TOWN OF PEMBROKE PARK, FLORIDA
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023

S. Davis & Associates, P.A.
Certified Public Accountants & Consultants

TABLE OF CONTENTS

FINANCIAL SECTION

Independent Auditor's Report 1

Management's Discussion and Analysis 4

Basic Financial Statements
- Statement of Net Position 12
- Statement of Activities 13
- Balance Sheet – Governmental Funds 14
- Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position 15
- Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund 16
- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities 17
- Statement of Net Position – Proprietary Funds 18
- Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds 19
- Statement of Cash Flows – Proprietary Funds 20
- Statement of Fiduciary Net Position 22
- Statement of Changes in Fiduciary Net Position 23
- Notes to the Financial Statements 24

Required Supplementary Information
- Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund 56
- Notes Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund 57
- Pension Plan for Town Commissioners – Schedule of Changes in Net Pension Liability and Related Ratios 58
- Pension Plan for Town Commissioners – Schedule of Contributions 59
- Pension Plan for Town Commissioners – Annual Money-weighted Rate of Return 60
- Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System Pension and Retiree Health Insurance Subsidy Program Plans 61
- Schedule of Contributions – Florida Retirement System Pension and Retiree Health Insurance Subsidy Program Plans 62
- Other Post-Employment Benefits Plan – Schedule of Changes in the Town's Total OPEB Liability and Related Ratios 63

COMPLIANCE SECTION

- Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards 64
- Independent Accountant's Report on Compliance with the Requirements of Section 218.415, Florida Statutes 66
- Management Letter Pursuant to the Rules of the Auditor General of the State of Florida 67
- Schedule of Findings and Responses 70
- Impact Fee Affidavit 78

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Town Commission
Town of Pembroke Park, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Pembroke Park, Florida ("the Town") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Pembroke Park's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the remaining fund information and the fiduciary fund of the Town of Pembroke Park, Florida ("the Town"), as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Pembroke Park, Florida ("the Town") and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Pembroke Park's ability to continue as a going concern for twelve months beyond the financial

statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Pembroke Park's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Pembroke Park's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

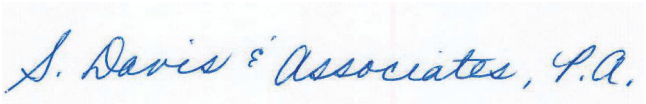
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, budgetary comparison information on pages 56 through 57, the schedule of changes in the total OPEB liability, and the pension schedules on pages 58 through 63, be presented to supplement the basic financial statements. Such

information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2024, on our consideration of the Town of Pembroke Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Pembroke Park's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Pembroke Park's internal control over financial reporting and compliance.



Hollywood, Florida
August 28, 2024

Management's Discussion and Analysis ("MD&A") is presented to offer readers of the Town of Pembroke Park's ("the Town") financial statements a narrative presentation of the Town's financial performance for the fiscal year ended September 30, 2023, in accordance with the Governmental Accounting Standards Board. This discussion and analysis will provide an overview of the Town's financial activities when read in conjunction with the Town's financial statements.

FINANCIAL HIGHLIGTHS

- The Town of Pembroke Park's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $28,733,196 (net position). Unrestricted governmental activities are $4,493,046 and unrestricted business-types activities $14,198,385 totaling $18,691,431.

- During the 2023 fiscal year, the net position decreased by $71,463 or -0.02% from $28,804,659 to $28,733,196. Governmental activities net position decreased by $146,553 (-1.41%) and business type activities net position increased by $75,090 (0.41%).

- The Governmental Activities Revenues increased by $2,121,784 from $12,780,149 in 2022 to $14,901,933 in 2023. This increase is primarily due to the increase in Property Taxes, Charges for Service, Investment Income and Transfers during the fiscal year.

- Property taxes revenue increased governmental activities by $599,835 (8%) during the fiscal year 2023 compared to fiscal year 2022. This is due to the increase in property values.

- The governmental fund received transfers of $473,692 from the sewer utility and stormwater drainage funds to cover overhead costs.

- Governmental Activities expenses increased by $3,548,588 (31%) because of an increase in General government and Physical environment capital expenditures during the year.

- During fiscal year 2023, revenues of all Governmental Activities totaled $14,901,933 while expenses totaled $15,009,708. As a result, Governmental Activities revenues were $107,775 less than Governmental Activities expenses.

- Business-type activities generated a net operating income of $710,772 in fiscal year 2023, compared to $1,801,961 in 2022. During the fiscal year 2023, operating revenues decreased by $170,899 from $4,713,756 in 2022 to $4,542,857 in 2023. Operating expenses increased by $920,290 from $2,911,795 in 2022 to $3,832,085 in 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the Town's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide statements: The government-wide financial statements are designed to provide information about the activities of the Town as a whole, in a manner similar to a private sector business. Both long-term and short-term information regarding the Town's finances are presented.

The statement of net position presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town categorizes funds into three basic fund types: governmental funds, proprietary funds and fiduciary funds.

Governmental funds: These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

Proprietary funds: These funds are comprised of the enterprise funds which are the equivalent of business-type activities in the government-wide statements. These include the Sewer Utility Fund and the Stormwater Drainage Fund.

The fiduciary fund: The Town reports a pension trust for its defined benefit pension plan in the fiduciary fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Fiduciary fund statements can be found in the fund financial statements section of this report and a more detailed description of the Town's pension trust fund may be found in the notes to financial statements.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's analysis of the financial statements begin below. The statement of net position and the statement of activities reports information about the Town's activities that will help answer questions about the financial position and results of operations of the Town. Information for both fiscal year ended 2023 and 2022 are presented for comparison purpose.

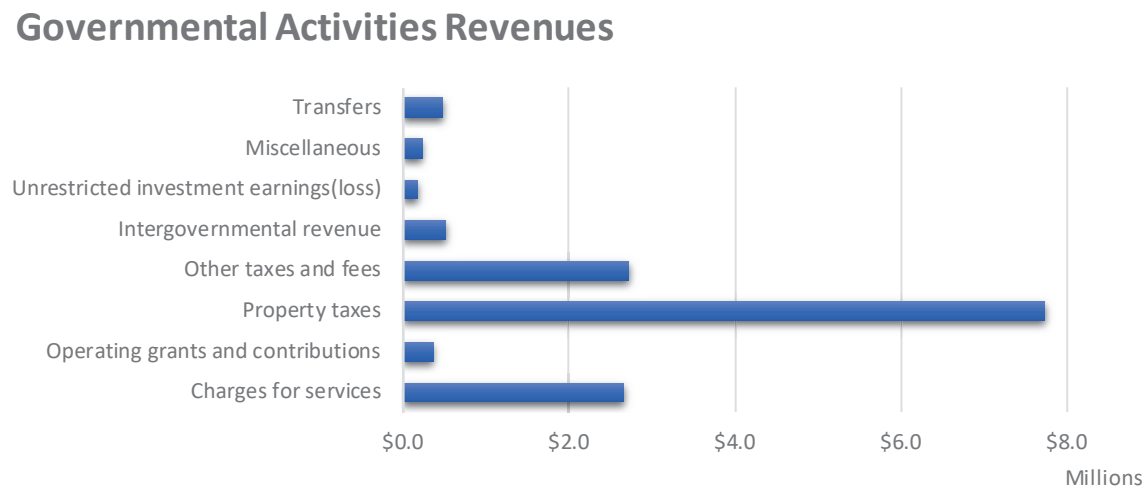
The schedule below summarizes the Town's net position for the fiscal years ended 2023 and 2022.

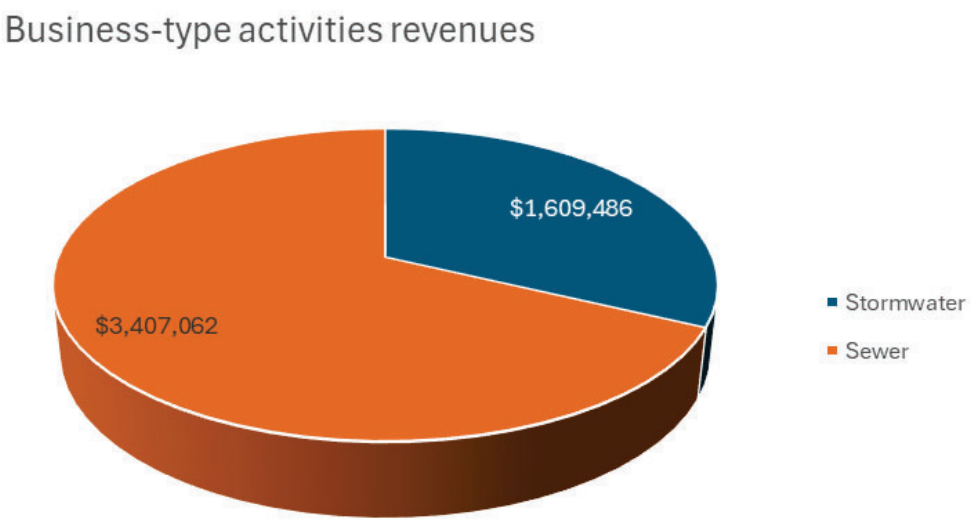
	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	$ 9,694,901	$ 9,575,088	$ 15,047,481	$ 14,618,630	$ 24,742,382	$ 24,193,718
Capital assets, net of depreciation	5,746,131	4,874,984	4,321,352	4,456,320	10,067,483	9,331,304
Total assets	15,441,032	14,450,072	19,368,833	19,074,950	34,809,865	33,525,022
Deferred outflows of resources	4,123,705	2,374,587	455,565	352,372	4,579,270	2,726,959
Current Liabilities	1,802,838	1,151,262	308,309	108,026	2,111,147	1,259,288
Long-term liabilities	7,884,383	5,496,769	970,072	802,803	8,854,455	6,299,572
Total liabilities	9,687,221	6,648,031	1,278,381	910,829	10,965,602	7,558,860
Deferred inflows of resources	(361,661)	(209,102)	51,998	97,564	(309,663)	(111,538)
Net position						
Net investment in capital assets	5,746,131	4,874,984	4,321,352	4,415,868	10,067,483	9,290,852
Restricted	-	-	-	-	-	-
Unrestricted	4,493,046	5,510,746	14,172,667	14,003,061	18,665,713	19,513,807
Total net position	$ 10,239,177	$ 10,385,730	$ 18,494,019	$ 18,418,929	$ 28,733,196	$ 28,804,659
Net Position:						
$ Variance	(146,553)		75,090		(71,463)	
% Variance	-1.43%		0.41%		-0.25%	

The Town's combined net position was $28,733,196 as of September 30, 2023. Governmental activities net position totaled $10,239,177 and business-type activities net position totaled $18,494,019. This represents a decrease of $71,463 from fiscal year 2022.

Unrestricted net position is that portion of net position that can be used to finance daily operations without constraints established by debt covenants, enabling legislation, or other legal requirements. As of September 30, 2023, the Town's unrestricted net position decreased by $822,376 which resulted from a combination of the governmental activities unrestricted net position decrease of $1,017,700 and the business-type activities net position increase of $195,324. The combined unrestricted net position amounted to $18,665,713 as of September 30, 2023. A key component to the Town's future growth in net position is the Town's effort to encourage business investments in the Town. The Town's open-door policy with the private sector together with the Town's strict zoning regulations and balanced land use will provide for the Town's stable growth of industrial, commercial, residential, and recreational development.

General discussion on revenues: Property tax revenues are the major revenue source in the General Fund, and it accounts for 52% of the governmental activities revenues in the fiscal year 2023. The millage rate established by the Town during the budget process determines how much property tax revenue is generated in the General Fund. Property tax revenues increased by $599,835 to $7,732,975 compared to prior year revenues. The increase was due to the increase in property value. The Town has kept its millage rate unchanged for the past years at 8.5000 mills.





Business-type activities for the year resulted in an increase in the net position of $710,772. The main reason for this change is:

- Sewer utility fund revenue exceeded total expenses by $430,894.
- Stormwater drainage fund revenue exceeded total expenses by $279,878.

General discussion on expenses: Expenses for the governmental and business-type activities were $15,009,708 and $3,832,085, respectively. One of the Town's major expenses is to Broward County for fire rescue which accounts for $3,847,980 or 28% of the total expenses for governmental activities.

During the fiscal year 2023 the Town experienced an increased in salaries and benefits of $2,562,332 which is mainly due to the starting its own Police Department which was previously provided by Broward County. Program expenses for business-type activities funds increased by $920,290 primarily due to increase in capital expenditures during the year.

The following table presents a condensed Statement of Activities:

CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30,

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	$ 2,664,316	$ 2,184,822	$ 4,679,030	$ 4,546,433	$ 7,343,346	$ 6,731,255
Operating grants and contributions	369,827	330,969	-	-	369,827	330,969
Capital grants and contributions	-	-	219,706	302,748	219,706	302,748
General revenues:						
Property taxes	7,732,975	7,133,140	-	-	7,732,975	7,133,140
Other taxes and fees	2,725,045	2,498,251	-	-	2,725,045	2,498,251
Intergovernmental revenue	521,424	524,816	-	-	521,424	524,816
Unrestricted investment earnings(loss)	182,308	(353,764)	117,813	37,426	300,121	(316,338)
Miscellaneous	232,346	289,064	-	-	232,346	289,064
Transfers	473,692	172,851	(473,692)	(172,851)	-	-
Total revenues	14,901,933	12,780,149	4,542,857	4,713,756	19,444,790	17,493,905
Governmental activities:						
General government	4,764,856	1,997,667	-	-	4,764,856	1,997,667
Public safety	5,593,447	6,930,703	-	-	5,593,447	6,930,703
Building	841,611	822,726	-	-	841,611	822,726
Physical evniroment	2,214,367	1,015,570	-	-	2,214,367	1,015,570
Public works	681,427	445,801	-	-	681,427	445,801
Culture and recreation	914,000	248,653	-	-	914,000	248,653
Business - type activities						
Sewer utilities	-	-	2,438,663	1,967,201	2,438,663	1,967,201
Stormwater drainage district	-	-	1,393,422	944,594	1,393,422	944,594
Total expenses	15,009,708	11,461,120	3,832,085	2,911,795	18,841,793	14,372,915
Changes in net position	(107,775)	1,319,029	710,772	1,801,961	602,997	3,120,990
Net position - beginning	10,385,730	9,066,701	18,418,929	16,616,968	28,804,659	25,683,669
Prior period adjustments	(38,778)	-	(635,682)	-	(674,460)	-
Net position - beginning of year, as restated	10,346,952	9,066,701	17,783,247	16,616,968	28,130,199	25,683,669
Net position - ending	$ 10,239,177	$ 10,385,730	$ 18,494,019	$ 18,418,929	$ 28,733,196	$ 28,804,659

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The purpose of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources relative to the Town's financing requirements. Unassigned fund balance serves as the most useful measure of a Town's net resources available for spending at the end of the fiscal year.

Proprietary Funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Total net position of the proprietary funds amounted to $18,494,019 at the end of the fiscal year ended September 30, 2023, an increase of $75,090 over the prior fiscal year. Other factors concerning the finances of these two funds are

covered in more detail in the discussion of the Town's business-type activities in the Government-wide Financial Analysis section.

General Fund Budgetary Highlights

The Commission approves purchase orders and nonrecurring expenditures over $1,500 monthly. The Commission uses this procedure to closely monitor expenditures and commitments made by the Town.

Actual General Fund revenues for fiscal year 2023 was below the final budget by $719,849. Actual expenditure for the year were $193,611 more than the final budget. The major expenditure variances between the budget and actual in the general fund are reflected in general government, which is due to an overall increase in capital outlay, public works, Mayor, and commission, financial and administration and the increase in culture and recreation.

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of September 2023 totaled $10,067,483 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water distribution and sewer collection storm and drainage systems, park improvements, equipment, and street improvements. Please refer to the schedules in the Notes to the Financial Statements that summarize capital asset activity over the past fiscal year.

Debt Administration

At the end of the fiscal year 2023 the Town has debt totaling $2,123,202. This amount excludes compensated absences, net pension liability, OPEB obligation. Notes Payable, Loan payable Capital lease and Revenue Bond Payable. For more detailed information, please refer to the notes in the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's primary sources of revenue are property taxes, utility service taxes and charges for services. State shared revenues, which include telecommunication taxes, account for another large source of revenue.

The Town has a very diverse tax base including substantial amounts of commercial and industrial property which should allow for a smaller impact to ad valorem revenues in future years should the economy experience a much severe downturn. For more information regarding the Town's property taxes please refer to the notes to the financial statements.

REQUEST FOR INFORMATION

The financial report is designed to provide a general overview of the Town's finances for all readers with an interest in its finances. The report has been prepared by the finance department of the Town of Pembroke Park, Florida with the assistance of the Town's external auditors. Any

questions or comments about this report are welcomed and may be directed to the Town's Finance Director at (954) 966-4600, extension 232, fax at (954) 961-4760, or by mail to the Town of Pembroke Park, Finance Director, 3150 SW 52nd Avenue, Pembroke Park, Florida 33023.

Basic Financial Statements

TOWN OF PEMBROKE PARK, FLORIDA
Statement of Net Position
September 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash, cash equivalents and equity in pooled cash	$ 4,055,259	$ 10,413,091	$ 14,468,350
Investments	5,532,382	3,985,394	9,517,776
Accounts receivable, net	162,904	648,996	811,900
Intergovernmental receivables	245,401	-	245,401
Prepaids	71,267	-	71,267
Net pension asset – Commissioner pension	(372,312)	-	(372,312)
Right to use leased assets, net of amortization	87,043	-	87,043
Capital assets:			
Nondepreciable	3,070,012	367,538	3,437,550
Depreciable, net	2,589,076	3,953,814	6,542,890
Total assets	15,441,032	19,368,833	34,809,865
DEFERRED OUTFLOWS OF RESOURCES			
Pension	4,123,705	455,565	4,579,270
LIABILITIES			
Accounts payable	850,489	286,665	1,137,154
Accrued payroll	87,099	21,644	108,743
Accrued interest payable	3,329	-	3,329
Unearned revenues	139,464	-	139,464
Customer deposits	54,541	-	54,541
Noncurrent liabilities:			
Due in less than one year:			
Loan payable	275,503	-	275,503
Lease liability	31,417	-	31,417
Compensated absences	360,996	-	360,996
Due in more than one year:			
Loan payable	1,762,878	-	1,762,878
Lease liability	53,404	-	53,404
Compensated absences	144,427	25,718	170,145
Net OPEB liability	49,491	7,890	57,381
Net pension liability	5,874,183	936,464	6,810,647
Total liabilities	9,687,221	1,278,381	10,965,602
DEFERRED INFLOWS OF RESOURCES			
Pension	(361,661)	51,998	(309,663)
NET POSITION			
Net investment in capital assets	5,746,131	4,321,352	10,067,483
Restricted for:			
Law enforcement	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Unrestricted	4,493,046	14,172,667	18,665,713
Total net position	$ 10,239,177	$ 18,494,019	$ 28,733,196

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF PEMBROKE PARK, FLORIDA
Statement of Activities
For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities	Net (Expenses) Revenue and Changes in Net Position: Business-type Activities	Total
Primary government							
General government	$ 4,764,856	$ 508,071	$ -	$ -	$ (4,256,785)	$ -	$ (4,256,785)
Public safety	5,593,447	899,618	-	-	(4,693,829)	-	(4,693,829)
Building	841,611	1,252,802	-	-	411,191	-	411,191
Physical environment	2,214,367	-	369,827	-	(1,844,540)	-	(1,844,540)
Public works	681,427	-	-	-	(681,427)	-	(681,427)
Culture and recreation	914,000	3,825	-	-	(910,175)	-	(910,175)
Total governmental activities	15,009,708	2,664,316	369,827	-	(11,975,565)	-	(11,975,565)
Business-type activities:							
Sewer utilities	2,438,663	3,143,975	-	-	-	705,312	705,312
Stormwater drainage district	1,393,422	1,535,055	-	-	-	141,633	141,633
Total business-type activities	3,832,085	4,679,030	-	-	-	846,945	846,945
Total	$ 18,841,793	$ 7,343,346	$ 369,827	$ -	(11,975,565)	846,945	(11,128,620)
General revenues:							
Property taxes					7,732,975	-	7,732,975
Local option gas tax					108,277	-	108,277
Utility service taxes					1,458,245	-	1,458,245
Franchise taxes					1,158,523	-	1,158,523
Intergovernmental revenue					521,424	-	521,424
Unrestricted investment earnings					182,308	117,813	300,121
Miscellaneous					232,346	219,706	452,052
Transfers					473,692	(473,692)	-
Total general revenues					11,867,790	(136,173)	11,731,617
Change in net position					(107,775)	710,772	602,997
Net position – beginning, before restatement					10,385,730	18,418,929	28,804,659
Prior period adjustments					(38,778)	(635,682)	(674,460)
Net position – beginning of year, as restated					10,346,952	17,783,247	28,130,199
Net position – ending					$ 10,239,177	$ 18,494,019	$ 28,733,196

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF PEMBROKE PARK, FLORIDA
Balance Sheet – Governmental Funds
September 30, 2023

	Major Funds		
	General Fund	**Building Fund**	**Total**
ASSETS			
Cash – unrestricted and restricted	$ 2,304,336	$ 1,750,923	$ 4,055,259
Equity in pooled investments and pooled cash	5,532,382	-	5,532,382
Accounts receivable, net	162,904	-	162,904
Intergovernmental receivable	245,401	-	245,401
Prepaids	71,267	-	71,267
Total assets	$ 8,316,290	$ 1,750,923	$ 10,067,213
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	$ 722,381	$ 128,108	$ 850,489
Accrued liabilities	82,021	8,407	90,428
Due in less than one year:			
Loan payable - current portion	275,503	-	275,503
Unearned revenue	139,464	-	139,464
Accrued compensated absences	360,997	-	360,997
Customer deposits	54,541	-	54,541
Due in more than one year:			
Loan payable - noncurrent portion	1,762,878	-	1,762,878
Total liabilities	3,397,785	136,515	3,534,300
Fund balances			
Nonspendable			
Prepaid items	71,267	-	71,267
Unassigned	4,847,238	1,614,408	6,461,646
Total fund balances	4,918,505	1,614,408	6,532,913
Total liabilities and fund balances	$ 8,316,290	$ 1,750,923	$ 10,067,213

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF PEMBROKE PARK, FLORIDA
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position
September 30, 2023

Fund balances - governmental funds		$ 6,532,913
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.		
Right to use of leased assets	$ 142,253	
Accumulated depreciation	(55,210)	87,043
Cost of capital assets	$ 11,502,612	
Accumulated depreciation	(5,843,523)	5,659,089
Deferred outflows of resources related to pensions are recorded in the statement of net position.		4,123,705
Deferred inflows of resources related to pensions are recorded in the statement of net position.		361,661
Net pension asset created through funding of the plan as employer contribution to the Commissioner pension plan is not recognized in the governmental fund financial statements.		(372,312)
Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund financial statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.		
Net OPEB liability		(49,491)
Net pension liability		(5,874,183)
Obligation under lease		(84,821)
Compensated absences		(144,427)
Net position of governmental activities		$ 10,239,177

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF PEMBROKE PARK, FLORIDA
Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds
For the Year Ended September 30, 2023

	Major Funds		
	General Fund	Building Fund	Total
REVENUES			
Property taxes	$ 7,732,975	$ -	$ 7,732,975
Local option gas tax	108,277	-	108,277
Utility service taxes	1,458,245	-	1,458,245
Licenses and permits	504,146	1,252,802	1,756,948
Franchise taxes	1,158,523	-	1,158,523
Intergovernmental revenues	521,424	-	521,424
Charges for services	866,426	-	866,426
Fines and forfeitures	40,916	-	40,916
Grants revenues	369,827	-	369,827
Interest	182,308	-	182,308
Miscellaneous	(34,161)	55,770	21,609
Total revenues	12,908,906	1,308,572	14,217,478
EXPENDITURES			
Current			
General government	8,588,513	-	8,588,513
Public safety	3,854,581	-	3,854,581
Building	-	730,482	730,482
Physical environment	236,015	-	236,015
Public works	511,117	-	511,117
Culture and recreation	647,589	-	647,589
Capital outlay			
Machinery and equipment	79,030	-	79,030
Leases	114,392	-	114,392
Total expenditures	14,031,237	730,482	14,761,719
Excess of revenues over expenditures	(1,122,331)	578,090	(544,241)
OTHER FINANCING SOURCES			
Transfers in	568,172	-	568,172
Transfer out	-	(94,480)	(94,480)
Lease proceeds	114,392	-	114,392
Total Other Financing Sources	682,564	(94,480)	588,084
Net change in fund balances	(439,767)	483,610	43,843
Fund balances – beginning, before restatement	5,474,176	1,053,672	6,527,848
Prior period adjustments	(115,904)	77,126	(38,778)
Fund balances – beginning of year, as restated	5,358,272	1,130,798	6,489,070
Fund balances – ending	$ 4,918,505	$ 1,614,408	$ 6,532,913

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF PEMBROKE PARK, FLORIDA
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances of the Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2023

Net change in fund balances – total governmental funds	$	43,843
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is eliminated and are capitalized and reported as capital assets in the statement of net position.		79,030
Capital outlay- Lease		114,392
Depreciation on capital assets is not recognized in the governmental funds statements, but is reported as an expense in the statement of activities.		(579,302)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The details of the differences are as follows:		
Pension expense		62,643
Change in compensated absence		174,248
Change in other post-employment benefit obligation		(2,629)
Change in net position of governmental activities	$	(107,775)

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF PEMBROKE PARK, FLORIDA
Statement of Net Position - Proprietary Funds
September 30, 2023

	Major Funds		
	Sewer Utility	Stormwater Drainage	Total
ASSETS			
Current assets:			
Equity in pooled cash and cash equivalents	$ 3,898,690	$ 6,514,401	$ 10,413,091
Equity in pooled investments	1,872,728	2,112,666	3,985,394
Accounts receivable, net	436,280	212,716	648,996
Total current assets	6,207,698	8,839,783	15,047,481
Noncurrent assets:			
Capital assets:			
Construction in progress	288,691	78,847	367,538
Infrastructure	7,533,379	10,863,620	18,396,999
Machinery and equipment	314,097	181,768	495,865
Less accumulated depreciation	(5,991,729)	(8,947,321)	(14,939,050)
Total capital assets, net	2,144,438	2,176,914	4,321,352
Total noncurrent assets	2,144,438	2,176,914	4,321,352
Total assets	8,352,136	11,016,697	19,368,833
DEFERRED OUTFLOWS OF RESOURCES			
Pension	207,075	248,490	455,565
LIABILITIES			
Current liabilities:			
Accounts payable	198,477	88,188	286,665
Accrued payroll	14,328	7,316	21,644
Total current liabilities	212,805	95,504	308,309
Noncurrent liabilities:			
Compensated absences	15,648	10,070	25,718
OPEB liability	3,586	4,304	7,890
Net pension liability	425,665	510,799	936,464
Total noncurrent liabilities	444,899	525,173	970,072
Total liabilities	657,704	620,677	1,278,381
DEFERRED INFLOWS OF RESOURCES			
Pension	23,635	28,363	51,998
NET POSITION			
Net investment in capital assets	2,144,438	2,176,914	4,321,352
Restricted for debt service	-	-	-
Restricted for capital projects	-	-	-
Unrestricted	5,733,433	8,439,234	14,172,667
Total net position	$ 7,877,871	$ 10,616,148	$ 18,494,019

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF PEMBROKE PARK, FLORIDA
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Year Ended September 30, 2023

	Major Funds		
	Sewer Utility	Stormwater Drainage	Total
OPERATING REVENUES			
Charges for services	$ 3,143,975	$ 1,535,055	$ 4,679,030
Total operating revenues	3,143,975	1,535,055	4,679,030
OPERATING EXPENSES			
Salaries and benefits	79,512	453,947	533,459
Contractual services	1,187,199	-	1,187,199
Repairs and maintenance	941,605	39,679	981,284
Miscellaneous expense	39,198	37,982	77,180
Insurance premiums	79,187	88,845	168,032
Utilities	73,286	43,135	116,421
Depreciation and amortization	340,710	427,800	768,510
Total operating expense	2,740,697	1,091,388	3,832,085
Operating income	403,278	443,667	846,945
NON-OPERATING REVENUES (EXPENSES)			
Interest revenue	55,491	62,322	117,813
Impact Fee	207,597	12,109	219,706
Total non-operating revenue (expenses)	263,088	74,431	337,519
Transfers	(314,437)	(159,255)	(473,692)
Change in net position	351,929	358,843	710,772
Net position – beginning, before restatement	8,054,252	10,364,677	18,418,929
Prior period adjustments	(528,310)	(107,372)	(635,682)
Net position – beginning of year, as restated	7,525,942	10,257,305	17,783,247
Net position - ending	$ 7,877,871	$ 10,616,148	$ 18,494,019

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF PEMBROKE PARK, FLORIDA
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2023

	Major Funds		
CASH FLOWS FROM OPERATING ACTIVITIES	**Sewer Utility**	**Stormwater Drainage**	**Total**
Receipts from customers and users	$ 3,365,623	$ 1,629,173	$ 4,994,796
Payments to employees	(216,050)	(557,616)	(773,666)
Payments to suppliers of goods and services	(2,648,191)	(225,512)	(2,873,703)
Net cash provided by operating activities	501,382	846,045	1,347,427
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES			
Transfers	(314,437)	(159,255)	(473,692)
Cash received from impact fees and other	207,597	12,109	219,706
Net cash used in non-capital and related financing activities	(106,840)	(147,146)	(253,986)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(505,688)	(127,854)	(633,542)
Principal paid	-	-	-
Interest paid	-	-	-
Net cash used in capital and related financing activities	(505,688)	(127,854)	(633,542)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	55,491	62,322	117,813
Sales of investments	-	-	-
Net cash provided by capital and related financing activities	55,491	62,322	117,813
Net (decrease) increase in cash and cash equivalents	(55,655)	633,367	577,712
Cash and cash equivalents – October 1	3,954,345	5,881,034	9,835,379
Cash and cash equivalents – September 30	$ 3,898,690	$ 6,514,401	$ 10,413,091

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF PEMBROKE PARK, FLORIDA
Statement of Cash Flows – Proprietary Funds (Continued)
For the Year Ended September 30, 2023

	Major Funds		Total
	Sewer Utility	Stormwater Drainage	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	$ 403,278	$ 443,667	$ 846,945
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	340,710	427,800	768,510
Pension expense	(84,559)	(4,780)	(89,339)
OPEB expense	(3,481)	(72)	(3,553)
Increase in accrued payable	(131,387)	(29,015)	(160,402)
(Increase) decrease in compensated absences	(23,179)	8,445	(14,734)
Total adjustments	98,104	402,378	500,482
Net cash provided by operating activities	$ 501,382	$ 846,045	$ 1,347,427

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF PEMBROKE PARK, FLORIDA
Statement of Fiduciary Net Position
September 30, 2023

	Commissioners' Pension Trust Fund	Total
ASSETS		
Investments	$ 2,974,954	$ 2,974,954
Life insurance and variable annuity contracts	583,421	583,421
Total assets	3,558,375	3,558,375
LIABILITIES		
Total liabilities	-	-
NET POSITION		
Held in trust for pension benefits	3,558,375	3,558,375
Total net position	$ 3,558,375	$ 3,558,375

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF PEMBROKE PARK, FLORIDA
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2023

	Commissioners' Pension Trust Fund	Total
ADDITIONS		
Employer contributions	$ 90,812	$ 90,812
Investment income, net	365,752	365,752
Total additions	456,564	456,564
DEDUCTIONS		
Benefit payments	199,119	199,119
Administrative expenses	4,565	4,565
Total liabilities	203,684	203,684
Change in net position	252,880	252,880
Net position held in trust for pension benefits - beginning	3,305,495	3,305,495
Net position held in trust for pension benefits - ending	$ 3,558,375	$ 3,558,375

The accompanying notes to financial statements are an integral part of these statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial reporting entity

The Town of Pembroke Park was incorporated on December 10, 1957 and established on June 20, 1959 by Chapter 59-1722, Laws of Florida, as amended. The Town provides the following services as authorized by its charter; general government, public safety, physical environment, public works and culture and recreation.

The financial statements of Town of Pembroke Park, Florida (the "Town"), have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies of the Town:

The reporting entity is defined as the primary government and any organizations for which the primary government is financially accountable, and identification of legally separate organizations for which the elected officials of the Town are financially accountable. This criterion also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete. Based upon this review, there were no potential component units or related organizations of the Town.

Financial accountability is deemed to exist if the primary government appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the primary government.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and user charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those expenses that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Separate financial statements are also provided for fiduciary funds which are not included in the government-wide financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences are recorded only when payment is due.

Property taxes, franchise fees, utility service taxes and interest are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items such as fines and forfeitures and licenses and permits are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

> The General Fund is the principal operating fund of the Town. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this Fund.
>
> The Building Fund accounts for activities as they relate to the issuance of building permits to residences and businesses within the Town.

The Town reports the following major proprietary funds:

> The Sewer Utility Fund accounts for the operation of the Town's sewer utility system.
>
> The Stormwater Drainage Fund accounts for providing drainage services to the residents of the Town.

Additionally, the Town reports the following fiduciary fund:

> Commissioners' Pension Trust Fund as a fiduciary fund, which accounts for the activities of the pension plan provided to the Town's commissioners.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and fines and forfeitures, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenue of the Sewer Utility Fund and Stormwater Drainage Fund are charges to customers for sales and services.

Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and the provision for depreciation of capital assets. All revenues and expenses that do not meet this definition are reported as non-operating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Assets, liabilities and net position or equity

1. **Cash and Cash Equivalents**

   In connection with the statement of cash flows, the Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less when purchased.

   The Town maintains a cash and investment pool that is available for use by all funds to facilitate the cash management process. Each fund's portion of this pool is included on the statement of net position/balance sheet as equity in pooled cash, cash equivalents and investments.

2. **Investments**

   Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

3. **Prepaid Items**

   Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method. Expenditures for services extending over more than one accounting period are accounted for as expenditures of the period of use.

4. **Restricted Assets**

   These assets represent cash and investments set aside pursuant to debt covenants or other contractual restrictions.

5. Capital Assets

Capital assets, which include land, construction in progress, buildings, improvements other than buildings, infrastructure, machinery and equipment and right to use leased assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town defines capital assets other than right to use leased assets as assets with an initial, individual cost of more than $250 and an estimated useful life in excess of one year. Other than right to use leased assets, such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period for Enterprise Funds.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	50 years
Improvements other than buildings	10-20 years
Infrastructure	20 years
Machinery and equipment	5 years
Right-to-use leased assets	2-5 years

GASB No. 34 encourages but does not require certain governments to retroactively report infrastructure assets. The Town has elected not to retroactively report any unrecorded infrastructure that may exist.

6. Leases

The Town is a lessee for noncancellable leases of equipment and vehicles. The Town recognizes a lease liability and an intangible right-to-use lease assets (lease asset) in the financial statements. The Town recognizes lease assets and liability with an initial value of $84,000 or more.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payment made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Town determines 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments. The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charge by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases

The lease terms include the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonable certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

7. **Long-Term Debt**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

8. **Compensated Absences Payable**

Town employees may accumulate unused vacation and sick time and may be compensated for such time upon termination of employment at their pay rate in effect at their retirement date. For sick time, there is a limit payable upon termination of no more than $500 for employees. For vacation time, the amount payable upon termination is limited to 400 hours of leave, except for the amount accrued by the Town Manager which is based on the contract between the Town and the Manager. The liability for these compensated absences in the General Fund is recorded as a long-term liability in the government-wide statement of net position. In the fund financial statements, governmental funds report only the compensated absence liabilities that have matured. In addition, the General Fund has always been used to liquidate compensated absences payable.

9. **Encumbrances**

Appropriations in budgetary funds are encumbered upon issuance of purchase orders, contracts, or other forms of legal commitments. Encumbrances outstanding at year end represent the estimated amount of the expenditures ultimately to result if unperformed contracts in process at year end are completed. Encumbrances outstanding at year end do not constitute expenditures or liabilities.

10. **Accounts Receivable**

Accounts receivable and allowance for doubtful accounts at September 30, 2023 were as follows:

	General	Sewer	Stormwater Drainage	Total
Utility taxes	$ 34,436	$ -	$ -	$ 34,436
Broward County	143,914	484,148	235,635	863,697
Other receivables	26,106	-	-	26,106
Customer accounts receivable	102,812	-	-	102,812
Gross accounts receivable	307,268	484,148	235,635	1,027,051
Less: Allowance for uncollectable accounts	(144,364)	(47,868)	(22,919)	(215,151)
Accounts receivable, net	$ 162,904	$ 436,280	$ 212,716	$ 811,900

11. **Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town presents a deferred outflow of resources related to its pension liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town presents a deferred outflow of resources related to its pension liability.

12. **Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangement outstanding at the end of the year are referred to as either "interfund receivables/payables". Any residual outstanding balances between the governmental activities and business-type activities at year end are reported in the government-wide financial statements as internal balances.

13. **Unavailable/Unearned Revenue**

Unavailable revenue (a deferred inflow of resources) is recorded for governmental fund receivables that are not both measurable and available. In addition, inflows that do not yet meet the criteria for revenue recognition, such as lease revenue collected in advance, are recorded as unearned revenue in the government-wide and fund statements.

14. **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

15. **Equity Classifications**

Government-wide statements

Equity is classified as net position and displayed in three components:

a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
b. Restricted net position - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
c. Unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Statements

The Town presents fund balance in accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This statement requires that governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Town Commission is the highest level of decision-making authority for the government that can, by

adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Assigned: This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council or through the Town Council delegating this responsibility to the Town manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned: This classification includes the residual fund balance for the General Fund.

It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

16. **New Accounting Standards Adopted**

Effective October 1, 2021, the Town implemented GASB Statement No. 87 "*Leases*", which became effective for fiscal year ending September 30, 2022. Under previous guidance, leases were classified as either operating or capital leases, depending on whether the lease met any of the four criteria. This statement outlines new guidance that establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying assets, with the present value measurements of payments expected to be made during the lease term. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The implementation of GASB No. 87 required a remeasurement of lease liabilities. The adoption of GASB 87 is reflected in Notes 5 and 6.

17. **New Pronouncements Issued, but Not Yet Adopted**

GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements

This Statement will improve financial reporting by addressing issues related to public-private and public-public arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. This Statement is effective for the fiscal year ending September 30, 2023. The Town has no such partnerships and, therefore, this GASB has no impact on the Town's financial statements.

GASB 96 – Subscription-Based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users

(governments). The requirements of this Statement are effective for fiscal year that ended September 30, 2023.

GASB 100 – Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62

The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This statement will become effective for fiscal year ending September 30, 2024.

GASB 101 – Compensated Absences

The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement will become effective for the fiscal year ending September 30, 2025.

GASB 102 – Certain Risk Disclosures

The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of Statement 102 are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

GASB 103 – Financial Reporting Model Improvements

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

18. **Subsequent Events**

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued or are available to be issued. Subsequent events should be disclosed in the financial statements if exclusion of such disclosure would cause the financial statements to be misleading.

Management has evaluated subsequent events through August 28, 2024, the date the financial statements were available, and does not believe that there are any other events or transactions that require disclosure. Also see Note 10 – Commitments and Contingencies.

NOTE 2 - BUDGETARY INFORMATION

Annual operating budgets are adopted by the Town for the General Fund and the Enterprise Funds, which are prepared on a basis consistent with generally accepted accounting principles. Amendments may be made to the budgets during the year as approved by the Town Commission. The Town follows State guidelines in filing and submitting their budgets. Appropriations are legally controlled at the department level. Unexpended portions of budget categories lapse at year end.

The adoption of the budget by the Town Commission constitutes the legal appropriation of the amounts specified therein as expenditures from the appropriate governmental fund. A department budget cannot be exceeded unless the Town Commission has approved a supplemental appropriation, by motion, at a public meeting. The Town Manager may authorize a budget adjustment among the various line items within a department, as long as the total budget for the department does not change.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits: In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or other banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name.

Investments - Town: The investment of funds is authorized by Florida Statutes, which allows the Town to invest in the Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Inter local Cooperation Act, SEC registered money market funds with the highest credit quality rating, interest-bearing time deposits or savings accounts in qualified public depositories and direct obligations of the U.S. Treasury.

The Town invests surplus funds in external investment pools, the Local Government Surplus Funds Trust Fund (the "State Pool"), administered by the Florida State Board of Administration ("SBA") and the Florida Municipal Investment Trust administered by the Florida League of Cities.

The Town's investments follow the investment rules as defined in Florida Statutes Chapter 215. The Town has not adopted a separate investment policy.

The State Board of Administration's ("SBA") Local Government Surplus Funds Trust Fund ("Florida PRIME") is a "2a-7 like" pool. A "2a-7 like" pool is an external investment pool that is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's

Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, the pool operates essentially as a money market fund. The Town has reported its investment in Florida PRIME at amortized cost for financial reporting purposes.

As of September 30, 2023, the Town had the following investments:

Governmental Activities	Fair Value	Amortized Cost	Total	Fair Value Level	Credit Risk	Maturities
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	$ -	$ 155,643	$ 155,643	N/A	S&P AAAm	Weighted average of the fund portfolio: 33 days
FL Municipal Investment Trust 1-3 Year High Quality Bond	5,376,739	-	5,376,739	2	Not Available	Not Available
	$ 5,376,739	$ 155,643	$5,532,382			
Business-Type Activities						
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	$ -	$ 236,153	$ 236,153	N/A	S&P AAAm	Weighted average of the fund portfolio: 33 days
FL Municipal Investment Trust 1-3 Year High Quality Bond	3,749,241	-	3,749,241	2	Not Available	Not Available
	$ 3,749,241	$ 236,153	$3,985,394			

Credit Risk: For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Concentration risk: The Town places no limit on the amount the Town may invest in any one issuer.

Interest Rate Risk: Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investments fair value. The Town's investment within the Florida Municipal Investment Trust and SBA are exposed to interest rate risk.

Fair Value Measurement: When applicable, the Town measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- Level 1: Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the Town has the ability to access;
- Level 2: Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- Level 3: Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. For external investment pools that qualify to be measured at amortized cost, the pool's participants should also measure their investments in that external investment pool at amortized cost for financial reporting purposes. Accordingly, the Town's investments in PRIME have been reported at amortized cost above.

FMIvT 1-3 Year High Quality Bond Fund - This fund invests mainly in US Government and agency securities and asset-backed securities. The underlying securities have observable level 1 quoted pricing inputs or observable level 2 significant other observable pricing inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation (IDC). While the underlying asset values are based on quoted prices or market-corroborated inputs, the net asset value of the portfolio is not publicly quoted. The Town considers these shares as level 2, since the value is based on market-corroborated data.

Florida Prime – With regard to redemption gates, Chapter 218.409(8) (a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days."

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2023, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

Investments – Town Commissioners' Pension Plan: As of September 30, 2023, the Town's Commissioners' Pension Plan (the "Plan") had the following investments:

	Fair Value	Fair Value Level	Credit Risk	Weighted Average Maturity
Loomis Sayles Investment Grade Bond A	$ 889,102	2	AAA 21%, A 31%, BBB 29%, BB 10%, B 1%, Not Rated 8%	4.65 years
JPMorgan Large CAP Growth	828,688	2	N/A	N/A
Vanguard Equity- Income ADM	575,060	2	N/A	N/A
Invesco International Growth R5	214,635	2	N/A	N/A
Janus Triton N	267,142	2	N/A	N/A
DFA US Targeted Value I	200,327	2	N/A	N/A
	$ 2,974,954			

	Value
Life insurance and variable annuity contracts	$ 583,421

Interest Rate Risk: Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investments fair value. The investments held within the Loomis Sayles Investment Grade Bond Fund have an average maturity of 4.65 years. The other mutual funds are not subject to interest rate risk.

Credit Risk: For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Life Insurance and Variable Annuity Contracts: In order to provide death benefits to Town Commissioners (Note 8), the Town has entered into life insurance and variable annuity contracts with a financial institution.

NOTE 4 - PROPERTY TAXES

Property taxes are levied and become a lien on real and personal property prior to September 30, and are payable November 1, with discounts of one to four percent if paid prior to March 1 of the following calendar year. All unpaid taxes on real and personal property become delinquent on

April 1, and bear interest of eighteen percent from April 1 until a tax sale certificate is sold at auction.

The Town is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to $10 per $1,000 of assessed valuation for general governmental services (other than the payment of principal and interest on general obligation long-term debt). In addition, unlimited amounts may be levied for the payment of principal and interest on general obligation long-term debt subject to a limitation on the amount of debt outstanding. The tax rate to finance general governmental services and debt service requirements for the year ended September 30, 2023, was 8.5000 per $1,000.

NOTE 5 - CAPITAL ASSETS

Capital assets of governmental activities for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	$ 2,120,064	$ -	$ -	$ 2,120,064
Construction in progress	68,860	881,088	-	949,948
Total capital assets, not being depreciated	2,188,924	881,088	-	3,070,012
Capital assets, being depreciated				
Buildings	1,170,849	-	-	1,170,849
Machinery and equipment	5,198,679	593,763	-	5,792,442
Improvements other than buildings	1,469,309	-	-	1,469,309
Right to use leased assets	142,252	-		142,252
Total capital assets, being depreciated	7,981,089	593,763	-	8,574,852
Less accumulated depreciation for:				
Buildings	1,062,890	13,418	-	1,076,308
Machinery and equipment	2,861,439	433,240	-	3,294,679
Improvements other than buildings	1,339,893	132,644	-	1,472,537
Right to use leased assets	30,807	24,402		55,209
Total accumulated depreciation	5,295,029	603,704	-	5,898,733
Total capital assets, being depreciated, net	2,686,060	(9,941)	-	2,676,119
Governmental activities capital assets, net	$ 4,874,984	$ 871,147	$ -	$ 5,746,131

Right-to-use lease assets

Lessee. The Town has recorded the right-to-use lease assets as a result of implementing GASB Statement No. 87. The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payment made. The right-to-use lease assets are amortized on a straight-line basis over the shorter of the life of the asset or of the

related lease. Refer to Note 6 for information on the liabilities relating to the right-to-use lease assets.

Provision for depreciation was charged to functions of the Town as follows:

	Governmental Activities
General government	$ 100,176
Public safety	324,336
Building	15,472
Physical Environment	1,361
Public works	119,973
Culture and recreation	17,984
Right to use leased assets	24,402
	$ 603,704

Capital assets of business-type activities for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Business-type activities				
Capital assets, not being depreciated				
Construction in progress	$ 34,347	$ 333,191	$ -	$ 367,538
Total capital assets, not being depreciated	34,347	333,191	-	367,538
Capital assets, being depreciated				
Infrastructure	18,099,205	297,793	-	18,396,998
Machinery and equipment	493,307	2,558	-	495,865
Total capital assets, being depreciated	18,592,512	300,351	-	18,892,863
Less accumulated depreciation for:				
Infrastructure	13,946,665	427,800	-	14,374,465
Machinery and equipment	223,874	340,710	-	564,584
Total accumulated depreciation	14,170,539	768,510	-	14,939,049
Total capital assets, being depreciated, net	4,421,973	(468,159)	-	3,953,814
Business-type activities capital assets, net	$ 4,456,320	$ (134,968)	$ -	$ 4,321,352

Provision for depreciation was charged to functions of the Town as follows:

	Business-type Activities
Sewer utility	$ 340,710
Stormwater drainage	427,800
	$ 768,510

NOTE 6 – LONG-TERM DEBT

Debt: During the year ended September 30, 2023, the following changes occurred in debt of governmental and business-type activities:

	Beginning balance	Additions	Reductions	Ending Balance	Due in less than one year
Governmental activities					
Net pension liability	$ 3,191,934	$ 2,682,249	$ -	$ 5,874,183	$ -
Net OPEB Liability	48,057	1,434	-	49,491	-
Non-Ad Valorem Revenue Note Series 2021	2,271,451	-	233,069	2,038,382	275,503
Obligation under lease	114,411	-	29,590	84,821	31,417
Compensated absences	331,175	329,414	155,166	505,423	360,996
	$ 5,957,028	$ 3,013,097	$ 417,825	$ 8,552,300	$ 667,916
Business-type activities					
Net pension liability	751,043	185,421	-	936,464	-
Net OPEB Liability	11,308	-	3,418	7,890	-
Compensated absences	40,452	-	14,734	25,718	-
	$ 802,803	$ 185,421	$ 18,152	$ 970,072	$ -

Obligation under leases

The Town has entered into agreements to lease certain equipment. The lease agreements qualify as other than short term leases under GASB Statement No. 87 and have been recorded at the present value of the future minimum payments as of the date of inception. The lease liability is calculated using an implicit rate ranging from .25% to 3.00%, which represent the Town's incremental borrowing rates.

The annual minimum lease payments and the present value of minimum lease payments related to the Town's lease liability as of September 30, 2023 follows:

Year ending September 30,	Principal	Interest	Total
2024	31,417	5,686	37,103
2025	33,610	3,493	37,103
2026	19,244	1,135	20,379
2027	550	1	551
Total	$ 84,821	$ 10,315	$ 95,136

Non-Ad Valorem Revenue Note, Series 2021

The Town issued a Non-Ad Valorem Revenue Note, Series 2021, in the amount of $2,500,000. The Note proceeds were used to finance the cost of the police department project and to pay

associated transactional costs. The Note bears interest at a fixed rate of 1.96%, payable monthly on the first day of each month commencing October 1, 2021 through September 1, 2031.

On or before September 1, 2024, this Note may be prepaid in whole or in part at the option of the Issuer at any time at a premium of 102%. After September 1, 2024, this Note may be prepaid in whole or in part at the option of the Issuer at any time without penalty. Payment of the Note is secured by a covenant to budget, appropriate and deposit Non-Ad Valorem Revenues of the Issuer and a pledge of lien upon the Pledged Revenues from the Town's revenues from the General Fund. As of September 30, 2023, the outstanding balance is $2,038,381 and is reflected in the governmental activities.

NOTE 7 - FLORIDA RETIREMENT SYSTEM

As provided by Chapters 121 and 112, Florida Statutes, the Florida Retirement System ("FRS") provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature. Employees of the Town are eligible to participate in FRS.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

Pension Plan

Plan Description

The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.60% of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Elected Officers' class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. Contribution rates during the 2023 fiscal year were as follows:

	Percent of Gross Salary October 1, 2022 to June 30, 2023		Percent of Gross Salary July 1,2023 to September 30, 2023	
Class	**Employee**	**Employer (1)**	**Employee**	**Employer (1)**
FRS, Regular	3.00	11.91	3.00	13.57
FRS, Senior Management	3.00	31.57	3.00	34.52
FRS, Elected Officers	3.00	51.00	3.00	58.68

(1) Employer rates include a postemployment HIS contribution rate of 1.66%. Also, employer rates include .06% for administrative costs of the Investment plan.

The Town's contributions to the Pension Plan totaled $841,441 for the fiscal year ended September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2023, the Town reported a liability of $5,291,933 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Town's proportion of the net pension liability was based on a projection of the Town's 2022-23 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the Town's proportion was .0132% percent, which was an increase of .0728% percentage points from its proportion measured as of June 30, 2023.

For the year ended September 30, 2023, the Town recognized pension expense of $1,404,689 related to the FRS plan. At September 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 496,867	$ -
Change of assumptions	344,972	-
Net difference between projected and actual on FRS earnings pension plan investments	221,005	-
Changes in proportion and differences between Town FRS contributions and proportionate share of FRS contributions	1,603,058	(168,889)
Town FRS contributions subsequent to the measurement date	164,801	-
Total	$ 2,830,703	$ (168,889)

$164,801 reported as deferred outflows of resources related to the Pension Plan resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Amount
2024	$ 603,864
2025	227,866
2026	(203,927)
2027	1,774,330
2028	94,880
Thereafter	-
Total	$ 2,497,013

Actuarial Assumptions

The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

During the fiscal year 2023 the following changing occurred:

FRS: Decreasing the maximum amortization period to 20 years for all current and future amortization bases.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on Pension Plan investments was 6.70%. The rate is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption.

The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table for the year ended September 30, 2023:

Asset Class	Target Allocation (1)	Arithmetic Return	(Geometric) Return
Cash	1.00%	2.60%	2.90%
Fixed income	19.80%	4.40%	4.40%
Global equity	54.00%	8.70%	7.10%
Real estate (property)	10.30%	7.60%	6.60%
Private equity	11.10%	11.90%	8.80%
Strategic investments	3.8%	6.30%	6.10%
Total	100.0%		
Assumed inflation-mean			2.4%

(1) As outlined in the Plan's investment policy

Discount Rate

The discount rate used to measure the total pension liability was 6.70%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Town's proportion share of the net pension liability to changes in the discount rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.70 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.7 percent) or 1-percentage-point higher (7.7 percent) than the current rate:

	1% Decrease (5.7%)	Current Discount Rate (6.7%)	1% Increase (7.7%)
Town's proportionate share of net pension liability	$ 9,039,699	$ 5,291,933	$ 2,156,478

Pension Plan Fiduciary Net Position

Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Health Insurance Subsidy Program ("HIS") Plan

Plan Description

The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2023, the HIS contribution for the period October 1, 2018 through September 30, 2023 was 1.66%. The Town contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Town's contributions to the HIS Plan totaled $49,200 for the fiscal year ended September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2023, the Town reported a liability of $1,518,714 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Town's proportionate share of the net pension liability was based on the Town's 2021-22 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the Town's proportionate share was .00956% percent, which was an increase of .00279% percent from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the Town recognized pension expense of $630,014 related to the HIS plan. In addition the Town reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 22,233	$ (3,565)
Change of assumptions	39,927	(131,602)
Net difference between projected and actual earnings on HIS plan investments	784	-
Changes in proportion and differences between Town HIS contributions and proportionate share of HIS contributions	403,387	(74,113)
Town HIS contributions to the measurement date	16,167	-
Total	$ 482,498	$ (209,280)

The deferred outflows of resources related to the HIS Plan, totaling $16,167 resulting from Town contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Year Ending September 30:	Amount
2023	$ 44,914
2024	27,231
2025	45,307
2026	88,867
2027	47,073
Thereafter	3,659
Total	$ 257,051

Actuarial Assumptions

The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation

Mortality rates was changed from Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with Scale MP-2018. The municipal bond rate used to determine total pension liability was decreased from 3.54% to 3.65%.

The actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 3.65%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

The following represents the Town's proportionate share of the net pension liability calculated using the discount rate of 3.65%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Town's proportionate share of net pension liability	$ 1,732,615	$ 1,518,714	$ 1,341,403

Pension Plan Fiduciary Net Position

Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

NOTE 8 - TOWN COMMISSIONER PENSION PLAN

During the fiscal year ended September 30, 2008, the Town Commission created, under the laws of the State of Florida, a single employer defined benefit pension plan that covers members of the Town Commission (the "Plan"). The administrative duties for this Plan are handled through Securian Retirement Services. A more detailed description of the Plan appears in the ordinances constituting the Plan and in the Summary Plan Description. The Plan does not issue a stand-alone financial report, but is included in the reporting entity of the Town as a pension trust fund. Amendments to the plan document can only be authorized by the Town Commission.

At September 30, 2023, there are 4 active plan members and 5 retiree and beneficiaries receiving benefits.

Members of the Plan are eligible for benefits at their normal retirement date, which is the first day of the month coincident with, or next, following attainment of age 62 or 4 years of credited service if hired prior to October 1, 2008 or attainment of age 62 or 13 years of credited service if hired after.

Normal benefits are equal to 5% of the average monthly compensation multiplied by the credited years of service, with a maximum of 20 credited years. The maximum benefit under the plan is $195,000, which is subject to certain limitations if less than 10 years of credited service are attained.

Upon the death of a member, benefits cease to be paid out of Plan assets. However, a beneficiary will receive an annuity equal to the accrued benefit owed to the plan member, payable over 10 years.

During the year, the recommended contribution is $90,812. This amount was determined as a level percent of the annual covered payroll. As of September 30, 2023, the Plan holds $2,884,143 in investments (Note 3).

Actuarial methods and significant assumptions used to measure the total pension liability for the current year are as follows:

Valuation date	October 1, 2023
Measurement date	September 30, 2023
Actuarial cost method	Entry age normal
Actuarial assumptions	
Rate of return	6.25%
Projected salary increases	3.00%
Inflation adjustment	2.75%
Retirement age	Early retirement age
Mortality	IRS Prescribed Mortality RP2000 Generational White Collar Annuitant using scale BB for females and RP2000 Generational Blended 50% While Collar and 50% Blue Collar Annuitant using Scale BB for males

Development of Single Discount Rate

Single Discount Rate	6.00%
Long-Term Expected Rate of Return	6.25%
Long-Term Municipal Bond Rate	N/A

The Town does not issue audited stand-alone financial statements for the Plan. Therefore, the provisions of GASB Statement No.67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No.25* have been incorporated to this Annual Financial Report in the paragraphs below and Required Supplementary Information section.

Investments

The Plan's policy in regard to the allocation of invested assets is established by the Pension Board. The Plan currently has all of its funds invested through Securian Retirement Services. The investment policy may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Overall asset allocation targets are reviewed on an annual basis.

The following is the adopted asset allocation policy as of September 30, 2023:

Asset Class/Investment Category	Target Allocation
Equity Securities and Similar Funds:	
U.S. stocks	50.00%
Global stocks	5.00%
	55.00%
Fixed Income and Similar Funds:	
Multi Sector Bonds	30.00%
Alternative Investments	15.00%
Total	100.00%

Concentrations - Governmental entities need to disclose the concentration of credit risk with a single issuer. If 5.00% or more of the total assets of the portfolio are invested with one issuer, an additional disclosure is required. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from the concentration of credit risk disclosure requirements. There were no individual investments that represent 5.00% or more, at September 30, 2023, that met the criteria for disclosure.

Rate of Return – For the year ended September 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.47%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Town's target asset allocation as of September 30, 2023 are summarized in the following table:

Target Allocation	Asset Class	Long Term Expected Real Rate or Return (Arithmetic)
50%	U.S. Stocks	4.99%
5%	Global Stocks	5.32%
30%	Multi Sector Bonds	1.00%

Discount rate

The discount rate used to measure the total pension liability was 6.25% per annum. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate

of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The changes in net pension liability (asset) for the year ended September 30, 2023, is as follows:

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Pension Liability (a) (b)
Balances at September 30, 2022	$ 3,372,165	$ 3,305,495	$ 66,670
Changes for the year:			
Service cost	78,831	-	78,831
Interest cost	196,356	-	196,356
Contributions employer	-	90,812	(90,812)
Differences between expected and actual experience	600,293	-	600,293
Change in assumptions and method	(117,839)	-	(117,839)
Net investment income	-	365,752	(365,752)
Benefit payments, including refunds of member contributions	(199,119)	(199,119)	-
Administrative expense	-	(4,565)	4,565
Net Changes	558,522	252,880	305,642
Balances at September 30, 2023	$ 3,930,687	$ 3,558,375	$ 372,312

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Town, calculated using the discount rate of 6.25%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1.00% lower (5.25%) or 1.00% higher (7.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	5.25%	6.25%	7.25%
Net Pension Liability (Asset)	$ 937,393	$ 372,312	$ (82,757)

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2023, the Town recognized pension expense of $ 172,270 for this Plan. At September 30, 2023, the Town reported deferred outflow of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 652,959	$ 131,580
Change of assumptions	33,772	117,839
Difference between projected and actual earnings on pension plan investments	579,338	438,413
Total	$ 1,266,069	$ 687,832

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follow:

Year Ending September 30:	Amount
2023	$ 87,462
2024	159,240
2025	140,942
2026	224,753
2027	(34,160)
Thereafter	-
Total	$ 578,237

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS

Plan Description and Funding Policy: The Town offers retired employees the opportunity to retain the Town's health insurance coverage. Retirees contribute an amount equal to the actual premium for health insurance that is charged by the carrier. However, there is an implied subsidy in the insurance premium for retirees because the premium charged for retirees is the same as the premium charged for active employees, who are younger than retirees on average

Additionally, Town Commissioner's beneficiaries are eligible for a pre-funded benefit should the Commissioner become deceased while in active service. The funding for this benefit has been accomplished through the purchase of life insurance products or an annuity product that is expected to cover the costs of the possible benefits.

During the year, the Town had 40 active participants and no retirees receiving benefits.

Actuarial Assumptions: Projections of benefits are based on the substantive plan and include the types of benefits in force at the time of valuation date and the pattern of sharing benefits between the Town and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce the short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Additionally, actuarial valuations for

OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The cost developed is only an estimate of the true cost of providing post-employment benefits. The basis for these benefits is authorized by the Town Commission by resolution.

Significant actuarial assumptions used to calculate the total OPEB liability were as follows:

Actuarial valuation date	9/30/2021
Actuarial cost method	Entry Age Cost Method (Level % of pay)
Discount rate	4.77% per annum (based on the September 30, 2021 S&P Municipal Bond Buyer 20 Year High Grade Rate Index published by S&P Dow Jones Indices.
Projected salary increases	2.50%
Inflation	2.50%
Health Care inflation	Initial trend rate of 7.50% in fiscal 2022, grading down to the ultimate trend rate of 4.0% in fiscal year 2075
Retirement rates	100% at normal retirement eligibility of 62
FRS Retirement eligibility	FRS Tier 1 (hired before July 1, 2011): age 62 with 6years of service, or 30 years of service regardless of age FRS Tier 2 (hired on or after July 1, 2011): age 65 with 8 years of service or 33 years of service regardless of age.
Marital status	100% assumed married, with male spouses 3 years older than female spouses
Heal care participation	20% participation assumed, with 50% electing spouse coverage
Health contributions	
Employee	100% of the active premium rate
Town	Remaining amount necessary for payment of claims

During the current year, the discount rate was increased from 2.43% to 4.77%.

The total OPEB liability at September 30, 2023 has been reflected on the Statement of Net Position. The plan is not pre-funded and is therefore supported on a pay-as-you-go basis.

Changes in the Total OPEB Liability: Sources of changes in the total OPEB liability for the fiscal year ended September 30, 2023, were as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance as of September 30, 2021, for FY 22	$ 59,365	$ -	$ 59,365
Changes due to:			
Service cost	13,152	-	13,152
Interest	1,741	-	1,741
Differences between Expected and Actual Experience	-	-	-
Experience losses/(gains)	-	-	-
Changes in assumptions	(15,045)	-	(15,045)
Benefit payments and refunds	(1,832)	-	(1,832)
Balance as of September 30, 2022, for FY 23	$ 57,381	$ -	$ 57,381

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.77%) or 1-percentage-point higher (5.77%) than the current discount rate:

	1% Decrease (3.77%)	Current Discount Rate (4.77%)	1% Increase (5.77%)
Total OPEB liability	$ 63,110	$ 57,381	$ 52,464

Sensitivity of the Total OPEB Liability Using Alternative Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1- percentage-point lower (3% to 6.5%) or 1-percentage- point higher (5% increasing to 8.5%) than the current healthcare cost rend rates:

	1% Decrease (3.0% to 6.5%)	Healthcare Cost Trend (4.0% to 7.5%)	1% Increase (5.0% to 8.5%)
Total OPEB liability	$ 51,282	$ 57,381	$ 64,621

OPEB Expense

For the year ended September 30, 2023, the Town recognized OPEB expense of $3,048.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Risk Management:

During the fiscal year ended September 30, 2023, the Town has participated in the Florida League of Cities, which is a not-for-profit corporation, for self-insurance program for workers' compensation, general and auto liability, and property insurance. With this program, the Town has limited its exposure to a variety of risks such as loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters.

Annually, participants in this program are billed for their portion of the cost of the program adjusted for actual experience during the period of coverage. Participants are not assessed for unanticipated losses incurred by the program.

***Grant Contingency*:**

The Town usually, in the form of grants, receives financial assistance from federal, state and local governmental agencies. Funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies.

In accordance with Title 2 *U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Florida Single Audit Act, the Town is required to conduct "single audits" when the required thresholds of $750,000 in grant expenditures from either source is exceeded. For the year ended September 30, 2023, neither a Federal Single Audit in accordance with the Uniform Guidance nor a State Single Audit in accordance with the Florida Single Audit Act was required.

***Significant Agreements*:**

During the fiscal year 2022, the Town had an agreement with the Broward Sheriff's Office (BSO) to provide professional police services. According to the initial terms of this agreement, the contract may be renewed for an additional three years, and then for an additional five years upon mutual agreement of the parties. The agreement may be terminated upon default if one of the parties gives the other party thirty days' written notice. As of September 30, 2022, this agreement was on a continuing month-to-month basis. The month-to-month agreement with the BSO continued until the Town's Police Department was operational on October 1, 2022. The Town paid a total of $3,378,943 for police services and traffic enforcement for the year ended September 30, 2022, and $0 for the year ended September 30, 2023.

The Town also has an agreement with Broward Sheriff's Office to provide emergency medical and fire protection services. The renewal and termination terms are the same as noted for the police services agreement. As of September 30, 2022, this agreement was on a continuing month-to-month basis until the Town's Police Department was operational on October 1, 2022. For subsequent fiscal years until such time that the Town's Police Department is fully operational, the amount owed will be based on the Sheriff's budgeted costs, subject to the restrictions noted under the police services agreement. The paid for emergency medical and fire protection services for the year ended September 30, 2023, was $3,847,980.

As of September 30, 2023, the Town is still in a dispute with BSO regarding possible overpayments under the contract. The result of this dispute is still not determined. The Town's financial statements have not been adjusted in relation to this matter.

The Town has an agreement with the City of Hollywood for sewage disposal. The monthly charges for the disposal service are included in the operating expenses of the Sewer Utility Fund.

Litigation:

As of September 30, 2023, the Town is involved in various claims and litigation arising in the ordinary course of operations. According to management, none of them will have a material effect on the Town's financial position.

***Broward Office of the Inspector General (OIG) Investigation*:**

In March 2021, the Broward Office of the Inspector General ("OIG") received a tip alleging that a Town commissioner continuously misused his Town purchasing credit card ("p-card") to make personal purchases. As of the report date, the OIG has closed its inquiry into an allegation that a Town of Pembroke Park commissioner used his p-card to make purchases for his personal benefit. According to the OIG report, the Town lacked adequate controls over its p-card program including a written procedures manual for procurement, accounts payable, and other critical finance functions. Management, legal counsel, and the Town Commission have diligently reviewed and updated multiple Town Ordinances, Policies, and Procedures in response to the recent Memorandum from the OIG dated September 28, 2023. These revisions have been thoughtfully considered and approved, ensuring alignment with the recommendations provided.

The outcome of this investigation has no effect on the financial statements.

NOTE 11 – PRIOR PERIOD ADJUSTMENT

During the current year, the Town of Pembroke Park identified errors related to certain payroll accruals and receivables which resulted in a prior period adjustment to the beginning Governmental and Proprietary fund balances, for the amounts of $(38,778) and $(635,682), respectively. In fiscal year ended September 30,2022, revenues and expenditures should have should have been increased or decreased as follows:

	Governmental Funds	Proprietary Funds
Revenues:		
Building Revenue	$ 69,839	$ -
Sewer Revenue - Unbilled	-	(519,762)
Stormwater Revenue - Unbilled	-	(110,144)
Sub-total - increase (decrease)	69,839	(629,906)
Expenditures:		
Payroll Expense	108,617	5,776
Sub-total - increase	108,617	5,776
Net Decrease	$ (38,778)	$ (635,682)

As such, the beginning fund balances of the Governmental and Proprietary fund balances decreased from $6,527,848 to 6,489,070 and $18,418,929 to $ 17,783,247, respectively.

Required Supplementary Information

TOWN OF PEMBROKE PARK, FLORIDA
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund
For the Fiscal Year Ended September 30, 2023

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget – Positive (Negative)
REVENUES			
Property taxes	$ 7,638,189	$ 7,732,975	$ 94,786
Local option gas tax	112,531	108,277	(4,254)
Utility service taxes	1,227,000	1,458,245	231,245
Licenses and permits	482,400	504,146	21,746
Franchise taxes	941,250	1,158,523	217,273
Intergovernmental revenues	1,123,844	521,424	(602,420)
Charges for services	450,500	866,426	415,926
Fines and forfeitures	76,000	40,916	(35,084)
Grant Revenue	688,257	369,827	(318,430)
Interest	67,500	182,308	114,808
Miscellaneous	821,284	(34,161)	(855,445)
Total revenues	13,628,755	12,908,906	(719,849)
EXPENDITURES			
General government:			
Mayor and Commission	514,976	373,244	(141,732)
Financial and administrative	1,407,941	1,486,327	78,386
Town attorney	424,523	650,358	225,835
Comprehensive planning	284,556	273,733	(10,823)
Non-departmental	2,378,614	2,761,181	382,567
Total general governmental	5,010,610	5,544,843	534,233
Public safety:			
Police	3,431,976	3,050,272	(381,704)
Fire	3,847,980	3,847,980	-
Total public safety	7,279,956	6,898,252	(381,704)
Physical environment	572,632	236,015	(336,617)
Public works	312,729	511,117	198,388
Culture and recreation	429,308	647,589	218,281
Capital outlay	118,000	79,030	(38,970)
Total expenditures	13,723,235	13,916,846	193,611
Other financing sources	94,480	568,173	473,693
Deficiency of revenues under expenditures	$ -	(439,767)	$ (439,767)
Fund balance – beginning, before restatement		5,474,176	
Prior period adjustment		(115,904)	
Fund balance – beginning of year, as restated		5,358,272	
Fund balance – ending		$ 4,918,505	

See notes to schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund.

TOWN OF PEMBROKE PARK, FLORIDA
Required Supplementary Information
Notes to Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund
For the Fiscal Year Ended September 30, 2023

Budgets and Budgetary Accounting

Annual Budget for the General Fund, Building Fund and the Enterprise Funds are adopted on a basis consistent with generally accepted accounting principles, except for the provision for depreciation and amortization which is not budgeted in the Enterprise Funds. The Budget process is as follows:

1. Prior to August 1, the Town Manager submits to the Town Commission a proposed budget for the fiscal year commencing in October 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to October 1, the budget is legally enacted through passage of an appropriation ordinance.

4. The appropriated budget is prepared and adopted by fund, function and department. A department budget cannot be exceeded unless the Town Commission has approved a supplemental appropriation, by motion, at a public meeting. The Town Manager may authorize a budget adjustment among the various line items within a department, as long as the total budget for the department does not change.

Excess of expenditures over appropriations

For the year ended September 30, 2023, expenditures exceeded appropriations in the following departments:

Department	Excess Expenditures over Budget
Culture and creation	$ 218,281
Publix works	$ 198,388
Non departmental	$ 382,567
Financial administrative	$ 78,386

TOWN OF PEMBROKE PARK, FLORIDA
Required Supplementary Information
Pension Plan for Town Commissioners
Schedule of Changes in Net Pension Liability and Related Ratios
For the year ended September 30, 2023
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	$78,831	$ 65,581	$ 89,150	$ 83,600	$ 61,060	$ 316,660	$ 66,093	$ 55,785	$ 21,941	$ 21,303
Interest	196,356	194,763	204,657	196,664	184,097	180,541	176,986	127,969	99,066	94,948
Differences between expected and actual experiences	600,293	(39,788)	(315,163)	113,830	35,662	(370,636)	(146,601)	177,571	321,666	(4,885)
Changes in assumptions and methods	(117,839)		-	84,433	-	-	-	420,088	(427,321)	-
Changes in assumptions and methods										
Benefit payments, including refunds of member contributions	(199,119)	(188,891)	(98,203)	(88,137)	(86,834)	(56,882)	(26,663)	(27,956)	(27,900)	(30,087)
Net change in total pension liability	558,522	31,665	(119,559)	390,390	193,985	69,683	69,815	753,457	(12,548)	81,279
Total pension liability – beginning	3,372,165	3,340,500	3,460,059	3,069,669	2,875,684	2,806,001	2,736,186	1,982,729	1,995,277	1,913,998
Total pension liability – ending	3,930,687	3,372,165	3,340,500	3,460,059	3,069,669	2,875,684	2,806,001	2,736,186	1,982,729	1,995,277
Plan fiduciary net position										
Contributions – employer	90,812	-	110,484	85,303	37,362	370,136	121,583	137,490	62,510	66,669
Net investment income	365,752	(459,781)	619,158	241,560	67,948	246,124	229,468	150,300	(75,642)	136,270
Benefit payments, including refunds of member contributions	(199,119)	(188,891)	(98,203)	(88,137)	(86,834)	(56,882)	(26,663)	(27,956)	(27,900)	(30,087)
Administrative expenses	(4,565)	(4,263)	(4,507)	(4,895)	(4,202)	(4,404)	(4,183)	(8,384)	-	(4,192)
Other	-	-	-	-	-	-	-	445,681	-	-
Net change in plan fiduciary net position	252,880	(652,935)	626,932	233,831	14,274	554,974	320,205	697,131	(41,032)	168,660
Plan fiduciary net position – beginning	3,305,495	3,958,430	3,331,498	3,097,667	3,083,393	2,528,419	2,208,214	1,511,083	1,552,115	1,383,455
Plan fiduciary net position – ending	3,558,375	3,305,495	$ 3,958,430	$ 3,331,498	$ 3,097,667	$ 3,083,393	$ 2,528,419	$ 2,208,214	$ 1,511,083	$ 1,552,115
Town net pension liability – ending	372,312	66,670	$ (617,930)	$ 128,561	$ (27,998)	$ (207,709)	$ 277,582	$ 527,972	$ 471,646	$ 443,162
Plan fiduciary net position as a percentage of the total pension liability	90.53%	98.02%	118.50%	96.28%	100.91%	107.22%	90.11%	80.70%	76.21%	77.79%
Covered payroll	208,000	104,000	$ 86,520	$ 129,780	$ 43,260	$ 43,260	$ 43,260	$ 42,000	$ 36,000	$ 28,000
Town net pension liability as a percentage of covered payroll	179.00%	64.11%	(714.20%)	99.06%	-64.72%	-480.14%	641.66%	1257.08%	1310.13%	1582.72%

TOWN OF PEMBROKE PARK, FLORIDA
Required Supplementary Information
Pension Plan for Town Commissioners
Schedule of Contributions
For the year ended September 30, 2023
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 90,812	90,812	$110,484	$ 85,303	$ 38,529	$351,306	$ 80,278	$ 67,848	$ 62,510	$ 66,669
Actual contribution	90,812	-	110,484	85,303	37,362	370,136	121,583	137,490	62,510	66,669
Contribution deficiency (excess)	$ -	$ 90,812	$ -	$ -	$ 1,167	$(18,830)	$(41,305)	$(69,642)	$ -	$ -
Covered payroll	$208,000	$104,000	$ 86,520	$129,780	$129,780	$154,000	$180,000	$180,000	$144,000	$140,000
Contributions as a % of covered payroll	43.66%	87.32%	127.70%	65.73%	28.79%	240.35%	67.55%	76.38%	43.41%	47.62%

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate
Amortization method	Level dollar closed
Inflation	2.75%
Salary increases	3.00%
Investment rate of return	6.25%
Retirement age	Early retirement age
Mortality	IRS Prescribed Mortality PUB-2010 – Headcount Weighted General Below Median Healthy Retiree Male Table, set back 1 year with Male MP-2018 generational improvement scale.

TOWN OF PEMBROKE PARK, FLORIDA
Required Supplementary Information
Pension Plan for Town Commissioners
Annual Money-Weighted Rate of Return
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Annual money weighted rate of return, net of investment expense	9.65%	(4.79%)	9.47%	10.13%	8.67%	2.24%	7.38%	18.82%	(11.97%)	11.47%

TOWN OF PEMBROKE PARK, FLORIDA
Required Supplementary Information
Florida Retirement System Pension and Health Insurance Subsidy Program Plans
Schedule of Proportionate Share of Net Pension Liability
Last 10 Fiscal Years

Florida Retirement System Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the FRS net pension liability	0.00132%	0.0086%	0.0066%	0.0054%	0.0053%	0.0092%	0.0089%	0.0085%	0.0092%	0.0080%
Town's proportionate share of the FRS net pension liability	$5,291,933	$ 3,225,574	$ 504,049	$ 2,370,244	$ 1,837,772	$ 2,761,625	$ 2,461,826	$ 2,145,618	$1,971,713	$ 485,749
Town's covered payroll	$3,566,241	$ 2,549,056	$ 2,328,890	$ 1,934,795	$ 1,541,730	$ 2,150,710	$ 2,045,188	$ 1,836,696	$1,978,680	$ 1,852,809
Town's proportionate share of the FRS net pension liability as a percentage of its covered payroll	148.39%	126.54%	21.64%	122.51%	119.20%	128.41%	120.37%	116.82%	99.65%	26.22%
FRS plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.80%	84.88%	92.00%	96.09%

Retiree Health Insurance Subsidy Program

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the HIS net pension liability	0.00956%	0.00677%	0.0060%	0.0050%	0.0046%	0.0069%	0.0070%	0.0065%	0.0064%	0.0061%
Town's proportionate share of the HIS net pension liability	$1,518,714	$717,403	$ 746,916	$621,180	$ 514,330	$ 727,357	$ 747,307	$ 752,274	$ 657,431	$ 574,234
Town's covered payroll	$3,566,241	$2,549,056	$ 2,328,890	$1,934,795	$ 1,541,730	$2,150,710	$2,045,188	$ 1,836,696	$1,978,680	$1,852,809
Town's proportionate share of the HIS net pension liability as a percentage of its covered payroll	42.59%	28.14%	32.07%	32.11%	33.36%	33.82%	36.54%	40.96%	33.23%	30.99%
HIS plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

OWN OF PEMBROKE PARK, FLORIDA
Required Supplementary Information
Florida Retirement System Pension and Health Insurance Subsidy Program Plans
Schedule of Contributions
Last 10 Fiscal Years

Florida Retirement System Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required FRS contribution	$ 841,441	$ 449,712	$374,769	$ 284,459	$ 172,378	$ 225,033	$ 233,168	$ 211,718	$ 228,392	$ 207,813
FRS contributions in relation to the contractually required contribution	(841,441)	(449,712)	(374,769)	(284,459)	(172,378)	(225,033)	(233,168)	(211,718)	(228,392)	(207,813)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Town's covered payroll	$3,566,241	$ 2,549,056	$2,328,890	$1,934,795	$1,541,730	$ 1,907,590	$ 2,074,311	$ 1,902,689	$ 1,978,680	$ 1,852,809
FRS contributions as a percentage of covered payroll	23.59%	17.64%	16.09%	14.70%	11.18%	11.80%	11.24%	11.13%	11.54%	11.22%

Retiree Health Insurance Subsidy Program

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required HIS contribution	$ 59,200	$ 42,314	$ 38,660	3,2,118	$ 25,593	$ 31,666	$ 34,433	$ 31,588	$ 26,843	$ 22,507
HIS contributions in relation to the contractually required contribution	(59,200)	(42,314)	(38,660)	(32,118)	(25,593)	(31,666)	(34,433)	(31,588)	(26,843)	(22,507)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Town's covered payroll	$3,566,241	$ 2,549,056	$ 2,328,890	$ 1,934,795	$1,541,730	$ 1,907,590	$ 2,074,311	$ 1,902,689	$ 1,978,680	$ 1,852,809
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.36%	1.21%

TOWN OF PEMBROKE PARK, FLORIDA
Required Supplementary Information
Other Post-Employment Benefits Plan
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios

	2023	2022	2021
Total OPEB Liability			
Service cost	$ 13,152	$ 7,290	$ 6,116
Interest	1,741	1,346	1,636
Difference between expected and actual experience	-	(14,525)	-
Assumption changes	(15,045)	10,372	9,660
Benefit payments and refunds	(1,832)	(1,445)	(1,344)
Net change in Total OPEB Liability	(1,984)	3,038	16,068
Total OPEB Liability - Beginning of Year	59,365	56,327	40,259
Total OPEB Liability - End of Year	$ 57,381	$ 59,365	$ 56,327
Total OPEB Liability			
Fiduciary net position as a % of Total OPEB Liability	0.00%	0.00%	0.00%
Covered payroll	$3,164,098	$ 3,086,925	$1,911,117
Total OPEB liability as a percentage of covered payroll	1.81%	1.92%	2.95%

(1)
GASB 75 requires information for 10 years. However, until a full ten- year trend is compiled, information will be presented for only those years which information is available.

Notes to Schedule

Changes of assumptions: The discount rate was changed as follows:

Fiscal year ending	Discount Rate
9/30/2017	3.06%
9/30/2018	3.64%
9/30/2019	4.18%
9/30/2020	3.58%
9/30/2021	2.14%
9/30/2022	2.43%
9/30/2023	4.77%

COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Town Commission
Town of Pembroke Park, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Pembroke Park, Florida ("the Town") as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated August 28, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control described in the accompanying schedule of findings and responses as items 2023-01, 2023-02, 2023-03, 2023-04, 2023-05, 2023-06, 2023-07, 2023-08, 2023-09, 2023-10, and 2023-11 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2023-12.

Town's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Town's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Hollywood, Florida
August 28, 2024

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES

To the Honorable Mayor and Town Commission
Town of Pembroke Park, Florida

We have examined Town of Pembroke Park, Florida's (the "Town") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2023. Management of the Town is responsible for the Town's compliance with those specified requirements. Our responsibility is to express an opinion on the Town's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specific requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with Section 218.415, Florida Statues for the fiscal year ended September 30, 2023.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the Town Commission of the Town of Pembroke Park, Florida and is not intended to be and should not be used by anyone other than these specified parties.

S. Davis & Associates, P.A.

Hollywood, Florida
August 28, 2024

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MANAGEMENT LETTER PURSUANT TO THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Honorable Mayor and Town Commission
Town of Pembroke Park, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Pembroke Park, Florida (the "Town") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated August 28, 2024.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards;* Schedule of Findings and Responses; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated August 28, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address certain findings and recommendations made in the preceding annual financial audit report and the current status is described in our Schedule of Findings and Responses. Below is the Tabulation of uncorrected Audit Findings:

Tabulation of Uncorrected Audit Findings		
Current Year Findings No.	**2021-2022 FY Finding No.**	**2020-2021 FY Finding No**
2023-01	2022-03	
2023-02	2022-02	2021-01
2023-03	2022-07	2021-03

Current Year Findings No.	2021-2022 FY Finding No.	2020-2021 FY Finding No.
2023-04		
2023-05		
2023-06		
2023-07		
2023-08		
2023-09	2022-01	
2023-10	2022-08	2021-04
2023-11	2022-09	2021-02
2023-12	2022-10	

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority of the primary government is disclosed in the notes to the financial statements. There are no component units.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, recommendations accompany this report in the Schedule of Findings and Responses as items 2023-01, 2023-02, 2023-03, 2023-04, 2023-05, 2023-06, 2023-07, 2023-08, 2023-09, 2023-10, 2023-11, and 2023-12.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that there were no special district component units associated with the Town of Pembroke Park that were required to provide information for reporting in accordance with Section 218.39(3)(b), Florida Statutes. There are no component units.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Mayor, Town Commission, the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Hollywood, Florida
August 28, 2024

TOWN OF PEMBROKE PARK, FLORIDA
Schedule of Findings and Responses
For the year ended September 30, 2023

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Significant Deficiencies

2023-01 Expenses and Accounts Payable

Observation: During our audit, we noted the following relating to the cut-off and review of expenses and accounts payable:

a) Invoices are not recorded into the system on a regular and timely basis
b) The accounts payable invoice reports generated by the system are not reviewed by a supervisor to ensure that all invoices are recorded.
c) Accounts payable per the general ledger was not reconciled to the accounts payable schedule or the open invoices report generated by the system.

Recommendation: According to generally accepted accounting principles, expenses should be recorded in the period in which they have occurred. When invoices are not recorded regularly and on a timely basis, expenses may be reflected in an incorrect period which will result in the misstatement of accounts payable.

We recommend that: a) all invoices, and related payments be recorded in the system in a timely manner and to the correct period and b) accounts payable reports and general ledger entries be reviewed by a supervisor on a monthly basis with evidence that the review was completed.

Management's response: We acknowledge the findings and appreciate the recommendations provided. Staff have been in a continuous audit cycle addressing a backlog of late and missing audit submissions in the past two years. Now that we are caught up, we will begin addressing the identified issues.

a) We will implement procedures to ensure that all invoices are recorded in the system promptly and accurately. This will include setting up regular reminders and deadlines for the timely entry of invoices.

b) We will establish a process where the accounts payable reports and general ledger entries are reviewed by a supervisor monthly. This review will be documented to provide evidence of its completion.

These steps will help us maintain accurate and timely financial records in compliance with generally accepted accounting principles.

We expect to implement these and other steps as may be necessary to correct the deficiency by fiscal year ending September 30, 2025.

2023-02 Accounts Receivable Aging

Observation: Several negative balances in the accounts receivable aging have been noted. These amounts represent the remaining credit balances available for refund to clients.

Recommendation: The Town should have a policy in place relating to issuing refunds to clients or write-offs, as appropriate, when the accounts are closed for outstanding debts or credit balances for inactive accounts.

Management's response: We acknowledge the observation regarding the negative balances in the accounts receivable aging report.

Staff have been in a continuous audit cycle addressing a backlog of late and missing audit submissions in the past two years. Now that we are caught up, we will begin addressing the identified issues.

We will develop and implement a policy that outlines the procedures for issuing refunds or processing write-offs for credit balances, particularly for closed or inactive accounts. This policy will ensure that all accounts are handled consistently and in a timely manner.

We expect to implement this and other policies as may be necessary to correct the deficiency by fiscal year ending September 30, 2024.

2023-03 Purchasing Policy

Observation: According to the Purchasing Policy dated November 8, 2023, section II, all payments must be approved regardless of the method of payment (check or wire transfer). During our audit procedures, we noted that the Purchasing Policy was not adhered to.

In addition, purchase order approvals forms and property purchase order forms were not signed by the department head.

Recommendation: The Town should ensure that procedures regarding acquisitions are well implemented and followed. Adhering to the purchasing policy will identify conflicts of interest, employees authorized to make purchases and whether the purchase is within the budget.

Management's response: We acknowledge the findings regarding non-adherence to the Purchasing Policy and the lack of required approvals for purchase orders.

Staff have been in a continuous audit cycle addressing a backlog of late and missing audit submissions in the past two years. Now that we are caught up, we will begin addressing the identified issues.

We will reinforce the importance of following the Purchasing Policy by conducting training sessions for all relevant staff. Additionally, we will implement stricter oversight measures to ensure that all payments, regardless of the method, are properly approved, and that purchase order forms are signed by the appropriate department heads before processing.

The above measures will be put in place and enforced to correct the deficiency by fiscal year ending September 30, 2024.

2023-04 Internal Control over Payroll

Observation: We noted that employees' overtime was not reviewed and approved by supervisors for May, July and September. This practice is not in compliance with the Employee Handbook.

Recommendation: Adherence with the Employee Handbook by the approval of employees' overtime by supervisors will maintain compliance with Town policies and procedures and help to minimize budget overruns.

Management's response: We acknowledge the observation regarding the lack of supervisor approval for employee overtime.

Staff have been in a continuous audit cycle addressing a backlog of late and missing audit submissions in the past two years. Now that we are caught up, we will begin addressing the identified issues.

We will reinforce the requirement that all employee overtime must be reviewed and approved by supervisors, as outlined in the employee handbook. We will implement additional controls to ensure compliance with this policy moving forward, which will help to minimize the risk of budget overruns.

We expect to reinforce policies and implement additional controls to correct the deficiency by fiscal year ending September 30, 2024.

2023-05 Payroll Procedures - Time Cards

Observation: According to the Town's Employee Handbook, "all full-time employees, exempt and non-exempt, are to be at work or available to the public and co-workers during the normal workdays Monday through Friday and the hours of 8:00 am to 5:00 pm, except on recognized holidays, away from the work site, an approved work-related activity or on approved leave. Non-exempt employees are required to use a designated time-clock system to record actual hours worked. Full-time employees are regularly scheduled to work thirty hours per week and part-time employees are regularly scheduled to work less than thirty hours per week". During our audit, we noted that certain employees, based on the elevator log, arrived between 9:00 am and 12:00 pm with a departure time earlier than 5:00 pm. These hours do not compose a complete day of work. Documentation of absences, tardiness and/or incomplete days worked was not maintained in files. In addition, time reported on the timecard for some employees did not reconcile with the payroll register.

Recommendation: The Town should enforce the control procedures of work hours regarding the time in and out of non-exempt employees. If employees are running late or absent, they should document the reasons of the time taken with the approval of the department head to ensure compliance with the Employee Handbook. The Town should consider implementing procedures to manage exempt employees' hours so that salaries are not misappropriated and that the employees are available and accountable to the public.

Management's response: We acknowledge the observation regarding discrepancies in employee work hours and the documentation of absences, tardiness and/or incomplete days worked.

Staff have been in a continuous audit cycle addressing a backlog of late and missing audit submissions in the past two years. Now that we are caught up, we will begin addressing the identified issues.

We will reinforce the control procedures outlined in the Employee Handbook, ensuring that all non-exempt employees adhere to the designated work hours and accurately record their time using the time-clock system. Additionally, we will require that any late arrivals, early departures or absences be documented with the appropriate approvals from department heads.

We will also review and implement measures to better manage exempt employees' hours to ensure compliance with the Employee Handbook, prevent salary misappropriation, and maintain accountability to the public.

We expect to reinforce adherence to policies and implement the above measures by September 30, 2024.

2023-06 Payroll Procedures - Change of Status

Observation: During payroll testing, we noted that the change of status forms for certain employees were not on file.

Recommendation: The Town should establish or implement procedures to ensure that all required documents are on file and approved.

Management's response: We acknowledge the observation regarding the absence of change of status forms for certain employees in the payroll records.

Staff have been in a continuous audit cycle addressing a backlog of late and missing audit submissions in the past two years. Now that we are caught up, we will begin addressing the identified issues.

We will establish and enforce procedures to ensure that all employee status changes are properly documented, approved, and filed. This will include routine audits of personnel files to verify that all required documents are in place and up to date.

We expect to establish and enforce policies and procedures to correct this deficiency by September 30, 2024 and being conducting routine audits or personnel files by fiscal year ending September 30, 2025.

2023-07 Personnel File - Police Department

Observation: During our testing, we noted that certain required personnel forms were not completed by the employee and approved by the department head for the Police Department.

Recommendation: The Town should ensure that all employees' files maintain all the required personnel forms signed by the hired employee and the department head.

Management's response: We acknowledge the observation regarding incomplete and unapproved personnel forms in employee files.

Staff have been in a continuous audit cycle addressing a backlog of late and missing audit submissions in the past two years. Now that we are caught up, we will begin addressing the identified issues.

We will implement procedures to ensure that all required personnel forms are completed by employees and properly approved by the department head. We will also conduct regular audits of employee files to ensure compliance with this requirement.

We expect to implement procedures by September 30, 2024 and begin conducting regular audits and fiscal year ending September 30, 2025.

2023-08 Internal Control over Petty Cash and Petty Cash Documentation

Observation: During our audit procedures, we noted that there are limited internal controls over petty cash to ensure that the funds were used in accordance with policies.

Recommendation: The Town should implement procedures relating to the use of petty cash such as: a) conduct surprise counts to ensure that the physical amount on hand agrees to the petty cash report, b) require adequate documentation of funds used, and c) segregate duties for persons handling petty cash fund to separate at a minimum, persons recording and approving expenditures, in order to mitigate the misallocation of funds.

Management's response: We acknowledge the observation regarding the limited internal controls over petty cash management.

Staff have been in a continuous audit cycle addressing a backlog of late and missing audit submissions in the past two years. Now that we are caught up, we will begin addressing the identified issues.

We will implement stricter procedures for managing petty cash, including conducting surprise cash counts to ensure that the physical cash on hand matches the petty cash report. We will also require that all petty cash expenditures be supported by adequate documentation and receipts. Furthermore, we will segregate the duties of handling petty cash from those responsible for recording and approving expenditures to minimize the risk of misallocation.

We are committed to enhancing our internal controls to ensure the proper use and management of petty cash funds.

We expect to implement and develop more strict procedures by fiscal year ending September 30, 2024.

2023-09 Financial Statements Close Process

Observation: During our audit procedures, there were certain deficiencies in the financial statement close process that required audit adjustments for normal closing journal entries and reclassifications in order for the financial statements to be in accordance with generally

accepted accounting principles. The financial statement closing process includes reconciling accounts during the closing of the general ledger and preparing the trial balance.

Recommendation: We recommend that management review the financial statement closing process to ensure that it is adequate to detect and prevent misstatements. Accounts must be reconciled and analytically reviewed, and journal entries must be approved.

Management's response: Staff have been in a continuous audit cycle addressing a backlog of late and missing audit submissions in the past two years. Now that we are caught up, we will begin addressing the identified issues.

We will review and enhance our financial statement closing process to ensure it is robust enough to detect and prevent misstatements. This will include thorough account reconciliations, analytical reviews, and ensuring that all journal entries are properly approved before closing the general ledger.

We expect to implement and enforce procedures to correct the deficiency in fiscal year 2024.

2023-10 Bank Account Reconciliations

Observation: During the audit, we noted that bank reconciliations were not prepared on a regular basis at the end of each month. They have been completed weeks or months later. Furthermore, there was no evidence of review or approval of the reconciliations by upper-level management.

Recommendation: The Town should ensure that bank reconciliations are completed, reviewed and approved by an upper level management on a timely basis.

Management's response: Staff have been in a continuous audit cycle addressing a backlog of late and missing audit submissions in the past two years. Now that we are caught up, we will begin addressing the identified issues.

We will implement procedures to ensure that bank reconciliations are completed promptly at the end of each month. Additionally, we will establish a process for upper-level management to review and approve these reconciliations to ensure accuracy and timeliness.

We expect to implement and establish policies and procedures to correct this deficiency in the fiscal year 2024.

2023-11 Capital Assets

Observation: During the audit we noted that the total capital assets in the depreciation summary- book data report doesn't reconcile with the general ledger total capital assets for the general fund.

Recommendation: The Town should ensure that all assets recorded in the detail depreciation summary- book data report are properly recorded in the general ledger and the detail report reconciles with the general report at all times.

Management's response: Staff have been in a continuous audit cycle addressing a backlog of late and missing audit submissions in the past two years. Now that we are caught up, we will begin addressing the identified issues.

We will review and reconcile the capital assets recorded in the detailed depreciation summary-book data report with those in the general ledger. We will implement procedures to ensure that these reports align accurately and that any discrepancies are promptly resolved.

We expect to review, reconcile and implement procedures to correct this deficiency in the fiscal year 2024.

2023-12 Filing requirements

Observation: Section 218.39(1) Florida Statutes requires municipalities to have an annual financial audit of its accounts and records completed within 9 months after the end of its fiscal year by an independent certified public accountant. The audit was not performed and completed within the required timeframe and, therefore, audited financial statements were not submitted by the deadline.

Recommendation: The Town should take the necessary actions to comply with the Florida Statutes and have the annual financial audit of its account and records completed and submitted by the required deadline to avoid State imposed sanctions, including the withholding of funds.

Management's response: Staff have been in a continuous audit cycle addressing a backlog of late and missing audit submissions in the past two years. Now that we are caught up, we will begin addressing the identified issues.

We will take immediate steps to ensure that future annual financial audits are completed within the required timeframe, as specified by Section 218.39(1) Florida Statutes. We will work closely with our independent certified public accountant to adhere to the deadlines and avoid any State-imposed sanctions.

We expect to take action necessary to correct this deficiency for fiscal year ending 2024.

II. PRIOR YEARS' FINDINGS

2022-01 Financial Statements Close Process
Current Status: Partially resolved. See finding no. 2023-09.

2022-02 Accounts Receivable Aging
Current Status: Partially resolved. See finding no. 2023-02.

2022-03 Account Payable
Current Status: Not resolved. See finding no. 2023-01.

2022-04 Credit Card Use
Current Status: Resolved.

2022-05 Credit Card Sales Tax
Current Status: Resolved.

2022-06 Credit Card Supporting Documents.
Current Status: Resolved.

2022-07 Internal Controls over Procurement and Procurement Documentation
Current Status: Not resolved. See finding no. 2023-3.

2022-08 Bank Account Reconciliations
Current Status: Not resolved. See finding no. 2023-10.

2022-09 Capital Assets
Current Status: Not resolved. See finding no. 2023-11.

2022-10 Filing requirements
Current Status: Not resolved. See finding no. 2023-12.

2021-01 Accounts Receivable Aging
Current Status: Partially resolved. See finding no. 2023-02.

2021-02 Capital Assets
Current Status: Not resolved. See finding no. 2023-11.

2021-03 Internal Controls over Procurement and Procurement Documentation
Current Status: Not resolved. See finding no. 2023-03.

2021-04 Bank Account Reconciliations
Current Status: Not resolved. See finding no. 2023-10.

TOWN OF PEMBROKE PARK, FLORIDA
Impact Fee Affidavit
For the year ended September 30, 2023

IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared David M. DiLena, who being duly sworn, deposes and says on oath that:

1. I am the Director of Financial Services of the Town of Pembroke Park, Florida ("the Town") which is a local governmental entity of the State of Florida.

2. The Town of Pembroke Park, Florida ("the Town") adopted Ordinance No. 2021-009 implementing an impact fee; and

3. The Town of Pembroke Park, Florida ("the Town") has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

David M. DiLena
Director of Financial Services

STATE OF FLORIDA
COUNTY OF BROWARD

SWORN TO AND SUBSCRIBED before me this 21 day of August, 2024.

Nazly Cardona A.
NOTARY PUBLIC

Print Name Nazly Cardona.

Personally known X or produced identification _____

Type of identification produced: _____

NAZLY CARDONA
Notary Public - State of Florida
Commission # HH 374168
My Comm. Expires Mar 15, 2027

My Commission Expires: _____