TOWN OF PEMBROKE PARK, FLORIDA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

MAYOR AND TOWN COUNCIL
As of Financial Statement Date

Geoffrey Jacobs
Mayor

Musfika Kashem
Vice Mayor

William R. Hodgkins
Clerk Commissioner

Eric Morrissette
Acting Clerk Commissioner

Geoffrey Jacobs
Commissioner

APPOINTED OFFICIALS

Town Manager
David Lynch

Budget & Finance Director
James Davermann

Town Attorney
Jacob Horowitz

Town Clerk
Cynthia Garcia-Lima

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JAMESMOORE

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pembroke Park, Florida (the Town), as of and for the year ended September 30, 2025, 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 accompanying 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, and the aggregate remaining fund information of the Town, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 – Restatement for Correction of Error

As discussed in Note (13) to the financial statements, the County restated its beginning net position for governmental and business type activities to correct an error in previously issued financial statements. 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 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'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.

Auditors' 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 auditors' 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 GAAS and GAS 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 GAAS and GAS, 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'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'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 and required supplementary information, as listed in the table of contents, 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 June 23, 2026, 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 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 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.

James Moore & Co., P.L.

Daytona Beach, Florida
June 23, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Town of Pembroke Park, Florida (the Town) offers the readers of these basic financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended September 30, 2025. This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and to identify any significant changes in financial position. The Town encourages readers to consider the information presented here in conjunction with the financial statements, which follow this section.

Financial Highlights

- The total assets of the Town exceeded its liabilities at the close of the most recent fiscal year by $32,560,569 (net position). Of this amount, $21,688,442 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.

- The Town's total net position increased by $1,235,646 in fiscal year 2025. Net position of the Town's governmental activities (General and Building funds) increased (decreased) by ($1,302,160), while net position of its business-type activities (Sewer and Stormwater funds) increased (decreased) by $2,537,806.

- The Town's governmental funds reported a combined ending fund balance of $10,344,610 at the end of the current fiscal year, which increased (decreased) by ($895,762) in comparison to the $11,240,372 reported at the end of the prior fiscal year. Approximately $8,045,748 of this amount or 48% is available for spending at the Town's discretion (unassigned fund balance).

- At the end of the 2025 fiscal year, unassigned fund balance for the General Fund was $8,045,748 or 48% of the total fiscal year 2025 General Fund expenditures and transfers out of $16,822,158.

- The Town's total long-term debt obligations decreased by $202,841 during the fiscal year, due to current year equipment note borrowings in excess of scheduled current-year principal maturities/reductions on note payables. The Town's combined long-term commitment for compensated absences totaled $375,596 at year-end.

Overview of the Financial Statements

The Town's basic financial statements are comprised of three parts: 1) management's discussion and analysis, 2) the basic financial statements, including notes to the financial statements, and 3) required supplementary information, including various pension-related schedules.

Management's discussion and analysis (MD&A) is intended to serve as an introduction to the basic financial statements and required supplementary information. The MD&A represents management's examination and analysis of the Town's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the strategic plan, budget, as well as other management tools were used for this analysis.

The basic financial statements include two kinds of statements that present different views of the Town. The first two statements consist of entity-wide financial statements that provide both the short- and long-term financial information about the Town's overall financial status, including its governmental activities and its business-type activities. These statements report information about the Town using full accrual accounting methods, and an economic resources focus, as utilized by similar business activities in the private sector. Information concerning the Town's assets and liabilities, both financial and capital, and short-term and long-term debt are included. Likewise, all revenues and expenses received during the year, regardless of when cash is received or paid are reported. However, rate-regulated accounting principles applicable to private sector utilities are not used by governmental utilities. The remaining statements are fund financial statements that focus on individual parts of the Town government and report the Town's operations in more detail than the government-wide financial statements. The governmental funds statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses, such as the Town's wastewater and stormwater utility system. Fiduciary fund statements provide information about the financial relationships in which the Town acts solely as a trustee or agent for the benefit of others (like the retirement plan for the Town's police officers), to whom the resources in question belong.

The financial statements also include notes which provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Town's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. This section also contains budgetary comparisons for the Town's governmental fund activities.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. The basic financial statements of the Town include a statement of net position and a statement of activities, which are described as follows:

- A statement of net position presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the end of its fiscal year, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the Town's financial position is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial condition.

- The statement of activities presents the results of business operations over the course of the fiscal year and information as to how the Town's net position changed during the 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 the 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 (e.g., delinquent taxes and earned but unused personal leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government services, public safety and building inspection, public works, and recreation and leisure services. The business-type activities of the Town include its sewer and stormwater drainage systems.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant funds - not the Town as a whole. 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. Governmental 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 on balances of spendable resources available at the end of the fiscal year. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be readily converted into cash. Such information may be useful in evaluating a government'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 government'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 a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages 15 and 17.

The Town maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and building fund, both of which are considered to be major funds.

Proprietary Funds. Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary fund financial statements, like the government-wide statements, provide both long- and short-term financial information. The Town's two enterprise funds (sewer and stormwater) are the only items included in the business-type activities presented in the government-wide statements. Since the accounting for these operations is similar to that provided in the government-wide financial statements, the fund financial statements provide limited supplemental information in more detail, such as cash flows data. The basic proprietary fund financial statements can be found on pages 20 to 22 of this report.

Financial Analysis of the Town as a Whole

Net Position. As noted previously, net position may serve over time as a useful indicator of a government's financial position. This year, the Town's combined total assets exceeded liabilities (net position) by $32,560,569 at the end of 2025, compared to $31,821,955 (as restated) at the end of 2024. This represents a total increase of $738,614 or 2.3% over the amount reported at the end of the prior fiscal year.

The following is a summary of net position at year end:

Net Position
September 30, 2025 and 2024

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current and other assets	$ 11,679,732	$ 12,506,904	$ 18,015,794	$ 16,960,002	$ 29,695,526	$ 29,466,906
Capital assets	6,267,835	5,983,198	5,281,273	3,920,960	11,549,108	9,904,158
Total assets	$ 17,947,567	$ 18,490,102	$ 23,297,067	$ 20,880,962	$ 41,244,634	$ 39,371,064
DEFERRED OUTFLOWS	$ 3,002,653	$ 2,620,611	$ 221,067	$ 411,748	$ 3,223,720	$ 3,032,359
LIABILITIES						
Current liabilities	$ 2,063,640	$ 1,352,578	$ 548,874	$ 299,042	$ 2,612,514	$ 1,651,620
Noncurrent liabilities:	6,563,584	6,373,661	763,349	867,017	7,326,933	7,240,678
Total liabilities	$ 8,627,224	$ 7,726,239	$ 1,312,223	$ 1,166,059	$ 9,939,447	$ 8,892,298
DEFERRED INFLOWS	$ 1,841,820	1,497,417	$ 126,518	$ 191,753	$ 1,968,338	$ 1,689,170
NET POSITION						
Net investment in capital assets	$ 4,138,389	$ 4,182,495	$ 4,704,989	$ 3,920,958	$ 8,843,378	$ 8,103,453
Restricted	1,710,720	2,248,612	318,029	-	2,028,749	2,248,612
Unrestricted	4,632,067	5,455,950	17,056,375	16,013,940	21,688,442	21,469,890
Total net position	$ 10,481,176	$ 11,887,057	$ 22,079,393	$ 19,934,898	$ 32,560,569	$ 31,821,955

*Prior year restatements of beginning fund balance in the current year financial statements have not been reflected in the above prior year amounts.

A significant component of the Town's net position (approximately 27%) is, by far, its investment in capital assets (land, buildings and equipment), less any related debt used to acquire or construct those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (7%) represents resources that are subject to external restrictions on how they may be used. Consequently, the remaining 67% of unrestricted net position, represents amounts that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, and totaled $21,688,442 at year-end, compared to $21,469,890 in 2024.

Changes in Net Position. While the statement of net position shows a snapshot of the Town's financial position at the end of the fiscal year, the statement of changes in net position provides answers as to the nature and source of those changes. During 2025, total revenues were $21,425,467 compared to $21,036,418 in the prior year. Approximately 45% of the Town's revenue came from property taxes, 16% from other taxes, 30% came from fees charged for services, and most of the remaining revenue included state and federal financial assistance and other miscellaneous revenues.

During 2025, expenses were $19,884,593 as opposed to $18,490,458 in the prior year, for an increase of approximately 7.5%. City-wide, general government expenses account for approximately 28% of the Town's expenses, public safety was approximately 47%, and sewer/stormwater utility expenses were approximately 12%. The other functions, including the building department, physical environment, public works, and culture and recreation each individually totaled less than 5% of expenses relative to the Town as a whole.

The following is a summary of changes in net position at year end:

Changes in Net Position
For the Fiscal Years Ended September 30, 2025 and 2024

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
REVENUES						
Property taxes	9,629,687	8,454,669	$ -	$ -	$ 9,629,687	$ 8,454,669
Other taxes	3,392,251	3,307,577	-	-	3,392,251	3,307,577
Charges for services	1,793,201	2,776,497	4,659,188	4,876,823	6,452,389	7,653,320
Intergovernmental and grants	702,608	623,181	458,029	60,000	1,160,637	683,181
Other revenues	611,378	653,774	179,125	283,897	790,503	937,671
Total revenues	16,129,125	15,815,698	5,296,342	5,220,720	21,425,467	21,036,418
EXPENSES						
General government	5,519,289	4,175,011	-	-	5,519,289	4,175,011
Public safety	9,313,507	8,396,657	-	-	9,313,507	8,396,657
Building	766,395	589,059	-	-	766,395	589,059
Physical environment	315,075	284,665	-	-	315,075	284,665
Public works	637,348	678,057	-	-	637,348	678,057
Culture and recreation	820,155	552,673	-	-	820,155	552,673
Sewer and stormwater	-	-	2,444,888	3,779,841	2,444,888	3,779,841
Interest expense	59,516	34,495	8,420	-	67,936	34,495
Total expenses	17,431,285	14,710,617	2,453,308	3,779,841	19,884,593	18,490,458
Transfers	-	-	-	-	-	-
Change in net position	(1,302,160)	1,105,081	2,843,034	1,440,879	1,540,874	2,545,960
Net position, beginning of year, as restated	11,783,336	10,781,976	19,236,359	18,494,019	31,019,695	29,275,995
Net position, end of year	$ 10,481,176	$ 11,887,057	$ 22,079,393	$ 19,934,898	$ 32,560,569	$ 31,821,955

*Prior year restatements of beginning fund balance in the current year financial statements have not been reflected in the above prior year amounts.

Governmental Activities

Revenues for the Town's governmental activities totaled $16,129,125 in 2025. This represents a increase of approximately $313,000 more than last year's reported revenues of $15,815,898, primarily due to increased property tax and interest income revenues.

Governmental activities expenses totaled $17,431,285 which represents an increase from the prior year's total of $14,710,617 of approximately $2.7 million, which was primarily due timing differences of one-time expenditures.

Business-Type Activities

The major source of operating revenues for the Town's business-type activities is charges for services (sewer and stormwater), which during the year decreased to a total of $4,659,188, or approximately $200,000 less than utility billings of $4,679,030 in 2024.

Total operating expenses of the sewer and stormwater funds in 2025 totaled $2,444,888, compared to $3,779,841 in 2024, a decrease of approximately $1.3 million.

Financial Analysis of the Town's Funds

As stated previously, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As the Town completed the year, its governmental funds reported a combined fund balance of $10,344,610, which was a change of ($895,762) compared with the amount reported last year.

The general fund is the chief operating fund of the Town. As of September 30, 2025, the unassigned fund balance in the general fund totaled $8,507,098. This unassigned fund balance represents approximately 50% of the Town's general spending requirements experienced during 2025.

The Building Fund is a special revenue fund which was established to separately account for the Town Building Department activity. At the end of 2025, there was a fund balance of $1,723,355, compared to $2,068,463 at the end of the prior year.

Proprietary Funds. The Town's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Sewer Fund at the end of the year amounted to $7,478,663 which is an increase of approximately $683,000 compared with last year's reported amount of $6,795,142. This increase is primarily due to operating income in excess of current year capital needs.

Unrestricted net position of the Stormwater Fund at the end of the year amounted to $9,218,796 which is an increase of approximately $359,000 compared with last year's reported amount of $9,218,796. This increase is primarily due to operating income in excess of current year capital needs.

General Fund Budgetary Highlights

Actual earned revenues were approximately $1.2 million less than the amounts originally budgeted to be received during the year in the Town's General Fund, primarily due to lower intergovernmental revenue from grants than originally budgeted. Actual expenditures incurred were approximately $965,000 less than budgeted. There were no budget amendments during the current fiscal year.

Capital Assets and Debt Administration

Capital Assets. At September 30, 2025, the Town had a variety of gross investments in a broad range of capital assets, including land, buildings, park facilities, equipment, and infrastructure. See Note (6) for further information on the Town's capital assets.

Long-Term Debt. The Town has one revenue note payable totaling $1,998,844 at year-end, compared to $1,800,703 in total long-term debt one year earlier. More detailed information about the Town's long-term debt is presented in Note (9) to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Many factors are considered each year by the Town Commission in its efforts to establish an operating budget, to evaluate its personnel needs, and to develop uniform user fees that are reasonable, and more importantly, capable of cost recovery. Some of the major factors considered in this process are the local economy, civilian labor force, unemployment rates, and inflation rates.

- The most recent estimates available for unemployment data in Pembroke Park, Broward County, and the State of Florida are compiled by the Florida Department of Commerce. This agency estimates a countywide unemployment rate of 4% at the end of September 2025, which is 0.7% higher than the 3.3% rate experienced one year earlier.

- Property tax revenue in fiscal year 2026 is expected to be higher compared to the property taxes collected in fiscal year 2025, primarily as a result of rising property values. The Broward County Commission lowered its countywide millage rate for the first time since 2018, to 5.6658 mills for Fiscal Year 2026; however, property owners will continue to see increases in their tax bills due to appreciating assessed values.

- The fiscal year 2026 budgets utilized the prior year's final adopted budgets and the Town's actual financial results as the baseline from which priority setting and decisions will be made to formulate the new budgets. The final budget will be further modified to reflect changing revenue projections and anticipated changes in expenditure trends.

- Inflationary trends for Broward County have generally tracked with those trends experienced at the state and national levels.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Finance Department, Town of Pembroke Park, Florida, 3150 SW 52 Avenue, Pembroke Park, FL 33023.

BASIC FINANCIAL STATEMENTS

These basic financial statements contain Government-wide Financial Statements, Fund Financial Statements and Notes to the Financial Statements.

TOWN OF PEMBROKE PARK, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in pooled cash and cash equivalents	$ 4,580,628	$ 12,935,796	$ 17,516,424
Investments	6,158,570	4,435,601	10,594,171
Receivables, net	710,664	685,126	1,395,790
Due from other governments	103,078	-	103,078
Prepaid items	126,792	17,483	144,275
Capital assets:			
Capital assets, not being depreciated	2,250,666	969,408	3,220,074
Other capital assets, net of depreciation	4,017,169	4,311,865	8,329,034
Total assets	$ 17,947,567	$ 23,355,279	$ 41,302,846
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	$ 2,998,242	$ 221,067	$ 3,219,309
Deferred outflows related to OPEB	4,411	-	4,411
Total deferred outflows	$ 3,002,653	$ 221,067	$ 3,223,720
LIABILITIES			
Accounts payable and accrued liabilities	$ 1,219,747	$ 445,343	$ 1,665,090
Customer deposits	600	-	600
Unearned revenue	114,775	-	114,775
Accrued interest payable	-	8,419	8,419
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	377,861	-	377,861
Financed purchase agreements	-	95,112	95,112
Compensated absences	350,657	-	350,657
Due in more than one year:			
Bonds and notes payable, net	1,620,983	-	1,620,983
Financed purchase agreements	-	314,430	314,430
Compensated absences	(595)	25,534	24,939
Total OPEB liability	89,980	-	89,980
Net pension liability	4,853,216	423,385	5,276,601
Total liabilities	$ 8,627,224	$ 1,312,223	$ 9,939,447
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	$ 1,841,820	$ 126,518	$ 1,968,338
Total deferred inflows	$ 1,841,820	$ 126,518	$ 1,968,338
NET POSITION			
Net investment in capital assets	$ 4,138,389	$ 4,704,989	$ 8,843,378
Restricted for:			
Building department	1,710,720	-	1,710,720
Surtax funded projects	-	318,029	318,029
Unrestricted	4,632,067	17,114,587	21,746,654
Total net position	$ 10,481,176	$ 22,137,605	$ 32,618,781

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

TOWN OF PEMBROKE PARK, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental activities:							
General government	$ 5,519,289	$ 612,302	$ 344,824	$ -	$ (4,562,163)	$ -	$ (4,562,163)
Public safety	9,313,507	780,880	-	-	(8,532,627)	-	(8,532,627)
Building	766,395	396,216	-	-	(370,179)	-	(370,179)
Physical environment	315,075	-	-	-	(315,075)	-	(315,075)
Public works	637,348	-	100,657	-	(536,691)	-	(536,691)
Culture and recreation	820,155	3,803	-	-	(816,352)	-	(816,352)
Interest on long-term debt	59,516	-	-	-	(59,516)	-	(59,516)
Total governmental activities	17,431,285	1,793,201	445,481	-	(15,192,603)	-	(15,192,603)
Business-type activities:							
Sewer utility	1,601,128	2,930,177	-	-	-	1,329,049	1,329,049
Stormwater drainage	852,180	1,423,783	-	458,029	-	1,029,632	1,029,632
Total business-type activities	2,453,308	4,353,960	-	458,029	-	2,358,681	2,358,681
Total primary government	$ 19,884,593	$ 6,147,161	$ 445,481	$ 458,029	(15,192,603)	2,358,681	(12,833,922)
	General revenues:						
	Property taxes				9,629,687	-	9,629,687
	Sales taxes				466,020	-	466,020
	Public service taxes				114,321	-	114,321
	Other taxes				144,984	-	144,984
	Franchise and utility taxes				2,666,926	-	2,666,926
	State revenue sharing				257,127	-	257,127
	Investment earnings (loss)				611,328	179,125	790,453
	Miscellaneous revenues				50	-	50
	Total general revenues and transfers				13,890,443	179,125	14,069,568
	Change in net position				(1,302,160)	2,537,806	1,235,646
	Net position - beginning, as restated				11,783,336	19,599,799	31,383,135
	Net position - ending				$ 10,481,176	$ 22,137,605	$ 32,618,781

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

TOWN OF PEMBROKE PARK, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General	Building Fund	Total Governmental Funds
ASSETS			
Equity in pooled cash and cash equivalents	$ 2,700,705	$ 1,879,923	$ 4,580,628
Investments	6,158,570	-	6,158,570
Receivables, net	710,664	-	710,664
Due from other governments	103,078	-	103,078
Prepaid items	114,157	12,635	126,792
Total assets	$ 9,787,174	$ 1,892,558	$ 11,679,732
LIABILITIES			
Accounts payable and accrued liabilities	$ 966,874	$ 169,203	$ 1,136,077
Customer deposits	84,270	-	84,270
Unearned revenue	114,775	-	114,775
Total liabilities	1,165,919	169,203	1,335,122
FUND BALANCES			
Nonspendable:			
Prepaid items	114,157	12,635	126,792
Restricted for:			
Building department	-	1,710,720	1,710,720
Assigned to:			
Subsequent year's budget	461,350	-	461,350
Unassigned	8,045,748	-	8,045,748
Total fund balances	8,621,255	1,723,355	10,344,610
Total liabilities and fund balances	$ 9,787,174	$ 1,892,558	$ 11,679,732

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

TOWN OF PEMBROKE PARK, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Fund balances - total governmental funds		$ 10,344,610
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Total governmental capital assets	13,487,471	
Less: accumulated depreciation	(7,219,636)	6,267,835
On the governmental fund statements, a net pension liability (asset) is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's net pension liability (asset) of the defined benefit pension plans is reported as a noncurrent liability (asset). Additionally, deferred outflows and deferred inflows related to pensions are also reported.		
Net pension liability	(4,853,216)	
Deferred outflows related to pensions	2,998,242	
Deferred inflows related to pensions	(1,841,820)	(3,696,794)
On the governmental fund statements, a total OPEB liability is not recorded unless an amount is due and payable (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the City's total OPEB liability is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to OPEB are also reported.		
Total OPEB liability	(89,980)	
Deferred outflows related to OPEB	4,411	(85,569)
Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:		
Bonds and notes payable	(1,998,844)	
Compensated absences	(350,062)	(2,348,906)
Net position of governmental activities		$ 10,481,176

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

TOWN OF PEMBROKE PARK, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General	Building Fund	Total Governmental Funds
Revenues			
Taxes	$ 11,524,881	$ -	$ 11,524,881
Licenses, fees, and permits	1,479,731	395,396	1,875,127
Intergovernmental	1,078,530	-	1,078,530
Charges for services	629,695	-	629,695
Fines and forfeitures	235,836	-	235,836
Investment income (loss)	611,328	-	611,328
Miscellaneous	172,908	820	173,728
Total revenues	15,732,909	396,216	16,129,125
Expenditures			
Current:			
General government	5,204,264	-	5,204,264
Public safety	8,574,657	-	8,574,657
Building	-	728,438	728,438
Physical environment	306,552	-	306,552
Public works	523,990	-	523,990
Culture and recreation	776,990	-	776,990
Capital outlay	1,035,735	12,886	1,048,621
Debt service:			
Principal retirement	340,454	-	340,454
Interest and fiscal charges	59,516	-	59,516
Total expenditures	16,822,158	741,324	17,563,482
Excess (deficiency) of revenues over expenditures	(1,089,249)	(345,108)	(1,434,357)
Other financing sources (uses)			
Issuance of long-term debt	538,595	-	538,595
Total other financing sources (uses)	538,595	-	538,595
Net change in fund balances	(550,654)	(345,108)	(895,762)
Fund balances, beginning of year, as restated	9,171,909	2,068,463	11,240,372
Fund balances, end of year	$ 8,621,255	$ 1,723,355	$ 10,344,610

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

TOWN OF PEMBROKE PARK, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net change in fund balances - total governmental funds	$ (895,762)
Differences in amounts reported for governmental activities in the statement of activities are:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Capital outlay expenditures	1,048,621
Depreciation expense	(763,984)
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:	
Principal repayment of general long-term debt	340,454
Issuance of governmental long-term debt	(538,595)
Governmental funds report contributions to defined benefit pension and OPEB plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future total OPEB/net pension liability. Also included in expense in the statement of activities are amounts required to be amortized in future years related to pensions and OPEB.	
Change in net pension liability and deferred inflows/outflows related to pensions	(298,390)
Change in total OPEB liability and deferred inflows/outflows related to OPEB	(26,638)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:	
Change in compensated absences liability	(167,866)
Change in net position of governmental activities	$ (1,302,160)

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

TOWN OF PEMBROKE PARK, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	$ 11,810,324	$ 11,810,324	$ 11,524,881	$ (285,443)
Licneses, fees, and permits	1,387,608	1,387,608	1,479,731	92,123
Intergovernmental	2,831,393	2,831,393	1,078,530	(1,752,863)
Charges for services	670,694	670,694	629,695	(40,999)
Fines and forfeitures	150,225	150,225	235,836	85,611
Investment income	120,000	120,000	611,328	491,328
Miscellaneous	-	-	172,908	172,908
Total revenues	16,970,244	16,970,244	15,732,909	(1,237,335)
Expenditures				
Current:				
General government	4,410,781	4,410,781	5,204,264	(793,483)
Public safety	9,040,323	9,040,323	8,574,657	465,666
Physical environment	382,450	382,450	306,552	75,898
Public works	563,054	563,054	523,990	39,064
Culture and recreation	422,935	422,935	776,990	(354,055)
Capital outlay	2,691,201	2,691,201	1,035,735	1,655,466
Debt service:				
Principal retirement	242,379	242,379	340,454	(98,075)
Interest and fiscal charges	33,621	33,621	59,516	(25,895)
Total expenditures	17,786,744	17,786,744	16,822,158	964,586
Excess (deficiency) of revenues over expenditures	(816,500)	(816,500)	(1,089,249)	(272,749)
Other financing sources (uses)				
Transfers in	816,500	816,500	-	(816,500)
Transfers out	-	-	-	-
Issuance of lease debt	-	-	538,595	538,595
Total other financing sources (uses)	816,500	816,500	538,595	(277,905)
Net change in fund balances	-	-	(550,654)	(550,654)
Fund balances, beginning of year	9,171,909	9,171,909	9,171,909	-
Fund balances, end of year	$ 9,171,909	$ 9,171,909	$ 8,621,255	$ (550,654)

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

TOWN OF PEMBROKE PARK, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUILDING FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	**Final**	**Actual**	
Revenues				
Licneses, fees, and permits	$ 864,082	$ 864,082	$ 395,396	$ (468,686)
Miscellaneous	74,885	74,885	820	(74,065)
Total revenues	938,967	938,967	396,216	(542,751)
Expenditures				
Current:				
Building	701,808	701,808	728,438	(26,630)
Capital outlay	20,659	20,659	12,886	7,773
Total expenditures	722,467	722,467	741,324	(18,857)
Excess (deficiency) of revenues over expenditures	216,500	216,500	(345,108)	(561,608)
Other financing sources (uses)				
Transfers out	(216,500)	(216,500)	-	216,500
Total other financing sources (uses)	(216,500)	(216,500)	-	216,500
Net change in fund balances	-	-	(345,108)	(345,108)
Fund balances, beginning of year	2,068,463	2,068,463	2,068,463	-
Fund balances, end of year	$ 2,068,463	$ 2,068,463	$ 1,723,355	$ (345,108)

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

TOWN OF PEMBROKE PARK, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Stormwater Drainage	Total
ASSETS			
Equity in pooled cash and cash equivalents	$ 5,427,147	$ 7,508,649	$ 12,935,796
Investments	2,084,229	2,351,372	4,435,601
Accounts receivable, net	446,647	238,479	685,126
Prepaid items	9,471	8,012	17,483
Total current assets	7,967,494	10,106,512	18,074,006
Noncurrent assets:			
Capital assets:			
Construction in progress	519,382	450,026	969,408
Building and improvements	679,230	-	679,230
Infrastructure	4,016,356	136,603	4,152,959
Machinery and equipment	1,622,530	45,000	1,667,530
Improvements other than buildings	2,718,372	11,226,863	13,945,235
Intangible assets	32,428	-	32,428
Accumulated depreciation	(6,653,936)	(9,511,581)	(16,165,517)
Total capital assets, net	2,934,362	2,346,911	5,281,273
Total noncurrent assets	2,934,362	2,346,911	5,281,273
Total assets	$ 10,901,856	$ 12,453,423	$ 23,355,279
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	$ 123,996	$ 97,071	$ 221,067
Total deferred outflows	$ 123,996	$ 97,071	$ 221,067
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	$ 419,748	$ 25,595	$ 445,343
Current portion of financed purchase agreements	95,112	-	95,112
Payable from restricted assets:			
Accrued interest payable	8,419	-	8,419
Total current liabilities	523,279	25,595	548,874
Noncurrent liabilities:			
Financed purchase agreements	314,430	-	314,430
Compensated absences	3,841	21,693	25,534
Net pension liability	237,475	185,910	423,385
Total noncurrent liabilities	555,746	207,603	763,349
Total liabilities	$ 1,079,025	$ 233,198	$ 1,312,223
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	$ 70,964	$ 55,554	$ 126,518
Total deferred inflows	$ 70,964	$ 55,554	$ 126,518
NET POSITION			
Net investment in capital assets	$ 2,358,078	$ 2,346,911	$ 4,704,989
Restructed for surtax funded projects	-	318,029	318,029
Unrestricted	7,517,785	9,596,802	17,114,587
Total net position	$ 9,875,863	$ 12,261,742	$ 22,137,605

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

TOWN OF PEMBROKE PARK, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Stormwater Drainage	Total
Operating revenues			
Charges for services	$ 2,930,177	$ 1,423,783	$ 4,353,960
Total operating revenues	2,930,177	1,423,783	4,353,960
Operating expenses			
Personal services	53,709	381,681	435,390
Contractual services and supplies	1,204,258	185,341	1,389,599
Depreciation	334,741	285,158	619,899
Total operating expenses	1,592,708	852,180	2,444,888
Operating income (loss)	1,337,469	571,603	1,909,072
Nonoperating revenues (expenses)			
Interest earnings	84,204	94,921	179,125
Interest and amortization expense	(8,420)	-	(8,420)
Total nonoperating revenues (expenses)	75,784	94,921	170,705
Income (loss) before contributions and transfers	1,413,253	666,524	2,079,777
Capital grants	-	458,029	458,029
Change in net position	1,413,253	1,124,553	2,537,806
Net position, beginning of year, as restated	8,462,610	11,137,189	19,599,799
Net position, end of year	$ 9,875,863	$ 12,261,742	$ 22,137,605

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

TOWN OF PEMBROKE PARK, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-type Activities - Enterprise Funds		
	Sewer Utility	**Stormwater Drainage**	**Total**
Cash flows from operating activities			
Cash received from customers	$ 2,905,123	$ 1,620,541	$ 4,525,664
Cash paid to employees	(246,510)	(481,532)	(728,042)
Cash paid to suppliers	(1,005,028)	(253,827)	(1,258,855)
Net cash provided by (used in) operating activities	1,653,585	885,182	2,538,767
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(1,378,645)	(601,567)	(1,980,212)
Capital grants	-	458,029	458,029
Principal payments of long-term debt	409,542	-	409,542
Interest paid	(84,206)	(94,921)	(179,127)
Net cash provided by (used in) capital and related financing activities	(1,053,309)	(238,459)	(1,291,768)
Cash flows from investing activities			
Interest received	84,204	94,921	179,125
Net cash provided by (used in) investing activities	84,204	94,921	179,125
Net change in cash and cash equivalents	684,480	741,644	1,426,124
Cash and cash equivalents, beginning of year	4,496,196	6,650,036	11,146,232
Cash and cash equivalents, end of year	$ 5,180,676	$ 7,391,680	$ 12,572,356
Cash and cash equivalents classified as:			
Unrestricted	$ 5,427,147	$ 7,508,649	$ 12,935,796
Total cash and cash equivalents	$ 5,427,147	$ 7,508,649	$ 12,935,796
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	$ 1,337,469	$ 571,603	$ 1,909,072
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	334,741	285,158	619,899
Changes in assets and liabilities:			
Accounts receivable	(25,054)	196,758	171,704
Prepaid items	(7,545)	(8,012)	(15,557)
Accounts payable and accrued liabilities	206,775	(60,474)	146,301
Compensated absences	(8,709)	7,951	(758)
Net pension liability	(184,092)	(107,802)	(291,894)
Net cash provided by (used in) operating activities	$ 1,653,585	$ 885,182	$ 2,538,767

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

TOWN OF PEMBROKE PARK, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2025

	Commissioners' Pension Trust Fund
ASSETS	
Investments, at fair value	
Corporate bonds	$ 761,930
Equities	1,721,034
Mutual funds	1,293,373
Total investments	3,776,337
Life insurance and variable annuity contracts	863,515
Total assets	$ 4,639,852
NET POSITION	
Restricted for pensions	$ 4,639,852

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

TOWN OF PEMBROKE PARK, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Commissioners[Pension Trust Fund
Additions	
Contributions:	
Employer	$ 152,912
Total contributions	152,912
Investment earnings (loss)	
Net appreciation (depreciation) in fair value of investments	435,890
Net investment income (loss)	435,890
Total additions	588,802
Deductions	
Benefit payments and refunds	210,881
Administrative expenses	9,392
Total deductions	220,273
Change in net position	368,529
Net position restricted for pensions, beginning of year	4,271,323
Net position restricted for pensions, end of year	$ 4,639,852

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

(1) Summary of Significant Accounting Policies:

The financial statements of the Town of Pembroke Park, Florida (the Town), have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles and the Town has adopted the GASB Codification. The following is a summary of the Town's significant accounting policies:

(a) **Reporting entity**—The Town was incorporated in 1957, under the State of Florida Laws, Chapter 59, Acts of 1722. The Town operates under a Town Council form of government and provides, under the administration of an appointed Town Manager, the following services: general government, public safety, public works, physical environment, and culture and recreation.

(b) **Government-wide and fund financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report aggregated information for the overall government for all of the activities of the primary government. These statements do not report fiduciary funds or fiduciary component units such as retirement trust fund. Those activities are reported only in fund financial statements. The effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange revenues, are reported separately from business-type activities, which are financed wholly or partially by fees charged to external parties for goods or services and are reported in enterprise funds.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund 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 and fiduciary 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

(1) **Summary of Significant Accounting Policies:** (Continued)

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 Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. The Town considers other reoccurring revenue to be available if they are collected within 90 days of the end of the current fiscal period. Grant and similar revenues are recognized when the related expenditure is incurred.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension and other postemployment benefits, and claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

General Fund—The General Fund is the Town’s primary operating fund. It accounts for all resources traditionally associated with governments except those required to be accounted for in another fund.

Building Fund—The Building Fund accounts for the activities as they relate to the issuance of building permits to residences and businesses withing the Town.

The Town reports the following major proprietary funds:

Sewer Utility Fund—The Sewer Utility Fund accounts for the operation of the Town’s sewer utility system.

Stormwater Drainage Fund—The Stormwater Drainage Fund accounts for providing drainage services to the residents of the Town.

Additionally, the Town reports the following fiduciary fund type:

Commissioners Pension Trust Fund—Accounts for the activities of the pension plan provided to the Town’s commissioners.

As a general rule, the effect of the Town’s interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Town’s water and sewer function and various other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

(1) **Summary of Significant Accounting Policies:** (Continued)

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, and fines and forfeitures, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments (when applicable). 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(d) **Budget information**—Annual operating budgets are adopted by the Town dor 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.

(e) **Deposits and investments**—The Town's cash and cash equivalents include cash on hand, demand deposits and short-term investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents.

The Town's investment policies are governed by state statutes and local resolution. These policies authorize the Town to invest in the Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal 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.

(f) **Property taxes**—The assessment of all properties and the collection of all property taxes are made through the County Property Appraiser and County Tax Collector. General property taxes are recorded as received, in cash, which approximates taxes levied less discounts for the current year.

Taxes are levied on November 1 of each year. All taxes become delinquent on April 1 of the following year. Discounts are allowed for early payment. On or prior to June 1, certificates bearing interest are sold for all uncollected real property taxes. Unsold certificates are held by the County.

(1) **Summary of Significant Accounting Policies:** (Continued)

(g) **Receivables and payables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans).

All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are reported net of an allowance for doubtful accounts, where appropriate. Unbilled utility service receivables are recorded at year-end. They are calculated by pro-rating cycle billings subsequent to year-end according to the number of days included in the current fiscal year.

(h) **Inventories and prepaid items**—All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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.

(i) **Restricted assets**—Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayments, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

(j) **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. Capital assets are defined by the government as assets with an initial, individual cost of more than $250 (amount not rounded) 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. Donated assets are recorded at the acquisition 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 assets lives are not capitalized.

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

Assets	Years
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

(1) **Summary of Significant Accounting Policies:** (Continued)

(k) **Compensated absences—**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 of their termination date. For sick time, there is a limit payable upon termination of no more than $500 for an employee. 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, government funds report only the compensated absence liabilities that have been matured. In addition, the General Fund has always been used to liquidate compensated absences payable.

(l) **Long-term obligations—**In the government-wide financial statements and the proprietary funds 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 statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issue costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(m) **Fund balance—**In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e. when the government assesses, levies, charges, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

(1) **Summary of Significant Accounting Policies:** (Continued)

Committed – Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the Town Commission are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Town Commission or though the Town Commission delegation this responsibility to the Town Manger through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

When both restricted and unrestricted resources are available for use, it is generally the practice of the Town to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in any governmental fund, it is the Town’s practice to use committed resources first, then assigned, and then unassigned as needed.

(n) **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 represents a consumption of net assets 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. Deferred outflows related to pensions are discussed further in Note (12) and deferred outflows related to OPEB are discussed further in Note (11).

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 assets or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only items in this category consisted of deferred inflows of resources related to pensions, as discussed further in Note (12) and deferred inflows related to OPEB are discussed further in Note (11).

(o) **Net position flow assumption**—Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the Town’s policy to consider restricted net position to have been used before unrestricted net position is applied.

(p) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(2) **Reconciliation of Government-wide and Fund Financial Statements**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

(3) **Cash Deposits and Investments:**

The Town's investments follow the investment rules as defined in Florida Statutes Chapter 215. The Town has not adopted a separate investment policy. The basic allowable investment instruments are as follows:

The Local Government Surplus Funds Trust Fund (SBA) or other state sponsored funds – The State Board of Administration (SBA) pools investments for local governments while providing safety and liquidity.

The Florida Municipal Investment Trust administered by the Florida League of Cities.

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 as amortized cost for financial reporting purposes.

Deposits include cash on hand and amounts held in the Town's demand accounts. Each demand account is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Any balance in excess of FDIC insurance is covered by collateral held by the Town's custodial bank, which is pledged to a state trust fund that provides security in accordance with Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act (the Act) established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified public depository must pledge at least 50 percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125 percent, may be required, if deemed necessary under the conditions set forth in the Act.

(3) **Cash Deposits and Investments:** (Continued)

Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the pool may assess participating financial institutions on a pro rata basis to fund any shortfall in the event of the failure of a member institution.

The Town measures and records its investments, assets whose use is limited, and restricted assets using fair value measurement guidelines established by GASB Statement No. 72. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

As of September 30, 2025, the Town's governmental and business-type investment portfolio was composed of the following investments:

Investment Type	Credit Quality Rating (S&P)	Carrying Value	Weighted Average Investment Maturities (in Years) Less Than 1	Weighted Average Investment Maturities (in Years) 1 – 5	Fair Value Hierarchy Classification
FMIT 1-3 Yr High Quality Bond Fund	AAAf/S1	$ 10,160,748	$ 10,160,748	$ -	Level 2
Florida Prime	AAAm	433,423	433,423	-	N/A
Total Portfolio		$ 10,594,171	$ 10,594,171	$ -	

Interest Rate Risk: Interest rate 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.

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The Town's portfolio is held entirely with public depositories and is invested in SBA funds, as described above.

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

Custodial Credit Risk—Investments: In the case of investments, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town generally utilizes third party custodians to help manage custodial credit risk.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The investment policy does not permit general obligations issued by a foreign government and is, therefore, not exposed to foreign currency risk.

(3) **<u>Cash Deposits and Investments:</u>** (Continued)

Pension Plan

The Town's Pension Plan is authorized to invest in all of the instruments noted above as well as the following investments:

Bonds, stocks, commingled mutual funds, real estate funds; and foreign securities.

The following chart shows the Town pension funds cash and investment accounts by investment portfolios and their respective maturities (in years):

	Fair Value	Weighted Average Maturity (years)	Credit Rating Range (Moody's)	Fair Value Hierarchy Classification
Corporate bonds	$ 725,915	5.51	AAA to CAA	Level 2
Equities	1,533,610	N/A	NR	Level 2
Mutual funds	1,208,105	N/A	NR	Level 2
Life insurance / annuity contracts	863,515	N/A	NR	Level 2
Total Portfolio	$ 4,639,852			

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The established performance objectives of the Pension Plans require investment maturities to provide sufficient liquidity to pay obligations as they become due. At September 30, 2025, the weighted average maturity in years for each investment type is included in the preceding tale.

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The Pension Plan utilizes portfolio diversification in order to limit investments to the highest rated securities as rated by nationally recognized rating agencies. The ratings of the investments held at year end are shown above.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Town Commissioner Pension Plan policy states that if five (5) percent 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 five (5) percent or more, at September 30, 2025, that met the criteria for disclosure.

Custodial Credit Risk: Custodial credit risk is the risk that the Town may not recover cash and investments held by another party in the event of financial failure. Custodial credit risk is limited since investments are held in independent custodial safekeeping accounts or mutual funds.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

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

(4) **Receivables:**

Accounts Receivable

The Town's receivables consisted of the following at September 30, 2025:

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
Governmental Activities:			
General Fund			
Accounts receivable	$ 736,598	$ (25,934)	710,664
Total – Governmental Activities	736,598	(25,934)	710,664

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
Business-Type Activities:			
Sewer Fund			
Accounts receivable	$ 446,647	$ -	$ 446,647
Stormwater Drainage Fund			
Accounts receivable	238,479	-	238,479
Totals – Business-Type Activities	685,126	-	685,126
Totals	$ 1,421,724	$ (25,934)	$ 1,395,790

Payroll Advance Receivable

During fiscal year 2025, the Town advanced funds to an elected Town Commissioner through payroll-related advances and other disbursements. The advances are being repaid through periodic payroll deductions and other repayments pursuant to a repayment arrangement established by management. As of September 30, 2025, the outstanding balance due from the Commissioner was approximately $23,822. The receivable is reported within accounts receivable (or notes receivable, if applicable) in the accompanying financial statements. Management evaluates the collectability of the balance on an ongoing basis and believes the outstanding amount is collectible based on the repayment activity and arrangement currently in place.

Subsequent to year-end, the Town implemented additional administrative oversight procedures related to employee and elected official advances and repayment authorizations.

(5) **Interfund Loans, Advances, Fees, and Transfers:**

The outstanding balances between funds result mainly from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system, and when payments between funds are made. As of September 30, 2025, there are no balances due between interfund receivables and payables for the primary government.

(5) **Interfund Loans, Advances, Fees, and Transfers:** (Continued)

For the year ended September 30, 2025, there were no transfers between funds. Transfers are used to move revenues between funds to reflect the activities of the fund with the primary government. The primary government accounts for activities such as budgetary authorizations, subsidies or matching funds for various grant programs, and reimbursements to the general fund for services provided to other funds.

(6) **Capital Assets:**

Capital asset activity for the fiscal year ended September 30, 2025, is as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 2,120,064	$ -	$ -	$ 2,120,064
Construction in progress	1,322,255	130,602	(1,322,255)	130,602
Total assets not being depreciated	3,442,319	130,602	(1,322,255)	2,250,666
Capital assets being depreciated:				
Building and Improvements	2,969,144	1,341,982	-	4,311,126
Machinery and equipment	6,027,387	898,292	-	6,925,679
Right to use lease	-	-	-	-
Total assets being depreciated	8,996,531	2,240,274	-	11,236,805
Less accumulated depreciation for:				
Building and Improvements	(2,712,802)	(190,558)	-	(2,903,360)
Machinery and equipment	(3,742,850)	(573,426)	-	(4,316,276)
Right to use lease	-	-	-	-
Total accumulated depreciation	(6,455,652)	(763,984)	-	(7,219,636)
Total capital assets being depreciated, net	2,540,879	1,476,290	-	4,017,169
Governmental activities capital assets, net	$ 5,983,198	$ 1,606,892	$ (1,322,255)	$ 6,267,835

(6) **Capital Assets:** (Continued)

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	$ 498,268	$ 471,140	$ -	$ 969,408
Intangible asset	32,428	-	-	32,428
Total assets not being depreciated	530,696	471,140	-	1,001,836
Capital assets being depreciated:				
Building and Improvements	14,327,296	297,169	-	14,624,465
Infrastructure	4,152,959	-	-	4,152,959
Machinery and equipment	455,627	1,211,903	-	1,667,530
Total assets being depreciated	18,935,882	1,509,072	-	20,444,954
Less: accumulated depreciation	(15,545,618)	(619,899)	-	(16,165,517)
Total capital assets being depreciated, net	3,390,264	889,173	-	4,279,437
Business-type activities capital assets, net	$ 3,920,960	$ 1,360,313	$ -	$ 5,281,273

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	$ 126,601
Public safety	399,136
Building	15,520
Physical environment	865
Public works	101,431
Culture and recreation	28,579
Total depreciation expense - governmental activities	$ 763,984
Business-type activities:	
Sewer	$ 334,741
Stormwater	285,158
Total depreciation expense - business-type activities	$ 619,899

(7) **Commitments:**

The Town also has an agreement with Broward Sheriff's Office to provide emergency medical and fire protection services. The renewal and termination terms are the same as noted for the police services agreement. As of September 30, 2022, this agreement was on a continuing month-to-month basis until the Town’s Police Department was operational on October 1, 2022. For subsequent fiscal years until such time that the Town’s Police Department is fully operational, the amount owed will be based on the Sheriff's budgeted costs, subject to the restrictions noted under the police services agreement. The paid for emergency medical and fire protection services for the year ended September 30, 2025, was $4,282,673.

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.

(8) <u>Contingencies and Uncertainties:</u>

The Town is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2025. The outcomes of established claims are included in these financial statements. In the opinion of the Town's legal counsel, no legal proceedings are pending or threatened against the Town which are not covered by applicable insurance which would inhibit its ability to perform its operations or materially affect its financial condition.

(9) <u>Long-Term Liabilities:</u>

Long-term liability activity for the year ended September 30, 2025, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Note payable:					
Non-ad valorem revenue note	$ 1,800,703	$ -	$ (237,678)	$ 1,558,325	$ 275,503
Equipment note payable	-	538,595	(98,076)	440,519	102,358
Compensated absences	182,196	167,866	-	350,062	350,657
Governmental activities – Total long-term liabilities	$ 1,982,899	$ 706,461	$ (335,754)	$ 2,348,906	$ 728,518
Business-type activities:					
Compensated absences	$ 26,292	$ -	$ (758)	25,534	95,112
Business-type activities – Total long-term liabilities	$ 26,292	$ -	$ (758)	$ 435,076	$ 95,112

The change in compensated absences above is a net change for the year.

Notes and obligations under lease payable in the Town's governmental activities at September 30, 2025, were comprised of the following obligations:

Non-Ad Valorem Revenue Note, Series 2021, was issued 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 transaction 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.	$ 1,558,325
Axon Police Equipment Note was issued in August 2025 in the amount of $538,595. The note is for the acquisition of various police equipment and bears an interest rate of 4.9% payable annually on October 1st through 2029.	$ 350,062
Total revenue notes and notes payable	$ 1,998,844

(9) **Long-Term Liabilities:** (Continued)

Annual debt service requirements to maturity for the Town's governmental activities note payable is as follows:

	Principal	Interest	Total
2026	$ 349,530	$ 49,916	$ 399,446
2027	359,434	40,012	399,446
2028	369,681	29,766	399,447
2029	380,283	19,164	399,447
2030	267,314	8,189	275,503
2031-2035	272,602	2,903	275,505
Total	$ 1,998,844	$ 149,950	$ 2,148,794

(10) **Risk Management:**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, all of which is satisfactorily insured by limited risk, high deductible commercial general liability insurance. Commercial insurance policies are also obtained for other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

During the fiscal year ended September 30, 2025, 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.

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.

(11) **Other Postemployment Benefits (OPEB):**

Plan Description—The Town of Pembroke Park's Retiree Health Care Plan (Plan) is a single-employer defined benefit post-employment health care plan that covers eligible retired employees of the Town. The Plan, which is administered by the Town, allows employees who retire and meet retirement eligibility requirements under the applicable retirement plan to continue medical insurance coverage as a participant in the Town's plan. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust.

Benefits Provided—A retired employee and his or her spouse are eligible to continue health insurance identical to active employees if they meet the eligibility for retirement under the applicable retirement plan. The retiree is responsible for paying the entire monthly premium for health coverage and that of any covered spouse or eligible dependent.

Plan Membership—At September 30, 2023, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Members	49
Inactive Members	0
	49

(11) **Other Postemployment Benefits (OPEB):** (Continued)

Total OPEB Liability—The Town's total OPEB liability of $89,980 was measured as of September 30, 2025, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs—The total OPEB liability in the September 30, 2025, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.50%
Discount rate	4.87%
Initial trend rate	7.00%
Ultimate trend rate	4.00%
Years to ultimate	51

For all lives, mortality rates were PubG-2010 Mortality Tables projected to the valuation date using Projection Scale MP-2019.

Changes in the OPEB liability for the fiscal year ended September 30, 2025, were as follows:

	Total OPEB Liability
Balance at **September 30, 2024**	$ 64,498
Changes for a year:	
Service cost	16,768
Interest	3,905
Differences Between Expected and Actual Experience	-
Changes of assumptions	7,016
Benefit payments	(2,207)
Net changes	25,482
Balance at September 30, 2025	$ 89,980

Discount rate:

Given the Town's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.06%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years.

Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the Town calculated using the discount rate of 4.06%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.06%) or 1% higher (5.06%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	$ 100,040	$ 89,980	$ 81,446

(11) **Other Postemployment Benefits (OPEB):** (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend 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 healthcare cost trend rates that are 1% lower (3% - 6%) or 1% higher (5% - 8%) than the current healthcare cost trend rates (4% - 7%):

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	$ 79,380	$ 89,980	$ 102,787

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2025, the Town recognized OPEB expense of $31,049. At September 30, 2025, as the Town follows the alternative measurement method and utilizes a measurement date of one year in arrears, the only deferred outflow related to the Plan was $4,411 related to employer contributions subsequent to the measurement date, which will be recognized in OPEB expense in the subsequent fiscal year.

(12) **Employee Retirement Systems and Pension Funds:**

A. Florida Retirement System

Plan Description and Administration

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

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

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

Benefits Provided and Employees Covered

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.

(12) **Employee Retirement Systems and Pension Funds:** (Continued)

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.

Benefits provided for HIS are the following: for the fiscal year ended September 30, 2025, 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.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Annual Comprehensive Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

(12) **Employee Retirement Systems and Pension Funds:** (Continued)

Contributions

The entity participates in certain classes of FRS membership. Each class had descriptions and contribution rates in effect during the year ended September 30, 2025, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2025	After June 30, 2025
Regular Class	13.63%	14.03%
Elected Officers	58.68%	54.57%
Senior Management Service	34.52%	33.24%
Special Risk Regular	32.79%	35.19%
DROP from FRS	12.64%	12.64%

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

For the plan year ended June 30, 2025, actual contributions made for employees participating in FRS and HIS were as follows:

Entity Contributions – FRS	$ 751,779
Entity Contributions – HIS	83,938
Employee Contributions – FRS	125,907

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

At September 30, 2025, the entity reported a net pension liability related to FRS and HIS as follows:

Plan	Net Pension Liability
FRS	$ 3,907,681
HIS	1,203,752
Total	$ 5,111,433

(12) **Employee Retirement Systems and Pension Funds:** (Continued)

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the organization's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2025 and June 30, 2024, the organization's proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	2025	2024
FRS	0.012591152%	0.011067744%
HIS	0.009391516%	0.008368660%

For the plan year ended June 30, 2025, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	$	746,372
HIS		74,921
Total	$	821,293

Deferred outflows/inflows related to pensions:

At September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 417,381	$ -	$ 7,186	$ (1,910)
Changes of assumptions	453,783	-	10,655	(291,157)
Net difference between projected and actual investment earnings	-	(652,427)	-	(1,002)
Change in proportionate share	1,148,346	(438,768)	366,722	(142,164)
Contributions subsequent to measurement date	239,941	-	24,886	-
Total	$ 2,259,451	$ (1,091,195)	$ 409,449	$ (436,233)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2026.

(12) **Employee Retirement Systems and Pension Funds:** (Continued)

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	FRS	HIS	Total
2026	$ 997,121	$ 16,911	$ 1,014,032
2027	155,332	(4,803)	150,529
2028	(123,332)	(8,986)	(132,318)
2029	(100,806)	(36,784)	(137,590)
2030	-	(18,008)	(18,008)
Thereafter	-	-	-
	$ 928,315	$ (51,670)	$ 876,645

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate is consistent with the prior year rate of 6.70%. The 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 calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 5.20% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.93%.

Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2021.

(12) **Employee Retirement Systems and Pension Funds:** (Continued)

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2025, the FRS Actuarial Assumptions Conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Long-Term Arithmetic Expected Rate of Return
Cash	1.0%	3.2%
Fixed income	29.0%	5.5%
Global equities	45.0%	8.5%
Real estate	12.0%	8.4%
Private equity	11.0%	12.4%
Strategic investments	2.0%	6.5%
Total	100.0%	

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

The following presents the proportionate shares of the FRS and HIS net pension liability of the Town calculated using the current discount rates, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
FRS	6.70%	$ 7,668,763	$ 3,907,681	$ 754,444
HIS	5.20%	1,357,424	1,203,752	1,074,870

B. Town-Sponsored Defined Benefit Pension Plan

Plan Description and Administration

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.

(12) **Employee Retirement Systems and Pension Funds:** (Continued)

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.

Benefits Provided

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

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

Employees Covered

The Plan has contracted with an actuary to provide an actuarial valuation of the plan as of October 1 of each year. Current membership in the Town Commissioner Pension Plan was composed of the following at October 1, 2024:

	Town Commissioner Pension Plan
Active participants	5
Inactive members entitled to future benefits	1
Inactive members currently receiving benefits	5
Total current membership	11

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.

Financial Statements

The financial statements of the plan is prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The Town’s contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. The Town’s single-employer pension plan does not issue stand-alone financial statements.

Contributions

Town Contributions to the Town’s pension plan for the year ended September 30, 2025, were $152,912.

(12) **Employee Retirement Systems and Pension Funds:** (Continued)

Investment Policy

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

The following was the asset allocation policy at September 30, 2025:

Asset Class	Target Allocation
Domestic equities	61.96%
International equities	11.93%
Fixed income	19.18%
Cash and equivalents	6.93%
Real estate and alternatives	0%

Net Pension Liability (Asset)

The components of the net pension liability (asset) of the pension plan at September 30, 2025, were as follows:

	Town Commissioner Pension Plan
Total pension liability	$ 4,805,020
Plan fiduciary net position	4,639,852
Net pension liability (asset)	$ 165,168
Plan fiduciary net position as percentage of total pension liability	96.56%

The total pension liability was determined by actuarial valuation as of October 1, 2025, and measurement dates of September 30, 2025, using the following actuarial assumptions to all measurement periods.

	Town Commissioner Pension Plan
Inflation	2.50%
Cost of living adjustment	2.75% per year
Investment rate of return	6.25%
Mortality table	MP - 2021

(12) **Employee Retirement Systems and Pension Funds:** (Continued)

The long-term expected rate of return on pension 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 expenses 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.

Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of September 30, 2025, are summarized in the following table:

Asset Class	Long Term Expected Rate of Return
Domestic equities	4.60%
International equities	4.95%
Fixed income	2.70%
Real Estate and alternatives	3.98%
Cash and equivalents	1.19%

Concentration:

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, 2025, that met the criteria for disclosure.

Discount rate:

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

(12) **Employee Retirement Systems and Pension Funds:** (Continued)

Changes in net pension liability:

The changes in net pension liability (asset) for the year ended September 30, 2025, is as follows:

	Town Commissioner Pension Plan		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a - b)
Beginning Balance	$ 4,091,173	$ 4,271,322	$ (180,149)
Changes for the year:			
Service cost	166,654	-	166,654
Interest	259,524	-	259,524
Differences between expected/actual experience	498,550	-	498,550
Changes of assumptions	-	-	-
Contributions - employer	-	152,912	(152,912)
Net investment income	-	435,890	(435,890)
Benefit payments, including refunds	(210,881)	(210,881)	-
Administrative expenses	-	(9,391)	9,391
Net changes	713,847	368,530	345,317
Ending Balance	$ 4,805,020	$ 4,639,852	$ 165,168

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 selected discount rate, as well as what the Town's net pension liability (NPL) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
Net Pension Liability (asset)	6.25%	$ 784,702	$ 165,168	$ (341,593)

For the year ended September 30, 2025, the annual-money weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.36%. 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.

(12) **Employee Retirement Systems and Pension Funds:** (Continued)

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

For the year ended September 30, 2025, the Town recognized pension expense of $277,494 for this plan.

At September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 543,560	$ -
Changes of assumptions	6,849	29,459
Net different between projected and actual investment earnings	-	411,451
	$ 550,409	$ 440,910

Amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	Year Ending September 30:
2026	$ 29,953
2027	113,764
2028	(145,150)
2029	(110,443)
2030	640
Thereafter	-

(13) **Fund Balance Reclassifications and Restatements:**

During the fiscal year, the Town determined that certain revenues and related cash balances were incorrectly reported in previously issued financial statements. Specifically, deposits in transit were overstated at year-end, resulting in an overstatement of cash and revenues in various governmental funds and governmental activities for the fiscal year ended September 30, 2025. As a result, beginning fund balance has been restated to correct these errors in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*. The effect of correcting these errors is presented in the table below.

	General Fund	Sewer Fund	Stormwater Fund	Governmental Activities
9/30/2024 fund balance and net position	$9,275,630	$8,685,600	$11,249,298	$ 11,887,057
Errors in prior year revenue and fund balance corrections	(103,721)	(222,990)	(112,109)	(103,721)
9/30/2024 fund balance and net position, as restated	$9,171,909	$8,462,610	$11,137,189	$ 11,783,336

(14) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for fiscal years subsequent to September 30, 2025, that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Town's financial statements:

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB No. 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.

GASB issued Statement No. 105, *Subsequent Events*, in December 2025. GASB Statement No. 105 clarifies the subsequent events time frame and establishes accounting and disclosure requirements for recognized and nonrecognized subsequent events. The provisions of GASB Statement No. 105 are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF PEMBROKE PARK, FLORIDA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
LAST 10 FISCAL YEARS
(UNAUDITED)

	2025	2024	2023	2022	2021
Total OPEB Liability					
Service cost	$ 16,768	$ 10,835	$ 13,152	$ 7,290	$ 6,116
Interest	3,905	3,208	1,741	1,346	1,636
Difference between expected and actual experience	-	(17,447)	-	(14,525)	-
Changes of assumptions	7,016	12,490	(15,045)	10,372	9,660
Estimated benefit payments	(2,207)	(1,969)	(1,832)	(1,445)	(1,344)
Net change in total OPEB liability	25,482	7,117	(1,984)	3,038	16,068
Total OPEB liability - beginning of year	64,498	57,381	59,365	56,327	40,259
Total OPEB liability - end of year	$ 89,980	$ 64,498	$ 57,381	$ 59,365	$ 56,327
Covered employee payroll	$ 3,046,523	$ 2,972,218	$ 3,164,098	$ 3,086,925	$ 1,911,117
Total OPEB liability as a percentage of covered employee payroll	2.95%	2.17%	1.81%	1.92%	2.95%

Notes to Schedule:

There are no assets accumulated in a trust that pay for related benefits.					
Valuation date:	9/30/2023	9/30/2023	9/30/2022	9/30/2021	9/30/2020
Measurement date:	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020

Changes of assumptions. Changes of assumptions and other changes reflect the effects of changes in the discount rate each period. The following are the discount rates used in each

	4.06%	4.87%	4.77%	2.43%	2.14%

Benefit Payments. The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2024. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

*10 years of data will be presented as it becomes available.

TOWN OF PEMBROKE PARK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
PENSION PLAN FOR TOWN COMMISSIONERS
SEPTEMBER 30, 2025
(UNAUDITED)

Fiscal Year Ending September 30,	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Total Pension Liability										
Service cost	$ 166,654	$ 118,066	$ 78,831	$ 65,581	$ 89,150	$ 83,600	$ 61,060	$ 316,660	$ 66,093	$ 55,785
Interest	259,524	246,104	196,356	194,763	204,657	196,664	184,097	180,541	176,986	127,969
Difference between actual and expected experience	498,550	7,343	600,293	(39,788)	(315,163)	113,830	35,662	(370,636)	(146,601)	177,571
Changes of assumptions	-	11,157	(117,839)	(188,891)	-	84,433	-	-	-	420,088
Benefit payments including refunds of contributions	(210,881)	(222,184)	(199,119)	-	(98,203)	(88,137)	(86,834)	(56,882)	(26,663)	(27,956)
Net change in total pension liability	713,847	160,486	558,522	31,665	(119,559)	390,390	193,985	69,683	69,815	753,457
Total pension liability - beginning	4,091,173	3,930,687	3,372,165	3,340,500	3,460,059	3,069,669	2,875,684	2,806,001	2,736,186	1,982,729
Total pension liability - ending (a)	$ 4,805,020	$ 4,091,173	$ 3,930,687	$ 3,372,165	$ 3,340,500	$ 3,460,059	$ 3,069,669	$ 2,875,684	$ 2,806,001	$ 2,736,186
Total Fiduciary Net Position										
Contributions - employer	$ 152,912	$ 150,000	$ 90,812	$ -	$ 110,484	$ 85,303	$ 37,362	$ 370,136	$ 121,583	$ 137,490
Net investment income	435,890	787,770	365,752	(459,781)	619,158	241,560	67,948	246,124	229,468	150,300
Benefit payments, including refunds of contributions	(210,881)	(222,184)	(199,119)	(188,891)	(98,203)	(88,137)	(86,834)	(56,882)	(26,663)	(27,956)
Administrative expense	(9,391)	(2,640)	(4,565)	(4,263)	(4,507)	(4,895)	(4,202)	(4,404)	(4,183)	(8,384)
Other	-	-	-	-	-	-	-	-	-	445,681
Net change in plan fiduciary net position	368,530	712,946	252,880	(652,935)	626,932	233,831	14,274	554,974	320,205	697,131
Plan fiduciary net position - beginning	4,271,322	3,558,376	3,305,496	3,958,431	3,331,499	3,097,668	3,083,394	2,528,420	2,208,215	1,511,084
Plan fiduciary net position - ending (b)	$ 4,639,852	$ 4,271,322	$ 3,558,376	$ 3,305,496	$ 3,958,431	$ 3,331,499	$ 3,097,668	$ 3,083,394	$ 2,528,420	$ 2,208,215
Net pension liability (asset) - ending (a) - (b)	$ 165,168	$ (180,149)	$ 372,311	$ 66,669	$ (617,931)	$ 128,560	$ (27,999)	$ (207,710)	$ 277,581	$ 527,971
Plan fiduciary net position as a percentage of the total pension liability	96.56%	104.40%	90.53%	98.02%	118.50%	96.28%	100.91%	107.22%	90.11%	80.70%
Covered payroll	$ 260,000	$ 260,000	$ 208,000	$ 104,000	$ 86,520	$ 129,780	$ 43,260	$ 43,260	$ 43,260	$ 42,000
Net pension liability (asset) as a percentage of covered payroll	63.53%	-69.29%	179.00%	64.10%	-714.21%	99.06%	-64.72%	-480.14%	641.66%	1257.07%

TOWN OF PEMBROKE PARK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
PENSION PLAN FOR TOWN COMMISSIONERS
SEPTEMBER 30, 2025
(UNAUDITED)

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2025	$ 162,469	$ 152,912	$ 9,557	$ 260,000	58.81%
2024	179,193	150,000	29,193	260,000	57.69%
2023	90,812	90,812	-	208,000	43.66%
2022	90,812	-	90,812	104,000	0.00%
2021	110,484	110,484	-	86,520	127.70%
2020	85,303	85,303	-	129,780	65.73%
2019	38,529	37,362	1,167	129,780	28.79%
2018	351,306	370,136	(18,830)	154,000	240.35%
2017	80,278	121,583	(41,305)	180,000	67.55%
2016	67,848	137,490	(69,642)	180,000	76.38%

Notes to Schedule:

Valuation Date: 10/1/2025

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Aggregate
Amortization Method: Level Dollar, Closed

Inflation: 2.50%
Investment Rate of Return: 6.25%
Retirement Age: 100% at Early Retirement Age
Mortality: Society of Actuaries Pub-2010 General Retirees Headcount-Weighted Mortality setback one year with generational projection using scale MP-2021

TOWN OF PEMBROKE PARK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF INVESTMENT RETURNS
SEPTEMBER 30, 2025
(UNAUDITED)

For the Year Ending September 30,	Pension Plan for Town Commissioners
2025	10.36%
2024	22.62%
2023	11.47%
2022	-11.97%
2021	18.82%
2020	7.38%
2019	2.24%
2018	8.67%
2017	10.13%
2016	9.47%

TOWN OF PEMBROKE PARK, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS
(UNAUDITED)

	As of the Plan Year Ended June 30,									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Florida Retirement System (FRS)										
Proportion of the net pension liability	0.012591152%	0.011067744%	0.001320000%	0.008600000%	0.006600000%	0.005400000%	0.005300000%	0.009200000%	0.008900000%	0.008500000%
Proportionate share of the net pension liability	$ 3,907,681	$ 4,281,524	$ 5,291,933	$ 3,225,574	$ 504,049	$ 2,370,244	$ 1,837,772	$ 2,761,625	$ 2,461,826	$ 2,145,618
Covered payroll	4,196,892	3,542,577	3,566,241	2,549,056	2,328,890	1,934,795	1,541,730	2,150,710	2,045,188	1,836,696
Proportionate share of the net pension liability as a percentage of covered payroll	93.11%	120.86%	148.39%	126.54%	21.64%	122.51%	119.20%	128.41%	120.37%	116.82%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.80%	84.88%
Health Insurance Subsidy Program (HIS)										
Proportion of the net pension liability	0.009391516%	0.008368660%	0.009560000%	0.006770000%	0.006000000%	0.005000000%	0.004600000%	0.006900000%	0.007000000%	0.006500000%
Proportionate share of the net pension liability	$ 1,203,752	$ 1,255,381	$ 1,518,714	$ 717,403	$ 746,916	$ 621,180	$ 514,330	$ 727,357	$ 747,307	$ 752,274
Covered payroll	4,196,892	3,542,577	3,566,241	2,549,056	2,328,890	1,934,795	1,541,730	2,150,710	2,045,188	1,836,696
Proportionate share of the net pension liability as a percentage of covered payroll	28.68%	35.44%	42.59%	28.14%	32.07%	32.11%	33.36%	33.82%	36.54%	40.96%
Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

TOWN OF PEMBROKE PARK, FLORIDA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
(UNAUDITED)

	For the Fiscal Year Ended September 30,									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Florida Retirement System (FRS)										
Contractually required contribution	$ 846,982	$ 606,663	$ 841,441	$ 449,712	$ 374,769	$ 284,459	$ 172,378	$ 225,033	$ 233,168	$ 211,718
Contributions in relation to the contractually required contribution	846,982	606,663	841,441	449,712	374,769	284,459	172,378	225,033	233,168	211,718
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 4,619,954	$ 3,555,495	$ 3,566,241	$ 2,549,056	$ 2,328,890	$ 1,934,795	$ 1,541,730	$ 1,907,580	$ 2,074,311	$ 1,902,689
Contributions as a percentage of covered payroll	18.33%	17.06%	23.59%	17.64%	16.09%	14.70%	11.18%	11.80%	11.24%	11.13%
Health Insurance Subsidy Program (HIS)										
Contractually required contribution	$ 92,399	$ 71,110	$ 59,200	$ 42,314	$ 38,660	$ 32,118	$ 25,593	$ 31,666	$ 34,433	$ 31,588
Contributions in relation to the contractually required contribution	92,399	71,110	59,200	42,314	38,660	32,118	25,593	31,666	34,433	31,588
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 4,619,954	$ 3,555,495	$ 3,566,241	$ 2,549,056	$ 2,328,890	$ 1,934,795	$ 1,541,730	$ 1,907,580	$ 2,074,311	$ 1,902,689
Contributions as a percentage of covered payroll	2.00%	2.00%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

INDEPENDENT AUDITORS' 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 auditing standards generally accepted in the United States of America and the standards applicable to the 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, and the aggregate remaining fund information of the Town of Pembroke Park, Florida (the Town), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 23, 2026.

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 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described below as items 2025-001, 2025-002, and 2025-003, to be material weaknesses:

2025-001 Reconciliation of Account Balances and Audit Adjustments – As a combined result of items identified by management and our based on our audit procedures, we noted multiple restatements of beginning fund balance and/or net position were required to correct errors in the prior year financial statement Without these adjustments and competent oversight, the statements would have been materially misstated. We recommend management consistently apply appropriate accounting principles to record all year-end accruals and ensure all accounts are properly reconciled at year-end in order to be able to prepare complete GAAP-compliant financial statements.

2025-002 Timeliness of Bank Reconciliations – During the audit period, we noted that bank reconciliations were not prepared regularly at the end of each month, with some being completed weeks or even months later. While we also noted that the Town worked to address prior year audit recommendations, ultimately getting back on track with timely reconciliations including documented approval by September 2025, the delay of the course of the fiscal year under audit presents an enhanced risk level as it relates to potential error or fraud. We recommend the Town ensure all bank reconciliations are properly completed and reviewed in a timely manner moving forward.

2025-003 Payroll Advances – During our review of payroll disbursements and compensation practices, we noted that the Town Manager approved an advance of compensation to a Town commissioner in a significant amount and without interest and outside of the Town's normal payroll process. The Town does not have a formal policy authorizing payroll advances or establishing repayment terms, approval requirements, or interest provisions for such transactions, nor is this a common or generally accepted practice for public entities. Advancing public funds to employees and/or elected officials increases the risk of misuse of public resources, preferential treatment, management override of internal controls, and potential noncompliance with ethics, compensation, or other legal requirements. In addition, failure to charge interest may rise to the level of statutory noncompliance as the Town provided an unauthorized interest-free loan using public funds. Sound internal control practices emphasize proper authorization, oversight, and safeguarding of public resources. We recommend the Town prohibit payroll advances and loans to employees and elected officials unless specifically authorized by law and formally approved by the governing body. We further recommend the Town adopt a written policy addressing employee receivables and repayment requirements, ensure all compensation transactions are processed through established payroll procedures. Finally, as we noted that a significant portion of this advance remained uncollected as of the report date, we recommend the Town consider the need to calculate and collect interest retroactively on all such advances. The Town should also consult with legal counsel regarding any potential statutory or ethics implications and ensure any outstanding balances are properly recorded and monitored for repayment.

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. We consider the deficiencies described below as items 2025-004, 2025-005, and 2025-006, to be significant deficiencies:

2025-004 Expenses and Accounts Payable – During our audit procedures, we identified numerous invoices that were paid after yearend that were not properly expensed in the current year for which goods and services were received. We recommend that the Town implement procedures to timely identify accruals at yearend.

2025-005 Purchasing Policy and Cash Disbursements – During our audit procedures, we noted that the Town did not adhere to its Purchasing Policy dated November 8, 2023, section II, which requires all payments - whether by check or wire transfer - to be approved. Prior to March 2025, multiple disbursements tested were approved after the check date. We noted that procedures were put in place after March 2025 to address this control deficiency and our procedures did not identify any exceptions after new procedures were put in place. Finally, two purchasing card transactions appear to have been against policy, food purchased that was not for a Town event, and one purchasing card transaction was missing a receipt. We recommend the Town strengthen controls over purchase cards to ensure purchases are allowed based on policy and properly supported.

2025-006 Capital Assets – During the audit, we noted that the total capital assets reported in the depreciation summary–book data report did not reconcile with the total capital assets recorded in the general ledger for the general fund. We also noted that the depreciation report does not accurately reflect the accumulated depreciation by asset type. Furthermore, we noted that the Town is not accurately recording capital outlay following the chart of accounts, recording additions to various repairs and maintenance accounts as well as recording non-capital items to the capital outlay. We recommend that the Town ensure all assets recorded in the detailed depreciation summary are accurately reflected in the general ledger and that the detailed report is reconciled with the general ledger on a consistent basis, accumulated depreciation is calculated by asset type, and that capital outlay expenditures are recorded in the proper accounts based on the Town chart of accounts.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the preceding section related to payroll advances as item 2025-003.

Management's Response to Findings

The Town's responses to the findings identified in our audit are outlined as listed in the table of contents. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Daytona Beach, Florida
June 23, 2026

JAMESMOORE

INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA OFFICE OF THE AUDITOR GENERAL

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

Report on the Financial Statements

We have audited the financial statements of Town of Pembroke Park, Florida (the Town), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 23, 2026.

Auditors' 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 Auditors' 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* and Independent Accountants' 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 and schedule, which are dated June 23, 2026, 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 findings and recommendations made in the preceding financial audit report except as noted below. Findings 2025-001, 2025-002, 2025-004, 2025-005, and 2025-006 remain uncorrected from the second preceding annual financial report:

2024-001 Reconciliation of Account Balances and Audit Adjustments – Corrective action not taken. See repeat comment 2025-001.

2024-002 Timeliness of Bank Reconciliations – Corrective action not taken. See repeat comment 2025-002.

2024-003 Expenses and Accounts Payable – Corrective action not taken. See repeat comment 2025-004.

2024-004 Purchasing Policy – Corrective action not taken. See repeat comment 2025-005.

2024-005 Capital Assets – Corrective action not taken. See repeat comment 2025-006.

2024-006 Internal Control over Petty Cash – corrective action taken.

2024-007 Unexpended Fund Balance – Building Permits – Corrective action not taken. See repeat comment 2025-007.

2024-008 Impact Fee Accounting – Corrective action not taken. See repeat comment 2025-008.

2024-009 Qualified Public Depositor Report – Corrective action taken.

2024-010 IT System Backups – Corrective action taken.

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 this management letter, unless disclosed in the notes to the financial statements. The legal authority for the primary government and component units of the reporting entity is disclosed in Note 1 of the basic 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 report 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 identification of the specific conditions 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. 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 the 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, we had the following recommendations:

2025-007 Unexpended Fund Balance – Building Permits – Section 553.80(7)(a), Florida Statutes, limits the amount of unexpended building permit funds carried forward to future fiscal years to no more than the Town's average operating budget for enforcing the Florida Building Code for the previous four fiscal years. A local government must use any funds in excess of this limitation to rebate or reduce fees. The Town's fund balance in the Building Fund at September 30, 2025, exceeded the average operating budget for enforcing the Florida Building Code for the previous four fiscal years. We recommend the City develop its plan of utilizing accumulated building code fund balances in order to comply with Section 553.80(7)(a) of Florida Statutes.

2025-008 Impact Fee Accounting – At year-end, the Town's impact fees were not being recorded in a separate fund. In late fiscal year 2021, the State of Florida adopted a bill modifying Section 163.31801 (4b). Florida Statutes, which requires impact fees be recorded in a separate accounting fund. We recommend the Town transition its impact fees to a separate fund in fiscal year 2025 and in the fiscal year 2026 budget process.

Property Assessed Clean Energy (PACE) Programs

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy, or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the Town did not have a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the Town's geographical boundaries during the fiscal year under audit.

Special District Component Units

Section 10.554(1)(i)5.c., 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 did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to address 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 have any such findings.

Management's Response to Findings

The Town's responses to the findings identified in our audit are outlined as listed in the table of contents. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Letter

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

James Moore & Co., P.L.

Daytona Beach, Florida
June 23, 2026

JAMESMOORE

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

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

We have examined the Town of Pembroke Park, Florida's (the Town) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* (the Statute), for the year ended September 30, 2025. The Town's management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination. Our responsibility is to obtain reasonable assurance by evaluating the Town's compliance with those requirements and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating whether the Town complied with Section 218.415, Florida Statutes, Local Government Investment Policies, for the year ended September 30, 2025, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of evaluation of the Town's compliance based on our examination during the year ended September 30, 2025. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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.

We are required to be independent of Town, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

James Moore & Co., P.L.

Daytona Beach, Florida
June 23, 2026

MANAGEMENT'S RESPONSE TO CURRENT YEAR FINDINGS

2025-001 Reconciliation of Account Balances and Audit Adjustments

Response: Management acknowledges the auditor's findings and concurs with the recommendation to strengthen year-end reconciliation procedures. The Finance team has implemented a month end close process that includes verification of all in-transit items and deposits, ensuring account balances are properly reconciled at year-end and that GAAP-compliant financial statements can be prepared without material adjustments.

2025-002 Timeliness of Bank Reconciliations

Response: Management acknowledges the finding regarding the timeliness of bank reconciliations during the audit period. While the Town did achieve current, approved reconciliations by September 2025, the delays earlier in the fiscal year presented an elevated risk environment. The Finance Department has now established firm monthly deadlines for completion of all bank reconciliations, with a documented review and approval chain requiring sign-off by Finance Director or designee within a specified number of business days following month-end within ERP System. These controls are now fully in place and will be monitored on an ongoing basis.

2025-003 Payroll Advances

Response: Management respectfully offers additional context regarding this finding. While the auditors' concerns about internal controls are noted and taken seriously, the transaction in question was not an interest-free loan. However, unauthorized payroll advances were approved by certain former employees. Upon learning of the advances, the Town Commission, the Interim Town Manager and the Town Attorney's Office took action to put an end to the practice and to establish a process to ensure the repayment of prior advances. The Town Commission has not authorized any interest-free loans in violation of the Constitutional prohibition on municipalities pledging credit. A formal Repayment and recovery agreement was prepared, presented to, and approved by the Town Commission.

2025-004 Expenses and Accounts Payable

Response: Management acknowledges the control deficiencies noted in the accounts payable process and concurs with the auditors' recommendations.

To address the issues identified and strengthen internal controls, the Finance Department has taken the following steps:

1) Implementing a formal year-end accrual procedure to capture all goods and services received prior to September 30 that have not yet been invoiced or recorded. In addition, the Town has engaged with a firm to provide professional staff augmentation services while it is in the process of hiring a full-time AP clerk.

Management is committed to maintaining strong financial controls and timely financial reporting. These changes are expected to improve the completeness and accuracy of accruals at year-end.

2025-005 Purchasing Policy and Cash Disbursements

Response: Management has applied the following corrective measures:

1) Procurement training sessions have been and will continue to be conducted for all department heads, staff, and new hires covering allowable purchase card use and documentation requirements.

2) No disbursements greater than $1,500 are processed without a fully executed purchase order, including all required approvals from department heads and Finance prior to the transaction date.

3) All supporting documentation must be submitted and approved before a purchase order is issued. Receipts must be submitted before a purchasing card transaction is finalized. A "Missing Receipt Affidavit" must be submitted for all transactions without a receipt with a description of the purchase.

4) Purchasing card transaction logs are reviewed monthly by Finance leadership. Any missing receipts or policy exceptions are identified, followed up on, and resolved prior to the financial close for the reporting period.

5) There is a pending Purchasing/ P-card policy update pending approval by the Commission with a detailed list of allowable and non-allowable purchases. Once approved, the Purchasing policy P-card will be distributed to all department heads and purchasing personnel.

Management is committed to full adherence to the Purchasing Policy and will continue to strengthen procurement and disbursement controls to ensure transparency, accountability, and compliance.

2025-006 Capital Assets

Response: Management concurs with the audit finding. The discrepancies identified between the depreciation summary – book data report and the general ledger, as well as the issues with depreciation categorization and capital outlay coding, were primarily the result of system migration differences between the Town's current ERP and the prior capital asset tracking system, compounded by staff turnover and the absence of personnel adequately trained on the legacy system.

Management has applied the following corrective measures:

1) The Finance department will implement a reconciliation process to ensure the capital asset balances and depreciation summaries from the capital asset tracking system are aligned and in balance with the general ledger.

These measures are expected to significantly improve internal controls over capital assets and reduce the risk of reporting discrepancies.

2025-007 Unexpended Fund Balance – Building Permits

Response: Management acknowledges the audit finding that the Building Fund balance at September 30, 2025, exceeded the four-year average operating budget for enforcing the Florida Building Code, as limited by Section 553.80(7)(a), Florida Statutes. Management concurs with the recommendation to develop and implement a compliant plan for utilizing the excess fund balance.

To rectify, Management is actively developing a formal written plan for the use of excess Building Fund balances. This plan will include investments in technology upgrades, staffing, training, inspections, and code enforcement infrastructure, all of which constitute allowable uses under Florida Statutes. Finance is partnering with the Building Department to create a comprehensive written policy to guide the use, monitoring, and reporting of building permit revenue and fund balances, and to ensure ongoing compliance with Section 553.80(7)(a). The plan is targeted for formal adoption and implementation in Fiscal Year 2026.

2025-008 Impact Fee Accounting

Response: Management concurs with the audit finding and acknowledges that, as of fiscal year-end 2025, the Town's impact fees were still not recorded in a separate accounting fund as required by Section 163.31801(4)(b), Florida Statutes, as amended in late fiscal year 2021.

To rectify, Management will establish a separate Impact Fee Fund as part of the Fiscal Year 2027 budget process. All existing impact fee balances currently held in other funds will be transferred to the new Impact Fee Fund with appropriate journal entries and supporting documentation to ensure a clean transition and an accurate beginning fund balance. Management is committed to ensuring transparency and statutory compliance in the accounting and use of impact fees and appreciates the audit team's continued guidance in this matter.