

**TOWN OF PEMBROKE PARK, FLORIDA
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022**

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FINANCIAL SECTION



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INDEPENDENT AUDITOR’S REPORT

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

Report of the Financial Statements

We have audited the accompanying financial statements 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 and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town’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, 2022, and the respective changes in financial position, and, where applicable, cash flows 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.

Emphasis of Matter

As discussed in Notes 1 and 5 to the basic financial statements, the Town of Pembroke Park, Florida (“the Town”) adopted the provisions of Governmental Accounting Standards Board Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

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

INDEPENDENT AUDITOR'S REPORT (Continued)

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 57-58, the schedule of changes in the total OPEB liability, and the pension schedules on

INDEPENDENT AUDITOR'S REPORT (Continued)

pages 59 through 64, 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 January 11, 2024, on our consideration of the Town'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'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's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "S. Davis & Associates, P.A." The signature is written in a cursive style and is positioned above the typed name and address.

Hollywood, Florida
January 11, 2024

TOWN OF PEMBROKE PARK, FLORIDA
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2022

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, 2022, 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 HIGHLIGHTS

- 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 \$28,804,659 (net position). Unrestricted governmental activities are \$5,510,746 and unrestricted business-types activities \$14,033,061 totaling \$19,513,807.
- During the 2022 fiscal year, the net position increased by \$3,120,990 from \$25,683,669 to \$28,804,659. Governmental activities net position increased by \$1,319,029 (13%) and business type activities net position increased by \$1,831,961 (10%).
- The Governmental Funds Revenues, including Other Financing Sources, decreased by \$2,914,561 from \$15,694,710 in 2021 to \$12,780,149 in 2022. This decrease is primarily due to the reduction of grant revenue from the American Rescue Plan Act (ARPA) funding received in fiscal year 2021.
- Property taxes revenue increased governmental activities by \$497,546 (7%) during the fiscal year 2022 compared to fiscal year 2021. This is due to the increase in property values.
- The governmental fund received transfers of \$172,851 from the sewer utility and stormwater drainage funds to cover overhead cost. General Fund expenditure decreased by \$294,129 (3%) because of a reduction in key administrative positions during the year.
- During fiscal year 2022, revenues of all Governmental Funds totaled \$12,780,149 while expenditures totaled \$11,461,120. As a result, Governmental Funds revenues were \$1,319,029 more than Governmental Funds expenditures.
- Business-type activities generated a net operating income of \$1,801,851 in fiscal year 2022, compared to \$510,458 in 2021. During the fiscal year 2022, operating revenues increased by \$1,009,430 from \$3,704,326 in 2021 to \$4,713,756 in 2022 net of transfers. Operating expenditures decreased by \$282,073 from \$3,193,868 in 2021 to \$2,911,795 in 2022.

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

TOWN OF PEMBROKE PARK, FLORIDA
Management's Discussion and Analysis (Continued)
Fiscal Year Ended September 30, 2022

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 and liabilities, with the difference between the two 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.

TOWN OF PEMBROKE PARK, FLORIDA
Management's Discussion and Analysis (Continued)
Fiscal Year Ended September 30, 2022

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 funds 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 2022 and 2021 are presented for comparison purpose.

The schedule below summarizes the Town net position for the fiscal year ended 2022 and 2021.

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 9,575,088	\$ 11,480,016	\$ 14,618,630	\$ 14,775,733	\$ 24,193,718	\$ 26,255,749
Capital assets, net of depreciation	4,874,984	4,016,308	4,456,320	4,734,128	9,331,304	8,750,436
Total assets	14,450,072	15,496,324	19,074,950	19,509,861	33,525,022	35,006,185
Deferred outflows of resources	2,374,587	1,148,496	352,372	245,532	2,726,959	1,394,028
Current Liabilities	1,151,262	835,465	108,026	304,433	1,259,288	1,139,898
Long-term liabilities	5,496,769	4,089,571	802,803	2,326,068	6,299,572	6,415,639
Total liabilities	6,648,031	4,925,036	910,829	2,630,501	7,558,860	7,555,537
Deferred inflows of resources	(209,102)	2,653,083	97,564	507,924	(111,538)	3,161,007
Net position						
Net investment in capital assets	4,874,984	4,016,308	4,415,868	2,690,718	9,290,852	6,707,026
Restricted	-	42,739	-	1,113,684	-	1,156,423
Unrestricted	5,510,746	5,007,654	14,003,061	12,812,566	19,513,807	17,820,220
Total net position	\$ 10,385,730	\$ 9,066,701	\$ 18,418,929	\$ 16,616,968	\$ 28,804,659	\$ 25,683,669
\$ Variance	1,319,029		1,801,961		3,120,990	
% Variance	13%		10%		11%	

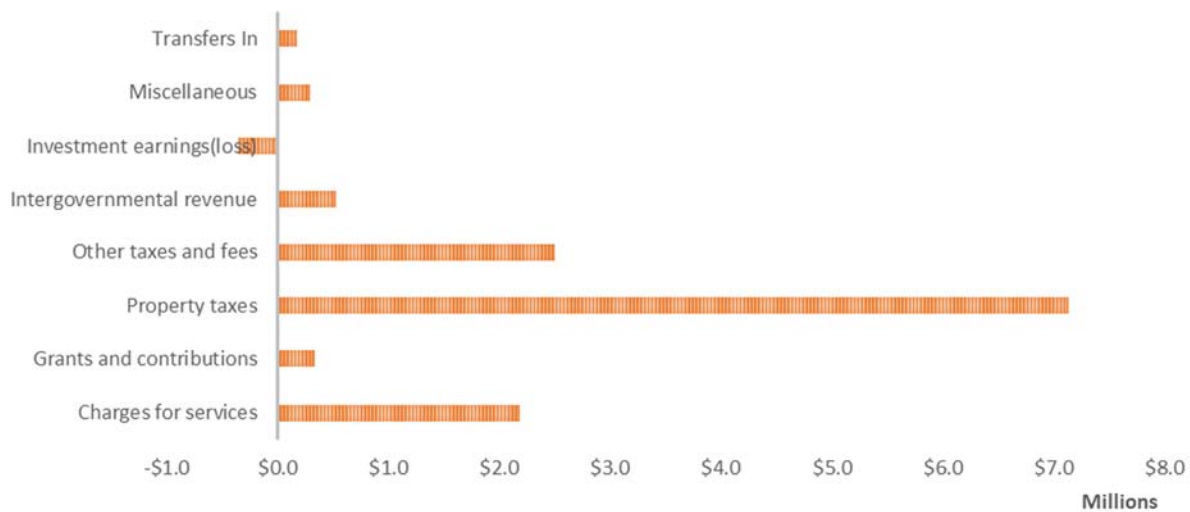
The Town's combined net position was \$28,804,659 as of September 30, 2022. Governmental activities net position totaled \$10,385,730 and business-type activities net position totaled \$18,418,929. This represents an increase of \$3,120,990 from fiscal year 2021.

TOWN OF PEMBROKE PARK, FLORIDA
Management’s Discussion and Analysis (Continued)
Fiscal Year Ended September 30, 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, 2022, the Town’s unrestricted net position increased by \$503,092 which resulted from a combination of the governmental activities unrestricted net position increase of \$5,510,746 and the business-type activities net position increase of \$1,190,495. The combined unrestricted net position amounted to \$19,513,807 as of September 30, 2022. A key component to the Town’s 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 provide for the Town’s stable growth of industrial, commercial, residential, and recreational development.

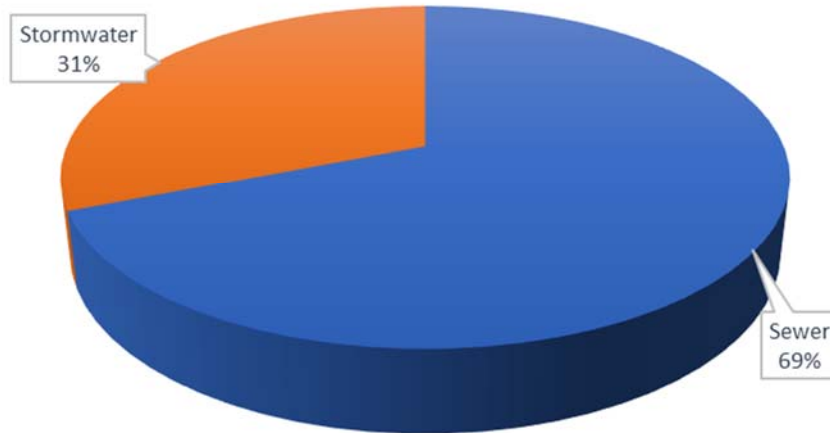
General discussion on revenues: Property tax revenues are the major revenue source in the General Fund and it accounts for 56% of the total governmental fund revenues and 68% of total government-wide general revenues in the fiscal year 2022. The millage rate established by the Town during the budget process determines how much property tax revenue is generated in the General Fund. Property tax revenues increased by \$497,546 to \$7,133,140 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.

GENERAL FUND REVENUES



TOWN OF PEMBROKE PARK, FLORIDA
Management's Discussion and Analysis (Continued)
Fiscal Year Ended September 30, 2022

Business-type activities revenues



Business-type activities for the year resulted in an increase in the net position of \$1,801,961. The main reason for this change is:

- Sewer utility fund revenue exceeded total expenses by \$1,104,381.
- Stormwater drainage fund revenue exceeded total expenses by \$697,580.

General discussion on expenses: Expenses for the governmental and business type activities were \$11,461,120 and \$2,911,795, respectively. One of the Town's major expenses is to Broward County for police and fire rescue which accounts for \$7,025,175 or 61% of the total expenses for governmental activities.

During the fiscal year 2022 the Town experienced a decreased in salaries and benefits of \$241,819 which is mainly due to the unfilled and open administrative and police positions during the year. Program expenses for business type activities funds decreased by \$294,129 primarily due to decreased capital expenditures during the year.

TOWN OF PEMBROKE PARK, FLORIDA
Management's Discussion and Analysis (Continued)
Fiscal Year Ended September 30, 2022

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	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 2,184,822	\$ 1,874,878	\$ 4,546,433	\$ 4,259,671	\$ 6,731,255	\$ 6,134,549
Operating grants and contributions	330,969	3,661,243	-	-	330,969	3,661,243
Capital grants and contributions	-	-	-	3,278	-	3,278
General revenues:						
Property taxes	7,133,140	6,635,594	-	-	7,133,140	6,635,594
Other taxes and fees	2,498,250	2,260,462	-	-	2,498,250	2,260,462
Intergovernmental revenue	524,816	456,537	-	-	524,816	456,537
Unrestricted investment earnings	(353,763)	21,749	37,426	793	(316,337)	22,542
Miscellaneous	289,064	190,479	302,748	34,352	591,812	224,831
Transfers	172,851	593,768	(172,851)	(593,768)	-	-
Total revenues	\$ 12,780,149	15,694,710	4,713,756	3,704,326	17,493,905	19,399,036
Expenses:						
Governmental activities:						
General government	1,997,667	2,304,694	-	-	1,997,667	2,304,694
Public safety	6,930,703	7,109,582	-	-	6,930,703	7,109,582
Building	822,726	341,743	-	-	822,726	341,743
Physical environment	1,015,570	917,035	-	-	1,015,570	917,035
Public works	445,801	515,913	-	-	445,801	515,913
Culture and recreation	248,653	566,282	-	-	248,653	566,282
Business - type activities:						
Sewer utilities	-	-	1,967,201	2,353,741	1,967,201	2,353,741
Stormwater drainage district	-	-	944,594	840,127	944,594	840,127
Total expenses	11,461,120	11,755,249	2,911,795	3,193,868	14,372,915	14,949,117
Change in net position	1,319,029	3,939,461	1,801,961	510,458	3,120,990	4,449,919
Net position - beginning	9,066,701	5,127,240	16,616,968	16,106,510	25,683,669	21,233,750
Net position - ending	\$ 10,385,730	\$ 9,066,701	\$ 18,418,929	\$ 16,616,968	\$ 28,804,659	\$ 25,683,669

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 \$18,418,929 at the end of the fiscal year ended September 30, 2022, an increase

TOWN OF PEMBROKE PARK, FLORIDA
Management's Discussion and Analysis (Continued)
Fiscal Year Ended September 30, 2022

of \$1,801,961 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 2022 was below the final budget by \$706,050. Actual expenditure for the year were \$188,463 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, police, fire, financial and administrative, and decrease in public works, culture and recreation, physical environment, Mayor and Commission and Town attorney.

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of September 2022 totaled \$9,219,859 (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 2022, the Town has debt totaling \$2,385,862. This amount excludes compensated absences, net pension liability, and OPEB obligation. 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.

The Town was granted \$3,380,261 from the American Rescue Plan Act of 2022 funding to rebuild the Town's economy, stimulate growth, and assist with the needs of the residents and businesses.

TOWN OF PEMBROKE PARK, FLORIDA
Management's Discussion and Analysis (Continued)
Fiscal Year Ended September 30, 2022

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, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash, cash equivalents and equity in pooled cash	\$ 3,816,049	\$ 9,835,379	\$ 13,651,428
Investments	5,372,004	3,867,582	9,239,586
Accounts receivable, net	138,915	915,669	1,054,584
Intergovernmental receivables	226,380	-	226,380
Prepays	88,410	-	88,410
Restricted cash	-	-	-
Net pension asset – Commissioner pension	(66,670)	-	(66,670)
Right to use leased assets, net of amortization	111,445	-	111,445
Capital assets:			
Nondepreciable	2,188,924	34,347	2,223,271
Depreciable, net	2,574,615	4,421,973	6,996,588
Total assets	<u>14,450,072</u>	<u>19,074,950</u>	<u>33,525,022</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	<u>2,374,587</u>	<u>352,372</u>	<u>2,726,959</u>
LIABILITIES			
Accounts payable	388,516	99,150	487,666
Accrued payroll	98,548	8,876	107,424
Accrued interest payable	3,710	-	3,710
Unearned revenues	164,115	-	164,115
Customer deposits	36,114	-	36,114
Noncurrent liabilities:			
Due in less than one year:			
Loan payable	275,503	-	275,503
Lease liability	29,590	-	29,590
Compensated absences	155,166	-	155,166
Due in more than one year:			
Loan payable	1,995,948	-	1,995,948
Lease liability	84,821	-	84,821
Compensated absences	176,009	40,452	216,461
Net OPEB liability	48,057	11,308	59,365
Net pension liability	3,191,934	751,043	3,942,977
Total liabilities	<u>6,648,031</u>	<u>910,829</u>	<u>7,558,860</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	<u>(209,102)</u>	<u>97,564</u>	<u>(111,538)</u>
NET POSITION			
Net investment in capital assets	4,874,984	4,415,868	9,290,852
Restricted for:			
Law enforcement	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Unrestricted	<u>5,510,746</u>	<u>14,003,061</u>	<u>19,513,807</u>
Total net position	<u>\$ 10,385,730</u>	<u>\$ 18,418,929</u>	<u>\$ 28,804,659</u>

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, 2022

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expenses) Revenue and</u>		<u>Total</u>
	<u>Expenses</u>	<u>Operating Grants</u>		<u>Capital Grants and</u>	<u>Governmental</u>	<u>Business-type</u>	
		<u>Charges for</u>	<u>and</u>				
	<u>Services</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Activities</u>	<u>Activities</u>		
Primary government							
General government	\$ 1,997,667	\$ 542,107	\$ -	\$ -	\$ (1,455,560)	\$ -	\$ (1,455,560)
Public safety	6,930,703	526,268	-	-	(6,404,435)	-	(6,404,435)
Building	822,726	1,112,547	-	-	289,821	-	289,821
Physical environment	1,015,570	-	330,969	-	(684,601)	-	(684,601)
Public works	445,801	-	-	-	(445,801)	-	(445,801)
Culture and recreation	248,653	3,900	-	-	(244,753)	-	(244,753)
Total governmental activities	11,461,120	2,184,822	330,969	-	(8,945,329)	-	(8,945,329)
Business-type activities:							
Sewer utilities	1,967,201	3,135,945	-	-	-	1,168,744	1,168,744
Stormwater drainage district	944,594	1,410,488	-	-	-	465,894	465,894
Total business-type activities	2,911,795	4,546,433	-	-	-	1,634,638	1,634,638
Total	\$ 14,372,915	\$ 6,731,255	\$ 330,969	\$ -	(8,945,329)	1,634,638	(7,310,691)
General revenues:							
Property taxes					7,133,140	-	7,133,140
Local option gas tax					110,040	-	110,040
Utility service taxes					1,386,422	-	1,386,422
Franchise taxes					1,001,788	-	1,001,788
Intergovernmental revenue					524,816	-	524,816
Unrestricted investment earnings					(353,763)	37,426	(316,337)
Miscellaneous					289,064	302,748	591,812
Transfers					172,851	(172,851)	-
Total general revenues					10,264,358	167,323	10,431,681
Change in net position					1,319,029	1,801,961	3,120,990
Net position - beginning					9,066,701	16,616,968	25,683,669
Net position - ending					\$ 10,385,730	\$ 18,418,929	\$ 28,804,659

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

TOWN OF PEMBROKE PARK, FLORIDA
Balance Sheet – Governmental Funds
September 30, 2022

	<u>Major Fund</u>		
	<u>General Fund</u>	<u>Non-Major Governmental Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash – unrestricted and restricted	\$ 2,667,707	\$ 1,148,342	\$ 3,816,049
Equity in pooled investments and pooled cash	5,372,004	-	5,372,004
Accounts receivable, net	138,112	803	138,915
Intergovernmental receivable	226,380	-	226,380
Prepays	88,410	-	88,410
Total assets	<u>\$ 8,492,613</u>	<u>\$ 1,149,145</u>	<u>\$ 9,641,758</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 304,095	\$ 84,421	\$ 388,516
Accrued liabilities	87,496	11,052	98,548
Due in less than one year:			
Loan payable - current portion	275,503	-	275,503
Unearned revenue	164,115	-	164,115
Accrued compensated absences	155,166	-	155,166
Customer deposits	36,114	-	36,114
Due in more than one year:			
Loan payable - noncurrent portion	1,995,948	-	1,995,948
Total liabilities	<u>3,018,437</u>	<u>95,473</u>	<u>3,113,910</u>
Fund balances			
Nonspendable			
Prepaid items	88,410	-	88,410
Restricted			
Law enforcement	-	-	-
Unassigned	5,385,766	1,053,672	6,439,438
Total fund balances	<u>5,474,176</u>	<u>1,053,672</u>	<u>6,527,848</u>
Total liabilities and fund balances	<u>\$ 8,492,613</u>	<u>\$ 1,149,145</u>	<u>\$ 9,641,758</u>

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, 2022

Fund balances - governmental funds		\$ 6,527,848
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	<u>(30,808)</u>	111,445
Cost of capital assets	\$ 10,027,761	
Accumulated depreciation	<u>(5,264,222)</u>	4,763,539
Deferred outflows of resources related to pensions are recorded in the statement of net position.		2,374,587
Deferred inflows of resources related to pensions are recorded in the statement of net position.		209,102
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.		(66,670)
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		(48,057)
Net pension liability		(3,191,934)
Obligation under lease		(114,411)
Accrued Interest		(3,710)
Compensated absences		<u>(176,009)</u>
Net position of governmental activities		<u>\$ 10,385,730</u>

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, 2022

	<u>Major Fund</u>	<u>Non-Major</u>	<u>Total</u>
	<u>General Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Fund</u>	<u>Funds</u>
REVENUES			
Property taxes	\$ 7,133,140	\$ -	\$ 7,133,140
Local option gas tax	110,040	-	110,040
Utility service taxes	1,386,422	-	1,386,422
Licenses and permits	537,198	1,112,547	1,649,745
Franchise taxes	1,001,788	-	1,001,788
Intergovernmental revenues	524,816	-	524,816
Charges for services	472,138	-	472,138
Fines and forfeitures	62,864	-	62,864
Grants revenues	331,044	-	331,044
Interest	(353,763)	-	(353,763)
Miscellaneous	119,011	27,801	146,812
Total revenues	<u>11,324,698</u>	<u>1,140,348</u>	<u>12,465,046</u>
EXPENDITURES			
Current			
General government	4,030,639	-	4,030,639
Public safety	7,031,227	-	7,031,227
Building	-	875,299	875,299
Physical environment	212,152	-	212,152
Public works	500,837	-	500,837
Culture and recreation	362,935	-	362,935
Capital outlay			
Machinery and equipment	215,169	-	215,169
Leases	142,252	-	142,252
Total expenditures	<u>12,495,211</u>	<u>875,299</u>	<u>13,370,510</u>
Excess of revenues over expenditures	(1,170,513)	265,049	(905,464)
OTHER FINANCING SOURCES			
Transfers in	172,851	-	172,851
Lease proceeds	142,252	-	142,252
Total Other Financing Sources	<u>315,103</u>	<u>-</u>	<u>315,103</u>
Net change in fund balances	(855,410)	265,049	(590,361)
Fund balances – beginning	6,329,586	788,623	7,118,209
Fund balances – ending	<u>\$ 5,474,176</u>	<u>\$ 1,053,672</u>	<u>\$ 6,527,848</u>

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, 2022

Net change in fund balances – total governmental funds	\$ (590,361)
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.	215,169
Capital outlay- Lease	142,252
Depreciation on capital assets is not recognized in the governmental funds statements, but is reported as an expense in the statement of activities.	(387,090)
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	2,111,053
Change in compensated absence	(5,127)
Change in other post-employment benefit obligation	(166,867)
Change in net position of governmental activities	<u>\$ 1,319,029</u>

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, 2022

	Major Funds		
	Sewer Utility	Stormwater Drainage	Total
ASSETS			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 3,954,345	\$ 5,881,034	\$ 9,835,379
Equity in pooled investments	1,817,238	2,050,344	3,867,582
Accounts receivable, net	713,419	202,250	915,669
Restricted cash	-	-	-
Total current assets	<u>6,485,002</u>	<u>8,133,628</u>	<u>14,618,630</u>
Noncurrent assets:			
Capital assets:			
Construction in progress	-	34,347	34,347
Infrastructure	7,316,382	10,782,824	18,099,206
Machinery and equipment	314,097	179,210	493,307
Less accumulated depreciation	<u>(5,651,019)</u>	<u>(8,519,521)</u>	<u>(14,170,540)</u>
Total capital assets, net	<u>1,979,460</u>	<u>2,476,860</u>	<u>4,456,320</u>
Total noncurrent assets	<u>1,979,460</u>	<u>2,476,860</u>	<u>4,456,320</u>
Total assets	<u>8,464,462</u>	<u>10,610,488</u>	<u>19,074,950</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	<u>220,233</u>	<u>132,140</u>	<u>352,372</u>
LIABILITIES			
Current liabilities:			
Accounts payable	46,293	52,857	99,150
Accrued payroll	7,876	1,000	8,876
Accrued interest payable	-	-	-
Current portion of loan payable	-	-	-
Total current liabilities	<u>54,169</u>	<u>53,857</u>	<u>108,026</u>
Noncurrent liabilities:			
Notes and loans payable	-	-	-
Compensated absences	38,827	1,625	40,452
OPEB liability	7,067	4,241	11,308
Net pension liability	<u>469,402</u>	<u>281,641</u>	<u>751,043</u>
Total noncurrent liabilities	<u>515,296</u>	<u>287,507</u>	<u>802,803</u>
Total liabilities	<u>569,465</u>	<u>341,364</u>	<u>910,829</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	<u>60,977</u>	<u>36,587</u>	<u>97,564</u>
NET POSITION			
Net investment in capital assets	1,940,634	2,475,234	4,415,868
Restricted for debt service	-	-	-
Restricted for capital projects	-	-	-
Unrestricted	<u>6,113,618</u>	<u>7,889,443</u>	<u>14,003,061</u>
Total net position	<u>\$ 8,054,252</u>	<u>\$ 10,364,677</u>	<u>\$ 18,418,929</u>

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, 2022

	Major Funds		
	Sewer Utility	Stormwater Drainage	Total
OPERATING REVENUES			
Charges for services	\$ 3,135,945	\$ 1,410,488	\$ 4,546,433
Total operating revenues	3,135,945	1,410,488	4,546,433
OPERATING EXPENSES			
Salaries and benefits	341,345	175,213	516,558
Contractual services	1,033,560	-	1,033,560
Repairs and maintenance	235,505	19,251	254,756
Miscellaneous expense	41,479	74,579	116,058
Insurance premiums	90,447	63,858	154,305
Utilities	59,895	27,658	87,553
Depreciation and amortization	294,381	441,702	736,083
Total operating expense	2,096,612	802,261	2,898,873
Operating income	1,039,333	608,227	1,647,560
NON OPERATING REVENUES (EXPENSES)			
Interest revenue	56,553	(19,127)	37,426
Interest expense	(12,922)	-	(12,922)
Impact Fee	141,288	161,460	302,748
Other revenue	-	-	-
Total non-operating revenue (expenses)	184,919	142,333	327,252
Transfers	(119,871)	(52,980)	(172,851)
Change in net position	1,104,381	697,580	1,801,961
Net position - beginning	6,949,871	9,667,097	16,616,968
Net position - ending	\$ 8,054,252	\$ 10,364,677	\$ 18,418,929

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, 2022

	Major Funds		
	Sewer Utility	Stormwater Drainage	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 3,022,785	\$ 1,391,124	\$ 4,413,909
Payments to employees	(245,899)	(258,706)	(504,605)
Payments to suppliers of goods and services	(1,568,616)	(111,226)	(1,679,842)
Net cash provided by operating activities	<u>1,208,270</u>	<u>1,021,192</u>	<u>2,229,462</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES			
Transfers	(119,871)	(52,980)	(172,851)
Cash received from impact fees and other	141,288	161,460	302,748
Net cash used in non-capital and related financing activities	<u>21,417</u>	<u>108,480</u>	<u>129,897</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(227,819)	(230,456)	(458,275)
Principal paid	(2,012,000)	-	(2,012,000)
Interest paid	(21,604)	-	(21,604)
Net cash used in capital and related financing activities	<u>(2,261,423)</u>	<u>(230,456)</u>	<u>(2,491,879)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	56,553	(19,127)	37,426
Sales of investments	63,320	72,106	135,426
Net cash provided by capital and related financing activities	<u>119,873</u>	<u>52,979</u>	<u>172,852</u>
Net increase in cash and cash equivalents	(911,863)	952,195	40,332
Cash and cash equivalents – October 1	4,866,208	4,928,839	9,795,047
Cash and cash equivalents – September 30	<u>\$ 3,954,345</u>	<u>\$ 5,881,034</u>	<u>\$ 9,835,379</u>

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, 2022

	Major Funds		
	Sewer Utility	Stormwater Drainage	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 1,039,333	\$ 608,227	\$ 1,647,560
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	294,381	441,702	736,083
Pension expense	(14,215)	(35,774)	(49,989)
OPEB expense	(545)	(326)	(871)
Decrease in accounts receivable	46,383	15,626	62,009
Increase in accounts payable	(166,423)	11,046	(155,377)
Decrease in accrued interest payable	(7,335)	-	(7,335)
Increase in accrued payroll	(5,278)	(6,382)	(11,660)
Increase in compensated absences	21,969	(12,927)	9,042
Total adjustments	168,937	412,965	581,902
Net cash provided by operating activities	<u>\$ 1,208,270</u>	<u>\$ 1,021,192</u>	<u>\$ 2,229,462</u>

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, 2022

	Commissioners'	
	Pension Trust	
	Fund	Total
ASSETS		
Investments	\$ 2,777,603	\$ 2,777,603
Life insurance and variable annuity contracts	527,892	527,892
Total assets	<u>3,305,495</u>	<u>3,305,495</u>
LIABILITIES		
Total liabilities	<u>-</u>	<u>-</u>
NET POSITION		
Held in trust for pension benefits	3,305,495	3,305,495
Total net position	<u>\$ 3,305,495</u>	<u>\$ 3,305,495</u>

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, 2022

	Commissioners'	
	Pension Trust	
	Fund	Total
ADDITIONS		
Employer contributions	\$ -	\$ -
Investment income, net	(459,781)	(459,781)
Total additions	<u>(459,781)</u>	<u>(459,781)</u>
DEDUCTIONS		
Benefit payments	188,891	188,891
Administrative expenses	4,263	4,263
Total liabilities	<u>193,154</u>	<u>193,154</u>
Change in net position	(652,935)	(652,935)
Net position held in trust for pension benefits - beginning	3,958,430	3,958,430
Net position held in trust for pension benefits - ending	<u>\$ 3,305,495</u>	<u>\$ 3,305,495</u>

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

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements
For the Year Ended September 30, 2022

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.

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

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 fund:

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 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

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

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.

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

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 recognize 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 142,000 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.

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

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. Bond issue costs are expensed as incurred.

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.

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

10. Accounts Receivable

Accounts receivable and allowance for doubtful accounts at September 30, 2022 were as follows:

	General	Sewer	Stormwater Drainage	Total
Utility taxes	\$ 166,543	\$ -	\$ -	\$ 166,543
Franchise fee	140,707	-	-	140,707
Broward County	127,677	761,286	225,170	1,114,133
Other receivables	1,831	-	-	1,831
Customer accounts receivable	72,901	-	-	72,901
Gross accounts receivable	509,659	761,286	225,170	1,496,115
Less: Allowance for uncollectable accounts	(144,364)	(47,868)	(22,919)	(215,151)
Accounts receivable, net	\$ 365,295	\$ 713,418	\$ 202,251	\$ 1,280,964

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.

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

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

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

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.

The following pronouncements did not have a material impact on the financial position or results of operations of the Town:

GASB 84 – Fiduciary Activities

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This Statement will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplify accounting for interest cost incurred before the end of a construction period. This Statement is effective for the fiscal year ending September 30, 2022. This standard has no impact on the Town financial statements.

GASB 93 – Replacement of Interbank Offered Rates

The objective of this Statement is to address the accounting and financial reporting implications that result from the replacement of an Interbank offered rate (IBOR). The removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. This standard has no impact on the Town financial statements.

17. Pronouncements Issued, but Not Yet Adopted

GASB 91 – Conduit Debt Obligations

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. This Statement also addresses arrangements often characterized as leases that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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.

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 will take effect for financial statements starting with fiscal year that ends September 30, 2023.

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

GASB 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement will take effect for financial statements starting with fiscal year that ends June 30, 2022.

The Town is currently evaluating the impact, if any, of implementation of the provisions of these GASB statements on the financial position or results of operations.

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 June 30, 2024.

GASB 102 – 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 June 30, 2025.

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

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

disclosed in the financial statements if exclusion of such disclosure would cause the financial statements to be misleading.

Management has evaluated subsequent events through January 11, 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.

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

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, 2022, 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)	\$ -	\$ 148,349	\$ 148,349	N/A	S&P AAAM	Weighted average of the fund portfolio: 33 days
FL Municipal Investment Trust 1-3 Year High Quality Bond	5,223,655	-	5,223,655	2	Not Available	Not Available
	<u>\$ 5,223,655</u>	<u>\$ 148,349</u>	<u>\$ 5,372,004</u>			
Business-Type Activities						
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	\$ -	\$ 225,087	\$ 225,087	N/A	S&P AAAM	Weighted average of the fund portfolio: 33 days
FL Municipal Investment Trust 1-3 Year High Quality Bond	3,642,495	-	3,642,495	2	Not Available	Not Available
	<u>\$ 3,642,495</u>	<u>\$ 225,087</u>	<u>\$ 3,867,582</u>			

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

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

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

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

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, 2022, 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, 2022, 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	\$ 768,802	2	AAA 21%, A 31%, BBB 29%, BB 10%, B 1%, Not Rated 8%	4.65 years
JPMorgan Large CAP Growth	798,077	2	N/A	N/A
Vanguard Equity- Income ADM	553,818	2	N/A	N/A
Invesco International Growth R5	206,706	2	N/A	N/A
Janus Triton N	257,273	2	N/A	N/A
DFA US Targeted Value I	192,927	2	N/A	N/A
	<u>\$ 2,777,603</u>			
	<u>Value</u>			
Life insurance and variable annuity contracts	<u>\$ 527,891</u>			

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.

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

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, 2022 was 8.5000 per \$1,000.

NOTE 5 - CAPITAL ASSETS

Capital assets of governmental activities for the year ended September 30, 2022, 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	-	68,860
Total capital assets, not being depreciated	2,120,064	68,860	-	2,188,924
Capital assets, being depreciated				
Buildings	984,935	185,914	-	1,170,849
Machinery and equipment	4,390,183	808,496	-	5,198,679
Improvements other than buildings	1,399,258	70,051	-	1,469,309
Right to use leased assets	-	142,252	-	142,252
Total capital assets, being depreciated	6,774,376	1,206,713	-	7,981,089
Less accumulated depreciation for:				
Buildings	984,935	77,955	-	1,062,890
Machinery and equipment	2,651,575	209,864	-	2,861,439
Improvements other than buildings	1,241,622	98,271	-	1,339,893
Right to use leased assets	-	30,807	-	30,807
Total accumulated depreciation	4,878,132	416,897	-	5,295,029
Total capital assets, being depreciated, net	1,896,244	789,816	-	2,686,060
Governmental activities capital assets, net	\$ 4,016,308	\$ 858,676	\$ -	\$ 4,874,984

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

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	\$ 95,383
Public safety	130,865
Building	15,235
Physical Environment	1,361
Public works	127,641
Culture and recreation	15,605
Right to use leased assets	30,807
	<u>\$ 416,897</u>

Capital assets of business-type activities for the year ended September 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Business-type activities				
Capital assets, not being depreciated				
Construction in progress	\$ 34,347	\$ -	\$ -	\$ 34,347
Total capital assets, not being depreciated	<u>34,347</u>	<u>-</u>	<u>-</u>	<u>34,347</u>
Capital assets, being depreciated				
Infrastructure	17,760,083	339,122	-	18,099,205
Machinery and equipment	374,154	119,153	-	493,307
Total capital assets, being depreciated	<u>18,134,237</u>	<u>458,275</u>	<u>-</u>	<u>18,592,512</u>
Less accumulated depreciation for:				
Infrastructure	13,252,618	694,047	-	13,946,665
Machinery and equipment	181,838	42,036	-	223,874
Total accumulated depreciation	<u>13,434,456</u>	<u>736,083</u>	<u>-</u>	<u>14,170,539</u>
Total capital assets, being depreciated, net	<u>4,699,781</u>	<u>(277,808)</u>	<u>-</u>	<u>4,421,973</u>
Business-type activities capital assets, net	<u>\$ 4,734,128</u>	<u>\$ (277,808)</u>	<u>\$ -</u>	<u>\$ 4,456,320</u>

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

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

	Business-type Activities
Sewer utility	\$ 294,381
Stormwater drainage	441,702
	<u>\$ 736,083</u>

NOTE 6 – LONG-TERM DEBT

Debt: During the year ended September 30, 2022, the following changes occurred in debt of governmental and business-type activities:

	Beginning balance	Additions	Reductions	Ending Balance	Due in less than one year
<u>Governmental activities</u>					
Net pension liability	\$ 980,484	\$ 2,211,450	\$ -	\$ 3,191,934	\$ -
Net OPEB Liability	44,148	3,909	-	48,057	-
Non-Ad Valorem Revenue Note Series 2021	2,500,000	-	228,549	2,271,451	275,503
Obligation under lease	16,724	114,411	16,724	114,411	29,590
Compensated absences	156,527	19,482	-	176,009	-
	<u>\$ 3,697,883</u>	<u>\$ 2,349,280</u>	<u>\$ 245,273</u>	<u>\$ 5,801,862</u>	<u>\$ 305,093</u>
<u>Business-type activities</u>					
Revenue Bond, Series 2009	\$ 2,012,000		\$ 2,012,000		\$ -
Net pension liability	270,479	480,564	-	751,043	-
Net OPEB Liability	12,179	-	871	11,308	-
Compensated absences	31,410	9,042	-	40,452	-
	<u>\$ 2,326,068</u>	<u>\$ 489,606</u>	<u>\$ 2,012,871</u>	<u>\$ 802,803</u>	<u>\$ -</u>

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.

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

The annual minimum lease payments and the present value of minimum lease payments related to the Town's lease liability as of September 30, 2022 follows:

Year ending September 30,	Principal	Interest	Total
2023	\$ 29,590	\$ 7,727	\$ 37,317
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	\$ 114,411	\$ 18,042	\$ 132,453

Sewer Revenue Bonds, Series 2009

The Town previously issued Sewer Revenue Bond, Series 2009, in the amount of \$2,360,000. The bond proceeds were used to pay off the entire balance of the interim financing that had been used to finance a part of the cost of acquiring, constructing and erecting extensions and improvements to the municipal sewer system of the Town. The Bond bears interest, payable annually on September 1, at the rate of 4.375% per annum through September 2048. Principal is due beginning on September 1, 2011 through September 1, 2048. The Bond contains certain restrictive covenants which include; adopting annual operating budgets, the establishment of revenue, operation and maintenance and bond sinking funds; and the establishment of rates sufficient to satisfy debt service requirements. During the fiscal year the Town paid off the bond amount. Therefore, the balance as of September 30, 2022 was zero.

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, 2022, the outstanding balance is \$2,271,451 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

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

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

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. Contribution rates during the 2022 fiscal year were as follows:

Class	Percent of Gross Salary October 1, 2021 to June 30, 2022		Percent of Gross Salary July 1, 2022 to September 30, 2022	
	Employee	Employer (1)	Employee	Employer (1)
FRS, Regular	3.00	10.82	3.00	11.91
FRS, Senior Management	3.00	29.01	3.00	31.57
FRS, Elected Officers	3.00	51.42	3.00	57.00

(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 \$449,712 for the fiscal year ended September 30, 2022.

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

At September 30, 2022, the Town reported a liability of \$3,225,574 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, 2022. The Town's proportion of the net pension liability was based on a projection of the Town's 2021-22 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the Town's proportion was .0086% percent, which was an increase of .0002% percentage points from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the Town recognized pension expense of \$514,364 related to the FRS plan. At September 30, 2022, 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	\$ 153,196	\$ -
Change of assumptions	397,243	-
Net difference between projected and actual on FRS earnings pension plan investments	212,984	-
Changes in proportion and differences between Town FRS contributions and proportionate share of FRS contributions	722,557	(289,524)
Town FRS contributions subsequent to the measurement date	107,537	-
Total	\$ 1,593,517	\$ (289,524)

\$107,537 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, 2022. Other amounts

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

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
2023	\$ 289,344
2024	109,183
2025	(97,713)
2026	850,179
2027	45,463
Thereafter	-
Total	<u>\$ 1,196,456</u>

Actuarial Assumptions

The total pension liability in the July 1, 2018 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 2022 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, 2022, 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.

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

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:

Asset Class	Target Allocation (1)	Arithmetic Return	(Geometric) Return
Cash	1.00%	2.60%	2.60%
Fixed income	19.80%	4.40%	4.40%
Global equity	54.00%	8.80%	7.30%
Real estate (property)	10.30%	7.40%	6.30%
Private equity	11.10%	12.00%	8.90%
Strategic investments	3.8%	6.20%	5.90%
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 (5.8 percent) or 1-percentage-point higher (7.8 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	\$ 5,578,408	\$ 3,225,574	\$ 1,258,324

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.

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.

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

Benefits Provided

For the fiscal year ended September 30, 2022, 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, 2022, the HIS contribution for the period October 1, 2018 through September 30, 2022 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 \$42,314 for the fiscal year ended September 30, 2022.

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

At September 30, 2022, the Town reported a liability of \$717,403 for its proportionate share of the HIS 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, 2022. The Town's proportionate share of the net pension liability was based on the Town's 2020-21 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the Town's proportionate share was .00677% percent, which was an increase of .00069% percent from its proportionate share measured as of June 30, 2021.

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

For the fiscal year ended September 30, 2022, the Town recognized pension expense of \$47,697 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:

<u>Description</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 21,775	\$ (3,157)
Change of assumptions	41,122	(110,982)
Net difference between projected and actual earnings on HIS plan investments	1,039	-
Changes in proportion and differences between Town HIS contributions and proportionate share of HIS contributions	181,600	(108,548)
Town HIS contributions to the measurement date	<u>10,901</u>	<u>-</u>
Total	<u>\$ 256,437</u>	<u>\$ (222,687)</u>

The deferred outflows of resources related to the HIS Plan, totaling \$62,906 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, 2022.

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:

<u>Year Ending September 30:</u>	<u>Amount</u>
2023	\$ 5,472
2024	2,951
2025	1,349
2026	2,986
2027	6,932
Thereafter	3,159
Total	\$ 22,849

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 2.21% to 2.16%.

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

Discount Rate

The discount rate used to measure the total pension liability was 3.54%. 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 3.54%, 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 (2.54%) or one percentage point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Town's proportionate share of net pension liability	\$ 820,768	\$ 717,403	\$ 631,871

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, 2022, there are 2 active plan members, 1 terminated with vested deferred benefits 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.

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

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, 2022, the Plan holds \$2,777,603 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, 2022
Measurement date	September 30, 2022
Actuarial cost method	Entry age normal
Actuarial assumptions	
Rate of return	6.00%
Projected salary increases	3.00%
Inflation adjustment	2.75%
Retirement age	Early retirement age
	IRS Prescribed Mortality RP2000
	Generational White Collar Annuitant
	using scale BB for females and
	RP2000 Generational Blended 50%
	While Collar and 50% Blue Collar
Mortality	Annuitant using Scale BB for males

Development of Single Discount Rate

Single Discount Rate	6.00%
Long-Term Expected Rate of Return	6.00%
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.

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

The following is the adopted asset allocation policy as of September 30, 2022:

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, 2022, that met the criteria for disclosure.

Rate of Return – For the year ended September 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.97%. 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, 2022 are summarized in the following table:

Target Allocation	Asset Class	Long Term Expected Real Rate or Return (Arithmetic)
50%	U.S. Stocks	4.19%
5%	Global Stocks	4.64%
30%	Multi Sector Bonds	1.00%

Discount rate

The discount rate used to measure the total pension liability was 6.00% 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

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

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, 2022 is as follows:

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Pension Liability (a) (b)
Balances at September 30, 2021	\$ 3,340,500	\$ 3,958,430	\$ (617,930)
Changes for the year:			
Service cost	65,581	-	65,581
Interest cost	194,763	-	194,763
Contributions employer	-	-	-
Differences between expected and actual experience	(39,788)	-	(39,788)
Change in assumptions and method	-	-	-
Net investment income	-	(459,781)	459,781
Benefit payments, including refunds of member contributions	(188,891)	(188,891)	-
Administrative expense	-	(4,263)	4,263
Net Changes	31,665	(652,935)	684,600
Balances at September 30,2022	<u>\$ 3,372,165</u>	<u>\$ 3,305,495</u>	<u>\$ 66,670</u>

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 6.00%, 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 (5.00%) or 1.00% higher (7.00%) than the current rate:

	Current Discount Rate		
	1% Decrease 5.00%	6.00%	1% Increase 7.00%
Net Pension Liability (Asset)	\$ 544,444	\$ 66,670	\$ (316,686)

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2022, the Town recognized pension expense of \$ 19,561 for this Plan. At September 30, 2022, 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	\$ 825,64	\$ 249,897
Change of assumptions	50,659	-
Difference between projected and actual earnings on pension plan investments	743,782	373,852
Total	\$ 877,005	\$ 623,749

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	\$ (13,335)
2024	1,011
2025	72,789
2026	54,491
2027	138,300
Thereafter	-
Total	\$ 253,256

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 34 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

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

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	2.43% 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 2.14% to 2.43%.

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

The total OPEB liability at September 30, 2022 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, 2022 were as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance as of September 30, 2020 for FY 21	\$ 56,327	\$ -	\$ 56,327
Changes due to:			
Service cost	7,290	-	7,290
Interest	1,346	-	1,346
Differences between Expected and Actual Experience	(14,525)	-	(14,525)
Experience losses/(gains)	-	-	-
Changes in assumptions	10,372	-	10,372
Benefit payments and refunds	(1,445)	-	(1,445)
Balance as of September 30, 2021 for FY 22	<u>\$ 59,365</u>	<u>\$ -</u>	<u>\$ 59,365</u>

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 (1.43%) or 1-percentage-point higher (3.43%) than the current discount rate:

	1% Decrease (1.43%)	Current Discount Rate (2.43%)	1% Increase (3.43%)
Total OPEB liability	\$ 67,179	\$ 59,365	\$ 52,945

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 trend 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	\$ 52,228	\$ 59,365	\$ 68,056

OPEB Expense

For the year ended September 30, 2022, the Town recognized OPEB expense of \$6,333.

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Risk Management:

During the fiscal year ended September 30, 2022, 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, 2022, 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 still had an agreement with the Broward Sheriff's Office (BSO) to provide professional police services. According to the initial term 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 maximum increase in the fee each year will be five percent for operating costs and nine percent for costs relating to health insurance premiums. There is no limitation on the cost increase related to workers' compensation premiums and pension contributions. The month-to-month agreement with the BSO will continue until the Town's Police Department is operational. The Town paid a total of \$3,378,943 for police services and traffic enforcement for the year ended September 30, 2022.

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 is operational. For subsequent fiscal years until such time that the Town's Police Department is operational, the amount owed will be based on the Sheriff's budgeted costs, subject to the restrictions noted under the police services agreement. The

TOWN OF PEMBROKE PARK, FLORIDA
Notes to the Financial Statements (Continued)
For the Year Ended September 30, 2022

amount paid for emergency medical and fire protection services for the year ended September 30, 2022 was \$3,652,284.

As of September 30, 2022, 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, 2022, 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.

Outstanding Claim:

As of the report date, the Town has not paid the former Town Manager for compensated absences as the amount owed is in dispute. During the fiscal year ended September 30, 2022, the former Town Manager's compensated absence has been calculated based on the effective time of services.

On August 18, 2023, the settled amount was \$259,500 including \$155,166 back wages and \$104,334 attorney fees.

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 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 Town purchasing credit card ("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 cannot be determined. Therefore, the financial statements have not been adjusted in relation to these matters.

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, 2022

	Budgeted Amounts	Actual	Variance with
	Original and Final	Amounts	Final Budget –
			Positive
			(Negative)
REVENUES			
Property taxes	\$ 7,063,000	\$ 7,133,140	\$ 70,140
Local option gas tax	108,841	110,040	1,199
Utility service taxes	1,186,251	1,386,422	200,171
Licenses and permits	248,830	537,198	288,368
Franchise taxes	896,250	1,001,788	105,538
Intergovernmental revenues	639,000	524,816	(114,184)
Charges for services	427,400	472,138	44,738
Fines and forfeitures	12,500	62,864	50,364
Grant Revenue	643,291	331,044	(312,247)
Interest	87,500	(353,763)	(441,263)
Miscellaneous	717,885	119,011	(598,874)
Total revenues	<u>12,030,748</u>	<u>11,324,698</u>	<u>(706,050)</u>
EXPENDITURES			
Current:			
General government:			
Mayor and Commission	345,725	209,695	(136,030)
Financial and administrative	1,440,545	1,505,526	64,981
Town attorney	341,222	338,967	(2,255)
Comprehensive planning	236,774	301,050	64,276
Non-departmental	977,445	1,675,401	697,956
Total general governmental	<u>3,341,711</u>	<u>4,030,639</u>	<u>688,928</u>
Public safety:			
Police	3,338,386	3,378,943	40,557
Fire	3,631,375	3,652,284	20,909
Total public safety	<u>6,969,761</u>	<u>7,031,227</u>	<u>61,466</u>
Physical environment	828,512	212,152	(616,360)
Public works	557,663	500,837	(56,826)
Culture and recreation	494,101	362,935	(131,166)
Capital outlay	115,000	357,421	242,421
Total expenditures	<u>12,306,748</u>	<u>12,495,211</u>	<u>188,463</u>
Other financing sources	<u>276,000</u>	<u>315,103</u>	<u>39,103</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>(855,410)</u>	<u>\$ (855,410)</u>
Fund balance – beginning		<u>6,329,586</u>	
Fund balance – ending		<u>\$ 5,474,176</u>	

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, 2022

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, 2022, expenditures exceeded appropriations in the following departments:

<u>Department</u>	<u>Excess Expenditures over Budget</u>
Capital Outlay	\$ 242,421
Police	\$ 40,557
Fire	\$ 20,909

TOWN OF PEMBROKE PARK, FLORIDA
Required Supplementary Information
Pension Plan for Town Commissioners
Schedule of Changes in Net Pension Liability and Related Ratios

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 65,581	\$ 89,150	\$ 83,600	\$ 61,060	\$ 316,660	\$ 66,093	\$ 55,785	\$ 21,941	\$ 21,303
Interest	194,763	204,657	196,664	184,097	180,541	176,986	127,969	99,066	94,948
Differences between expected and actual experiences	(39,788)	(315,163)	113,830	35,662	(370,636)	(146,601)	177,571	321,666	(4,885)
Changes in assumptions and methods		-	84,433	-	-	-	420,088	(427,321)	-
Changes in assumptions and methods Benefit payments, including refunds of member contributions	(188,891)	(98,203)	(88,137)	(86,834)	(56,882)	(26,663)	(27,956)	(27,900)	(30,087)
Net change in total pension liability	31,665	(119,559)	390,390	193,985	69,683	69,815	753,457	(12,548)	81,279
Total pension liability – beginning	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	3,372,165	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	-	110,484	85,303	37,362	370,136	121,583	137,490	62,510	66,669
Net investment income	(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	(188,891)	(98,203)	(88,137)	(86,834)	(56,882)	(26,663)	(27,956)	(27,900)	(30,087)
Administrative expenses	(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	(652,935)	626,932	233,831	14,274	554,974	320,205	697,131	(41,032)	168,660
Plan fiduciary net position – beginning	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	3,305,495	\$ 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	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	98.02%	118.50%	96.28%	100.91%	107.22%	90.11%	80.70%	76.21%	77.79%
Covered payroll	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	64.11%	(714.20%)	99.06%	-64.72%	-480.14%	641.66%	1257.08%	1310.13%	1582.72%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

TOWN OF PEMBROKE PARK, FLORIDA
Required Supplementary Information
Pension Plan for Town Commissioners
Schedule of Contributions
For the year ended September 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	90,812	\$110,484	\$ 85,303	\$ 38,529	\$351,306	\$ 80,278	\$ 67,848	\$ 62,510	\$ 66,669	\$ 67,003
Actual contribution	-	110,484	85,303	37,362	370,136	121,583	137,490	62,510	66,669	108,012
Contribution deficiency (excess)	\$ 90,812	\$ -	\$ -	\$ 1,167	\$(18,830)	\$(41,305)	\$(69,642)	\$ -	\$ -	\$(41,009)
Covered payroll	\$104,000	\$ 86,520	\$129,780	\$129,780	\$154,000	\$180,000	\$180,000	\$144,000	\$140,000	\$126,000
Contributions as a % of covered payroll	87.32%	127.70%	65.73%	28.79%	240.35%	67.55%	76.38%	43.41%	47.62%	85.72%

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	6.00%
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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Annual money weighted rate of return, net of investment expense	11.97%	9.65%	(4.79%)	9.47%	10.13%	8.67%	2.24%	7.38%	18.82%	(11.97%)

TOWN OF PEMBROKE PARK, FLORIDA
Schedule of Proportionate Share of Net Pension Liability
Retiree Health Insurance Subsidy Program
Last 10 Fiscal Years*

Florida Retirement System Pension Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the FRS net pension liability	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	\$ 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	\$ 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	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	82.89%	96.40%	78.85%	82.61%	84.26%	83.80%	84.88%	92.00%	96.09%

Retiree Health Insurance Subsidy Program

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the HIS net pension liability	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	\$ 717,403	\$ 746,916	\$ 621,180	\$ 514,330	\$ 727,357	\$ 747,307	\$ 752,274	\$ 657,431	\$ 574,234
Town's covered payroll	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	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	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

* This schedule is intended to present information for ten years. However, until a full ten year trend is compiled, the pension plan will present information for those years for which the information is available.

TOWN OF PEMBROKE PARK, FLORIDA
Schedule of Contributions
Florida Retirement System Pension Plan
Last 10 Fiscal Years*

Florida Retirement System Pension Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required FRS contribution	\$ 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	(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	\$ 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	17.64%	16.09%	14.70%	11.18%	11.80%	11.24%	11.13%	11.54%	11.22%

Retiree Health Insurance Subsidy Program

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required His contribution	\$ 42,314	\$ 38,660	\$ 32,118	\$ 25,593	\$ 31,666	\$ 34,433	\$ 31,588	\$ 26,843	\$ 22,507
HIS contributions in relation to the contractually required contribution	(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	\$ 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%	1.36%	1.21%

* This schedule is intended to present information for ten years. However, until a full ten year trend is compiled the pension plan will present information for those years for which the information is available.

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

	2022	2021
Total OPEB Liability		
Service cost	\$ 7,290	\$ 6,116
Interest	1,346	1,636
Difference between expected and actual experience	(14,525)	-
Assumption changes	10,372	9,660
Benefit payments and refunds	(1,445)	(1,344)
Net change in Total OPEB Liability	3,038	16,068
Total OPEB Liability - Beginning of Year	56,327	40,259
Total OPEB Liability - End of Year	<u>\$ 59,365</u>	<u>\$ 56,327</u>
Total OPEB Liability		
Fiduciary net position as a % of Total OPEB Liability	0.00%	0.00%
Covered payroll	\$ 3,086,925	\$1,911,117
Total OPEB liability as a percentage of covered payroll	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%

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***

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, each major fund, the remaining fund information, and the fiduciary fund information of Town of Pembroke Park, Florida (“the Town”) as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements and have issued our report thereon dated January 11, 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 did identify certain deficiencies in internal control described in the accompanying schedule of findings

**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* (Continued)**

and responses as items 2022-01, 2022-02, 2020-03, 2020-04, 2020-05, 2020-06, 2020-07, 2020-08 and 2022-09 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 2022-10.

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 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.

A handwritten signature in blue ink that reads "S. Davis & Associates, P.A." is written over a light blue rectangular background.

Hollywood, Florida
January 11, 2024

**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, 2022. 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 Statutes for the fiscal year ended September 30, 2022.

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
January 11, 2024

**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, 2022, and have issued our report thereon dated January 11, 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 January 11, 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.	2020-2021 FY Finding No.	2019-2020 FY Finding No.
2022-01		
2022-02	2021-01	2020-01
2022-03		

**MANAGEMENT LETTER PURSUANT TO THE RULES OF THE
AUDITOR GENERAL OF THE STATE OF FLORIDA (Continued)**

Tabulation of Uncorrected Audit Findings		
Current Year Findings No.	2020-2021 FY Finding No.	2019-2020 FY Finding No.
2022-04		
2022-05		
2022-06		
2022-07	2021-03	
2022-08	2021-04	
2022-09	2021-02	
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.

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 2022-01, 2022-02, 2022-03, 2022-04, 2022-05, 2022-06, 2022-07, 2022-08 and 2022-09.

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.

**MANAGEMENT LETTER PURSUANT TO THE RULES OF THE
AUDITOR GENERAL OF THE STATE OF FLORIDA (Continued)**

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.

A handwritten signature in blue ink that reads "S. Davis & Associates, P.A." The signature is written in a cursive style and is positioned above a light blue horizontal line.

Hollywood, Florida
January 11, 2024

TOWN OF PEMBROKE PARK, FLORIDA
Schedule of Findings and Responses
For the year ended September 30, 2022

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Significant Deficiencies

2022-01 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: We concur and acknowledge the importance of reviewing the financial statement closing process ensuring its adequacy in detecting and preventing misstatements. Our management team is committed to implementing a thorough review process that includes reconciling accounts, conducting analytical reviews, and ensuring proper approval of journal entries.

2022-02 Accounts Receivable Aging

Observation: Several negative balances in the account 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 to handle outstanding debt or credit balances for inactive accounts by making necessary refunds to clients or write-offs, as appropriate, when the accounts are closed.

Management's response: We concur and staff have been refunding clients and writing-off accounts as necessary when accounts are closed. Management will continue to monitor this process to ensure accuracy.

2022-03 Account Payable

Observation: Invoices are not recorded into the system on a regular and timely basis. In addition, the accounts payable invoice reports generated by the system are not reviewed by a supervisor to ensure that all invoices are recorded.

Accounts payable per the general ledger doesn't reconcile to the account payable schedule provided during the audit or the open invoices report generated by the system. It was necessary to record adjustments to properly reconcile to accurate accounts payable as of September 2022.

Recommendation: The Town should ensure that 1) all accounts payable invoices and related payments are recorded in the system in a timely manner and to the correct period and, 2)

TOWN OF PEMBROKE PARK, FLORIDA
Schedule of Findings and Responses (Continued)
For the year ended September 30, 2022

accounts payable reports, reports and general ledger entries are reviewed by a supervisor on a monthly basis. Evidence of the review is also recommended.

Management's response: We concur and will undertake a thorough evaluation of our current procedures to ensure that all accounts payable transactions are promptly recorded in the system, correctly allocated to the respective periods, and adhere to established protocols. Additionally, we will implement a monthly review process by a supervisor, with documented evidence of these reviews to reinforce accountability and compliance.

2022-04 Credit Card Use

Observation: According to Town policy, Town-issued credit cards are for use of official Town business, only. Purchase of goods or services for employees' and the Commission's personal use is strictly prohibited. Purchase of gift cards, tobacco products, alcohol and withdrawing cash are also strictly prohibited. Personal use of credit cards was noted during the audit. Further, the Town was not reimbursed for personal use in some instances.

Recommendation: The Town should ensure procedures regarding the use of Town-issued credit cards is followed in all instances. Where it is found that an employee or Commissioner used a credit card for personal purchases, other prohibited purchase, or ATM withdrawal or inquiries should be made to the person improperly using the credit card as to how and why it happened, each instance should be documented in writing, including repercussion for continued misuse, and the Town should, immediately, be reimbursed.

Management's response: We concur. The Town Commission passed Resolution 2023-025 dated November 8, 2025, in response to the recent Memorandum from the Broward Office of the Inspector General, dated September 28, 2023. These revisions have been thoughtfully considered and approved, ensuring alignment with the recommendations provided. Staff were trained during the month of December 2023 on these Policies and Procedures which were adopted in Resolution 2023-025. Our commitment to compliance and continuous improvement remains steadfast, and these updates reflect our dedication to upholding the highest standards within our operations.

2022-05 Credit Card Sales Tax

Observation: Most purchases made for Town business are exempt from sale tax. It is Town policy that cardholders ensure sales tax has not been added to the total cost of tax-exempt purchases and that the receipt reflects that no sales tax was charged, or request that a credit be processed. Online purchases will require the cardholder to call the vendor's customer service department to request the tax exemption. It is the cardholder's responsibility to ensure this occurs. During audit testing, we noted that sales tax has been charged on some purchases.

Recommendation: The Town should ensure the procedures regarding credit card purchases for tax exempt items are well implemented and followed. In addition, personnel in charge of reviewing credit card purchases and related original receipts should flag all tax-exempt purchases for which taxes were charge and ensure credit is requested and received.

TOWN OF PEMBROKE PARK, FLORIDA
Schedule of Findings and Responses (Continued)
For the year ended September 30, 2022

Management's response: We concur. The Town Commission passed Resolution 2023-025 dated November 8, 2025, in response to the recent Memorandum from the Broward Office of the Inspector General, dated September 28, 2023. These revisions have been thoughtfully considered and approved, ensuring alignment with the recommendations provided. Staff were trained during the month of December 2023 on these Policies and Procedures which were adopted in Resolution 2023-025. Our commitment to compliance and continuous improvement remains steadfast, and these updates reflect our dedication to upholding the highest standards within our operations.

2022-06 Credit Card Supporting Documents.

Observation: During the audit process, several supporting documents relating to credit card purchases have not been provided.

Recommendation: The Town should ensure all cardholders provide original supporting documentation such as invoices showing amounts paid, payment receipts, etc., for all the purchases made.

Management's response: We concur. The Town Commission passed Resolution 2023-025 dated November 8, 2025, in response to the recent Memorandum from the Broward Office of the Inspector General, dated September 28, 2023. These revisions have been thoughtfully considered and approved, ensuring alignment with the recommendations provided. Staff were trained during the month of December 2023 on these Policies and Procedures which were adopted in Resolution 2023-025. Our commitment to compliance and continuous improvement remains steadfast, and these updates reflect our dedication to upholding the highest standards within our operations.

2022-07 Internal Controls over Procurement and Procurement Documentation

Observation: During our procedures, we noted that some purchase orders – approvals form and the property form are not properly signed by the department head.

Recommendation: The Town should ensure that all required documentation and approvals with procurement policies and procedures are properly documented.

Management's response: We concur. The Town Commission passed Resolution 2023-025 dated November 8, 2025, in response to the recent Memorandum from the Broward Office of the Inspector General, dated September 28, 2023. These revisions have been thoughtfully considered and approved, ensuring alignment with the recommendations provided. Staff were trained during the month of December 2023 on these Policies and Procedures which were adopted in Resolution 2023-025. Our commitment to compliance and continuous improvement remains steadfast, and these updates reflect our dedication to upholding the highest standards within our operations.

2022-08 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.

TOWN OF PEMBROKE PARK, FLORIDA
Schedule of Findings and Responses (Continued)
For the year ended September 30, 2022

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: We concur. Management understands the significance of completing, reviewing, and approving bank reconciliations in a timely manner. We have begun to take the necessary steps to ensure that bank reconciliations are conducted promptly and undergo thorough review by upper-level management.

2022-09 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: We concur. Recent changes in accounting software and staff turnover have been a challenge within the accounting department. That said, Management understands the significance of ensuring that detailed depreciation reports are properly recorded, and reports always reconcile with the general ledger.

2022-10 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: We concur. Staff turnover has been a challenge within the accounting department in recent years. Management, however, understands the significance of completing and submitting the audit by the State's required deadline and expects to have a timely-issued audit reporting package for fiscal year ended September 30, 2023.

II. PRIOR YEARS' FINDINGS

2021-01 Accounts Receivable Aging

Current Status: Partially resolved. See finding no. 2022-02

TOWN OF PEMBROKE PARK, FLORIDA
Schedule of Findings and Responses (Continued)
For the year ended September 30, 2022

2021-02 Capital Assets

Current Status: Not resolved. See finding no. 2022-09

2021-03 Internal Controls over Procurement and Procurement Documentation

Current Status: Not resolved. See finding no. 2022-07.

2021-04 Bank Account Reconciliations

Current Status: Not resolved. See finding no. 2022-08

2020-01 Accounts Receivable Aging

Current Status: Not resolved. See finding no. 2021-01 and 2022-02.

2020-02 Internal Controls over Payroll and Payroll Documentation

Current Status: Finding has been resolved.

2019-01, Internal Controls over Payroll and Payroll Documentation

Current Status: Finding has been resolved.

2019-02 Account Receivable Aging

Current Status: Finding has been partially resolved. See finding no. 2020-01, 2021-01 and 2022-02.

TOWN OF PEMBROKE PARK, FLORIDA

Impact Fee Affidavit

For the year ended September 30, 2022

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.


Director of Financial Services

STATE OF FLORIDA
COUNTY OF BROWARD

SWORN TO AND SUBSCRIBED before me this 3rd day of January, 2024.


NOTARY PUBLIC

Print Name Susan Reutlinger

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires: March 25, 2027

