

**TOWN OF PEMBROKE PARK, FLORIDA
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020**

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the fiduciary funds of the Town of Pembroke Park, Florida ("the Town") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and fiduciary funds information of the Town, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, pension schedules and other post-employment benefits schedule listed in the table of contents be presented to supplement the basic financial statements. Such information, 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 May 12, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Hollywood, Florida
May 12, 2021

Town of Pembroke Park, Florida
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2020

Management's Discussion and analysis ("MD&A") is presented to offer readers of the Town of Pembroke Park's ("the Town") financial statements a narrative presentation of the Town's financial performance for the fiscal year ended September 30, 2020, in accordance with Government Accounting Standard Board. This discussion and analysis will provide an overview of the Town's financial activities when read in conjunction with the Town's financial statements.

FINANCIAL HIGHLIGHTS

- The Town of Pembroke Park's assets and deferred outflows of resources of the Town of Pembroke Park exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$21,233,749 (net position). Unrestricted governmental activities is \$1,745,594 and unrestricted business-types activities \$11,789,261 totaling \$13,534,854.
- During the 2020 fiscal year, the net position decreased by \$43,586, from \$21,277,335 to \$21,233,749. Governmental activities net position decreased by \$ 679,436 (11.70 percent) and business type activities net position increased by \$635,851(4.11percent). Pension liabilities mainly contribute to the decrease in Governmental activities net position.
- A decrease in the General Fund revenues has been noted during the fiscal year 2020. Indeed the General Fund Revenues has decreased from \$11,071,882 to \$10,551,982; hence a depletion of \$519,900. This decrease is primarily due to a decrease in intergovernmental revenue, licenses and permits, grant revenue, fines and forfeitures and charges services. The governmental fund received transfers in of \$635,053 from the sewer utility and stormwater drainage funds of \$423,847 and \$211,206 respectively. General Fund expenditures increased by \$1,163,778, from \$10,198,503to \$11,362,281. Increases in salaries and public safety were the primary causes of that variance.
- During the current fiscal year, the General Fund reported a negative balance of (\$810,999) as revenues in excess of expenditures compared to a positive balance of \$873,379 in the prior fiscal year. As mentioned above, the decrease in revenues and the increase of the expenditures were the main causes of that variance.
- Business-type activities generated a net operating income of \$1,136,704 in fiscal year 2020, compared to \$1,534,510 in 2019. During the fiscal year 2020, operating revenues increased by \$161,924 from fiscal year 2019, while operating expenditures increased by 559,730 from \$2,631,586 in 2019 to \$3,191,316 in 2020. Increases in salaries and contractual services were the principal reasons of the variance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Town of Pembroke Park, Florida
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2020

contains other required supplementary information in addition to the basic financial statements themselves.

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

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

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

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

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

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

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

The fiduciary fund: The Town reports a pension trust for its defined benefit pension plan in the fiduciary fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial

**Town of Pembroke Park, Florida
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2020**

statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Fiduciary funds statements can be found in the fund financial statements section of this report and a more detailed description of the Town's pension trust fund may be found in the notes to financial statements.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's analysis of the financial statements begin below. The statement of net position and the statement of activities reports information about the Town's activities that will help answer questions about the financial position and results of operations of the Town. Information for both fiscal year ended 2019 and 2020 are presented for comparison purpose.

The schedule below summarizes the Town net position for the fiscal year ended 2020 and 2019.

	NET POSITION SEPTEMBER 30,					
	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 6,060,981	\$ 5,518,962	\$ 13,645,256	\$ 12,091,489	\$ 19,706,237	\$ 17,610,451
Capital assets, net of depreciation	3,339,911	3,377,233	5,363,221	6,055,857	8,703,132	9,433,090
Total assets	9,400,892	8,896,195	19,008,477	18,147,346	28,409,369	27,043,541
Deferred outflows of resources	1,089,810	877,287	216,696	176,316	1,306,506	1,053,603
Current liabilities	1,819,923	946,101	201,685	147,069	2,021,608	1,093,170
Long-term liabilities (restated)	2,823,166	2,387,117	2,746,460	2,621,050	5,569,626	5,008,167
Total liabilities	4,643,089	3,333,218	2,948,145	2,768,119	7,591,234	6,101,337
Deferred inflows of resources	720,374	633,589	170,518	84,873	890,892	718,462
Net position						
Net investment in capital assets	3,339,911	3,377,233	3,290,468	3,938,936	6,630,379	7,316,169
Restricted	41,735	42,679	1,026,781	932,235	1,068,516	974,914
Unrestricted	1,745,594	2,386,764	11,789,261	10,599,488	13,534,854	12,986,252
Total net position	\$ 5,127,240	\$ 5,806,676	\$ 16,106,510	\$ 15,470,659	\$ 21,233,749	\$ 21,277,335

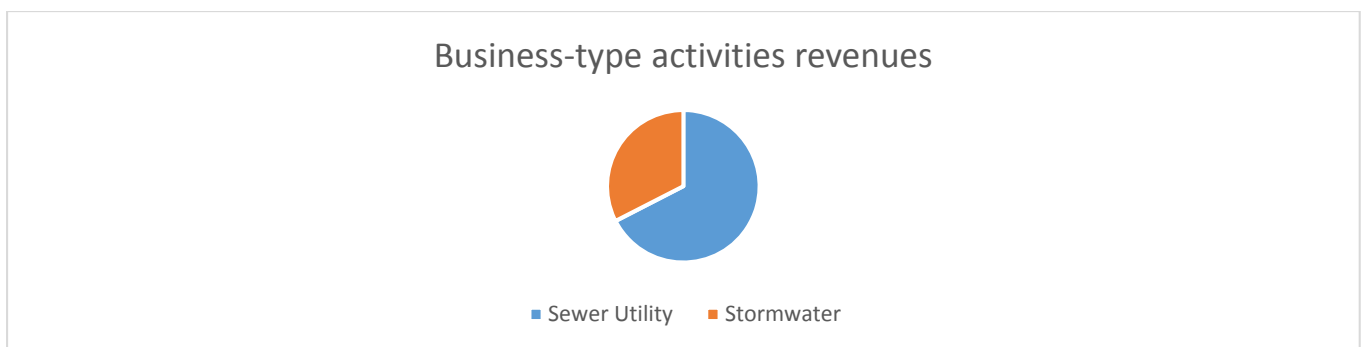
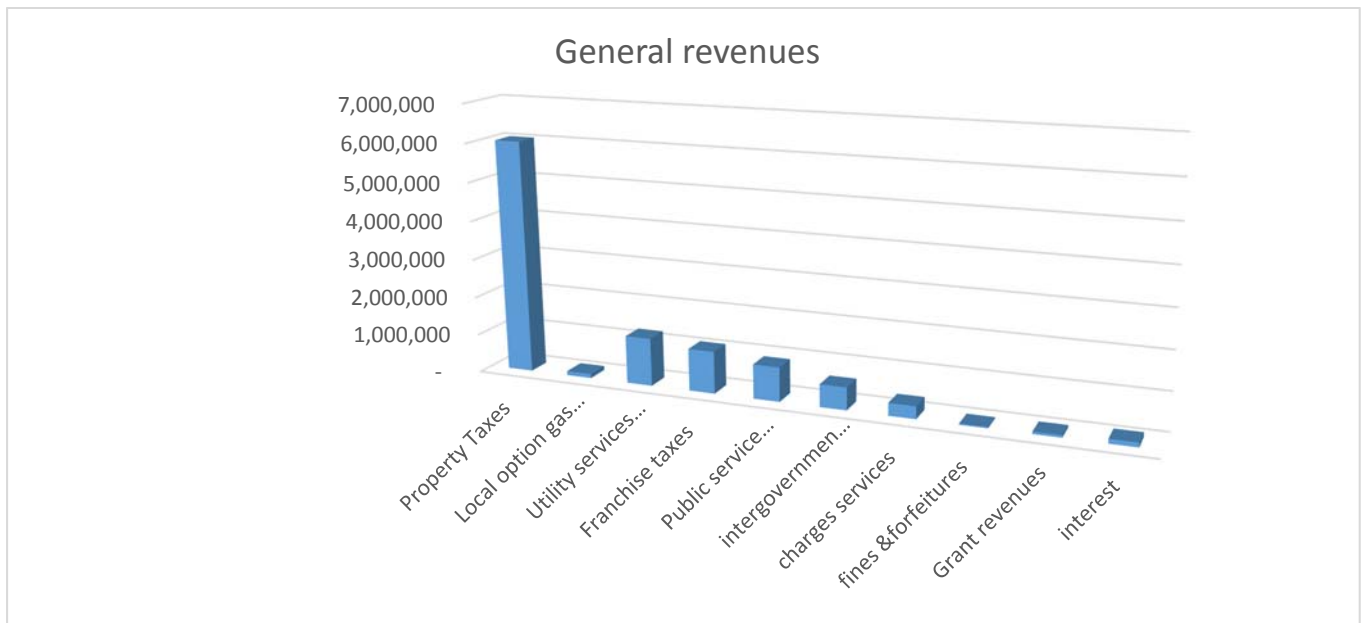
The Town's combined net position was \$21,233,749 as of September 30, 2020. Governmental activities net position totaled \$5,127,240 and business-type activities net position totaled \$16,106,510. This represent an increase of \$43,586 from fiscal year 2019.

Unrestricted net position is that portion of net position that can be used to finance daily operations without constraints established by debt covenants, enabling legislation, or other legal requirements. As of September 30, 2020, the Town's unrestricted net position increased by \$ 548,603 which resulted from a combination of the governmental activities unrestricted net position decrease of \$641,170 and the business-type activities net position increase of \$1,189,773. The combined unrestricted net position amounted to \$3,534,854 as of September 30, 2020. A key component to the Town's growth in net position is the Town's effort to encourage business investments in the Town. The Town's open door policy with the private sector together with the

**Town of Pembroke Park, Florida
Management’s Discussion and Analysis
Fiscal Year Ended September 30, 2020**

Town’s strict zoning regulations and a balanced land use provide for the Town’s stable growth of industrial, commercial, residential and recreational development.

General discussion on revenues: Property tax revenues is the major revenue source in the General Fund and it accounts for 57% of the fund revenues and 58% of the government-wide general revenues in the fiscal year 2020. The millage rate established by the Town during the budget process determines how much property tax revenue is generated in the General Fund. Property tax revenues increased by \$321,311 to \$6,031,078 compared to prior year revenues of \$5,709,767. Increase was due to the increase in property value. The Town has kept its millage rate unchanged for the past years at 8.5000 mills.



The Town experienced a decrease in total general fund revenues of \$519,900 which was due mainly to a decrease in licenses and permits by \$199,076, intergovernmental revenue by \$441,238, grant revenue by \$63,328 and fines and forfeitures by \$40,947.

Business type activities for the year resulted in an increase in the net position of \$635,850. The main reason for this change are:

**Town of Pembroke Park, Florida
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2020**

- Sewer utility fund revenue exceeded total expenses by \$235,576. Stormwater drainage fund revenue exceeded total expenses by \$400,274.

General discussion on expenses: Expenses for the governmental and business type activities were \$11,866,469 and \$3,282,530, respectively. One of the Town's major expenses is to Broward County for police and fire rescue which accounts for \$6,844,639 or 58% of the total expenses for governmental activities.

During the fiscal year 2020 the Town experienced an increased in salaries of \$947,870 which is mainly due to the arrival of 2 new commissioners in the Board. Program expenses for business type activities funds increased by \$558,273. This increase was due mainly to the increase in employees' salaries combined with an increase in contractual services.

The following table presents a condensed Statement of Activities:

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

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,447,434	\$ 1,703,766	\$ 4,328,020	\$ 4,166,096	\$ 5,775,454	\$ 5,869,862
Operating grants and contributions	61,672	125,000	-	-	61,672	125,000
Capital grants and contributions	-	-	5,376	40,011	5,376	40,011
General revenues:						
Property taxes	6,031,078	5,709,767	-	-	6,031,078	5,709,767
Other taxes and fees	2,233,911	2,208,703	-	-	2,233,911	2,208,703
Intergovernmental revenue	584,069	1,025,307	-	-	584,069	1,025,307
Unrestricted investment earnings	115,692	125,487	213,571	243,408	329,263	368,895
Miscellaneous	78,124	173,852	6,467	-	84,591	173,852
Transfers	635,053	623,681	(635,053)	(623,681)	-	-
Total revenues	11,187,033	11,695,563	3,918,381	3,825,834	15,105,414	15,521,397
Expenses:						
Governmental activities:						
General government	2,900,151	1,959,316	-	-	2,900,151	1,959,316
Public safety	6,850,677	6,055,296	-	-	6,850,677	6,055,296
Building	501,838	436,730	-	-	501,838	436,730
Physical environment	345,266	307,184	-	-	345,266	307,184
Public works	626,939	377,999	-	-	626,939	377,999
Culture and recreation	641,599	516,604	-	-	641,599	516,604
Business - type activities:						
Sewer utilities	-	-	2,383,422	1,931,740	2,383,422	1,931,740
Stormwater drainage district	-	-	899,108	792,517	899,108	792,517
Total expenses	11,866,469	9,653,129	3,282,530	2,724,257	15,148,999	12,377,386
Change in net position (before 2018 restatement)	(679,436)	2,042,434	635,851	1,101,577	(43,585)	3,144,011
Net position - beginning (restated)	5,806,676	3,764,242	15,470,659	14,369,082	21,277,335	18,133,324
Net position - ending	\$ 5,127,240	\$ 5,806,676	\$ 16,106,510	\$ 15,470,659	\$ 21,233,750	\$ 21,277,335

**Town of Pembroke Park, Florida
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2020**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

At the end of the fiscal year ended September 30, 2020, unassigned fund balance of the General Fund was \$ 3,943,981 down by \$180,513 compared with fiscal year 2019.

Proprietary Funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Total net position of the proprietary funds amounted to \$16,106,510 at the end of the fiscal year ended September 30, 2020, an increase of \$635,850 over the prior fiscal year. Other factors concerning the finances of these two funds are covered in more detail in the discussion of the Town's business-type activities in the Government-wide Financial Analysis section.

General Fund Budgetary Highlights

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

Actual General Fund revenues for fiscal year 2020 were below final budget by \$ 574,980. Actual expenditures for the year were \$1,220,653 less than the final budget. The major expenditure variances between the budget and actual in the general fund are reflected in general government, which is due to an overall decrease in capital outlay and public works.

The Town collected \$16,373, \$152,165, \$250,305, \$63,307 and \$91,192 more than the final budget for Ad Valorem Taxes, Utility Services, Licenses and Permits, Franchise Taxes and Interest, respectively. Grant revenue Charges for services, Charges services, Intergovernmental revenues and local option gas were less than final budget by \$610,768, \$133,422, \$52,674, and \$14,469, respectively.

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of September 2020 totaled \$8,703,132 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water distribution and sewer collection storm and drainage systems, park improvements, equipment and street improvements. Please refer to the schedules in the Notes to the Financial Statements that summarizes capital asset activity over the past fiscal year.

**Town of Pembroke Park, Florida
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2020**

The Town continues its capital outlay efforts by upgrading the water and wastewater lines. But this year due to COVID-19 the amount spent on these infrastructure improvements decreased by \$378,396 to \$159,930 compared to \$538,326, for the year 2019.

Debt Administration

At the end of the fiscal year 2020 the Town has debt totaling \$ 5,569,626. This amount includes compensated absences, net pension liability, OPEB obligation, Notes Payable, and Revenue Bond Payable. For more detailed information, please refer to the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The pandemic (Covid-19) had severe economic impact on local economy this year which resulted in a decrease of the Town revenues. The main factor contributing to this has been the increase of unemployment.

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

For the following fiscal years, the Town might still have a decrease of its revenues considering the economic impact of the pandemic (Covid-19).

REQUEST FOR INFORMATION

The financial report is designed to provide a general overview of the Town's finances for all readers with an interest in its finances. The report has been prepared by the finance department of the Town of Pembroke Park, Florida with the assistance of the Town's external auditors. Any questions or comments about this report are welcomed and may be directed to the Town's Finance Director at (954) 966-4600, extension 232, fax at (954) 961-4760, or by mail to the Town of Pembroke Park, Finance Director, 3150 SW 52nd Avenue, Pembroke Park, Florida 33023.

Basic Financial Statements

Town of Pembroke Park, Florida
Statement of Net Position
September 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash, cash equivalents and equity in pooled cash	\$ 689,234	\$ 7,168,822	\$ 7,858,056
Investments	4,973,490	4,595,983	9,569,473
Accounts receivable, net	285,238	853,670	1,138,908
Intergovernmental receivables	157,458	-	157,458
Prepays	42,387	-	42,387
Restricted cash	41,735	1,026,781	1,068,516
Net pension asset – Commissioner pension	(128,561)	-	(128,561)
Capital assets:			
Nondepreciable	2,167,660	34,347	2,202,007
Depreciable, net	1,172,251	5,328,874	6,501,125
Total assets	<u>9,400,892</u>	<u>19,008,477</u>	<u>28,409,369</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	1,089,810	216,696	1,306,506
LIABILITIES			
Accounts payable	1,495,761	180,863	1,676,624
Accrued liabilities	77,907	13,344	91,251
Accrued interest payable	-	7,478	7,478
Unearned revenues	172,369	-	172,369
Customer deposits	73,888	-	73,888
Noncurrent liabilities:			
Due in less than one year:			
Note payable	-	39,000	39,000
Compensated absences	341,515	-	341,515
Due in more than one year:			
Note payable	-	2,012,000	2,012,000
Compensated absences	123,675	21,753	145,428
Net OPEB liability	31,313	8,946	40,259
Net pension liability	2,326,661	664,761	2,991,422
Total liabilities	<u>4,643,089</u>	<u>2,948,145</u>	<u>7,591,234</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	720,374	170,518	890,892
NET POSITION			
Net investment in capital assets	3,339,911	3,290,468	6,630,379
Restricted for:			
Law enforcement	41,735	-	41,735
Debt service	-	162,900	162,900
Capital projects	-	863,881	863,881
Unrestricted	1,745,594	11,789,261	13,534,855
Total net position	<u>\$ 5,127,240</u>	<u>\$ 16,106,510</u>	<u>\$ 21,233,750</u>

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

Town of Pembroke Park, Florida
Statement of Activities
For the Year Ended September 30, 2020

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expenses) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Primary government							
General government	\$ 2,900,151	\$ 334,940	\$ -	\$ -	\$ (2,565,211)	\$ -	\$ (2,565,211)
Public safety	6,850,677	405,940	-	-	(6,444,737)	-	(6,444,737)
Building	501,838	704,854	-	-	203,016	-	203,016
Physical environment	345,266	-	61,672	-	(283,594)	-	(283,594)
Public works	626,938	-	-	-	(626,938)	-	(626,938)
Culture and recreation	641,599	1,700	-	-	(639,899)	-	(639,899)
Total governmental activities	11,866,469	1,447,434	61,672	-	(10,357,363)	-	(10,357,363)
Business-type activities:							
Sewer utilities	2,383,422	2,919,982	-	5,376	-	541,936	541,936
Stormwater drainage district	899,108	1,408,038	-	-	-	508,930	508,930
Total business-type activities	3,282,530	4,328,020	-	5,376	-	1,050,866	1,050,866
Total	15,148,999	5,775,454	61,672	5,376	(10,375,363)	1,050,866	(9,306,497)
General revenues:							
Property taxes					6,031,078	-	6,031,078
Local option gas tax					104,667	-	104,667
Utility service taxes					1,241,188	-	1,241,188
Franchise taxes					888,056	-	888,056
Intergovernmental revenue					584,069	-	584,069
Unrestricted investment earnings					115,692	213,571	329,263
Miscellaneous					78,124	6,467	84,591
Transfers					635,053	(635,053)	-
Total general revenues					9,677,927	(415,015)	9,262,912
Change in net position					(679,436)	635,851	(43,585)
Net position - beginning					5,806,676	15,470,659	21,277,335
Net position - ending					\$ 5,127,240	\$ 16,106,510	\$ 21,233,750

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

Town of Pembroke Park, Florida
Balance Sheet – Governmental Fund
September 30, 2020

	Major Fund	Non-Major	Total
	General Fund	Governmental fund	Governmental Funds
ASSETS			
Cash – unrestricted and restricted	\$ 44,199	\$ 686,770	\$ 730,969
Equity in pooled investments and pooled cash	4,973,490	-	4,973,490
Accounts receivable, net	285,238	-	285,238
Intergovernmental receivable	157,458	-	157,458
Prepays	42,387	-	42,387
Total assets	<u>\$ 5,502,772</u>	<u>\$ 686,770</u>	<u>\$ 6,189,542</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 1,477,603	\$ 18,157	\$ 1,495,760
Accrued liabilities	77,907	-	77,907
Accrued compensated absences	341,515	-	341,515
Unearned revenue	172,369	-	172,369
Customer deposits	73,888	-	73,888
Total liabilities	<u>2,143,282</u>	<u>18,157</u>	<u>2,161,439</u>
Fund balance			
Nonspendable			
Prepaid items	42,387	-	42,387
Restricted:			
Law enforcement	41,735	-	41,735
Unassigned	3,275,368	668,613	3,943,981
Total fund balance	<u>3,359,490</u>	<u>668,613</u>	<u>4,028,103</u>
Total liabilities and fund balances	<u>\$ 5,502,771</u>	<u>\$ 686,770</u>	<u>\$ 6,189,542</u>

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

Town of Pembroke Park, Florida
Reconciliation of the Balance Sheet of the Governmental Fund to
the Statement of Net Position
September 30, 2020

Fund balance - governmental funds		\$ 4,028,103
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.		
Cost of capital assets	\$ 7,977,112	
Accumulated depreciation	<u>(4,657,201)</u>	3,399,911
Deferred outflows of resources related to pensions are recorded in the statement of net position.		1,089,810
Deferred inflows of resources related to pensions are recorded in the statement of net position.		(720,374)
Net pension asset created through funding of the plan as employer contribution to the Commissioner pension plan is not recognized in the governmental fund financial statements.		(128,561)
Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund financial statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.		
Net OPEB liability		(31,313)
Net pension liability		(2,326,661)
Compensated absences		<u>(123,675)</u>
Net position of governmental activities		<u>\$ 5,127,240</u>

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

Town of Pembroke Park, Florida
Statement of Revenues, Expenditures and
Changes in Fund Balance – Governmental Fund
For the Year Ended September 30, 2020

	<u>Major Fund</u>	<u>Non-Major</u>	<u>Total</u>
	<u>General Fund</u>	<u>Governmental Fund</u>	<u>Governmental Funds</u>
REVENUES			
Property taxes	\$ 6,031,078	\$ -	\$ 6,031,078
Local option gas tax	104,668	-	104,668
Utility service taxes	1,241,188	-	1,241,188
Licenses and permits	370,213	721,087	1,091,300
Franchise taxes	888,057	-	888,057
Intergovernmental revenues	584,069	-	584,069
Charges for services	323,678	-	323,678
Fines and forfeitures	32,456	-	32,456
Grants revenues	61,672	-	61,672
Interest	115,692	-	115,692
Miscellaneous	78,124	-	78,124
Total revenues	<u>9,830,895</u>	<u>721,087</u>	<u>10,551,982</u>
EXPENDITURES			
Current			
General government	2,943,794	-	2,943,794
Public safety	6,845,467	-	6,845,467
Building	-	407,244	407,244
Physical environment	189,082	-	189,082
Public works	414,727	-	414,727
Culture and recreation	402,037	-	402,037
Capital outlay	159,930	-	159,930
Total expenditures	<u>10,955,037</u>	<u>407,244</u>	<u>11,362,281</u>
Excess of revenues (under) over expenditures	(1,124,142)	313,843	(810,299)
OTHER FINANCING SOURCES			
Transfers in	635,053	-	635,053
Total other Financing Sources	<u>635,053</u>	<u>-</u>	<u>635,053</u>
Net change in fund balances	(489,089)	313,843	(175,246)
Fund balance – beginning	3,848,579	354,770	4,203,349
Fund balance – ending	<u>\$ 3,359,490</u>	<u>\$ 668,613</u>	<u>\$ 4,028,103</u>

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

Town of Pembroke Park, Florida
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balance of the Governmental Fund to
the Statement of Activities
For the Year Ended September 30, 2020

Net change in fund balance – total governmental funds	\$ (175,246)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is eliminated and are capitalized and reported as capital assets in the statement of net position.	159,930
Depreciation on capital assets is not recognized in the governmental fund statements but is reported as an expense in the statement of activities.	(230,733)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The details of the differences are as follows:	
Pension expense	(496,791)
Change in compensated absence	22,605
Change in other post-employment benefit obligation	40,799
Change in net position of governmental activities	<u>\$ (679,436)</u>

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

Town of Pembroke Park, Florida
Statement of Net Position - Proprietary Funds
September 30, 2020

	Major Funds		
	Sewer Utility	Stormwater Drainage	Total
ASSETS			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 3,179,871	\$ 3,988,951	\$ 7,168,822
Equity in pooled investments	2,262,958	2,333,025	4,595,983
Accounts receivable, net	636,201	217,469	853,670
Restricted cash	1,026,781		1,026,781
Prepaid	-	-	-
Total current assets	<u>7,105,811</u>	<u>6,539,445</u>	<u>13,645,256</u>
Noncurrent assets:			
Capital assets:			
Construction in progress	-	34,347	34,347
Infrastructure	7,185,955	10,574,128	17,760,083
Machinery and equipment	183,500	98,016	281,516
Less accumulated depreciation	<u>(5,052,229)</u>	<u>(7,660,496)</u>	<u>(12,712,725)</u>
Total capital assets, net	<u>2,317,226</u>	<u>3,045,995</u>	<u>5,363,221</u>
Total noncurrent assets	<u>2,317,226</u>	<u>3,045,995</u>	<u>5,363,221</u>
Total assets	<u>9,423,037</u>	<u>9,585,440</u>	<u>19,008,477</u>
DEFERRED OUTFLOWS OF RESOURCE			
Pension	<u>135,435</u>	<u>81,261</u>	<u>216,696</u>
LIABILITIES			
Current liabilities:			
Accounts payable	171,647	9,216	180,863
Accrued liabilities	9,955	3,389	13,344
Accrued interest payable	7,478	-	7,478
Current portion of loan payable	<u>39,000</u>		<u>39,000</u>
Total current liabilities	<u>228,080</u>	<u>12,605</u>	<u>240,685</u>
Noncurrent liabilities:			
Notes and loans payable	2,012,000	-	2,012,000
Compensated absences	14,149	7,604	21,753
OPEB liability	5,591	3,355	8,946
Net pension liability	<u>415,476</u>	<u>249,285</u>	<u>664,761</u>
Total noncurrent liabilities	<u>2,447,216</u>	<u>260,244</u>	<u>2,707,460</u>
Total liabilities	<u>2,675,296</u>	<u>272,849</u>	<u>2,948,145</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	<u>106,574</u>	<u>63,944</u>	<u>170,518</u>
NET POSITION			
Net investment in capital assets	252,077	3,038,391	3,290,468
Restricted for debt service	162,900	-	162,900
Restricted for capital projects	863,881	-	863,881
Unrestricted	<u>5,497,745</u>	<u>6,291,516</u>	<u>11,789,261</u>
Total net position	<u>\$ 6,776,603</u>	<u>\$ 9,329,907</u>	<u>\$ 16,106,510</u>

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

Town of Pembroke Park, Florida
Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Funds
For the Year Ended September 30, 2020

	Major Funds		
	Sewer Utility	Stormwater Drainage	Total
OPERATING REVENUES			
Charges for services	\$ 2,919,982	\$ 1,408,038	\$ 4,328,020
Total operating revenues	2,919,982	1,408,038	4,328,020
OPERATING EXPENSES			
Salaries and benefits	495,676	279,005	774,681
Contractual services	1,178,711	-	1,178,711
Repairs and maintenance	138,596	22,954	161,550
Miscellaneous expense	26,247	20,032	46,279
Insurance premiums	111,870	58,591	170,461
Utilities	60,144	34,166	94,310
Depreciation and amortization	280,963	484,361	765,324
Total operating expense	2,292,207	899,109	3,191,316
Operating income	627,775	508,929	1,136,704
NON OPERATING REVENUES (EXPENSES)			
Interest revenue	117,487	96,084	213,571
Interest expense	(91,215)	-	(91,215)
Impact Fee	5,376	6,467	11,843
Total non-operating revenue (expenses)	31,648	102,551	134,199
Transfers	(423,847)	(211,206)	(635,053)
Change in net position	235,576	400,274	635,850
Net position - beginning	6,541,027	8,929,633	15,470,660
Net position - ending	\$ 6,776,603	\$ 9,329,907	\$ 16,106,510

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

Town of Pembroke Park, Florida
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2020

	Major Funds		
	Sewer Utility	Stormwater Drainage	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,960,731	\$ 1,375,533	\$ 4,336,264
Payments to employees	(502,708)	(184,583)	(687,291)
Payments to suppliers of goods and services	(1,352,310)	(75,020)	(1,427,330)
Net cash provided by operating activities	<u>1,105,713</u>	<u>1,115,930</u>	<u>2,221,643</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES			
Transfers	(423,847)	(211,206)	(635,053)
Cash received from impact fees and other	5,376	6,467	11,843
Net cash used in non-capital and related financing activities	<u>(418,471)</u>	<u>(204,739)</u>	<u>(623,210)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(68,960)	(3,728)	(72,688)
Principal paid	(37,000)	-	(37,000)
Interest paid	(91,350)	-	(91,350)
Net cash used in capital and related financing activities	<u>(197,310)</u>	<u>(3,728)</u>	<u>(201,038)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	117,487	96,084	213,571
Sales of investments	306,360	115,122	421,482
Net cash provided by capital and related financing activities	<u>423,847</u>	<u>211,206</u>	<u>635,053</u>
Net increase in cash and cash equivalents	913,779	1,118,669	2,032,448
Cash and cash equivalents – October 1	3,292,873	2,870,282	6,163,155
Cash and cash equivalents – September 30	<u>\$ 4,206,652</u>	<u>\$ 3,988,951</u>	<u>\$ 8,195,603</u>

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

Town of Pembroke Park, Florida
Statement of Cash Flows – Proprietary Funds (Continued)
For the Year Ended September 30, 2020

	Major Funds		Total
	Sewer Utility	Stormwater Drainage	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 627,775	\$ 508,929	\$ 1,136,704
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	280,963	484,361	765,324
Pension expense	97,424	115,420	212,844
OPEB expense	-	4,371	4,371
Decrease in accounts receivable	50,243	(1,620)	48,623
Increase in prepaids	6,810	1,764	8,574
Decrease in accounts payable	-	-	-
(Decrease) increase in accrued liabilities	51,387	2,132	53,519
Decrease in compensated absences	(9,548)	-	(9,548)
Increased in accrued payroll	659	573	1,232
Total adjustments	477,939	607,002	1,084,941
Net cash provided by operating activities	<u>\$ 1,105,713</u>	<u>\$ 1,115,930</u>	<u>\$ 2,221,643</u>

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

Town of Pembroke Park, Florida
Statement of Fiduciary Net Position
September 30, 2020

	Commissioner	
	Pension Trust Fund	Total
ASSETS		
Investments	\$ 2,408,686	\$ 2,408,686
Life insurance and variable annuity contracts	922,812	922,812
Total assets	\$ 3,331,498	\$ 3,331,498
LIABILITIES		
Total liabilities	\$ -	\$ -
NET POSITION		
Held in trust for pension benefits	3,331,498	3,331,498
Total net position	\$ 3,331,498	\$ 3,331,498

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

Town of Pembroke Park, Florida
Statement of Change in Fiduciary Net Position
For the Year Ended September 30, 2020

	Commissioner Pension Trust	
	Fund	Total
ADDITIONS		
Employer contributions	\$ 85,303	\$ 85,303
Investment income, net	241,560	241,560
Total additions	<u>326,863</u>	<u>326,863</u>
DEDUCTIONS		
Benefit payments	88,137	88,137
Administrative expenses	4,895	4,895
Total liabilities	<u>93,032</u>	<u>93,032</u>
Change in net position	233,831	233,831
Net position held in trust for pension benefits - beginning	<u>3,097,667</u>	<u>3,097,667</u>
Net position held in trust for pension benefits - ending	<u>\$ 3,331,498</u>	<u>\$ 3,331,498</u>

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

**Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020**

NOTE - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial reporting entity

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

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

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

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

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those expenses that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the

**Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

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

The Town reports the following major governmental fund:

The General Fund is the principal operating fund of the Town. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this Fund.

The Town reports the following major proprietary funds:

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

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

**Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additionally, the Town reports the following fiduciary fund:

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and fines and forfeitures, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

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

D. Assets, liabilities and net position or equity

1. Cash and Cash Equivalents

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

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

2. Investments

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

Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Prepaid Items

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

4. Restricted Assets

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

5. Capital Assets

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

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

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

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

Buildings	50 years
Improvements other than buildings	10-20 years
Infrastructure	20 years
Machinery and equipment	5 years

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

6. Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the

Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond issue costs are expensed as incurred.

7. Compensated Absences Payable

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

8. Encumbrances

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

9. Accounts Receivable

Accounts receivable and allowance for doubtful accounts at September 30, 2020 were as follows:

	General	Sewer	Stormwater Drainage	Total
State of Florida	\$ 157,457	\$ -	\$ -	\$ 157,457
Utility taxes	77,393	-	-	77,393
Franchise fee	131,974	-	-	131,974
Broward County	29,889	595,534	240,388	865,811
Other receivables	66,253	-	-	66,253
City of Hollywood	-	88,535	-	88,535
Customer accounts receivable	154,071	-	-	154,071
Gross accounts receivable	617,037	684,069	240,388	1,541,494
Less: Allowance for uncollectable accounts	(174,341)	(47,868)	(22,919)	(245,128)
Accounts receivable, net	442,696	\$ 636,201	\$ 217,469	\$ 1,296,366

Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Deferred outflows/inflows of resources

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

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

11. Interfund Receivables and Payables

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

12. Unavailable/Unearned Revenue

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

13. Use of Estimates

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

14. Equity Classifications

Government-wide statements

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

Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Statements

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

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

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

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Town Commission is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Assigned: This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council or through the Town Council delegating this responsibility to the Town manager through the

Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

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

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

15. New Accounting Standards Adopted

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

GASB Statement No. 83 - Certain Asset Retirement Obligations

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 88 - Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. This Statement applies to notes to financial statements of all periods presented. If application for prior periods presented is not practicable, the reason for not applying this Statement to prior periods presented should be disclosed.

**Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

16. Pronouncements Issued, but Not Yet Adopted

GASB Statement No. 84 - Fiduciary Activities

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 87 - Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB 89 - Accounting for Interest Cost Incurred before the End of a Construction Period

The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Changes adopted to conform to the provisions of this Statement should be applied prospectively. For construction-in-progress, interest cost incurred after the beginning of the first reporting period to which this Statement is applied should not be capitalized.

Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GASB 90 - Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61

The primary objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. Except as discussed in paragraph 11, in the period this Statement is first applied, changes adopted to conform to the provisions of this

Statement should be applied retroactively by restating financial statements, if practicable, for all periods presented. If restatement for prior periods is not practicable, the cumulative effect, if any, of applying this Statement should be reported as a restatement of beginning net position (or fund balance or fund net position, as applicable) for the earliest period restated. Also, the reason for not restating prior periods presented should be disclosed. In the first period that this Statement is applied, the notes to financial statements should disclose the nature of the restatement and its effect.

GASB 91 – Conduit Debt Obligations.

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

GASB 93 – Replacement of Interbank Offered Rates.

The objective of this Statement is to address the accounting and financial reporting implications that result from the replacement of an Interbank offered rate (IBOR). The removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate is effective for reporting periods ending after

The Town's management has not yet determined the effect these Statements will have on the Town's financial statements.

Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020

17. Subsequent Events

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

Management has evaluated subsequent events through May 12, 2021, the date the financial statements were available, and does not believe that there are any other events or transactions that require disclosure. Also see Note 10 – Commitments and Contingencies, Litigation.

NOTE 2 - BUDGETARY INFORMATION

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

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

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

The State Board of Administration’s (“SBA”) Local Government Surplus Funds Trust Fund (“Florida PRIME”) is a “2a-7 like” pool. A “2a-7 like” pool is an external investment pool that is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, the pool operates essentially as a money market fund. The Town has reported its investment in Florida PRIME at amortized cost for financial reporting purposes.

As of September 30, 2020, the Town had the following investments:

Governmental Activities	Fair Value	Amortized Cost	Total	Fair Value Level	Credit Risk	Maturities
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	\$ -	\$ 146,867	\$ 146,867	N/A	S&P AAAM	Weighted average of the fund portfolio: 33 days
FL Municipal Investment Trust 1-3 Year High Quality Bond	4,826,623		4,826,623	2	Not Available	Not Available
	<u>\$ 4,826,623</u>	<u>\$ 146,867</u>	<u>\$ 4,973,490</u>			
Business-Type Activities						
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	\$ -	\$ 222,841	\$ 222,841	N/A	S&P AAAM	Weighted average of the fund portfolio: 33 days
FL Municipal Investment Trust 1-3 Year High Quality Bond	4,373,142	-	4,373,142	2	Not Available	Not Available
	<u>\$ 4,373,142</u>	<u>\$ 221,841</u>	<u>\$ 4,595,983</u>			

Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

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

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

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

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

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

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

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

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

Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

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

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

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

As of September 30, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value.

Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Investments – Town Commissioner Pension Plan: As of September 30, 2020, the Town’s Commissioner Pension Plan (the “Plan”) had the following investments:

	Fair Value	Fair Value Level	Credit Risk	Weighted Average Maturity
Loomis Sayles Investment Grade Bond A	\$ 766,703	2	AAA 21%, A 31%, BBB 29%, BB 10%, B 1%, Not Rated 8%	4.65 years
Janus Opportunistic Growth	714,152	2	N/A	N/A
Vanguard Equity- Income ADM	445,125	2	N/A	N/A
Invesco International Growth R5	186,783	2	N/A	N/A
Janus Triton N	177,127	2	N/A	N/A
DFA US Targeted Value I	118,796	2	N/A	N/A
	<u>\$ 2,408,686</u>			
	<u>Value</u>			
Life insurance and variable annuity contracts	<u>\$ 922,812</u>			

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

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

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

NOTE 4 - PROPERTY TAXES

Property taxes are levied and become a lien on real and personal property prior to September 30, and are payable November 1, with discounts of one to four percent if paid prior to March 1 of the following calendar year. All unpaid taxes on real and personal property become delinquent on April 1, and bear interest of eighteen percent from April 1 until a tax sale certificate is sold at auction.

Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020

NOTE 4 - PROPERTY TAXES (continued)

The Town is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to \$ 10 per \$1,000 of assessed valuation for general governmental services (other than the payment of principal and interest on general obligation long-term debt). In addition, unlimited amounts may be levied for the payment of principal and interest on general obligation long-term debt subject to a limitation on the amount of debt outstanding. The tax rate to finance general governmental services and debt service requirements for the year ended September 30, 2020 was 8.5000 per \$1,000.

NOTE 5 - CAPITAL ASSETS

Capital asset activity governmental activities for the year ended September 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 2,120,064	\$ -	\$ -	\$ 2,120,064
Construction in progress	47,596	-	-	47,596
Total capital assets, not being depreciated	2,167,660	-	-	2,167,660
Capital assets, being depreciated				
Buildings	984,935	-	-	984,935
Machinery and equipment	3,305,022	193,411	5,578	3,492,855
Improvements other than buildings	1,351,662	-	-	1,351,662
Total capital assets, being depreciated	5,641,619	193,411	5,578	5,829,452
Less accumulated depreciation for:				
Buildings	965,236	-	-	965,236
Machinery and equipment	2,061,429	112,765	5,578	2,168,616
Improvements other than buildings	1,405,381	117,968	-	1,523,349
Total accumulated depreciation	4,432,046	230,733	5,578	4,657,201
Total capital assets, being depreciated, net	1,209,573	(37,322)	-	1,172,251
Governmental activities capital assets, net	\$ 3,377,233	\$ (37,322)	\$ -	\$ 3,339,911

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

	Governmental Activities
General government	\$ 54,889
Public safety	5,210
Building	5,312
Physical Environment	10,323
Public works	117,968
Culture and recreation	37,031
	<u>\$ 230,733</u>

Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020

NOTE 5 - CAPITAL ASSETS (continued)

Capital asset activity business-type activities for the year ended September 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Business-type activities				
Capital assets, not being depreciated				
Construction in progress	\$ 34,347	\$ -	\$ -	\$34,347
Total capital assets, not being depreciated	34,347	-	-	34,347
Capital assets, being depreciated				
Infrastructure	17,760,083	-	-	17,760,083
Machinery and equipment	208,828	72,688	-	281,516
Total capital assets, being depreciated	17,968,911	72,688	-	18,041,599
Less accumulated depreciation for:				
Infrastructure	11,817,924	739,986	-	12,557,910
Machinery and equipment	129,477	25,338	-	154,815
Total accumulated depreciation	11,947,401	765,324	-	12,712,725
Total capital assets, being depreciated, net	6,021,510	(692,636)	-	5,328,874
Business-type activities capital assets, net	\$ 6,055,857	\$(692,636)	\$ -	\$ 5,363,221

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

	Business-type Activities
Sewer utility	\$ 280,963
Stormwater drainage district	484,361
	\$ 765,324

Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020

NOTE 6 – LONG-TERM DEBT

Debt: During the year ended September 30, 2020, the following changes occurred in debt of governmental and business-type activities:

	Beginning balance	Additions	Reductions	Ending Balance	Due in less than one year
Governmental activities					
Net pension liability	\$1,867,846	\$458,817	\$ -	\$2,326,663	\$ -
Net OPEB Liability (restated)	76,686	-	45,373	31,313	-
Compensated absences	101,070	22,605	-	123,675	-
	<u>\$ 2,045,602</u>	<u>\$481,422</u>	<u>\$ 45,373</u>	<u>\$2,481,651</u>	<u>\$ -</u>
Business-type activities					
Revenue Bond, Series 2009	\$2,088,000	\$ -	\$ 37,000	2,051,000	\$ 39,000
Net pension liability	484,256	180,505	-	664,761	-
Net OPEB Liability	19,882		10,936	8,946	-
Compensated absences	28,922		7,169	21,753	-
	<u>\$2,621,060</u>	<u>\$180,505</u>	<u>\$ 55,105</u>	<u>\$2,746,460</u>	<u>\$ 39,000</u>

The Town previously issued Sewer Revenue Bond, Series 2009, in the amount of \$2,360,000. The bond proceeds were used to pay off the entire balance of the interim financing that had been used to finance a part of the cost of acquiring, constructing and erecting extensions and improvements to the municipal sewer system of the Town. The Bond bears interest, payable annually on September 1, at the rate of 4.375% per annum through September 2048. Principal is due beginning on September 1, 2011 through September 1, 2048. The Bond contains certain restrictive covenants which include; adopting annual operating budgets, the establishment of revenue, operation and maintenance and bond sinking funds; and the establishment of rates sufficient to satisfy debt service requirements. For the year ended September 30, 2020, these covenants have been met. The Bond is secured by a pledge of revenues from the Town's revenues from the Sewer Utility Fund.

The following is a schedule of approximate future debt service requirements for business-type activities at September 30, 2020

Year ending	Principal	Interest	Total
September 30,			
2021	\$ 39,000	\$ 89,731	\$ 128,731
2022	40,000	88,025	128,025
2023	42,000	86,275	128,275
2024	44,000	84,438	128,438
20245	46,000	82,513	128,513
2026-2030	262,000	380,581	642,581
2031-2035	325,000	318,063	643,063
2036-2040	402,000	240,363	642,363
2041-2045	497,000	144,550	641,550
2046-2048	354,000	31,411	385,411
Total	<u>\$ 2,051,000</u>	<u>\$ 1,545,950</u>	<u>\$ 3,596,950</u>

**Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020**

NOTE 7 - FLORIDA RETIREMENT SYSTEM

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

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

Pension Plan

Plan Description

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

Benefits Provided

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

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

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

**Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020**

NOTE 7 - FLORIDA RETIREMENT SYSTEM (continued)

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

Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. Contribution rates during the 2020 fiscal year were as follows:

Class	Percent of Gross Salary July 1, 2019 to September 30, 2019		Percent of Gross Salary July 1, 2020 to September 30, 2020	
	Employee	Employer (1)	Employee	Employer (1)
FRS, Regular	3.00	8.47	3.00	10.00
FRS, Senior Management	3.00	25.41	3.00	27.29
FRS, Elected Officers	3.00	48.82	3.00	49.18

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

The Town’s contributions to the Pension Plan totaled \$284,459 for the fiscal year ended September 30, 2020.

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

At September 30, 2020, the Town reported a liability of \$2,370,244 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Town’s proportion of the net pension liability was based on a projection of the Town’s 2019-20 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the Town’s proportion was .0054% percent, which was an increase of .0001% percentage points from its proportion measured as of June 30, 2019.

Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020

NOTE 7 - FLORIDA RETIREMENT SYSTEM (continued)

For the year ended September 30, 2020, the Town recognized pension expense of \$435,986 related to the FRS plan. At September 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 90,714	\$ -
Change of assumptions	429,090	-
Net difference between projected and actual on FRS earnings pension plan investments	141,127	-
Changes in proportion and differences between Town FRS contributions and proportionate share of FRS contributions	85,100	(553,255)
Town FRS contributions subsequent to the measurement date	54,881	-
Total	<u>\$ 800,912</u>	<u>\$ (553,255)</u>

\$54,881 reported as deferred outflows of resources related to the Pension Plan resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 69,911
2021	21,090
2022	50,957
2023	34,439
2024	9,914
Thereafter	2,465
Total	<u>\$ 192,776</u>

Actuarial Assumptions

The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.80%, net of pension plan investment expense, including inflation

During the fiscal year 2020 the following changing occurred:

Mortality assumption was changed from Generational RP-2000 with projection scale BB tables to PUB-2010 base table, projected generationally with Scale MP-2018.

Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020

NOTE 7 - FLORIDA RETIREMENT SYSTEM (continued)

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on Pension Plan investments was decreased from 6.90% to 6.80%. The rate is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption.

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

Asset Class	Target Allocation (1)	Arithmetic Return	(Geometric) Return	Standard Deviation
Cash	1.0%	3.30%	3.30%	1.2%
Fixed income	18.0%	4.10%	4.10%	3.50%
Global equity	54.0%	8.00%	6.80%	16.50%
Real estate (property)	11.0%	6.70%	6.0%	11.70%
Private equity	10.0%	11.20%	8.40%	25.80%
Strategic investments	6.0%	5.90%	5.70%	6.70%
Total	<u>100.0%</u>			
Assumed inflation-mean			2.60%	1.70%

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

Discount Rate

The discount rate used to measure the total pension liability was 6.80%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Town's proportion share of the net pension liability to changes in the discount rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.80 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8 percent) or 1-percentage-point higher (7.8 percent) than the current rate:

	1% Decrease (5.8%)	Current Discount Rate (6.8%)	1% Increase (7.8%)
Town's proportionate share of net pension liability	\$ 3,784,881	\$ 2,730,244	\$ 1,188,733

**Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020**

NOTE 7 - FLORIDA RETIREMENT SYSTEM (continued)

Pension Plan Fiduciary Net Position

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

HIS Plan

Plan Description

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

Benefits Provided

For the fiscal year ended September 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2020, the HIS contribution for the period October 1, 2018 through September 30, 2020 was 1.66%. The Town contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Town's contributions to the HIS Plan totaled \$32,118 for the fiscal year ended September 20, 2020.

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

At September 30, 2020, the Town reported a liability of \$621,180 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Town's proportionate share of the net pension liability was based on the Town's 2019-20 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the Town's proportionate share was .00508% percent, which was an increase of .00005% percent from its proportionate share measured as of June 30, 2019.

Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020

NOTE 7 - FLORIDA RETIREMENT SYSTEM (continued)

For the fiscal year ended September 30, 2020, the Town recognized pension expense of \$34,904 related to the HIS plan. In addition the Town reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 25,410	\$ (479)
Change of assumptions	66,795	(36,119)
Net difference between projected and actual earnings on HIS plan investments	496	-
Changes in proportion and differences between Town HIS contributions and proportionate share of HIS contributions	73,335	(177,478)
Town HIS contributions to the measurement date	8,183	-
Total	\$ 174,219	\$ (214,076)

The deferred outflows of resources related to the HIS Plan, totaling \$8,183 resulting from Town contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020.

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

Year Ending September 30:	Amount
2021	\$ (13,295)
2022	(9,862)
2023	(2,695)
2024	(6,258)
2025	(8,521)
Thereafter	(7,409)
Total	\$ (48,040)

Actuarial Assumptions

The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Municipal bond rate	2.21%

Mortality rates was changed from Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with Scale MP-2018. The municipal bond rate used to determine total pension liability was decreased from 3.50% to 2.21%.

**Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020**

NOTE 7 - FLORIDA RETIREMENT SYSTEM (continued)

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 2.21%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

The following represents the Town’s proportionate share of the net pension liability calculated using the discount rate of 2.21%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Town's proportionate share of net pension liability	\$ 718,056	\$ 621,180	\$ 541,887

Pension Plan Fiduciary Net Position

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

NOTE 8 - TOWN COMMISSIONER PENSION PLAN

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

At September 30, 2020, there are 5 active plan members and 2 retiree and beneficiaries receiving benefits.

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

**Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020**

NOTE 8 – TOWN COMMISSIONER PENSION PLAN (continued)

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

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

During the year, the Town made a contribution to the Plan in the amount of \$85,303. At September 30, 2020, the Plan holds \$2,408,686 in investments (Note 3).

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

Valuation date	October 1, 2020
Measurement date	September 30, 2020
Actuarial cost method	Entry age normal
Actuarial assumptions	
Rate of return	6.00%
Projected salary increases	3.00%
Inflation adjustment	2.75%
Retirement age	Early retirement age
	IRS Prescribed Mortality RP2000
	Generational White Collar Annuitant
	using scale BB for females and
	RP2000 Generational Blended 50%
	While Collar and 50% Blue Collar
Mortality	Annuitant using Scale BB for males

Development of Single Discount Rate

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

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

Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020

NOTE 8 – TOWN COMMISSIONER PENSION PLAN (continued)

Investments

The Plan’s policy in regard to the allocation of invested assets is established by the Pension Board. The Plan currently has all of its funds invested through Securian Retirement Services. The investment policy may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Overall asset allocation targets are reviewed on an annual basis. The following is the adopted asset allocation policy as of September 30, 2020:

Asset Class/Investment Category	Target Allocation
Equity Securities and Similar Funds:	
U.S. stocks	38.00%
Global stocks	10.00%
	48.00%
Fixed Income and Similar Funds:	
Multi Sector Bonds	32.00%
Alternative Investments	20.00%
Total	100.00%

Concentrations - Governmental entities need to disclose the concentration of credit risk with a single issuer. If 5.00% or more of the total assets of the portfolio are invested with one issuer, an additional disclosure is required. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from the concentration of credit risk disclosure requirements. There were no individual investments that represent 5.00% or more, at September 30, 2020, that met the criteria for disclosure.

Rate of Return – For the year ended September 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.38%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Town’s target asset allocation as of September 30, 2020 are summarized in the following table:

Target Allocation	Asset Class	Long Term Expected Real Rate or Return (Arithmetic)
38%	U.S. Stocks	5.03%
10%	Global Stocks	5.32%
32%	Multi Sector Bonds	1.40%

Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020

NOTE 8 – TOWN COMMISSIONER PENSION PLAN (continued)

Discount rate

The discount rate used to measure the total pension liability was 6.00% per annum. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The changes in net pension liability (asset) for the year ended September 30, 2020 is as follows:

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Pension Liability (a) (b)
Balances at September 30, 2019	\$ 3,069,669	\$ 3,097,667	\$ (27,998)
Changes for the year:			
Service cost	83,600	-	83,600
Interest cost	196,664	-	196,664
Contributions employer	-	85,303	(85,303)
Differences between expected and actual experience	113,830	-	113,830
Change in assumptions and method	84,433	-	84,433
Net investment income	-	241,560	(241,560)
Benefit payments, including refunds of member contributions	(88,137)	(88,137)	-
Administrative expense	-	(4,895)	4,895
Net Changes	390,390	233,831	156,559
Balances at September 30,2020	<u>\$ 3,460,059</u>	<u>\$ 3,331,498</u>	<u>\$ 128,561</u>

Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020

NOTE 8 – TOWN COMMISSIONER PENSION PLAN (continued)

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

The following presents the net pension liability of the Town, calculated using the discount rate of 6.00%, as well as what the Town’s net pension liability would be if it were calculated using a discount rate that is 1.00% lower (5.00%) or 1.00% higher (7.00%) than the current rate:

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Net Pension Liability (Asset) \$	455,687	128,561	(144,446)

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2020, the Town recognized pension expense of \$ 111,094 for this Plan. At September 30, 2020 the Town reported deferred outflow of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 142,360	\$ -
Change of assumptions	84,433	-
Difference between projected and actual earnings on pension plan investments	104,582	(123,561)
Total	<u>\$ 331,375</u>	<u>\$ (123,561)</u>

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

Year Ending September 30:	Amount
2020	\$ 27,032
2021	33,893
2022	50,491
2023	64,838
2024	31,560
Thereafter	-
Total	<u>\$ 207,814</u>

Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS

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

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

During the year, the Town had 34 active participants and no retirees receiving benefits.

Actuarial Assumptions: Projections of benefits are based on the substantive plan and include the types of benefits in force at the time of valuation date and the pattern of sharing benefits between the Town and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce the short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Additionally, actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The cost developed is only an estimate of the true cost of providing post-employment benefits. The basis for these benefits is authorized by the Town Commission by resolution.

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

Actuarial valuation date	9/30/2019
Actuarial cost method	Entry Age Cost Method (Level % of pay)
Discount rate	3.58% per annum (based on the September 20, 2019 S&P Municipal Bond Buyer 20 Year High Grade Rate Index published by S&P Dow Jones Indices.
Projected salary increases	2.50%
Inflation	2.50%
Health Care inflation	Initial trend rate of 7.50% in fiscal 2020, grading down to the ultimate trend rate of 4.0% in fiscal year 2075
Mortality rates	PubG-2010 Combined Healthy Mortality Tables projected to the valuation date using MP-2019

Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Retirement rates	100% at normal retirement eligibility of 62
FRS Retirement eligibility	FRS Tier 1 (hired before July 1, 2011): age 62 with 6 years of service, or 30 years of service regardless of age FRS Tier 2 (hired on or after July 1, 2011): age 65 with 8 years of service or 33 years of service regardless of age.
Marital status	100% assumed married, with male spouses 3 years older than female spouses
Health care participation	20% participation assumed, with 50% electing spouse coverage
Health contributions	
Employee	100% of the active premium rate
Town	Remaining amount necessary for payment of claims

During the current year, the discount rate was decreased from 4.18% to 3.58%.

The total OPEB liability at September 30, 2020 has been reflected on the Statement of Net Position. The plan is not pre-funded and is therefore supported on a pay-as-you-go basis.

Changes in the Total OPEB Liability: Sources of changes in the total OPEB liability for the fiscal year ended September 30, 2020 were as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance as of September 30, 2018 for FY 19	\$ 96,568	\$ -	\$ 96,568
Changes due to:			
Service cost	6,423	-	6,423
Interest	4,263	-	4,263
Differences between Expected and Actual Experience	(29,801)		(29,801)
Experience losses/(gains)	-	-	-
Changes in assumptions	(35,142)	-	(35,142)
Benefit payments and refunds	(2,052)	-	(2,052)
Balance as of September 30, 2019 for FY 20	<u>\$ 40,259</u>	<u>\$ -</u>	<u>\$ 40,259</u>

**Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020**

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current discount rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB liability	\$ 46,292	\$ 40,259	\$ 35,303

Sensitivity of the Total OPEB Liability Using Alternative Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1- percentage-point lower (3% to 7.5%) or 1-percentage- point higher (5% increasing to 9.5%) than the current healthcare cost trend rates:

	1% Decrease (3.0% to 6.5%)	Healthcare Cost Trend (4.0% to 7.5%)	1% Increase (5.0% to 8.5%)
Total OPEB liability	\$ 34,902	\$ 40,259	\$ 46,783

OPEB Expense

For the year ended September 30, 2020, the Town recognized OPEB expense of \$(52,457).

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Risk Management:

During the fiscal year ended September 30, 2020 the Town has participated in the Florida League of Cities which is a not-for-profit corporation, self-insurance program for workers' compensation, general and auto liability, and property insurance. With this program the Town has limited its exposure to a variety of risks such as loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters.

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

Grant Contingency:

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

Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020

NOTE 10 - COMMITMENTS AND CONTINGENCIES (continued)

In accordance with Title 2 *U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Florida Single Audit Act, the Town is required to conduct "single audits" when the required thresholds of \$750,000 in grant expenditures from either source is exceeded. For the year ended September 30, 2020, neither a Federal single audit in accordance with the Uniform Guidance nor a state single audit in accordance with the Florida Single Audit Act was required.

Significant Agreements:

During the fiscal year 2020 the Town was still into an agreement with the Broward Sheriff's Office (BSO) to provide professional police services. According to this initial term of this agreement the contract may be renewed for an additional three years, and then for an additional five years upon mutual agreement of the parties.

The agreement may be terminated upon default if one of the parties gives the other party thirty days written notice. As of September 30, 2020, this agreement was in a continuing month to month basis. The maximum increase in the fee each year will be five percent for operating costs and nine percent for costs relating to health insurance premiums. There is no limitation on the cost increase related to workers' compensation premiums and pension contributions. The Town paid a total of \$3,300,127 for police services and traffic enforcement for the year ended September 30, 2020.

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, 2020, this agreement was in a continuing month to month basis. For the subsequent fiscal years, the amount owed will be based on the Sheriff's budgeted costs, subject to the restrictions noted under the police services agreement. The amount paid for emergency medical and fire protection services for the year ended September 30, 2020 was \$3,545,340.

As of September 30, 2020 the Town is still in a dispute with BSO regarding possible overpayments under the contract. The result of this dispute is still not determined. The Town financial statements have not been adjusted in relation to this matter.

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

Litigation:

The Town settled its lawsuit with a terminated employee in fiscal year ended September 30, 2020 for \$60,000. The Town is still involved in various claims and litigation arising in the ordinary course of operations. According to the management none of them will have a material effect on the Town's financial position.

**Town of Pembroke Park, Florida
Notes to the Financial Statements
For the Year Ended September 30, 2020**

NOTE 10 - COMMITMENTS AND CONTINGENCIES (continued)

Outstanding Claim:

As of the report date, the Town has not paid the former Town Manager his compensated absences as the amount owed is in dispute. During the fiscal year ended September 30, 2020, Town Manager's Compensated absence has been calculated based on the effective time of services. The total amount is approximately \$341,500.

Broward Office of the Inspector General (OIG) Investigation:

As of the report date, the Town is still under an ongoing investigation by the OIG. In February 2, 2018 the OIG issued a report noting misconduct and gross mismanagement in the procurement of certain professional engineering services between 1995 and 2015. According to the OIG report the Town violated federal procurement requirements relating to certain federal grants that were sub-awarded by Broward County to the Town and thus referred the matter to the Office of the Inspector General of the U.S. Department of Housing and Urban Development (HUD).

Last year, the OIG started additional investigations into:

- Other areas of expenditures, including payroll.
- Whether Town of Pembroke Park Mayor Ashira Mohammed misused her public position to benefit herself and her law firm.

The outcome of these investigation cannot be determined. Therefore, the financial statements have not been adjusted in relation to these matters.

Required Supplementary Information

Town of Pembroke Park, Florida
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – General Fund
For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts	Actual	Variance with
	Original and Final	Amounts	Final Budget –
			Positive
			(Negative)
REVENUES			
Property taxes	\$ 6,014,705	\$ 6,031,078	\$ 16,373
Local option gas tax	119,137	104,668	(14,469)
Utility service taxes	1,225,000	1,091,300	152,165
Licenses and permits	939,135	1,290,376	250,305
Franchise taxes	824,750	888,057	63,307
Intergovernmental revenues	636,743	584,069	(52,674)
Charges for services	457,100	323,678	(133,422)
Fines and forfeitures	39,000	32,456	(6,544)
Grant Revenue	672,440	61,672	(610,768)
Interest	24,500	115,692	91,192
Miscellaneous	809,505	713,177	(96,328)
Total revenues	<u>11,762,015</u>	<u>11,187,035</u>	<u>(574,980)</u>
EXPENDITURES			
Current:			
General government:			
Mayor and Commission	439,725	394,583	(45,142)
Financial and administrative	1,527,294	1,419,620	(107,674)
Town attorney	283,500	283,159	(341)
Comprehensive planning	270,000	265,318	(4,682)
Non-departmental	514,412	568,802	54,390
Total general governmental	<u>3,034,931</u>	<u>2,931,482</u>	<u>(103,449)</u>
Public safety			
Police	3,316,064	3,300,127	(15,937)
Fire	3,545,340	3,545,340	-
Total public safety	<u>6,891,404</u>	<u>6,845,467</u>	<u>(15,937)</u>
Building	406,518	407,244	726
Physical environment	281,016	189,082	(91,934)
Public works	587,353	414,727	(172,626)
Culture and recreation	490,314	414,349	(75,965)
Capital outlay	921,398	159,332	(761,468)
Total expenditures	<u>12,582,934</u>	<u>11,362,281</u>	<u>(1,220,653)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>(175,246)</u>	<u>\$ (1,795,633)</u>
Fund balance – beginning		4,203,349	
Fund balance – ending		<u>\$ 4,028,103</u>	

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

Town of Pembroke Park, Florida
Required Supplementary Information
Notes to Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual –
General Fund
For the Fiscal Year Ended September 30, 2020

Budgets and Budgetary Accounting

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

1. Prior to August 1, The Town Manager submits to the town Commission a proposed budget for the Fiscal year commencing in October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an appropriation ordinance.
4. The appropriated budget is prepared and adopted by fund, function and department. A department budget cannot be exceeded unless the Town Commission has approved a supplemental appropriation, by motion, at a public meeting. The Town Manager may authorize a budget adjustment among the various line items within a department, as long as the total budget for the department does not change.

Excess of expenditures over appropriations

For the year ended September 30, 2020, expenditures exceeded appropriations in the following departments.

<u>Department</u>	<u>Excess Expenditures over Budget</u>
Non- Departmental	\$ 54,390
Building	\$ 726

Town of Pembroke Park, Florida
Required Supplementary Information
Pension Plan for Town Commissioners
Schedule of Changes in Net Pension Liability and Related Ratios

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 83,600	\$ 61,060	\$ 316,660	\$ 66,093	\$ 55,785	\$ 21,941	\$ 21,303
Interest	196,664	184,097	180,541	176,986	127,969	99,066	94,948
Differences between expected and actual experiences	113,830	35,662	(370,636)	(146,601)	177,571	321,666	(4,885)
Changes in assumptions and methods	84,433	-	-	-	(420,088)	(427,321)	-
Benefit payments, including refunds of member contributions	(88,137)	(86,834)	(56,882)	(26,663)	(27,956)	(27,900)	(30,087)
Net change in total pension liability	390,390	193,985	69,683	69,815	753,457	(12,548)	81,279
Total pension liability – beginning	3,069,669	2,875,684	2,806,001	2,736,186	1,982,729	1,995,277	1,913,998
Total pension liability – ending	3,460,059	3,069,669	2,875,684	2,806,001	2,736,186	1,982,729	1,995,277
Plan fiduciary net position							
Contributions – employer	85,303	37,362	370,136	121,583	137,490	62,510	66,669
Net investment income	241,560	67,948	246,124	229,468	150,300	(75,642)	136,270
Benefit payments, including refunds of member contributions	(88,137)	(86,834)	(56,882)	(26,663)	(27,956)	(27,900)	(30,087)
Administrative expenses	(4,895)	(4,202)	(4,404)	(4,183)	(8,384)	-	(4,192)
Other	-	-	-	-	445,681	-	-
Net change in plan fiduciary net position	233,831	14,274	554,974	320,205	697,131	(41,032)	168,660
Plan fiduciary net position – beginning	3,097,667	3,083,393	2,528,419	2,208,214	1,511,083	1,552,115	1,383,455
Plan fiduciary net position – ending	3,331,498	3,097,667	3,083,393	2,528,419	2,208,214	1,511,083	1,552,115
Town net pension liability – ending	128,561	(27,998)	(207,709)	277,582	527,972	471,646	443,162
Plan fiduciary net position as a percentage of the total pension liability	96.28%	100.91%	107%	90%	81%	76%	78%
Covered payroll	\$ 129,780	\$ 43,260	\$ 43,260	\$ 43,260	\$ 42,000	\$ 36,000	\$ 28,000
Town net pension liability as a percentage of covered payroll	99.06%	-64.72%	-480%	642%	1257%	1310%	1583%

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

**Town of Pembroke Park, Florida
 Required Supplementary Information
 Pension Plan for Town Commissioners
 Schedule of Contributions
 For the year ended September 30, 2020**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 85,303	\$ 38,529	\$351,306	\$ 80,278	\$ 67,848	\$ 62,510	\$ 66,669	\$ 67,003	\$ 82,875	\$141,245	\$ 94,591
Actual contribution	85,303	37,362	370,136	121,583	137,490	62,510	66,669	108,012	82,875	141,245	94,591
Contribution deficiency (excess)	\$ -	\$ 1,167	\$(18,830)	\$(41,305)	\$(69,642)	\$ -	\$ -	\$(41,009)	\$ -	\$ -	\$ -
Covered payroll	\$129,780	\$129,780	\$154,000	\$180,000	\$180,000	\$144,000	\$140,000	\$140,000	\$126,000	\$126,000	\$126,000
Contributions as a % of covered payroll	65.73%	28.79%	240.35%	67.55%	76.38%	43.41%	47.62%	85.72%	65.77%	112.10%	75.07%

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate
Amortization method	Level dollar closed
Inflation	2.75%
Salary increases	3.00%
Investment rate of return	6.00%
Retirement age	Early retirement age
Mortality	IRS Prescribed Mortality PUB-2010 – Headcount Weighted General Below Median Healthy Retiree Male Table, set back 1 year with Male MP-2018 generational improvement scale.

Town of Pembroke Park, Florida
Required Supplementary Information
Pension Plan for Town Commissioners
Annual Money-Weighted Rate of Return
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Annual money weighted rate of return, net of investment expense	9.85%	4.76%	17.34%	11.97%	9.65%	4.79%	9.47%	10.13%	8.67%	2.24%	7.38%

Town of Pembroke Park, Florida
Schedule of Proportionate Share of Net Pension Liability
Retiree Health Insurance Subsidy Program
Last 10 Fiscal Years*

Florida Retirement System Pension Plan

	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the FRS net pension liability	0.0054%	0.0053%	0.0092%	0.0089%	0.0085%	0.0092%	0.0080%
Town's proportionate share of the FRS net pension liability	\$ 2,370,244	\$ 1,837,772	\$ 2,761,625	\$ 2,461,826	\$ 2,145,618	\$ 1,971,713	\$ 485,749
Town's covered payroll	\$ 1,934,795	\$ 1,541,730	\$ 2,150,710	\$ 2,045,188	\$ 1,836,696	\$ 1,978,680	\$ 1,852,809
Town's proportionate share of the FRS net pension liability as a percentage of its covered payroll	122.51%	119.20%	128.41%	129.17%	116.82%	60.23%	26.22%
FRS plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.80%	84.88%	92.00%	96.09%

Retiree Health Insurance Subsidy Program

	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the HIS net pension liability	0.0050%	0.0046%	0.0069%	0.0070%	0.0065%	0.0064%	0.0061%
Town's proportionate share of the HIS net pension liability	\$ 621,180	\$ 514,330	\$ 727,357	\$ 747,307	\$ 752,274	\$ 657,431	\$ 574,234
Town's covered payroll	\$ 1,934,795	\$ 1,541,730	\$ 2,150,710	\$ 2,045,188	\$ 1,836,696	\$ 1,978,680	\$ 1,852,809
Town's proportionate share of the HIS net pension liability as a percentage of its covered payroll	32.11%	33.36%	33.82%	36.54%	40.96%	33.23%	30.99%
HIS plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

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

Town of Pembroke Park, Florida
Schedule of Contributions
Florida Retirement System Pension Plan
Last 10 Fiscal Years*

Florida Retirement System
Pension Plan

	2020	2019	2018	2017	2016	2015	2014
Contractually required FRS contribution	\$ 284,459	\$ 172,378	\$ 225,033	\$ 233,168	\$ 211,718	\$ 228,392	\$ 207,813
FRS contributions in relation to the contractually required contribution	(284,459)	(172,378)	(225,033)	(233,168)	(211,718)	(228,392)	(207,813)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 1,934,795	\$ 1,541,730	\$ 1,907,590	\$ 2,074,311	\$ 1,902,689	\$ 1,978,680	\$ 1,852,809
FRS contributions as a percentage of covered payroll	14.70%	11.18%	11.80%	11.24%	11.13%	11.54%	11.22%

Retiree Health Insurance
Subsidy Program

	2020	2019	2018	2017	2016	2015	2014
Contractually required HIS contribution	\$ 32,118	\$ 25,593	\$ 31,666	\$ 34,433	\$ 31,588	\$ 26,843	\$ 22,507
HIS contributions in relation to the contractually required contribution	(32,118)	(25,593)	(31,666)	(34,433)	(31,588)	(26,843)	(22,507)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 1,934,795	\$ 1,541,730	\$ 1,907,590	\$ 2,074,311	\$ 1,902,689	\$ 1,978,680	\$ 1,852,809
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.36%	1.21%

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

Town of Pembroke Park, Florida
Required Supplementary Information
Other Post-Employment Benefits Plan
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios

	<u>2020</u>
Total OPEB Liability	
Service cost	\$ 6,423
Interest	4,263
Difference between expected and actual experience	(29,801)
Assumption changes	(35,142)
Benefit payments and refunds	(2,052)
Net change in Total OPEB Liability	(56,309)
Total OPEB Liability - Beginning of Year	96,568
Total OPEB Liability - End of Year	<u>\$ 40,259</u>

Total OPEB Liability	
Fiduciary net position as a % of Total OPEB Liability	0.00%
Covered payroll	\$ 1,864,504
Total OPEB liability as a percentage of covered payroll	2.16%

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

Notes to Schedule

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

Fiscal year ending	Discount Rate
9/30/2017	3.06%
9/30/2018	3.64%
9/30/2019	4.18%
9/30/2020	3.58%

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type type activities, each major fund, the aggregate remaining fund information, and the fiduciary funds information of Town of Pembroke Park, Florida (the “Town”) as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements and have issued our report thereon dated May 12, 2021.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify deficiencies in internal control that we consider to be material weaknesses. We did

identify certain deficiencies in internal control described in the accompanying schedule of findings and responses as item 2020-01 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2020-01 and 2020-02.

Town's Response to Findings

The Town's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

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

Hollywood, Florida
May 12, 2021

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

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

We have examined Town of Pembroke Park, Florida's (the "Town") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2020. Management of the Town is responsible for the Town's compliance with those specified requirements. Our responsibility is to express an opinion on the Town's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2020.

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

S. Davis & Associates, P.A.

Hollywood, Florida
May 12, 2021

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

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Town of Pembroke Park, Florida (the "Town") as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated May 12, 2021.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 12, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address certain findings and recommendations made in the preceding annual financial audit report and the current status is described in our Schedule of Findings and Responses. Prior year items 2019-01 and 2019-02 are partially resolved and are included as current year items 2020-02 and 2020-01, respectively.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority of the primary government is disclosed in the notes to the financial statements.

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, recommendations accompany this report in the Schedule of Findings and Responses as items 2020-01 and 2020-02.

Special District Component Units

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

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Mayor, Town Commission, the Legislative Auditing Committee, members of the Florida Senate and the Florida

House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

S. Davis & Associates, P.A.

Hollywood, Florida

May 12, 2021

**REPORT TO MANAGEMENT
SCHEDULE OF FINDINGS AND RESPONSES**

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Significant Deficiencies

2020-01 Accounts Receivable Aging

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

Recommendation: The Town should have a policy in place to handle outstanding debt or credit balances for inactive accounts by making necessary refund to clients or write-offs, as appropriate, when the accounts are closed.

Management's response: The Town has approved a policy for credit balance accounts and has written off the inactive balances. Implementation of the policy began in the first quarter of Fiscal Year 2021 and we anticipate completing the process prior to the close of Fiscal Year 2021.

Other Findings

2020-02 Internal Controls over Payroll and Payroll Documentation

Observation: During our procedures, discrepancies in payroll policies and documentation have been noted.

- 36% of the selected employees did not sign the employee's Handbook.
- Job descriptions for certain employees have not been signed by the employee and department head.
- 8% of the Personal Action forms were not signed by the employee and department head.

We were unable to verify that all employee understand their job description and that the control process at hiring was implemented and respected.

Recommendation: The Town should ensure that all active employees' files are in order, whether they are hard copy files or soft/electronic copy files, and maintained with all required and necessary forms signed, at a minimum, by the hired employee and the department head.

Management's response: The Town will be implementing new policies and procedures to resolve the listed issues by the end of the Fiscal Year.

II. PRIOR YEAR FINDINGS

2019-01 Internal Controls over Payroll and Payroll Documentation

Current Status: Partially resolved. See finding no. 2020-02.

2019-02 Account receivable aging

Current Status: Partially resolved. See finding no. 2020-01.

2019-03 Minutes

Current Status: Finding has been resolved.

2019-04 Outstanding Checks

Current Status: Finding has been resolved.

2019-05 Budget

Current Status: Finding has been resolved.

2019-06 Reconciliation of separate accounting systems

Current Status: Finding has been resolved.