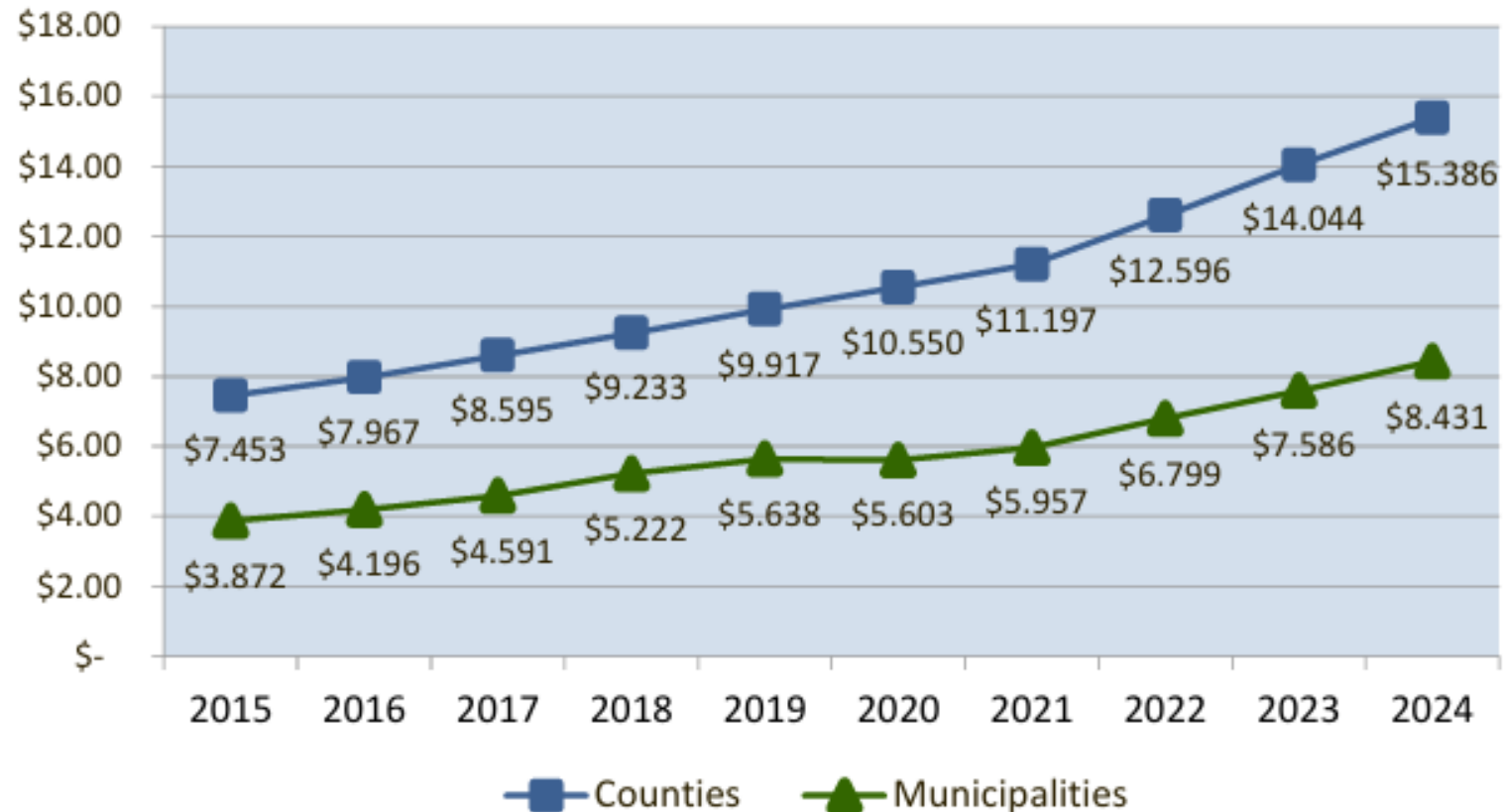
- Taxable property values and taxes levied have steadily increased over the 9-year period 2015 through 2024.

Taxable Property Values For the 2015 Through 2024 Calendar Years (In Trillions)



FINANCIAL TRENDS

Taxes Levied For the 2015 Through 2024 Calendar Years (In Billions)



FINANCIAL TRENDS

Pension Plans

- 477 entities (56 counties, 114 municipalities, 178 special districts) reported defined benefit pension plans.
 - 311 entities participated in FRS.
 - 207 entities reported 387 local pension plans for police, firefighters, and general employees.
- Pension Plan Fiduciary Net Position as a Percentage of Total Pension Liability.
For the 2023-24 fiscal year:
 - 4 plans had Plan Fiduciary Net Position as a Percentage of Total Pension Liability of less than 60 percent.
 - 197 plans had Plan Fiduciary Net Position as a Percentage of Total Pension Liability of greater than 90 percent.

FINANCIAL TRENDS

Other Financial Trends

- 87 audited special districts reported cash and investments in amounts insufficient to cover current liabilities at the 2023-24 fiscal year end.
- Long-Term Debt
 - \$29 billion at 2023-24 fiscal year end.
 - \$28 billion at 2022-23 fiscal year end.

RECENTLY ISSUED LOCAL GOVERNMENT AUDIT REPORTS

- Florida PACE Funding Agency (2026-XXX)
- City of North Miami Beach Follow-up (2026-123)
- City of Winter Springs Follow-up (2026-053)
- Town of White Springs Follow-up (2026-036)
- Ft. Lauderdale International Airport - Broward County (2026-027)
- City of Delray Beach Follow-up (2026-016)
- Town of Greenville (2026-012)
- North Springs Improvement District Follow-up (2026-004)

LOCAL GOVERNMENT AUDITS CURRENTLY UNDERWAY

- City of Apalachicola
- City of Cape Coral
- City of Daytona Beach
- City of Miami Beach
- Concorde Estates Community Development District
- Delray Beach Downtown Development Authority
- Town of Melbourne Beach



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