

Comprehensive Annual
Financial Report of the
Town of Pembroke Park, Florida

For The Year Ended September 30, 2016

Prepared by the
Finance Department

**Town of Pembroke Park, Florida
Comprehensive Annual Financial Report
For The Year Ended September 30, 2016**

Table of Contents

Introductory Section:

Letter of Transmittal	i-iv
Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting	v
Organizational Chart	vi
List of Principal Officials	vii

Financial Section:

Independent Auditor's Report	1-2
Management's Discussion and Analysis (Not Covered by Independent Auditor's Report)	3-9
Basic Financial Statements: Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet - Governmental Fund	12
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Fund to the Statement of Activities	15
Statement of Net Position - Proprietary Funds	16-17
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	18
Statement of Cash Flows - Proprietary Funds	19
Statement of Fiduciary Net Position - Pension Trust Fund and Insurance Contract Trust Fund	20
Statement of Changes in Fiduciary Net Position - Pension Trust Fund and Insurance Contract Trust Fund	21
Notes to the Financial Statements	22-47

**Town of Pembroke Park, Florida
Comprehensive Annual Financial Report
For The Year Ended September 30, 2016
(Continued)**

Table of Contents

Required Supplementary Information:

Schedule of Revenues, Expenditures and Change in Fund Balance Budget and Actual - General Fund	48
Notes to Required Supplementary Information	49
Schedule of Changes in Net Pension Liability and Related Ratios - Pension Plan for Town Commissioners (Unaudited)	50
Schedule of Contributions – Pension Plan for Town Commissioners (Unaudited)	51
Annual Money-Weighted Rate of Return – Pension Plan for Town Commissioners (Unaudited)	52
Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System Pension Plan (Unaudited)	53
Schedule of Proportionate Share of Net Pension Liability – Retiree Health Insurance Subsidy Program (Unaudited)	54
Schedule of Contributions – Florida Retirement System Pension Plan (Unaudited)	55
Schedule of Contributions – Retiree Health Insurance Subsidy Program (Unaudited)	56
Schedule of Funding Progress – Other Post-Employment Benefits Plan (Unaudited)	57

**Statistical Section (Not Covered By
Independent Auditor's Report):**

Financial Trends:

Table 1 - Net Position by Component	58
Table 2 - Changes in Net Position	59-62
Table 3 - Fund Balances of Governmental Funds	63
Table 4 - Changes in Fund Balances of Governmental Funds	64-65

Revenue Capacity:

Table 5 - Assessed Value and Estimated Actual Value of Taxable Property	66
Table 6 - Direct and Overlapping Property Tax Rates	67
Table 7 - Principal Property Taxpayers	68
Table 8 - Property Tax Levies and Collections	69

**Town of Pembroke Park, Florida
Comprehensive Annual Financial Report For
The Year Ended September 30, 2016
(Continued)**

Table of Contents

Debt Capacity:

Table 9 - Ratios of Outstanding Debt by Type 70

Table 10 - Ratios of General Bonded Debts Outstanding 71

Table 11 - Direct and Overlapping Governmental Activities Debt 72

Table 12 - Legal Debt Margin Information 73

Table 13 - Pledged Revenue Coverage 74

Demographic and Economic Information:

Table 14 - Demographic and Economic Statistics 75

Table 15 - Principal Employers 76

Operating Information:

Table 16 - Full-Time Equivalent Town Government Employees by Function/Program 77

Table 17 - Operating Indicators by Function/Program 78

Table 18 - Capital Asset Statistics by Function/Program 79

Other Reports of Independent Auditors and Related Schedules:

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* 80-81

Independent Auditor's Report on Compliance with Section 218.415, Florida Statutes 82

Management Letter Required By Chapter 10.550 Rules of the Auditor General of the State of Florida 83-88

INTRODUCTORY SECTION

(This page intentionally left blank.)



TOWN OF PEMBROKE PARK

3150 S.W. 52ND AVENUE • PEMBROKE PARK, FLORIDA 33023 • BROWARD (954) 966-4600 • FAX (954) 966-5186

Ashira A. Mohammed
Mayor

Howard P. Clark, Jr. June 30, 2017
Vice Mayor

Annette Wexler
Clerk Commissioner

Georgina Cohen
Commissioner

Emma Shoaff
Commissioner

Dr. Robert A. Levy
Town Manager

Christopher J. Ryan
Town Attorney

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

In accordance with Section 11.45, Florida Statutes, and Section 18 of the Town Code of Ordinances, submitted herewith is the Comprehensive Annual Financial Report for the fiscal year ended September 30, 2016. Responsibility for both the accuracy of the data and completeness and fairness of its presentation, including all disclosures, rests with the Town. Management believes that the data presented is accurate in all material respects; that it is presented in a manner designed to present fairly the financial position and results of operations of the Town as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the Town's financial affairs have been included.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

The Reporting Entity and Its Services

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 operates under a Commission form of government and provides general government, public safety, physical environment, public works, and culture and recreation to its residents and business community. The Mayor and four Town Commissioners are responsible for establishing policies for Town government. The Mayor and Commission appoint the Town Manager, who is the Chief Administrative Officer of the Town and is responsible for implementing policies adopted by the Commission.

This report includes all of the funds for which the Town of Pembroke Park is financially accountable. Although the Broward County Board of County Commissioners, Broward County District School Board, the South Florida Water Management District, the Children's Service Council of Broward County, the South Inland Navigation District, and the South Broward Hospital District levy and collect taxes on property located within the corporate limits of the Town of Pembroke Park, financial information on these taxing authorities is not included in this report, since each has a separate elected governing body, are legally separate, and are fiscally independent of the Town. Annual financial reports of these units of government are available upon request from each agency.

Economic Conditions and Outlook

The Town of Pembroke Park serves an area of approximately 1.7 square miles with an estimated population of 6,100 residents. Prior to incorporation, the Town received services from Broward County as part of its unincorporated municipal services taxing unit. The Town received no real property, facilities, or equipment from Broward County upon incorporation.

The Town's combination of mobile home Parks and commercial developments resulted in a taxable value of approximately \$ 587,257,458 and a taxable value per capita of approximately \$ 96,272. The 2015/2016 fiscal year was a relatively active construction year for the Town with a good combination of commercial and industrial. An analysis of the projects in the various stages of the planning and development process indicated that building activity will continue to be geared toward similar activities perhaps at a faster pace than in previous years.

MAJOR INITIATIVES

The 2015/2016 fiscal year budget included a number of priorities and goals. The most significant are as follows:

Reduce the risk of flooding within the corporate limits of the Town to minimize property losses and damages for our Town's residents. This goal was accomplished by replacing and improving major stormwater piping in a low-lying area of the Town.

The Town of Pembroke Park John P. Lyons Lane Stormwater Improvements (Phase I) Project was designed in early 2015, and awarded for construction in August 2015. Construction of this project began in March 2016 and was completed in September 2016. This project included the construction of a drainage collection system and roadway improvements to alleviate flooding problems in this residential/commercial business section of Town. This project was funded by a Florida Department of Environmental Protection (FDEP) Grant.

FOR THE FUTURE

The Town continues to pursue and modify its goals as outlined in the Five-Year Capital Improvement Plan. Some of these goals were emphasized as essential to further enhance the quality of life of Town residents and to diminish property damage and loss that may occur during the hurricane season. The highest priorities for the coming years are as follows:

The Town of Pembroke Park John P. Lyons Lane Stormwater Improvements (Phase II) Project is the continuation of the Phase I project. This project will continue the stormwater collection system construction north to Carolina Street and will include a stormwater pumping station to provide the means to pump stormwater out of the Town.

The Town of Pembroke Park S.W. 25th Street Stormwater Improvements located adjacent to Park Road in a commercial/industrial area include drainage structures, stormwater piping, an exfiltration water quality system, and a larger outfall located on Behan Lake. These improvements are a rehabilitation and upsizing of an existing drainage system and will help alleviate potential flooding problems on the east side of Town.

The Town of Pembroke Park S. W. 52nd Avenue Connection Project, which includes the construction of stormwater piping on County Line Road, will be designed to tie into the County's trunk line located on S.W. 56th Avenue. This project will allow a means of conveyance of stormwater flows and will help alleviate potential flooding problems on the west side of Town.

Construction of Dale Village Stormwater Connection located at S.W. 52nd Avenue/Hallandale Beach Boulevard will include a point of connection for Dale Village's private stormwater collection system, a drainage structure on the north side of Hallandale Beach Boulevard, stormwater piping across Hallandale Beach Boulevard and a connection to the Town's existing stormwater collection system on S.W. 52nd Avenue.

The Town of Pembroke Park continues with the wastewater collection system improvements program as outlined in Wastewater Collection Pumping System Improvements Plan of 2003. The design for the lift stations No. 14 and 17 is in conformance with new construction standards and will be built with permanent generators.

The Town of Pembroke Park S.W. 30th Street Wastewater Project includes the rehabilitation of six (6) lift stations and the replacement of a deteriorated sewer force main located along S.W. 30th Street. The proposed lift station designs are in conformance with new construction standards.

The Town of Pembroke Park Sanitary Sewer Restoration Project includes detection of leaks and repair within the existing sewer system. This project reduces infiltration and meets permit requirements. The sewer system has been deteriorating over the past few years and is characterized by increasing inflow and infiltration to the system, especially during and immediately after a heavy rainfall. The Town will use chemical grouting, sectional repair, sliplining, and complete replacement of the line to reduce the infiltration to the system.

Financial Policies

The Town's budgetary and financial policies provide the basic framework for the overall fiscal management of the Town. The main policies consist of budgetary, revenue, cash management, and fund balance and risk management policies. These policies are used in the development of current activities and planning for future programs.

Internal Accounting Control:

Management of the Town is responsible for establishing and maintaining internal controls to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. We believe that the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls:

Budgetary appropriations are legally controlled at the department level. Encumbrances, purchase orders and other commitments for the expenditure of monies are recorded throughout the fiscal year. Changes and amendments to the total budget of the Town must be approved by the Commission. Expenditures over \$ 500 are also approved by the Commission on a monthly basis. Budgets are adopted on a basis consistent with generally accepted accounting principles. All outstanding encumbrances lapse at the end of the fiscal year. Any lapsed capital outlay expenditures are re-appropriated in the next fiscal year. There was one amendment to the Fiscal Year 2015/2016 Budget subsequent to the initial budget adoption.

Revenue Policy:

The Town maintains a diversified and stable revenue system to avoid reliance on any one revenue source and minimizes the dependence on property taxes. Charges for services are used to recover partial or full cost of providing services that benefit individual users. Additionally, it is the Town's policy that new ongoing operating costs are funded with permanent, ongoing revenue sources. One-time operating costs are tied to one-time revenue sources to ensure fund balance integrity.

Fund Balance:

The Town reports Fund Balance as required by Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for its governmental fund. GASB Statement No. 54 establishes various classifications of fund balance based on a hierarchy which details constraints placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments. Fund balances classified as Committed can only be used for specific purposes determined by formal action of the Town Commission through an ordinance or a resolution. Commitments can only be changed or lifted only by the Town Commission through formal action. Assigned fund balances are amounts that the Town intends to use for a specific purpose but are neither restricted nor committed. The intent to utilize these funds is delegated to the Town Manager. Unassigned fund balance can be viewed as the net resources available at the end of the year.

Other Information

Independent Audit:

In accordance with section 11.45(3)(a) (4), Florida Statutes, and Section 18 of the Town Code of Ordinances, the Town engaged the firm of Grau and Associates, Certified Public Accountants, to perform the independent audit of the Town's accounts and records. The independent auditors' reports are included in the Financial and Compliance sections.

Certificate of Achievement:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Reporting to the Town of Pembroke Park, Florida for its Comprehensive Annual Financial Report for the year ended September 30, 2015. This is the 13th straight year that the Town has received this prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

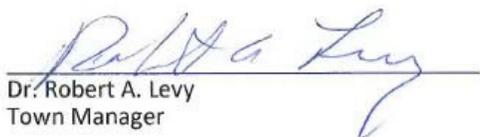
In order to be awarded a Certificate of Achievement, the Town must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements.

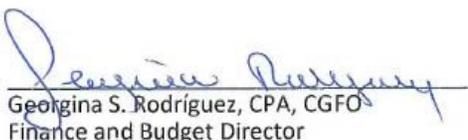
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments:

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the Finance Department. We express our appreciation to members of the Department who assisted and contributed to its preparation. We also wish to thank the Mayor and Town Commission for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully submitted,


Dr. Robert A. Levy
Town Manager


Georgina S. Rodriguez, CPA, CGFO
Finance and Budget Director



Government Finance Officers Association

**Certificate of Achievement for
Excellence in Financial
Reporting**

Presented to

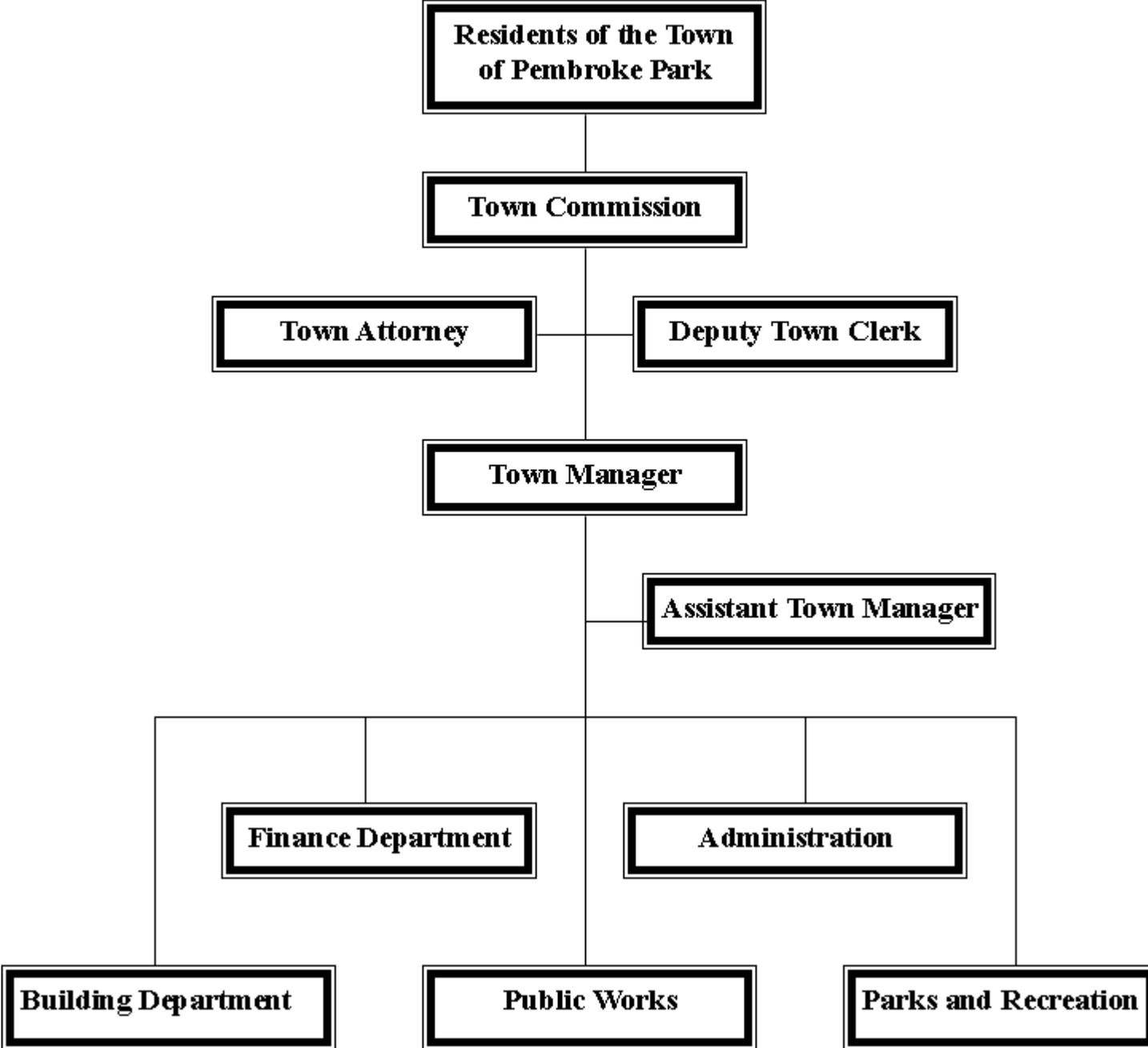
Town of Pembroke Park Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

TOWN OF PEMBROKE PARK, FLORIDA



Town of Pembroke Park, Florida
List of Principal Officials
September 30, 2016

Commission Form of Government

Town Commission

Ashira Mohammed, Mayor – District 5

Howard P. Clark Jr, Vice Mayor – District 2

Annette Wexler, Clerk Commissioner – District 4

Georgina Cohen, Commissioner – District 1

Emma Shoaff, Commissioner – District 3

Town Manager

Dr. Robert A. Levy

Town Attorney

Christopher J. Ryan, Esq.

(This page intentionally left blank.)

FINANCIAL SECTION

(This page intentionally left blank.)



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the fiduciary funds of the Town of Pembroke Park, Florida ("Town") as of and for the fiscal year ended September 30, 2016, 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, and the fiduciary funds information of the Town as of September 30, 2016, 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 information, pension schedules, and other post-employment benefits schedules 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2017, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated June 30, 2017, on our consideration of the Town's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

June 30, 2017

Town of Pembroke Park, Florida
Management's Discussion and Analysis
September 30, 2016

This section of the Comprehensive Annual Financial Report (CAFR), entitled Management's Discussion and Analysis (MDA), is presented as a method to assist the reader in better understanding the financial position of the Town of Pembroke Park, Florida (the "Town") as of the date of the report in accordance with the Government Accounting Standards Board. Items noted in this section are:

1. Financial Performance - how the Town arrived at its current position by identifying key changes to the components of the financial position, examples include special grants, special assessments, disasters, etc.
2. Operational performance - how the Town performed during the past fiscal year when comparing planned results to actual results. Are trends developing that may alter forecasts?

The Letter of Transmittal, included in a previous section of this CAFR, discusses other relevant items that impact the overall financial condition of the Town. The Letter of Transmittal should be read in conjunction with Management's Discussion and Analysis and the Town's financial statements.

Financial Highlights

The following are the highlights of financial activity for the fiscal year ended September 30, 2016:

- The net position amount of \$ 17,855,116 is the result of total assets and deferred outflows of resources less liabilities and deferred inflows of resources. Governmental net position was \$ 4,815,230 and business-type net position was \$ 13,039,886.
- The Town's revenues for governmental activities were \$ 10,044,631. Expenses for governmental activities were \$ 10,482,153.
- At the beginning of the fiscal year, the Town anticipated to use \$ 244,822 of reserves to fund fiscal year's 2015/2016 expenditures. At the close of the fiscal year, the Town's governmental fund reported an ending fund balance of \$ 2,749,523 a decrease of \$ 596,551 from the prior year.
- In the General Fund, ad valorem tax revenues collected during the fiscal year were lower than the amount anticipated in the original budget by \$ 243,562. The Town's property value remained consistent with the previous fiscal year.
- Revenues for wastewater and drainage service in the Town's enterprise funds increased by \$ 158,187 during fiscal year 2015/2016. The increase was due to a rate increase in consumption for both services.
- Total revenues for business-type activities increased by \$ 597,751 over the prior year. The overall increase in revenues is due to an inflow of capital grants of \$ 477,329 combined with an increase in billing rates for fiscal year 2015/2016.

Town Highlights

During fiscal year ended September 30, 2016, the Town continued working on several upgrades of the storm water drainage systems.

Overview of the Financial Statements

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

Government-wide statements: The government-wide financial statements, which consist of the following two statements, are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The statement of net position presents information on all 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 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 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 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 Town reports a pension trust for its defined benefit pension plan in the fiduciary fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund statements can be found on pages 20 and 21 of this report and a more detailed description of the Town's pension trust fund may be found in the notes to financial statements.

**Town of Pembroke Park, Florida
Management's Discussion and Analysis
September 30, 2016**

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.

Other financial information: In addition to the basic financial statements and accompanying notes, this report also presents other financial information concerning the Town's capital assets.

Government-Wide Financial Analysis

The Town's combined net position totaled \$ 17,855,166 as of September 30, 2016. Governmental activities net position totaled \$ 4,815,230 and business-type activities net position totaled \$ 13,039,886. 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, 2016, the Town's unrestricted net position decreased by \$ 186,545 which resulted from a combination of the governmental activities unrestricted net position decrease of \$ 262,761 and the business-type activities net position increase of \$ 76,216. The combined unrestricted net position amounted to \$ 7,579,025 as of September 30, 2016. A key component to the Town's growth in net position is the Town's effort to encourage business investments in the Town. The Town's open door policy with the private sector together with the Town's strict zoning regulations and a balanced land use provide for the Town's stable growth of industrial, commercial, residential and recreational development. Additionally the Town completed stormwater system improvements for which it received governmental grants. The cost of these improvements will be recognized over their useful life.

The following table presents condensed Statements of Net Position:

	NET POSITION SEPTEMBER 30,					
	Governmental activities		Business-type activities		Total	
	2016	2015 (Restated)	2016	2015	2016	2015 (Restated)
Current and other assets	\$ 3,142,501	\$ 3,793,908	\$ 7,845,164	\$ 7,194,738	\$ 10,987,665	\$ 10,988,646
Capital assets, net of depreciation	3,855,784	4,011,647	8,298,858	8,421,455	12,154,642	12,433,102
Total assets	6,998,285	7,805,555	16,144,022	15,616,193	23,142,307	23,421,748
Deferred outflow s of resources	2,120,766	1,179,536	179,820	98,412	2,300,586	1,277,948
Current liabilities	392,978	499,032	146,240	585,294	539,218	1,084,326
Long-term liabilities	3,564,790	2,530,427	3,126,231	3,032,712	6,691,021	5,563,139
Total liabilities	3,957,768	3,029,459	3,272,471	3,618,006	7,230,239	6,647,465
Deferred inflow s of resources	346,053	702,880	11,485	38,533	357,538	741,413
Net position						
Net investment in capital assets	3,855,784	4,011,647	5,575,360	5,194,495	9,431,144	9,206,142
Restricted	165,057	183,955	679,890	155,151	844,947	339,106
Unrestricted	794,389	1,057,150	6,784,636	6,708,420	7,579,025	7,765,570
Total net position	\$ 4,815,230	\$ 5,252,752	\$ 13,039,886	\$12,058,066	\$ 17,855,116	\$ 17,310,818

Town of Pembroke Park, Florida
Management's Discussion and Analysis
September 30, 2016

General discussion on revenues: Several areas can be identified which directly impact this current reporting period and the next fiscal year's revenues. 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 revenue is the major revenue source in the General Fund, it accounts for approximately 47% of total fund revenues in fiscal year 2015/2016. The millage rate is a rate charged per thousand dollars of assessed property value net of exemptions.

The planning and decisions taken by the Town are always weighted against the financial burden that will be placed on both current and future residents of the Town, as well as potential economic and environmental impacts. Through careful planning, Pembroke Park has kept its tax millage rate unchanged for the past fifteen fiscal years at 8.5000 mills. One mill of tax equals one dollar for each one thousand dollars of assessed property value as determined by the Broward County Property Appraiser.

The Town's financial condition generally is affected by economic conditions. During prosperous economic periods, property values generally increase which correspondingly increase property tax revenue. The Town's taxable value slightly increased during fiscal year 2015/2016.

Revenues for the governmental fund remain steady with small positive and negative variances when compared to the previous fiscal year.

The Town experienced increases in revenues of \$ 597,751 which included capital grants and contributions revenues of \$ 514,708 for the business type activities funds. The rise in revenues was due to an increase in stormwater and sewer rates. The increase in capital grants and contributions was due to grants that were awarded to the Town.

General discussion on expenses: Expenses for the governmental and business type activities were \$ 10,489,153 and \$ 3,607,700 respectively. One of the Town's major expenses is the payment to Broward County for police and fire rescue which accounts for \$ 5,874,653 or 56% of the total expenses for the General Fund.

The number of employees working for the Town has remained stable over the years. The increase in expenses of \$ 376,094 was mainly due to a consistent increase in cost of goods and services purchased by the Town and salary increases for Town employees that amounted to \$ 254,176.

Program expenses for business type activities funds increased by \$ 322,116. The increase was due to a surge in the cost of processing sewage charged by the city of Hollywood of \$ 133,463. Other expenses fluctuated in either direction creating the net increase on expenses for both funds.

Town of Pembroke Park, Florida
Management's Discussion and Analysis
September 30, 2016

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	
	2015		2015		2015	
	2016	(Restated)	2016	2015	2016	(Restated)
Revenues:						
Program revenues:						
Charges for services	\$ 1,605,430	\$ 1,426,669	\$ 4,039,727	\$ 3,881,540	\$ 5,645,157	\$ 5,308,209
Operating grants and contributions	3,971	-	-	-	3,971	-
Capital grants and contributions	-	-	514,708	89,366	514,708	89,366
General revenues:						
Property taxes	4,744,362	4,532,518	-	-	4,744,362	4,532,518
Other taxes and fees	2,304,000	2,025,887	-	-	2,304,000	2,025,887
Intergovernmental revenue	593,311	898,152	-	-	593,311	898,152
Unrestricted investment earnings	24,094	-	35,085	-	59,179	-
Miscellaneous	769,463	865,157	-	20,863	769,463	886,020
Total revenues	10,044,631	9,748,383	4,589,520	3,991,769	14,634,151	13,740,152
Expenses:						
Governmental activities:						
General government	2,614,456	2,833,746	-	-	2,614,456	2,833,746
Public safety	5,889,902	6,259,566	-	-	5,889,902	6,259,566
Building	570,910	-	-	-	570,910	-
Physical environment	318,718	306,333	-	-	318,718	306,333
Public works	544,314	601,730	-	-	544,314	601,730
Culture and recreation	543,853	422,878	-	-	543,853	422,878
Interest expense	-	3,922	-	-	-	3,922
Business - type activities:						
Sewer utilities	-	-	2,642,012	2,359,648	2,642,012	2,359,648
Stormwater drainage district	-	-	965,688	925,936	965,688	925,936
Total expenses	10,482,153	10,428,175	3,607,700	3,285,584	14,089,853	13,713,759
Change in net position	(437,522)	(679,792)	981,820	706,185	544,298	26,393
Net position - beginning, as restated	5,252,752	5,932,544	12,058,066	11,351,881	17,310,818	17,284,425
Net position - ending	\$ 4,815,230	\$ 5,252,752	\$ 13,039,886	\$12,058,066	\$ 17,855,116	\$ 17,310,818

Analysis of the Government's Funds

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

Governmental funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Town of Pembroke Park, Florida
Management's Discussion and Analysis
September 30, 2016

The General Fund is the chief operating fund of the Town. At the end of the fiscal year ended September 30, 2016, unassigned fund balance of the General Fund was \$ 2,508,935. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balance to total fund expenditures. The unassigned fund balance represents approximately 24% of the expenditures in the General Fund.

The General Fund's fund balance decrease from \$ 3,346,074 to \$ 2,749,523 during the current fiscal year, a difference of \$ 596,551. The key factors in this change are included in the section entitled, "General Fund Budgetary Highlights."

Proprietary Funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the Enterprise Funds amounted to \$ 13,039,886 at the end of the fiscal year ended September 30, 2016, an increase of \$ 981,820 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 Town amended its budget once after the end of the year. Changes and amendments to the budget must be approved by Town Commission. The original budget was amended to update for unanticipated revenues and expenditures noted below; however, the budget was amended at the beginning of December, 2016 after the statutory deadline. The Commission approves purchase orders and nonrecurring expenditures over \$ 500 on a monthly basis. The Commission uses this procedure to closely monitor expenditures and commitments made by the Town.

The Town collected a total of \$ 243,563 less than what was originally budgeted for Ad Valorem Taxes. Other Miscellaneous revenue increased by \$ 39,104 from the original budget amount. Licenses and Permits revenue increased by \$ 275,683 from the original budget amount. Collections for revenues generally fluctuated more or less near the budget amounts with no significant variances. Actual general fund expenditures for the fiscal year ended September 30, 2016 exceeded original appropriations by \$391,775. The over expenditures were funded by available fund balance.

Capital Assets and Debt Administration

The Town had \$ 12,154,642 net of depreciation invested in capital assets on September 30, 2016. Please refer to schedule on the Notes to the Financial Statements page 31 that summarizes capital asset activity over the past fiscal year

The Town continues its capital outlay efforts by upgrading the water and wastewater lines. The amount spent on these infrastructure improvements remains fairly consistent from year to year. During fiscal year 2015/2016, the Town continued upgrades on the sewer and stormwater systems.

Debt: The Town had debt totaling \$ 6,691,021 at September 30, 2016. This amount includes compensated absences, net pension liability, OPEB obligation, Notes Payable, and Revenue Bond Payable. Total debt outstanding at the end of the prior fiscal year was \$ 6,069,044. For more detailed information, please refer to the notes to the financial statements on page 32.

Economic Factors and Next Year's Budgets and Rates

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

Over the past year and continuing for the foreseeable future, there has been growth in the local economy. A major factor contributing to this has been the increase in property values at the national level and a lower rate of unemployment. While the increase in taxable value has been modest for our Town, it has followed several years of increases, during which time it has allowed the Town to build a fund balance. 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 downturn. For more information regarding the Town's property taxes please refer to the notes to the financial statements.

Requests for Information

This entire report has been prepared by the finance department of the Town of Pembroke Park, Florida with the assistance of the Town's external auditors. Every effort has been made to make this report understandable to the reader. 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 (954) 961-4760, or by mail to the Town of Pembroke Park, Finance Director; 3150 SW 52nd Avenue; Pembroke Park, Florida 33023.

(This page intentionally left blank.)

BASIC FINANCIAL STATEMENTS

(This page intentionally left blank.)

Town of Pembroke Park, Florida
Statement of Net Position
September 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 244,919	\$ 773,946	\$ 1,018,865
Investments	1,973,650	4,820,875	6,794,525
Accounts receivable, net	647,708	1,524,275	2,171,983
Internal balances	(31,529)	31,529	-
Intergovernmental receivables	67,165	-	67,165
Prepays	75,531	14,649	90,180
Restricted assets:			
Cash	165,057	679,890	844,947
Capital assets:			
Nondepreciable	2,148,022	-	2,148,022
Depreciable, net	1,707,762	8,298,858	10,006,620
Total assets	<u>6,998,285</u>	<u>16,144,022</u>	<u>23,142,307</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	2,120,766	179,820	2,300,586
LIABILITIES			
Accounts payable	99,318	125,716	225,034
Accrued liabilities	117,610	12,106	129,716
Accrued interest payable	-	8,418	8,418
Unearned revenues	173,656	-	173,656
Customer deposits	2,394	-	2,394
Noncurrent liabilities:			
Due in less than one year:			
Note payable	-	448,884	448,884
Compensated absences	16,857	-	16,857
Due in more than one year:			
Note payable	-	2,274,614	2,274,614
Compensated absences	471,766	34,161	505,927
Net OPEB obligation	15,684	3,191	18,875
Net pension liability	3,060,483	365,381	3,425,864
Total liabilities	<u>3,957,768</u>	<u>3,272,471</u>	<u>7,230,239</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	346,053	11,485	357,538
NET POSITION			
Net investment in capital assets	3,855,784	5,575,360	9,431,144
Restricted for:			
Law enforcement	165,057	-	165,057
Debt service	-	112,096	112,096
Capital projects	-	567,794	567,794
Unrestricted	794,389	6,784,636	7,579,025
Total net position	<u>\$ 4,815,230</u>	<u>\$ 13,039,886</u>	<u>\$ 17,855,116</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, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Business-type Activities
Primary government:							
Governmental activities:							
General government	\$ 2,614,456	\$ 477,834	\$ -	\$ -	\$ (2,136,622)	\$ -	\$ (2,136,622)
Public safety	5,889,902	547,631	3,971	-	(5,338,300)	-	(5,338,300)
Building	570,910	576,840	-	-	5,930	-	5,930
Physical environment	318,718	-	-	-	(318,718)	-	(318,718)
Public works	544,314	-	-	-	(544,314)	-	(544,314)
Culture and recreation	543,853	3,125	-	-	(540,728)	-	(540,728)
Total governmental activities	10,482,153	1,605,430	3,971	-	(8,872,752)	-	(8,872,752)
Business-type activities:							
Sewer utilities	2,642,012	2,720,838	-	25,007	-	103,833	103,833
Stormwater drainage district	965,688	1,318,889	-	489,701	-	842,902	842,902
Total business-type activities	3,607,700	4,039,727	-	514,708	-	946,735	946,735
Total	14,089,853	5,645,157	3,971	514,708	(8,872,752)	946,735	(7,926,017)
General revenues:							
Property taxes					4,744,362	-	4,744,362
Local option gas tax					111,716	-	111,716
Utility service taxes					1,326,240	-	1,326,240
Franchise taxes					866,044	-	866,044
Intergovernmental revenue					593,311	-	593,311
Unrestricted investment earnings					24,094	35,085	59,179
Miscellaneous					769,463	-	769,463
Total general revenues					8,435,230	35,085	8,470,315
Change in net position					(437,522)	981,820	544,298
Net position - beginning, as restated (See Note 11)					5,252,752	12,058,066	17,310,818
Net position - ending					\$ 4,815,230	\$ 13,039,886	\$ 17,855,116

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

Town of Pembroke Park, Florida
Balance Sheet - Governmental Fund
September 30, 2016

	Major Fund General Fund	Total Governmental Funds
ASSETS		
Equity in pooled cash and cash equivalents	\$ 409,976	\$ 409,976
Equity in pooled investments	1,973,650	1,973,650
Accounts receivable, net	647,708	647,708
Intergovernmental receivable	67,165	67,165
Prepays	75,531	75,531
Total assets	<u>\$ 3,174,030</u>	<u>\$ 3,174,030</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 99,318	\$ 99,318
Accrued liabilities	117,610	117,610
Due to other fund	31,529	31,529
Unearned revenue	173,656	173,656
Customer deposits	2,394	2,394
Total liabilities	<u>424,507</u>	<u>424,507</u>
Fund balance:		
Nonspendable:		
Prepaid items	75,531	75,531
Restricted:		
Law enforcement	165,057	165,057
Unassigned	2,508,935	2,508,935
Total fund balance	<u>2,749,523</u>	<u>2,749,523</u>
Total liabilities and fund balances	<u>\$ 3,174,030</u>	<u>\$ 3,174,030</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, 2016

Fund balance - governmental funds		\$ 2,749,523
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>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.</p>		
Cost of capital assets	7,628,771	
Accumulated depreciation	<u>(3,772,987)</u>	3,855,784
Deferred outflows of resources related to pensions are recorded in the statement of net position.		2,120,766
Deferred inflows of resources related to pensions are recorded in the statement of net position.		(346,053)
<p>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.</p>		
Net OPEB obligation		(15,684)
Net pension liability		(3,060,483)
Compensated absences		<u>(488,623)</u>
Net position of governmental activities		<u><u>\$ 4,815,230</u></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, 2016

	Major Fund General Fund	Total Governmental Funds
REVENUES		
Property taxes	\$ 4,744,362	\$ 4,744,362
Local option gas tax	111,716	111,716
Utility service taxes	1,326,240	1,326,240
Licenses and permits	1,131,269	1,131,269
Franchise taxes	866,044	866,044
Intergovernmental revenues	593,311	593,311
Charges for services	342,767	342,767
Fines and forfeitures	135,365	135,365
Interest	24,094	24,094
Miscellaneous	769,463	769,463
Total revenues	10,044,631	10,044,631
EXPENDITURES		
Current:		
General government	2,931,751	2,931,751
Public safety	5,882,567	5,882,567
Building	542,653	542,653
Physical environment	273,111	273,111
Public works	403,999	403,999
Culture and recreation	473,459	473,459
Capital outlay	133,642	133,642
Total expenditures	10,641,182	10,641,182
Excess (deficiency) of revenues over (under) expenditures	(596,551)	(596,551)
Fund balance - beginning, as restated (See Note 11)	3,346,074	3,346,074
Fund balance - ending	\$ 2,749,523	\$ 2,749,523

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, 2016

Net change in fund balance - total governmental funds	\$ (596,551)
Amounts reported for governmental activities in the statement of activities are difference 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.	88,951
Depreciation on capital assets is not recognized in the governmental fund statements but is reported as an expense in the statement of activities.	(244,814)
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	331,506
Change in compensated absence	(9,398)
Change in other post employment benefit obligation	(7,216)
Change in net position of governmental activities	<u>\$ (437,522)</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, 2016

	Major Funds		
	Sewer Utility	Stormwater Drainage	Total
ASSETS			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 335,340	\$ 438,606	\$ 773,946
Equity in pooled investments	2,934,807	1,886,068	4,820,875
Accounts receivable, net	753,265	771,010	1,524,275
Due from other funds	-	31,529	31,529
Prepaid expenses	10,574	4,075	14,649
Restricted cash	679,890	-	679,890
Total current assets	<u>4,713,876</u>	<u>3,131,288</u>	<u>7,845,164</u>
Noncurrent assets:			
Capital assets:			
Infrastructure	7,120,723	10,638,726	17,759,449
Machinery and equipment	112,664	-	112,664
Less accumulated depreciation	(3,949,153)	(5,624,102)	(9,573,255)
Total capital assets, net	<u>3,284,234</u>	<u>5,014,624</u>	<u>8,298,858</u>
Total assets	<u>7,998,110</u>	<u>8,145,912</u>	<u>16,144,022</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	149,423	30,397	179,820
LIABILITIES			
Current liabilities:			
Accounts payable	107,361	18,355	125,716
Accrued liabilities	8,103	4,003	12,106
Accrued interest payable	8,418	-	8,418
Current portion of loan payable	33,000	415,884	448,884
Total current liabilities	<u>156,882</u>	<u>438,242</u>	<u>595,124</u>
Noncurrent liabilities:			
Notes and loans payable	2,158,000	116,614	2,274,614
Compensated absences	29,046	5,115	34,161
OPEB liability	2,067	1,124	3,191
Net pension liability	303,611	61,770	365,381
Total noncurrent liabilities	<u>2,492,724</u>	<u>184,623</u>	<u>2,677,347</u>
Total liabilities	<u>2,649,606</u>	<u>622,865</u>	<u>3,272,471</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	9,540	1,945	11,485
NET POSITION			
Net investment in capital assets	1,093,234	4,482,126	5,575,360
Restricted for debt service	112,096	-	112,096
Restricted for capital projects	567,794	-	567,794
Unrestricted	3,715,263	3,069,373	6,784,636
Total net position	<u>\$ 5,488,387</u>	<u>\$ 7,551,499</u>	<u>\$ 13,039,886</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, 2016

	Major Funds		Total
	Sewer Utility	Stormwater Drainage	
OPERATING REVENUES			
Charges for services	\$ 2,720,838	\$ 1,318,889	\$ 4,039,727
Total operating revenues	<u>2,720,838</u>	<u>1,318,889</u>	<u>4,039,727</u>
OPERATING EXPENSES			
Salaries and benefits	472,760	107,964	580,724
Contractual services	1,055,821	-	1,055,821
Repairs and maintenance	74,518	79,861	154,379
Miscellaneous expense	80,656	14,223	94,879
Administrative services	408,457	195,202	603,659
Insurance premiums	92,690	25,934	118,624
Utilities	56,917	14,680	71,597
Depreciation and amortization	302,980	497,077	800,057
Total operating expense	<u>2,544,799</u>	<u>934,941</u>	<u>3,479,740</u>
Operating income	<u>176,039</u>	<u>383,948</u>	<u>559,987</u>
NON OPERATING REVENUES (EXPENSES)			
Interest revenue	19,265	15,820	35,085
Interest expense	(97,213)	(30,747)	(127,960)
Impact Fee	25,007	12,372	37,379
Total non operating revenue (expenses)	<u>(52,941)</u>	<u>(2,555)</u>	<u>(55,496)</u>
CAPITAL CONTRIBUTIONS			
Grant revenue	-	477,329	477,329
Change in net position	123,098	858,722	981,820
Net position - beginning	<u>5,365,289</u>	<u>6,692,777</u>	<u>12,058,066</u>
Net position - ending	<u>\$ 5,488,387</u>	<u>\$ 7,551,499</u>	<u>\$ 13,039,886</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
For the Year Ended September 30, 2016

	Major Funds		
	Sewer Utility	Stormwater Drainage	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,496,479	\$ 746,834	\$ 3,243,313
Payments to employees	(441,706)	(105,200)	(546,906)
Payments to suppliers of goods and services	(1,771,027)	(323,578)	(2,094,605)
Net cash provided (used) by operating activities	<u>283,746</u>	<u>318,056</u>	<u>601,802</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchases of capital assets	-	(677,462)	(677,462)
Cash received from impact fees	25,007	12,372	37,379
Cash received from capital contributions	-	477,329	477,329
Principal paid	(31,000)	(472,462)	(503,462)
Interest paid	(97,213)	(34,097)	(131,310)
Net cash provided (used) by capital and related financing activities	<u>(103,206)</u>	<u>(694,320)</u>	<u>(797,526)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	19,265	15,822	35,087
Sales / (purchase) of investments	(372,511)	229,233	(143,278)
Net cash provided (used) by investing activities	<u>(353,246)</u>	<u>245,055</u>	<u>(108,191)</u>
Net increase (decrease) in cash and cash equivalents	(172,706)	(131,209)	(303,915)
Cash and cash equivalents - October 1	1,187,936	569,815	1,757,751
Cash and cash equivalents - September 30	<u>\$ 1,015,230</u>	<u>\$ 438,606</u>	<u>\$ 1,453,836</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, 2016

	Major Funds		Total
	Sewer Utility	Stormwater Drainage	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 176,039	\$ 383,948	\$ 559,987
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	302,980	497,077	800,057
Pension expense	24,983	5,083	30,066
OPEB Expense	956	522	1,478
(Increase) decrease in accounts receivable	(224,359)	(540,526)	(764,885)
(Increase) decrease in due from other funds	-	(31,529)	(31,529)
(Increase) decrease in prepaids	(10,574)	(4,075)	(14,649)
Increase (decrease) in accounts payable	5,401	7,405	12,806
Increase (decrease) in accrued liabilities	3,205	2,992	6,197
Increase (decrease) in compensated absences	5,115	(2,841)	2,274
Total adjustments	107,707	(65,892)	41,815
Net cash provided (used) by operating activities	\$ 283,746	\$ 318,056	\$ 601,802

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, 2016

	Commissioner Pension Trust Fund	Insurance Contract Trust Fund	Total
ASSETS			
Investments	\$ 1,762,534	\$ 410,907	\$ 2,173,441
Due from other funds	410,907	-	410,907
Total assets	2,173,441	410,907	2,584,348
LIABILITIES			
Due to other funds	\$ -	\$ 410,907	\$ 410,907
Total liabilities	-	410,907	410,907
NET POSITION			
Held in trust for pension benefits	2,173,441	-	2,173,441
Total net position	\$ 2,173,441	\$ -	\$ 2,173,441

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

Town of Pembroke Park, Florida
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2016

	Commissioner Pension Trust	
	Fund	Total
ADDITIONS		
Employer contributions	\$ 137,490	\$ 137,490
Investment income, net	188,153	188,153
Total additions	<u>325,643</u>	<u>325,643</u>
DEDUCTIONS		
Benefit payments	27,958	27,958
Administrative expenses	8,384	8,384
Total liabilities	<u>36,342</u>	<u>36,342</u>
Change in net position	289,301	289,301
Net position held in trust for pension benefits - beginning (as previously stated)	1,511,083	1,511,083
Prior period adjustment (See Note 11)	373,057	373,057
Net position held in trust for pension benefits - beginning as restated (See Note 11)	<u>1,884,140</u>	<u>1,884,140</u>
Net position held in trust for pension benefits - ending	<u>\$ 2,173,441</u>	<u>\$ 2,173,441</u>

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

Note 1 - Summary of Significant Accounting Policies

The summary of significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. 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:

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 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.

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

The Town reports the following major governmental fund:

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

The Town reports the following major proprietary funds:

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

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

Additionally, the Town reports the following fiduciary funds:

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

Insurance Contract Trust Fund which accounts for certain annuity contracts held for the benefit of the Commissioners pension plan.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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."

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

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Long-Term Debt: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond issue costs are expensed as incurred.

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.

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.

Accounts Receivable: Accounts receivable and allowance for doubtful accounts at September 30, 2016 were as follows.

	General	Sewer	Storm water Drainage	Total
State of Florida	\$ 131,982	\$ -	\$ 450,000	\$ 581,982
Franchise fee	332,584	-	-	332,584
Brow ard County	3,421	-	-	3,421
Other receivables	43,005	-	5,175	48,180
Customer accounts receivable	285,129	768,105	320,862	1,374,096
Gross accounts receivable	796,121	768,105	776,037	2,340,263
Less: Allow ance for uncollectible accounts	(81,248)	(14,840)	(5,027)	(101,115)
Accounts receivable, net	\$ 714,873	\$ 753,265	\$ 771,010	\$ 2,239,148

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.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Equity classifications:

Government-wide statements

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

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

Fund Statements

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

New Accounting Standards Adopted: During fiscal year 2016, the Town adopted three new accounting standards as follows.

GASB 72 - Fair Value Measurement and Application

The Statement improves financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, Measurement of Elements of Financial Statements, and other relevant literature.

GASB 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

The Statement identifies—in the context of the current governmental financial reporting environment—the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles.

GASB 79 - Certain External Investment Pools and Pool Participants

This Statement establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement also establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost.

Note 2 - Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting: The Town adopts annual operating budgets for the General Fund and the Enterprise Funds, which are prepared 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. 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.

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

Note 3 – Deposits and Investments

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

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

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

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

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

As of September 30, 2016, 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)	\$ -	\$ 137,311	\$ 137,311	N/A	S&P AAAM	Weighted average of the fund portfolio: 50 days
FL Municipal Investment Trust 1-3 Year High Quality Bond	1,836,339	-	1,836,339	2	Fitch Aaf/S2	1.4 years
	<u>\$ 1,836,339</u>	<u>\$ 137,311</u>	<u>\$ 1,973,650</u>			
Business-Type Activities						
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	\$ -	\$ 208,510	\$ 208,510	N/A	S&P AAAM	Weighted average of the fund portfolio: 50 days
FL Municipal Investment Trust 1-3 Year High Quality Bond	4,612,365	-	4,612,365	2	Fitch Aaf/S2	1.4 years
	<u>\$ 4,612,365</u>	<u>\$ 208,510</u>	<u>\$ 4,820,875</u>			

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

Note 3 – Deposits and Investments (Continued)

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. The weighted average maturities by investment type are included in the preceding summary of investments.

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

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

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

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

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

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

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

Town of Pembroke Park, Florida
Notes to the Financial Statements
September 30, 2016

Note 3 – Deposits and Investments (Continued)

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, 2016, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

Investments – Town Commissioner Pension Plan:

As of September 30, 2016, the Town's Commissioner Pension Plan (the "Plan") had the following investments:

	Fair Value	Level	Credit Risk	Weighted Average Maturity
Loomis Sayles Investment Grade Bond	\$ 626,284	2	AAA 27%, AA 3%, A 27%, BBB 28%, BB 7%, B 3%, Not Rated 5%	6.08 years
Janus Opportunistic Growth	362,665	2	N/A	N/A
Columbia Dividend Opportunity	382,384	2	N/A	N/A
Janus Triton N	125,971	2	N/A	N/A
DFA US Targeted Value I	133,378	2	N/A	N/A
Invesco International Growth R5	131,852	2	N/A	N/A
	<u>\$ 1,762,534</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 6.08 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 Contracts and Variable Annuity: In order to provide death benefits to a Town Commissioner (Note 7), the Town has entered into a life insurance contracts and purchases a variable annuity contract with a financial institution. The contracts are reported in the Insurance Contract Trust Fund at the fair value of these contracts as of September 30, 2016 of \$410,907.

Note 4 – Property Taxes

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

The Town is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to \$ 10 per \$1,000 of assessed valuation for general governmental services (other than the payment of principal and interest on general obligation long-term debt). In addition, unlimited amounts may be levied for the payment of principal and interest on general obligation long-term debt subject to a limitation on the amount of debt outstanding. The tax rate to finance general governmental services and debt service requirements for the year ended September 30, 2016 was 8.5000 per \$1,000.

Town of Pembroke Park, Florida
Notes to the Financial Statements
September 30, 2016

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 2,120,064	\$ -	\$ -	\$ 2,120,064
Construction in progres	20,370	7,588	-	27,958
Total capital assets, not being depreciated	<u>2,140,434</u>	<u>7,588</u>	<u>-</u>	<u>2,148,022</u>
Capital assets, being depreciated				
Buildings	984,935	-	-	984,935
Machinery and equipment	3,148,517	-	-	3,148,517
Improvements other than buildings	1,265,934	81,363	-	1,347,297
Total capital assets, being depreciated	<u>5,399,386</u>	<u>81,363</u>	<u>-</u>	<u>5,480,749</u>
Less accumulated depreciation for:				
Buildings	(886,440)	(19,699)	-	(906,139)
Machinery and equipment	(1,710,480)	(104,219)	-	(1,814,699)
Improvements other than buildings	(931,253)	(120,896)	-	(1,052,149)
Total accumulated depreciation	<u>(3,528,173)</u>	<u>(244,814)</u>	<u>-</u>	<u>(3,772,987)</u>
Total capital assets, being depreciated, net	<u>1,871,213</u>	<u>(163,451)</u>	<u>-</u>	<u>1,707,762</u>
Governmental activities capital assets, net	<u>\$ 4,011,647</u>	<u>\$ (155,863)</u>	<u>\$ -</u>	<u>\$ 3,855,784</u>

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

	Governmental Activities			
General government	\$ 40,444			
Public safety	7,335			
Physical Environment	24,974			
Public works	126,364			
Culture and recreation	45,697			
	<u>\$ 244,814</u>			
	Beginning Balance	Additions	Reductions	Ending Balance
<u>Business-type Activities</u>				
Capital assets, being depreciated				
Infrastruture	\$ 17,081,989	\$ 677,460	\$ -	\$ 17,759,449
Machinery and equipment	112,664	-	-	112,664
Total capital assets, being depreciated	<u>17,194,653</u>	<u>677,460</u>	<u>-</u>	<u>17,872,113</u>
Less accumulated depreciation for:				
Infrastruture	(8,702,023)	(789,483)	-	(9,491,506)
Machinery and equipment	(71,175)	(10,574)	-	(81,749)
Total accumulated depreciation	<u>(8,773,198)</u>	<u>(800,057)</u>	<u>-</u>	<u>(9,573,255)</u>
Total capital assets, being depreciated, net	<u>8,421,455</u>	<u>(122,597)</u>	<u>-</u>	<u>8,298,858</u>
Business-type activities capital assets, net	<u>\$ 8,421,455</u>	<u>\$ (122,597)</u>	<u>\$ -</u>	<u>\$ 8,298,858</u>

Town of Pembroke Park, Florida
Notes to the Financial Statements
September 30, 2016

Note 5 – Capital Assets (Continued)

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

	Business-
	type Activities
Sewer utility	\$ 302,980
Stormwater drainage district	497,079
	<u>\$ 800,059</u>

Note 6 – Long Term Debt

Debt: During the year ended September 30, 2016, the following changes occurred in debt of governmental and business type activities:

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due in less than one year
<u>Governmental activities</u>					
Net pension liability	\$ 2,093,932	\$ 966,551	\$ -	\$ 3,060,483	\$ -
OPEB obligation	8,468	7,216	-	15,684	-
Compensated absences	479,225	9,398	-	488,623	16,857
	<u>\$ 2,581,625</u>	<u>\$ 983,165</u>	<u>\$ -</u>	<u>\$ 3,564,790</u>	<u>\$ 16,857</u>
<u>Business-type activities</u>					
Note payable	\$ 1,004,960	\$ -	\$ 472,462	\$ 532,498	\$ 415,884
Revenue Bond, Series 2009	2,222,000	-	31,000	2,191,000	33,000
Net pension liability	226,859	138,522	-	365,381	-
OPEB obligation	1,713	1,478	-	3,191	-
Compensated absences	31,887	2,274	-	34,161	-
	<u>\$ 3,487,419</u>	<u>\$ 142,274</u>	<u>\$ 503,462</u>	<u>\$ 3,126,231</u>	<u>\$ 448,884</u>

The Town previously obtained a term note in the amount of \$ 5,265,000 to refinance an existing note of \$2,765,000 and provide funds of approximately \$ 2,500,000 for stormwater drainage capital projects. The note bears interest at a fixed rate of 4.00%, payable monthly through December 2017. The term loan is secured by public service taxes and the net system revenues of the Stormwater Drainage Fund. The Town must fix, establish and maintain stormwater rates in an amount, that when added to public service taxes, generates pledged revenues sufficient to cover annual debt service by 1.50 times. For the year ended September 30, 2016, this covenant has been met.

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. The Bond is secured by a pledge of revenues from the Town's revenues from the Sewer Utility Fund.

Note 6 – Long Term Debt (Continued)

The following is a schedule of approximate future debt service requirements for Business-type activities at September 30, 2016:

Year ending September 30,	Principal	Interest	Total
2017	\$ 448,884	\$ 108,599	\$ 557,483
2018	150,614	95,194	245,808
2019	36,000	92,925	128,925
2020	37,000	91,350	128,350
2021	39,000	89,731	128,731
2022-2026	220,000	421,750	641,750
2027-2031	273,000	369,119	642,119
2032-2036	340,000	303,844	643,844
2037-2041	419,000	222,775	641,775
2042-2046	519,000	122,806	641,806
2047-2048	241,000	15,925	256,925
Total	\$ 2,723,498	\$ 1,934,018	\$ 4,657,516

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.

Note 7 – Florida Retirement System (Continued)

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

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

Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates for the periods from October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016, respectively, were 7.26% and 7.52%; for the Regular class. These employer contribution rates include a 1.66% HIS Plan subsidy for the periods October 1, 2015 through September 30, 2016.

The Town's contributions to the Pension Plan totaled \$211,718 for the fiscal year ended September 30, 2016.

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

At September 30, 2016, the Town reported a liability of \$2,145,618 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Town's proportion of the net pension liability was based on a projection of the Town's 2015-16 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. At June 30, 2016, the Town's proportion was .0085% percent, which was a decrease of .0070% percentage points from its proportion measured as of June 30, 2015.

Note 7 – Florida Retirement System (Continued)

For the year ended September 30, 2016, the Town recognized pension expense of \$411,544 related to the FRS plan. At September 30, 2016, 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	\$ 164,285	\$ (19,977)
Change of assumptions	129,803	-
Net difference between projected and actual earnings on FRS pension plan investments	554,616	-
Changes in proportion and differences between Town FRS contributions and proportionate share of FRS contributions	362,735	(86,634)
Town FRS contributions subsequent to the measurement date	59,115	-
Total	<u>\$ 1,270,554</u>	<u>\$ (106,611)</u>

\$59,115 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, 2016. 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</u>	<u>Amount</u>
<u>September 30:</u>	
2017	\$ 198,535
2018	198,535
2019	414,759
2020	262,123
2021	26,613
Thereafter	4,263
Total	<u>\$ 1,104,828</u>

Actuarial Assumptions

The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Investment rate of return	7.60%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables. The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Note 7 – Florida Retirement System (Continued)

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead 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			Standard Deviation
	Allocation (1)	Arithmetic Return	(Geometric) Return	
Cash	1.0%	3.0%	3.0%	1.7%
Fixed income	18.0%	4.7%	4.6%	4.6%
Global equity	53.0%	8.1%	6.8%	17.2%
Real estate (property)	10.0%	6.4%	5.8%	12.0%
Private equity	6.0%	11.5%	7.8%	30.0%
Strategic investments	12.0%	6.1%	5.6%	11.1%
Total	100.0%			
Assumed inflation - mean		2.6%		1.9%

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

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. 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 7.60 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 (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease (6.6%)	Current Discount Rate (7.6%)	1% Increase (8.6%)
Tow n's proportionate share of net pension liability	\$ 3,950,228	\$ 2,145,618	\$ 643,518

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.

Note 7 – Florida Retirement System (Continued)

Benefits Provided

For the fiscal year ended September 30, 2016, 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, 2016, the HIS contribution for the period October 1, 2015 through September 30, 2016 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 \$31,588 for the fiscal year ended September 30, 2016.

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

At September 30, 2016, the Town reported a liability of \$752,274 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Town’s proportionate share of the net pension liability was based on the Town’s 2015-16 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. At June 30, 2016, the Town’s proportionate share was .0065% percent, which was an increase from .0064% percent from its proportionate share measured as of June 30, 2015.

For the fiscal year ended September 30, 2016, the Town recognized pension expense of \$66,135 related to the HIS plan. In addition the Town reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (1,713)
Change of assumptions	118,051	-
Net difference between projected and actual earnings on HIS plan investments	380	-
Changes in proportion and differences between Town HIS contributions and proportionate share of HIS contributions	20,530	(1,246)
Town HIS contributions subsequent to the measurement date	9,289	-
Total	<u>\$ 148,250</u>	<u>\$ (2,959)</u>

Note 7 – Florida Retirement System (Continued)

The deferred outflows of resources related to the HIS Plan, totaling \$ 9,289 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, 2016. 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
2017	\$ 24,531
2018	24,531
2019	24,459
2020	24,424
2021	21,857
Thereafter	16,200
Total	\$ 136,002

Actuarial Assumptions

The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

inflation	2.60%
Salary increases	3.25%, average, including inflation
Municipal bond rate	2.85%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 2.85%. 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 2.85%, 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 (1.85%) or one percentage point higher (3.85%) than the current rate:

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
Town's proportionate share of net pension liability	\$ 863,030	\$ 752,274	\$ 660,354

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, 2016, there are 5 active plan members and 1 retiree and beneficiaries receiving benefits.

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

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

Upon the death of 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 (Note 9).

During the year, the Town made a contribution to the Plan in the amount of \$137,490. At September 30, 2016, the Plan holds \$1,762,534 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, 2016
Measurement date	September 30, 2016
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Rate of return	6.50%
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% White Collar and 50% Blue Collar Annuitant using Scale BB for males
Mortality	

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 Comprehensive Annual Financial Report in the paragraphs below and Required Supplementary Information section.

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, 2016:

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, 2016, that met the criteria for disclosure.

Rate of return- For the year ended September 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.47%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Town's target asset allocation as of September 30, 2016 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return (Arithmetic)
U.S. Stocks	5.25%
Global Stocks	5.25%
Multi-Sector Bonds	1.75%

Note 8 – Town Commissioner Pension Plan (Continued)

Discount rate

The discount rate used to measure the total pension liability was 6.50% 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, 2016 is as follows:

	Increases(Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2015	\$ 1,982,729	\$ 1,511,083	\$ 471,646
Changes for the year:			
Service cost	55,785	-	55,785
Interest cost	127,969	-	127,969
Contributions - employer	-	137,490	(137,490)
Differences between expected and actual experience	177,571	150,300	27,271
Changes in assumptions and methods	420,088		420,088
Net increase in fair value of investments	-	-	-
Benefit payments, including refunds of member contributions	(27,956)	(27,956)	-
Administrative expense	-	(8,384)	8,384
Insurance contract proceeds	-	445,681	(445,681)
Net Changes	753,457	697,131	56,326
Balances at September 30, 2016	\$ 2,736,186	\$ 2,208,214	\$ 527,972

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 6.5%, 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 (5.50%) or 1.00% higher (7.50%) than the current rate:

	Current Discount		
	1% Decrease 5.50%	Rate 6.50%	1% Increase 7.50%
Pension Plan for Town Commissioners Net Pension Liability (Asset)	\$1,167,866	\$ 527,972	\$ 288,669

Note 8 – Town Commissioner Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2016, the Town recognized pension expense of \$346,109 for this Plan. At September 30, 2016 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	\$ 338,404	\$ -
Change of assumptions	420,088	(213,660)
Difference between projected and actual earnings on pension plan investments	123,290	(34,308)
Total	<u>\$ 881,782</u>	<u>\$ (247,968)</u>

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

Year Ending September 30:	Amount
2017	\$ 269,964
2018	322,790
2019	23,961
2020	23,959
2021	(6,860)
Thereafter	-
Total	<u>\$ 633,814</u>

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 30 active participants and no retirees receiving benefits.

Note 9 – Other Post-Employment Benefits (Continued)

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 pursuant to GASB 45 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.

The latest valuation is measured as of October 1, 2015 based on the following methods and assumptions:

Actuarial valuation date	10/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level-dollar (Closed amortization over 30 years, 23 remaining)
Actuarial assumptions:	
Investment rate of return	4% per annum
Healthcare cost trend rate(s):	
	<u>Insurance premiums</u>
Pre-medicare	8% for 2016, 8.75% for 2017 graded down to 4% for 2073
Post-medicare	8% for 2016, 8.75% for 2017 graded down to 4% for 2073

A stand-alone actuarial valuation reports has been prepared by an independent actuary and is available for review at the Finance Department in Town Hall, 3150 S.W. 52nd Avenue; Pembroke Park, FL 33023.

The net OPEB obligation at September 30, 2016 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.

Funded Status: For the year ended September 30, 2016, the Town's annual post-employment benefit (OPEB) costs were as follows:

Annual Required Contribution	\$	12,400
Interest on net OPEB Obligation		407
Adjustment to ARC		(618)
Annual OPEB cost		12,189
Interest on Employer Contributions		-
Contributions made*		(3,495)
Increase in net OPEB obligation		8,694
Net OPEB obligation - beginning of year		10,181
Net OPEB obligation - end of year	\$	18,875

Trend Information

Fiscal Year Ended September 30,	Annual OPEB Cost	Percent Contributed	Net OPEB Obligation
2014	34,251	96.8%	8,930
2015	39,398	96.8%	10,181
2016	12,189	28.7%	18,875

Town of Pembroke Park, Florida
Notes to the Financial Statements
September 30, 2016

Note 9 – Other Post-Employment Benefits (Continued)

Actuarial Valuation Date	Value of Assets (1)	Funded Status		Funded Ratio (1/2)	Covered Payroll (3)	of Covered Payroll (2-1)/3
		Liability (AAL) (2)	AAL (UAAL) (2)-(1)			
October 1, 2015	-	57,781	57,781	0.0%	1,940,283	3.0%

The schedule of funding progress presented as required supplementary information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of assets is increasing or decreasing over time relative to the UAAL for benefits.

Note 10 – Commitments and Contingencies

Risk Management: The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters. In order to limit its exposure to these risks, the Town is a participant in the Florida League of Cities (a not-for-profit corporation) self-insurance program for workers' compensation, general and auto liability, and property insurance. This self-insurance program purchases excess and specific coverage from third party insurance carriers. Participants in the program are billed annually 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 receives financial assistance from federal, state and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. In accordance with Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the Florida Single Audit Act, the Town is required to conduct "single audits" when the required thresholds of \$ 750,000 in grant expenditures from either source is exceeded. For the year ended September 30, 2016, neither a Federal single audit in accordance with the Uniform Guidance or a state single audit in accordance with the Florida Single Audit Act was required.

Significant Agreements: The Town previously entered into an agreement with the Broward Sheriff's Office to provide professional police services through September 2014. After its initial term, the agreement 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. Currently, this agreement is continuing on a month to month basis while a new agreement is negotiated. 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 \$2,776,184 and \$24,528 for police services and traffic enforcement respectively for the year ended September 30, 2016.

The Town previously entered into an agreement with Broward Sheriff's Office to provide emergency medical and fire protection services through September 30, 2014. The renewal and termination terms are the same as noted for the police services agreement. Currently, this agreement is continuing on a month to month basis while a new agreement is negotiated. For 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, 2016 was \$3,071,941.

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

Note 10 – Commitments and Contingencies (Continued)

Litigation: The Town is also involved in various claims and litigation arising in the ordinary course of operations, none of which, in the opinion of the Town's manager, will have a material effect on the Town's financial position.

Office of the Inspector General Review: The Town is involved in an ongoing review by the Broward County Office of the Inspector General. The ultimate outcome of these matters cannot be determined at this time. No adjustment has been made to the financial statements relating to these matters.

Note 11 – Restatement of Fund Balance / Net Position

The Town has purchased life insurance policies and an annuity for its Commissioners to fund future payments of death benefits under the Commissioner Pension Plan. In order to recognize the benefit in the Pension Trust fund, the Town established a trust fund for the contracts and recognized a restatement of the September 30, 2015 fund balance of the General Fund, and net position of the governmental activities and Insurance Contract Trust Fund. In addition, in the prior fiscal year there was an understatement of compensated absences payable related to the Town Manager's contract that resulted in a restatement of beginning net position for governmental activities. The effect of the restatements are as follows:

	General Fund	Governmental Activities	Commissioner Pension Trust Fund
Fund balance /net position - beginning, previously reported	\$ 3,719,131	\$ 5,849,042	\$ -
Insurance contracts for pension beneficiaries	(373,057)	(373,057)	373,057
Understatement of compensated absences	-	(223,233)	-
Fund balance / net position - beginning, as restated	<u>\$ 3,346,074</u>	<u>\$ 5,252,752</u>	<u>\$ 373,057</u>

	Governmental Activities
Compensated absences as previously reported	\$ 255,992
Understatement of compensated absences	223,233
Compensated absences beginning as restated	<u>\$ 479,225</u>

Note 12 – Interfund Receivables and Payables

Interfund receivables and payables at September 30, 2016 were as follows:

Fund	Receivable	Payable
General	\$ -	\$ 31,529
Sewer	31,529	-
Commissioner Pension Trust Fund	410,907	-
Insurance Trust Fund	-	410,907
Total	<u>\$ 442,436</u>	<u>\$ 442,436</u>

The outstanding balances between funds result primarily from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. In the case of the Town, the balances between the general fund and the sewer fund relate to reimbursable revenues collected in the general fund that have not yet been transferred to the sewer fund. The balances between the Insurance Trust Fund and the Commissioner Pension Trust Fund relate to insurance contracts to cover future pension benefits that have not yet been transferred to the Commissioner Pension Trust Fund.

Note 13 - Pronouncements Issued, But Not Yet Adopted

GASB Statement No. 73 - Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68

The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

GASB Statement No. 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. The provisions are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

GASB Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

This Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 77 - Tax Abatement Disclosures

The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess (a) whether current-year revenues were sufficient to pay for current-year services, (b) compliance with finance-related legal or contractual requirements, (c) where a government's financial resources come from and how it uses them, and (d) financial position and economic condition and how they have changed over time. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

GASB Statement No. 78 - Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans

This Statement establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.

Note 13 - Pronouncements Issued, But Not Yet Adopted (Continued)

GASB Statement No. 80 - Blending Requirements for Certain Component Units

The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.

GASB Statement No. 81 - Irrevocable Split-Interest Agreements

The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for periods beginning after December 15, 2016.

GASB Statement No. 82 - Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73

The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

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. 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.

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

REQUIRED SUPPLEMENTARY
INFORMATION

(This page intentionally left blank.)

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, 2016

	Budgeted Amounts Original & Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 4,987,924	\$ 4,744,362	\$ (243,562)
Local option gas tax	111,131	111,716	585
Utility service taxes	1,316,844	1,326,240	9,396
Licenses and permits	855,586	1,131,269	275,683
Franchise taxes	911,745	866,044	(45,701)
Intergovernmental revenues	610,192	593,311	(16,881)
Charges for services	348,172	342,767	(5,405)
Fines and forfeitures	60,240	135,365	75,125
Interest	72,392	24,094	(48,298)
Miscellaneous	730,359	769,463	39,104
Total revenues	<u>10,004,585</u>	<u>10,044,631</u>	<u>40,046</u>
EXPENDITURES			
Current:			
General government:			
Mayor and Commission	446,631	468,929	(22,298)
Financial and administrative	1,359,672	1,504,855	(145,183)
Town attorney	188,200	129,997	58,203
Comprehensive planning	296,800	299,428	(2,628)
Non-departmental	475,000	528,542	(53,542)
Total general governmental	<u>2,766,303</u>	<u>2,931,751</u>	<u>(165,448)</u>
Public safety:			
Police	2,840,831	2,810,626	30,205
Fire	2,679,671	3,071,941	(392,270)
Protective inspection	663,077	542,653	120,424
Total public safety	<u>6,183,579</u>	<u>6,425,220</u>	<u>(241,641)</u>
Physical environment	298,408	273,111	25,297
Public works	386,769	403,999	(17,230)
Culture and recreation	513,348	473,459	39,889
Capital outlay	101,000	133,642	(32,642)
Total expenditures	<u>10,249,407</u>	<u>10,641,182</u>	<u>(391,775)</u>
Excess (deficiency) of revenues over (under) expenditures	(244,822)	(596,551)	(351,729)
OTHER FINANCING SOURCES			
Use of fund balance reserves	244,822	-	(244,822)
Total other financing sources (uses)	<u>244,822</u>	<u>-</u>	<u>(244,822)</u>
Net change in fund balance	<u>\$ -</u>	<u>(596,551)</u>	<u>\$ (596,551)</u>
Fund balance - beginning, as restated (See Note 11)		<u>3,346,074</u>	
Fund balance - ending		<u>\$ 2,749,523</u>	

See notes to required supplementary information

Town of Pembroke Park, Florida
Required Supplementary Information
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2016

Budgets and Budgetary Accounting: The Town adopts annual operating budgets for the General Fund and the Enterprise Funds, which are prepared 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. 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.

Level of Control: 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.

The Town collected a total of \$ 243,563 less than what was originally budgeted for Ad Valorem Taxes. Other Miscellaneous revenue increased by \$ 39,104 from the original budget amount. Licenses and Permits revenue increased by \$ 275,683 from the original budget amount. Collections for revenues generally fluctuated more or less near the budget amounts with no significant variances. Actual general fund expenditures for the fiscal year ended September 30, 2016 exceeded original appropriations by \$391,775. The over expenditures were funded by available fund balance.

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

	2016	2015	2014
Total pension liability			
Service cost	\$ 55,785	\$ 21,941	\$ 21,303
Interest	127,969	99,066	94,948
Differences between expected and actual experience	177,571	321,666	(4,885)
Changes in assumptions and methods	420,088	(427,321)	-
Benefit payments, including refunds of member contributions	(27,956)	(27,900)	(30,087)
Net change in total pension liability	753,457	(12,548)	81,279
Total pension liability - beginning	1,982,729	1,995,277	1,913,998
Total pension liability - ending	2,736,186	1,982,729	1,995,277
Plan fiduciary net position			
Contributions - employer	137,490	62,510	66,669
Net investment income	150,300	(75,642)	136,270
Benefit payments, including refunds of member contributions	(27,956)	(27,900)	(30,087)
Administrative expenses	(8,384)	-	(4,192)
Other	445,681	-	-
Net change in plan fiduciary net position	697,131	(41,032)	168,660
Plan fiduciary net position - beginning	1,511,083	1,552,115	1,383,455
Plan fiduciary net position - ending	2,208,214	1,511,083	1,552,115
Town net pension liability - ending	527,972	471,646	443,162
Plan fiduciary net position as a percentage of the total pension liability	81%	76%	78%
Covered employee payroll	\$ 42,000	\$ 36,000	\$ 28,000
Town net pension liability as a percentage of covered employee payroll	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 Supplemental Information
 Pension Plan for Town Commissioners
 Schedule of Contributions
 For the year ended September 30, 2016**

	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	67,848	62,510	66,669	67,003	82,875	141,245	94,591	70,248
Actual contribution	137,490	62,510	66,669	108,012	82,875	141,245	94,591	700,000
Contribution deficiency (excess)	(69,642)	-	-	(41,009)	-	-	-	(629,752)
Covered payroll	180,000	144,000	140,000	126,000	126,000	126,000	126,000	112,560
Contributions as a % of covered payroll	76.38%	43.41%	47.62%	85.72%	65.77%	112.10%	75.07%	621.89%

Valuation date: October 1, 2016

Actuarially determined contribution rates are calculated as of October 1 which is two years prior to the end of the fiscal year in which contributions are reported.

The first valuation of the Town Commissioner Pension Plan was performed as of October 1, 2009.

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	6.50%
Retirement age	Early retirement age
Mortality	IRS Prescribed Mortality RP2000 - Generational White Collar Annuitant using scale BB for females and RP2000 - Generational Blended 50% White Collar and 50% Blue Collar Annuitant using Scale BB for males

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

	2009	2010	2011	2012	2013	2014	2015	2016
Annual money-weighted rate of return, net of investment expense	3.77%	9.85%	-4.76%	17.34%	11.97%	9.65%	-4.79%	9.47%

Note: The Plan held no investments prior to 2009.

Town of Pembroke Park, Florida
Schedule of Proportionate Share of Net Pension Liability
Florida Retirement System Pension Plan
Last 10 Fiscal Years*

	2016		2015		2014
Town's proportion of the FRS net pension liability	0.00849747%		0.00922640%		0.00796120%
Town's proportionate share of the FRS net pension liability	\$ 2,145,618	\$	1,191,713	\$	485,749
Town's covered employee payroll	\$ 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 employee payroll	116.82%		60.23%		26.22%
FRS plan fiduciary net position as a percentage of the total pension liability	84.88%		92.00%		96.09%

* 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 Proportionate Share of Net Pension Liability
Retiree Health Insurance Subsidy Program
Last 10 Fiscal Years*

	2016		2015		2014
Town's proportion of the HIS net pension liability	0.006454751%		0.00644640%		0.00614138%
Town's proportionate share of the HIS net pension liability	\$ 752,274	\$	657,431	\$	574,234
Town's covered employee payroll	\$ 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 employee payroll	40.96%		33.23%		30.99%
HIS plan fiduciary net position as a percentage of the total pension liability	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*

	2016	2015	2014
Contractually required FRS contribution	\$ 211,718	\$ 228,392	\$ 207,813
FRS contributions in relation to the contractually required contribution	(211,718)	(228,392)	(207,813)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -
Town's covered employee payroll	\$ 1,902,889	\$ 1,978,680	\$ 1,852,809
FRS contributions as a percentage of covered employee payroll	11.13%	11.54%	11.22%

* 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
Retiree Health Insurance Subsidy Program
Last 10 Fiscal Years*

	2016	2015	2014
Contractually required HIS contribution	\$ 31,588	\$ 26,843	\$ 22,507
HIS contributions in relation to the contractually required contribution	(31,588)	(26,843)	(22,507)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -
Town's covered employee payroll	\$ 1,902,889	\$ 1,978,680	\$ 1,852,809
HIS contributions as a percentage of covered employee payroll	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 Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Unfunded AAL (UAAL) (2)-(1)	Funded Ratio (1/2)	Covered Payroll (3)	UAAL as a Percentage of Covered Payroll ((2-1)/3)
October 1, 2011	\$ -	\$ 23,094	\$ 23,094	0.0%	\$ 2,328,002	1.0%
October 1, 2012	-	19,091	19,091	0.0%	2,089,086	0.9%
October 1, 2015	-	57,781	57,781	0.0%	1,940,283	3.0%

Schedule of Employer Contributions:

Note: The first valuation of the Other Post-Employment Benefits Plan was performed as of October 1, 2009.

STATISTICAL SECTION

(NOT COVERED BY INDEPENDENT AUDITOR'S REPORT)

(This page intentionally left blank.)

This part of the Town of Pembroke Park's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

<u>CONTENTS</u>	<u>PAGE</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	58-65
Revenue Capacity	
These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.	66-69
Debt Capacity	
These schedules contain information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	70-74
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	75-76
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	77-79

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

(This page intentionally left blank.)

**Town of Pembroke Park, Florida
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

Table 1

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities:										
Net investment in capital assets	\$ 4,052,657	\$ 4,059,901	\$ 4,157,471	\$ 3,985,707	\$ 4,025,566	\$ 4,001,459	\$ 4,140,660	\$ 4,026,529	\$ 4,011,647	\$ 3,855,784
Restricted	-	-	20,168	47,857	117,330	196,653	199,604	181,603	183,955	165,057
Unrestricted	<u>4,452,579</u>	<u>4,694,845</u>	<u>5,163,827</u>	<u>5,434,912</u>	<u>4,903,813</u>	<u>4,304,480</u>	<u>4,496,818</u>	<u>4,027,445</u>	<u>1,653,440</u>	<u>794,389</u>
Total governmental activities net position	<u>8,505,236</u>	<u>8,754,746</u>	<u>9,341,466</u>	<u>9,468,476</u>	<u>9,046,709</u>	<u>8,502,592</u>	<u>8,837,082</u>	<u>8,235,577</u>	<u>5,849,042</u>	<u>4,815,230</u>
Business-type activities										
Net investment in capital assets	3,454,856	4,894,210	5,609,158	5,547,785	5,311,092	5,219,430	4,966,605	5,222,681	5,194,495	5,575,360
Restricted	-	-	79,744	34,335	68,240	60,152	72,992	155,151	155,151	679,890
Unrestricted	<u>2,855,971</u>	<u>2,769,826</u>	<u>3,705,161</u>	<u>4,182,051</u>	<u>4,409,091</u>	<u>4,270,241</u>	<u>5,060,653</u>	<u>6,142,473</u>	<u>6,708,420</u>	<u>6,784,636</u>
Total business-type activities net position	<u>6,310,827</u>	<u>7,664,036</u>	<u>9,394,063</u>	<u>9,764,171</u>	<u>9,788,423</u>	<u>9,549,823</u>	<u>10,100,250</u>	<u>11,520,305</u>	<u>12,058,066</u>	<u>13,039,886</u>
Primary government:										
Net investment in capital assets	7,507,513	8,954,111	9,766,629	9,533,492	9,336,658	9,220,889	9,107,265	9,249,210	9,206,142	9,431,144
Restricted	-	-	99,912	82,192	185,570	256,805	272,596	336,754	339,106	844,947
Unrestricted	<u>7,308,550</u>	<u>7,464,671</u>	<u>8,868,988</u>	<u>9,616,963</u>	<u>9,312,904</u>	<u>8,574,721</u>	<u>9,557,471</u>	<u>10,169,918</u>	<u>8,361,860</u>	<u>7,579,025</u>
Total primary government net position	<u>\$ 14,816,063</u>	<u>\$ 16,418,782</u>	<u>\$ 18,735,529</u>	<u>\$ 19,232,647</u>	<u>\$ 18,835,132</u>	<u>\$ 18,052,415</u>	<u>\$ 18,937,332</u>	<u>\$ 19,755,882</u>	<u>\$ 17,907,108</u>	<u>\$ 17,855,116</u>

Town of Pembroke Park, Florida
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2007	2008	2009	2010
Expenses:				
Governmental activities:				
General government	\$ 2,158,233	\$ 1,911,705	\$ 1,919,674	\$ 2,302,705
Public safety	4,310,188	5,418,223	5,503,809	5,437,356
Physical environment	291,277	216,914	234,134	260,207
Public works	371,260	933,296	351,113	495,677
Culture and recreation	462,680	480,155	460,897	320,812
Interest expense	1,243	863	10,745	6,041
Total governmental activities expenses	<u>7,594,881</u>	<u>8,961,156</u>	<u>8,480,372</u>	<u>8,822,798</u>
Business-type activities:				
Sewer Utility	1,506,706	1,590,674	1,507,906	1,991,890
Stormwater drainage district	639,949	646,261	837,919	943,234
Total business-type activities expenses	<u>2,146,655</u>	<u>2,236,935</u>	<u>2,345,825</u>	<u>2,935,124</u>
Total primary government expenses	<u>9,741,536</u>	<u>11,198,091</u>	<u>10,826,197</u>	<u>11,757,922</u>
Program Revenues:				
Governmental activities:				
Charges for services:				
General government	297,345	176,180	124,028	128,147
Public safety	606,453	1,259,698	666,195	707,008
Culture and recreation	-	1,050	2,575	4,025
Operating grants and contributions	12,937	-	-	-
Capital grants and contributions	199,598	278,972	323,329	152,465
Total governmental activities program revenues	<u>1,116,333</u>	<u>1,715,900</u>	<u>1,116,127</u>	<u>991,645</u>
Business-type activities:				
Charges for services:				
Sewer utility	1,564,502	1,788,616	1,764,945	1,917,592
Stormwater drainage district	680,217	678,435	796,844	907,183
Operating grants and contributions	7,001	-	-	-
Capital grants and contributions	1,094,402	1,069,184	1,286,494	371,270
Total business-type activities program revenues	<u>3,346,122</u>	<u>3,536,235</u>	<u>3,848,283</u>	<u>3,196,045</u>
Total primary government program revenues	<u>\$ 4,462,455</u>	<u>\$ 5,252,135</u>	<u>\$ 4,964,410</u>	<u>\$ 4,187,690</u>

Town of Pembroke Park, Florida
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 2

		Fiscal Year									
		2011	2012	2013	2014	2015	2016				
\$	2,366,244	\$	2,287,814	\$	2,220,061	\$	2,447,563	\$	2,610,513	\$	2,614,456
	6,000,840		5,856,614		5,898,517		6,095,492		6,259,566		5,889,902
	230,590		241,329		251,169		346,876		306,333		570,910
	286,097		267,805		341,949		380,544		422,878		318,718
	490,310		484,853		526,750		531,485		601,730		544,314
	4,715		3,180		1,175		118		3,922		543,853
	<u>9,378,796</u>		<u>9,141,595</u>		<u>9,239,621</u>		<u>9,802,078</u>		<u>10,204,942</u>		<u>10,482,153</u>
	2,047,307		2,135,075		2,217,437		2,142,503		2,359,648		2,642,012
	908,166		1,013,527		888,267		941,691		925,936		965,688
	<u>2,955,473</u>		<u>3,148,602</u>		<u>3,105,704</u>		<u>3,084,194</u>		<u>3,285,584</u>		<u>3,607,700</u>
	<u>12,334,269</u>		<u>12,290,197</u>		<u>12,345,325</u>		<u>12,886,272</u>		<u>13,490,526</u>		<u>14,089,853</u>
	139,359		140,424		142,622		148,260		145,491		477,834
	881,442		811,552		1,233,541		1,047,608		1,278,178		1,124,471
	4,700		3,100		3,700		4,125		3,000		3,125
	-		-		-		-		-		3,971
	274,985		64,204		100,684		60,515		-		-
	<u>1,300,486</u>		<u>1,019,280</u>		<u>1,480,547</u>		<u>1,260,508</u>		<u>1,426,669</u>		<u>1,609,401</u>
	1,997,494		1,894,194		2,429,211		2,507,253		2,626,946		2,720,838
	903,010		901,771		1,027,237		1,223,093		1,254,594		1,318,889
	-		-		-		-		-		-
	21,967		61,089		199,607		756,809		89,366		514,708
	<u>2,922,471</u>		<u>2,857,054</u>		<u>3,656,055</u>		<u>4,487,155</u>		<u>3,970,906</u>		<u>4,554,435</u>
\$	<u><u>4,222,957</u></u>	\$	<u><u>3,876,334</u></u>	\$	<u><u>5,136,602</u></u>	\$	<u><u>5,747,663</u></u>	\$	<u><u>5,397,575</u></u>	\$	<u><u>6,163,836</u></u>

Town of Pembroke Park, Florida
Changes in Net Position
Last Nine Fiscal Years
(Accrual Basis of Accounting)
(continued)

	Fiscal Year			
	2007	2008	2009	2010
Net expense/revenue:				
Governmental activities	\$ (6,478,548)	\$ (7,245,256)	\$ (7,364,245)	\$ (7,831,153)
Business-type activities	<u>1,199,467</u>	<u>1,299,300</u>	<u>1,502,458</u>	<u>260,921</u>
Total primary government net expense	<u>(5,279,081)</u>	<u>(5,945,956)</u>	<u>(5,861,787)</u>	<u>(7,570,232)</u>
General revenues and other changes in net assets				
Governmental activities:				
Taxes:				
Ad valorem taxes	3,963,944	4,426,894	4,767,861	4,801,275
Local option gas tax	106,452	103,991	102,574	106,944
Franchise taxes	880,769	896,580	917,492	873,709
Utility service taxes	649,234	725,201	770,019	787,702
Unrestricted intergovernmental revenues	847,908	822,431	818,864	804,279
Interest income	138,483	55,467	173,653	142,157
Miscellaneous	568,056	460,333	400,502	442,097
Gain on disposition of capital assets	<u>-</u>	<u>3,869</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>7,154,846</u>	<u>7,494,766</u>	<u>7,950,965</u>	<u>7,958,163</u>
Business-type activities	<u>285,126</u>	<u>53,909</u>	<u>227,569</u>	<u>109,187</u>
Total primary government business-type activities	<u>7,439,972</u>	<u>7,548,675</u>	<u>8,178,534</u>	<u>8,067,350</u>
Changes in net assets:				
Governmental activities	676,298	249,510	586,720	127,010
Business-type activities	<u>1,484,593</u>	<u>1,353,209</u>	<u>1,730,027</u>	<u>370,108</u>
Total primary government changes in net position	<u>\$ 2,160,891</u>	<u>\$ 1,602,719</u>	<u>\$ 2,316,747</u>	<u>\$ 497,118</u>

Town of Pembroke Park, Florida
Changes in Net Position
Last Nine Fiscal Years
(Accrual Basis of Accounting)
(continued)

Table 2

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ (8,078,310)	\$ (8,122,315)	\$ (7,759,074)	\$ (8,541,570)	\$ (8,778,273)	\$ (8,872,752)
<u>(33,002)</u>	<u>(291,548)</u>	<u>550,351</u>	<u>1,402,961</u>	<u>685,322</u>	<u>946,735</u>
<u>(8,111,312)</u>	<u>(8,413,863)</u>	<u>(7,208,723)</u>	<u>(7,138,609)</u>	<u>(8,092,951)</u>	<u>(7,926,017)</u>
4,551,336	4,436,814	4,361,937	4,452,130	4,532,518	4,744,362
107,150	104,848	104,395	106,572	110,691	111,716
853,296	815,829	821,477	867,335	915,375	866,044
823,919	878,036	895,817	980,807	999,821	1,326,240
848,501	845,425	777,792	781,080	898,152	593,311
69,265	66,944	50,652	63,251	12,217	24,094
403,076	428,501	1,081,494	688,890	852,940	769,463
<u>-</u>	<u>1,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>7,656,543</u>	<u>7,578,198</u>	<u>8,093,564</u>	<u>7,940,065</u>	<u>8,321,714</u>	<u>8,435,230</u>
<u>57,254</u>	<u>52,948</u>	<u>76</u>	<u>17,094</u>	<u>20,863</u>	<u>35,085</u>
<u>7,713,797</u>	<u>7,631,146</u>	<u>8,093,640</u>	<u>7,957,159</u>	<u>8,342,577</u>	<u>8,470,315</u>
(421,767)	(544,117)	334,490	(601,505)	(456,559)	(437,522)
<u>24,252</u>	<u>(238,600)</u>	<u>550,427</u>	<u>1,420,055</u>	<u>706,185</u>	<u>981,820</u>
\$ <u><u>(397,515)</u></u>	\$ <u><u>(782,717)</u></u>	\$ <u><u>884,917</u></u>	\$ <u><u>818,550</u></u>	\$ <u><u>249,626</u></u>	\$ <u><u>544,298</u></u>

Town of Pembroke Park, Florida
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 3

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund:										
Nonspendable	\$ -	\$ -	\$ 44,406	\$ -	\$ 6,445	\$ 53,444	\$ 54,441	\$ -	\$ -	\$ 75,531
Restricted	-	-	20,168	47,857	117,330	196,653	199,604	181,603	183,955	165,057
Committed	-	-	109,479	208,960	266,105	303,265	343,411	387,138	373,057	-
Assigned	-	-	394,143	622,002	489,496	654,519	563,519	967	244,822	-
Unassigned	<u>5,007,674</u>	<u>5,078,448</u>	<u>4,247,953</u>	<u>4,310,078</u>	<u>3,906,793</u>	<u>3,155,532</u>	<u>3,421,428</u>	<u>3,636,399</u>	<u>2,917,297</u>	<u>2,508,935</u>
Total General Fun	<u>\$ 5,007,674</u>	<u>\$ 5,078,448</u>	<u>\$ 4,816,149</u>	<u>\$ 5,188,897</u>	<u>\$ 4,786,169</u>	<u>\$ 4,363,413</u>	<u>\$ 4,582,403</u>	<u>\$ 4,206,107</u>	<u>\$ 3,719,131</u>	<u>\$ 2,749,523</u>
Other governmental fund:										
Unassigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total governmental funds	<u>\$ 5,007,674</u>	<u>\$ 5,078,448</u>	<u>\$ 4,816,149</u>	<u>\$ 5,188,897</u>	<u>\$ 4,786,169</u>	<u>\$ 4,363,413</u>	<u>\$ 4,582,403</u>	<u>\$ 4,206,107</u>	<u>\$ 3,719,131</u>	<u>\$ 2,749,523</u>

Note: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011. Fiscal years 2004-2010 have been restated to conform to the new statement requirements.

(This page intentionally left blank.)

Town of Pembroke Park, Florida
Changes In Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues:				
Ad valorem taxes	\$ 3,963,944	\$ 4,426,894	\$ 4,767,861	\$ 4,801,275
Franchise taxes	823,386	959,963	917,492	873,709
Utility service taxes	649,234	725,201	770,019	787,702
Licenses and permits	645,947	1,105,716	517,889	556,853
Intergovernmental revenues	847,908	822,431	818,864	804,279
Charges for services	181,980	134,732	220,634	224,840
Fines and forfeitures	67,868	158,113	51,700	53,462
Miscellaneous revenues	429,260	447,219	400,502	442,097
Interest income	138,483	55,467	173,653	142,157
Local option gas tax	106,452	103,991	102,574	106,944
Grant revenues	212,535	92,876	135,676	14,546
Special assessments	-	262,419	187,654	137,920
Rental income	155,799	51,482	2,575	4,025
Contribution of land	-	-	-	-
Total revenues	<u>8,222,796</u>	<u>9,346,504</u>	<u>9,067,093</u>	<u>8,949,809</u>
Expenditures:				
General government	1,973,732	2,106,129	2,689,641	2,159,632
Public safety	4,299,558	5,399,877	5,492,783	5,430,243
Physical environment	285,816	209,633	224,466	254,840
Public works	318,290	332,804	292,875	268,384
Culture and recreation	379,874	362,027	359,137	389,530
Capital outlay	612,644	850,311	344,421	50,011
Debt service:				
Principal	16,022	14,085	17,945	18,380
Interest	<u>1,327</u>	<u>863</u>	<u>10,745</u>	<u>6,041</u>
Total expenditures	<u>7,887,263</u>	<u>9,275,729</u>	<u>9,432,013</u>	<u>8,577,061</u>
Excess of revenues over (under) expenditures	<u>335,533</u>	<u>70,775</u>	<u>(364,920)</u>	<u>372,748</u>
Other Financing Sources (Uses):				
Capital lease proceeds	-	-	102,621	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	24,083	-	-	-
Transfers out	<u>(24,083)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>102,621</u>	<u>-</u>
Net change in fund balances	<u>\$ 335,533</u>	<u>\$ 70,775</u>	<u>\$ (262,299)</u>	<u>\$ 372,748</u>
Debt service as a percentage of non-capital expenditures	0.24%	0.18%	0.32%	0.29%

Town of Pembroke Park, Florida
Changes In Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 4

		Fiscal Year					
		2011	2012	2013	2014	2015	2016
\$	4,551,336	\$ 4,436,814	\$ 4,361,937	\$ 4,452,130	\$ 4,532,518	\$ 4,744,362	
	853,296	815,829	821,477	867,335	915,375	866,044	
	823,919	878,036	895,817	980,807	999,821	1,326,240	
	687,655	641,870	965,325	762,586	1,014,412	1,131,269	
	779,029	766,084	755,640	773,501	879,589	593,311	
	279,387	287,850	365,604	388,717	355,289	342,767	
	127,931	106,263	75,025	57,819	76,067	135,365	
	403,076	426,935	1,077,555	687,340	851,509	769,463	
	69,265	66,944	50,652	63,251	12,217	24,094	
	107,150	104,848	104,395	106,572	110,691	111,716	
	152,426	64,204	100,684	60,515	-	-	
	122,559	-	-	-	-	-	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	<u>8,957,029</u>	<u>8,595,677</u>	<u>9,574,111</u>	<u>9,200,573</u>	<u>9,747,488</u>	<u>10,044,631</u>	
	2,248,730	2,154,195	2,152,564	2,340,158	2,575,802	2,931,751	
	5,995,029	5,850,239	5,893,798	6,076,116	6,252,552	6,425,220	
	225,436	232,278	246,506	342,175	296,601	273,111	
	244,357	227,610	297,520	304,071	370,989	403,999	
	390,601	374,191	405,727	424,506	464,136	473,459	
	231,176	157,322	341,784	125,065	226,735	133,642	
	19,713	31,370	16,047	8,387	3,922	-	
	4,715	3,180	1,175	118	118	-	
	<u>9,359,757</u>	<u>9,030,385</u>	<u>9,355,121</u>	<u>9,620,596</u>	<u>10,190,855</u>	<u>10,641,182</u>	
	<u>(402,728)</u>	<u>(434,708)</u>	<u>218,990</u>	<u>(420,023)</u>	<u>(443,367)</u>	<u>(596,551)</u>	
	-	-	-	-	-	-	
	-	11,952	-	-	-	-	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	<u>-</u>	<u>11,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
\$	<u><u>(402,728)</u></u>	<u><u>(422,756)</u></u>	<u><u>218,990</u></u>	<u><u>(420,023)</u></u>	<u><u>(443,367)</u></u>	<u><u>(596,551)</u></u>	
	0.27%	0.39%	0.19%	0.09%	0.04%	0.00%	

**Town of Pembroke Park, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Table 5

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Other</u>	<u>Less: Tax Exemptions</u>	<u>Total Taxable Assessed Value</u>	<u>City Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Total Assessed Value as a Percentage of Taxable Value</u>
2007	\$ 144,901,590	\$ 43,529,160	\$ 176,343,980	\$ 25,301,970	\$ 30,876,710	\$ 359,199,990	8.5000	\$ 395,955,110	90.72%
2008	168,176,080	55,511,610	195,738,750	27,605,210	32,634,000	414,397,650	8.5000	455,676,830	90.94%
2009	207,011,660	68,291,280	218,715,840	46,184,140	39,316,850	500,886,070	8.5000	546,535,298	91.65%
2010	212,333,850	80,620,310	232,446,030	51,159,930	15,761,710	560,798,410	8.5000	576,104,508	97.34%
2011	168,830,340	117,411,800	273,019,070	46,337,110	13,859,120	591,739,200	8.5000	600,799,300	98.49%
2012	157,354,010	109,149,830	216,062,380	48,013,280	12,404,240	518,175,260	8.5000	575,469,839	90.04%
2013	157,484,900	103,267,820	214,929,780	55,831,340	11,205,410	520,308,430	8.5000	547,709,705	95.00%
2014	162,045,420	103,804,360	212,626,230	56,816,230	10,509,370	524,782,870	8.5000	547,990,914	95.76%
2015	173,200,060	108,632,470	234,879,580	58,503,310	8,072,870	567,142,550	8.5000	574,699,768	98.69%
2016	179,236,680	115,036,100	269,481,160	58,850,830	9,422,440	613,182,330	8.5000	579,048,945	105.89%

Source: Broward County, Florida, Property Appraiser

**Town of Pembroke Park, Florida
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

Table 6

Fiscal Year	Tax Year	Town Direct Rate	Overlapping Rates					Total	
			Broward County	Broward School District	Children's Service Council of Broward County	South Florida Water Management District	South Inland Navigation District		South Broward Hospital District
2007	2006	8.5000	6.7830	8.0623	0.4231	0.6970	0.0385	1.4500	25.9539
2008	2007	8.5000	6.0661	7.8687	0.4073	0.6970	0.0385	1.3300	24.9076
2009	2008	8.5000	5.2868	7.6484	0.3572	0.6240	0.0345	1.1643	23.6152
2010	2009	8.5000	5.3145	7.4170	0.3754	0.6240	0.0345	1.1913	23.4567
2011	2010	8.5000	5.3889	7.4310	0.4243	0.6240	0.0345	1.2732	23.6759
2012	2011	8.5000	5.5530	7.4180	0.4789	0.4363	0.0345	0.7500	23.1707
2013	2012	8.5000	5.5530	7.4560	0.4902	0.4289	0.0345	0.6000	23.0626
2014	2013	8.5000	5.7230	7.4800	0.4882	0.4110	0.0345	0.4000	23.0367
2015	2014	8.5000	5.7230	7.4380	0.4882	0.3842	0.0345	0.1863	22.7542
2016	2015	8.5000	5.6690	6.9063	0.4882	0.3307	0.0320	0.1615	22.0877

Source: Broward County, Florida, Property Appraiser

**Town of Pembroke Park, Florida
Principal Property TaxPayers
Current Year and Ten Years Ago**

Table 7

Taxpayer	2016			2006		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Seneca Industrial Holdings LLC % Kimberly	\$ 50,472,060	1	8.72%	-		
Coca Cola Refreshments Fixed Assets	\$ 25,551,781	2	4.41%	\$ 29,387,836	1	6.83%
Florida Coca-Cola Bottling Co.	\$ 23,862,740	3	4.12%	\$ 20,849,340	2	4.85%
Prologis USLV TRS SUB 4 LLC	\$ 18,601,010	4	3.21%			
KTR Seneca I LLC	\$ 17,710,220	5	3.06%			
Prologis Exchange Pembroke Road	\$ 13,393,990	6	2.31%			
Miami Station Split Co	\$ 12,000,000	7	2.07%			
Carolina 31st Corp	\$ 10,529,280	8	1.82%	\$ 9,076,590	6	2.13%
Pembroke Gardens LTD	\$ 7,089,650	9	1.22%	\$ 8,370,745	7	2.11%
Stanley Angel TR Angel, Stanley Trstee	\$ 6,962,830	10	1.20%			
Total	\$ 186,173,561		32.15%	\$ 67,684,511		15.92%

Source: Broward County, Florida, Department of Revenue Collections

**Town of Pembroke Park, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years**

Table 8

<u>Fiscal Year</u>	<u>Property Tax Levy</u>	<u>Property Tax Discount</u>	<u>Net Tax Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
				<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2006	\$ 3,654,847	\$ 127,847	\$ 3,527,000	\$ 3,491,874	99.00%	\$ 19,463	\$ 3,511,337	99.56%
2007	4,090,171	146,970	3,943,201	3,918,751	99.38%	3,632	3,922,383	99.47%
2008	4,623,870	156,628	4,467,242	4,408,076	98.68%	43,919	4,451,995	99.66%
2009	4,884,665	167,992	4,716,673	4,632,303	98.21%	80,539	4,712,842	99.92%
2010	5,134,398	179,272	4,955,126	4,783,405	96.53%	5,926	4,789,331	96.65%
2011	4,900,088	169,821	4,730,267	4,359,562	92.16%	75,940	4,435,502	92.16%
2012	4,663,597	169,382	4,494,215	4,450,447	99.03%	24,734	4,475,181	99.03%
2013	4,619,314	165,338	4,453,976	4,399,538	98.78%	42,765	4,442,304	99.74%
2014	4,673,155	168,774	4,504,381	4,457,656	98.96%	77,126	4,534,782	100.67%
2015	4,864,446	172,879	4,691,567	4,542,817	96.83%	566	4,457,072	95.00%
2016	4,996,590	176,146	4,820,444	4,744,361	98.42%		4,744,361	98.42%

Source: Broward County, Florida, Department of Revenue Collections

Note: Penalty charges and interest are not included in total collections.

**Town of Pembroke Park, Florida
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Table 9

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Property Loan	Special Assessment Note	Capital Leases	Stormwater Revenue Bonds	Sewer Revenue Bonds			
2006	\$ -	\$ -	\$ 39,328	\$ 4,206,258	\$ -	\$ 4,245,586	2.69%	740
2007	-	-	23,306	3,926,445	-	3,949,751	2.46%	694
2008	-	-	7,919	3,584,286	871,594	4,463,799	2.66%	777
2009	-	-	93,896	3,253,793	2,360,000	5,707,689	3.49%	994
2010	-	-	75,517	2,939,559	2,360,000	5,375,076	5.60%	879
2011	-	-	55,804	2,551,798	2,332,833	4,940,435	5.40%	810
2012	-	-	24,434	2,211,371	2,309,000	4,544,795	4.83%	745
2013	-	-	8,387	1,824,993	2,281,000	4,114,375	4.08%	672
2014	-	-	-	1,422,944	2,252,000	3,674,943	4.00%	591
2015	-	-	-	1,004,960	2,222,000	3,226,960	4.00%	529
2016	-	-	-	532,498	2,191,000	2,723,498	*	*

* Information for the current year is not available.

(1) See the schedule of Demographic and Economic Statistics on page 70 for personal income and population data

Town of Pembroke Park, Florida
Ratios of General Bonded Debt Outstanding

Table 10

The Town had no general obligation debt over the last five fiscal years.

Town of Pembroke Park, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2016

Table 11

Government Unit:	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes:			
Broward County	\$ 247,946,000	0.393%	\$ 974,827,333
Broward District Schools	160,572,000	0.393%	631,306,714
Subtotal, overlapping debt	-		<u>1,606,134,047</u>
Town direct debt	-	-	<u>-</u>
Total direct and overlapping debt			<u>\$ 1,606,134,047</u>

(1) The applicable percentage was estimated by determining the portion of Broward County's taxable value that is within the Town of Pembroke Park's boundaries and dividing it by the County's total taxable value.

Source: Broward County, Financial Reporting and Accounting Division

Source: Broward County, Florida, Property Appraiser

**Legal Debt Margin Information As
of September 30, 2016**

The Town Charter does not establish a legal debt margin, nor does the Florida Statutes Chapter 166, which grants home rule authority to municipalities.

Town of Pembroke Park, Florida
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Stormwater Revenue Bonds					
	Utility Service Charges	Public Service Taxes	Less: Operating Expenses	Net Available Revenue	Principal	Interest
2007	\$ 680,217	\$ 1,779,628	\$ 477,162	\$ 1,982,683	\$ 279,813	\$ 162,787
2008	678,075	2,001,846	495,830	2,184,091	342,159	150,428
2009	796,844	2,023,694	700,819	2,119,719	330,493	137,100
2010	907,181	1,964,622	819,693	2,052,110	344,055	123,539
2011	903,010	1,959,500	798,513	2,063,996	357,940	109,653
2012	901,771	2,055,574	917,825	2,039,520	340,427	95,572
2013	1,045,645	2,064,292	805,634	2,304,303	386,378	80,130
2014	1,223,093	2,152,576	877,376	2,498,293	402,049	64,318
2015	1,254,594	2,298,290	878,280	2,674,604	417,983	47,901
2016	1,294,463	2,271,638	900,079	2,666,021	472,462	30,747

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements.

**Town of Pembroke Park, Florida
Demographic and Economic Statistics
Last Ten Calendar Years**

Table 14

Calendar Year	Population	Personal Income thousands of dollars	Per Capita Personal Income	Unemployment Rate Percentage
2006	5,740	157,701	27,474	3.1%
2007	5,740	162,103	28,241	3.4%
2008	5,740	167,562	29,192	5.4%
2009	5,740	163,389	28,465	10.9%
2010	6,112	99,454	16,272	9.6%
2011	6,102	99,401	14,709	8.6%
2012	6,099	93,973	15,408	7.6%
2013	6,102	100,738	16,455	6.0%
2014	6,220	100,390	16,140	5.3%
2015	6,102	87,679	14,369	4.8%
2016	*	*	*	*

* Information for the current year is not available.

Source: Factfinder.census.gov

**Town of Pembroke Park, Florida
Principal Employers
Current Year and Ten Years Ago**

Table 15

<u>Employer</u>	<u>2016</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Coca-Cola	800	1	13.11%	543	1	10.00%
WPLG Channel 10	189	2	3.10%	-	-	-
J.W. Lee Inc.	97	3	1.59%	-	-	-
Broward County School Board	90	4	1.47%	136	4	2.00%
The Peninsula	67	5	1.10%	-	-	-
Mohawk Industries, Inc.	64	6	1.05%	-	-	-
Broward Sheriff's Office	46	7	0.75%	119	5	2.00%
Wendy's	30	8	0.49%	-	-	-
HH Gregg Appliances & Electronics	20	9	0.33%	-	-	-
Mastec North America	20	10	0.33%	-	-	-
Total	1,423		23.32%	798		14.00%

Source: Public Works Department

To obtain the percentage of Town's employment we use the number of employees as a percentage of population.

**Town of Pembroke Park, Florida
Full Time Equivalent City Government Employees
By Function/Program
Last Ten Fiscal Years**

Table 16

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Function/Program:										
General government:										
Mayor and Commission	5	5	5	5	5	5	5	5	5	5
Finance and administrative	12	12	9	9	9	10	11	11	11	11
Public safety:										
Protective inspections	2	2	2	2	3	3	3	3	3	3
Physical environment:										
Code enforcement	2	2	3	3	2	2	2	2	2	2
Public works:										
Road and street facilities	4	4	4	4	5	5	5	5	5	4
Sewer	4	4	4	4	4	3	3	3	4	6
Culture and recreation:										
Parks and recreation	<u>4</u>									
Total	<u>0</u>	<u>33</u>	<u>33</u>	<u>31</u>	<u>31</u>	<u>32</u>	<u>32</u>	<u>33</u>	<u>34</u>	<u>35</u>

Source: Finance and Budget Department

Town of Pembroke Park, Florida
Operating Indicators by Function/Program
Last Ten Fiscal Years

Table 17

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government:										
Building permits issued	1,083	1,128	639	243	58	346	1221	718	772	245
New construction	44	112	30	10	134	130	153	106	36	8
Repair/maintenance	41	100	130	60	281	373	374	237	297	62
Alteration/remodeling	41	166	125	45	303	156	176	81	118	69
Demolition	41	44	66	20	115	46	123	40	61	6
Other	22	142	288	108	349	706	395	184	359	100
Business Tax	591	649	510	511	513	521	542	619	523	610
Sign permits	423	424	368	353	342	311	311	311	121	121
Alarm registration	171	181	233	251	260	258	256	341	328	351
Certificate of use	470	474	395	390	395	403	421	442	404	427
Parks and recreation:										
Park rentals	54	9	20	32	37	23	29	33	24	25

Source: Various departments

**Town of Pembroke Park, Florida
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

Table 18

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Other public works:										
Streets (miles)	10	10	10	10	10	10	10	10	10	10
Street lights	34	52	52	52	52	52	52	52	52	52
Parks and recreation:										
Acreage	26	26	26	26	26	26	26	26	26	26
Playgrounds	3	3	3	3	3	3	3	3	3	3
Community centers	2	2	2	2	2	2	2	2	2	2
Wastewater:										
Sanitary sewers	13	13	13	13	13	13	13	13	13	13
Lift stations	30	30	30	30	30	30	30	30	30	30
Stormwater:										
Pump stations	4	4	4	4	4	4	4	4	4	4

Source: Finance and Budget Department

(This page intentionally left blank.)

OTHER REPORTS OF INDEPENDENT AUDITORS

(This page intentionally left blank.)



**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
Pembroke Park, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the fiduciary funds information of Town of Pembroke Park, Florida (the "Town") as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 30, 2017.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying management letter, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying management letter as finding 2016-01 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying management letter as finding 2016-02 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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters involving the internal control over financial reporting and compliance that we have reported to management of the Town in a separate letter dated June 30, 2017.

The Town's responses to the findings identified in our audit are described in the accompanying Management Letter. We did not audit the Town's responses 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.

June 30, 2017



Grau & Associates
CERTIFIED PUBLIC ACCOUNTANTS

2700 North Military Trail • Suite 350
Boca Raton, Florida 33431
(561) 994-9299 • (800) 299-4728
Fax (561) 994-5823
www.graucpa.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

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

We have examined Town of Pembroke Park, Florida's (the "Town") compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the fiscal year ended September 30, 2016. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides 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, 2016.

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.

June 30, 2017



**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
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, 2016, and have issued our report thereon dated June 30, 2017.

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 Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 30, 2017, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General of the state of Florida. Accordingly, in connection with our audit of the financial statements of the Town, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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

We wish to thank the Town of Pembroke Park, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

June 30, 2017

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Material Weakness

2016-01 Town Commission Pension and Other Postemployment Benefits (OPEB)

Observation: During our procedures, it was discovered that the Town had been recording the insurance contracts obtained for the death benefit provision of the Town Commission Pension Plan ("Plan") as assets of the Town instead of as assets of the Plan. In addition, the liability associated with the death benefit provision was not accounted for in the actuarial valuation of the Plan but instead included in the actuarial valuation for OPEB. As a result, the financial statements for the general fund, governmental activities, and fiduciary statements were all materially misstated. Further, it was noted that additional contributions were made to the Plan during the current fiscal year that were not approved by the Commission. We were provided with minutes from the Pension Board approving additional contribution instead of the Commission minutes approving funding. Since the Pension Board does not have the authority to appropriate City funds, the additional funding provided by the Town to the Plan was done outside the Town's budget process and therefore deemed unappropriated use of funds.

Recommendation: The Town should ensure that the provisions of the Plan are recorded and reported accurately. In addition, all appropriation of Town funds must be done via approval of the Town Commission.

Management Response: Based on the Auditor's recommendation, the insurance contracts were transferred to the Pension where they are accounted and managed by Securian Retirement System. Further, all members of the Pension Board are Town Commissioners. The payment mentioned on the report was approved by all Commissioners at the Pension Board meeting but it was not approved at the regular Town Commission meeting. In the future all payments approved by the Pension Board will also be approved at the regular Commission meeting.

REPORT TO MANAGEMENT (Continued)

Significant Deficiency

2016-02 Internal Controls over Procurement and Procurement Documentation

Observation: During our procedures, we noted that the Town was not following the procedures as written in its procurement policies. Procurement policies were outdated and inconsistent with the Town's operating procedures. Furthermore, we noted certain instances where documentation provided was incomplete or inadequate. The issues identified were as follows:

- The Town's procurement policy as written requires Commission approval for all purchases. This does not apply to salaries and employment benefits. This was deemed by management to be operationally cumbersome and has not been followed by the Town. In addition, an approved purchase order (PO) is required for all items, except recurring payments and items previously approved by resolution of the Commission. Based on discussion with the Town's management, they were unaware that this was how the policy was written. The practice in effect is for Town Manager to approve invoices for items up to \$500. A list of invoices over \$500 is presented for approval of Commission at Commission meetings. Purchases orders appear to be inconsistently used. Furthermore, the documentation provided appears to be more of a combined check request/purchase order form, several of which had no information in the PO section.
- Inadequate documentation was provided in several instances to support compliance with the City's procurement procedures, including procedures for obtaining required quotes and bids to ensure competitive selection. Furthermore, per inquiry, sole source documentation was indicated without appropriate documentation to support designation or approval as sole source vendor.
- Certain inspection services contracted appeared to require bids based on the Procurement policy. However, based on discussion with management, no bids were obtained. Instead, the inspectors were solicited based on prior working knowledge of qualified individuals and the availability of personnel to work for the fee.

Recommendation: The Town should ensure that all relevant personnel are appropriately aware of and adhere to written procurement policies and procedures. The Town should consider updating its procurement policies and procedures to ensure that it is operationally feasible while maintaining appropriate internal controls. Furthermore, the Town should ensure that all required documentation and approvals with procurement policies and procedures are properly documented and accessible in order to establish an audit trail to support compliance with policies.

Management Response: The Town is in the process of reviewing the Procurement Manual to ensure all of auditor's comments are addressed. Management will contact the auditor to determine what sole source documentation or approval is needed.

Other Findings

2016-03 Town Manager Contract

Observation: During our procedures it was noted that the Town Manager salary increases do not follow the terms of the original or amended contracts. The contract provides for a 6% annual salary increase. In practice, the annual salary increases have been 6% plus a COLA adjustment of between 1 and 3% annually. As a result, the salary increases have been closer to 9 % per year.

Recommendation: The Town should amend the manager's contract to clearly denote that COLA should be paid in addition to the 6% or cease from paying COLA to the manager.

Management Response: The Town Manager's salary increase was amended via Town Commission vote to include COLA as part of the Town Manager's compensation. These two documents were provided to the auditors. In addition, during years when the economy was in decline, the Town Manager elected not to receive his salary increase due under his contract.

REPORT TO MANAGEMENT (Continued)

2016-04 Internal Controls over Payroll and Payroll Documentation:

Observation: During our procedures, we noted certain inconsistencies in payroll policies and documentation. The issues identified were as follows:

- The Personnel Policies Manual appears to have inconsistencies relating to the work week. The policy indicates a 40 hour work week, but provides for work hours of 8:30 to 5, with an hour of unpaid lunch. This actually translates into a 37.5 hour work week. As a result, employees are paid for 40 hours, but only work 37.5 hours.
- There appear to be procedures in practice for which we were not provided written policy documentation that would allow certain managers to receive "administrative leave" time off that does not come from their leave banks.
- Compensatory time does not appear to be tracked as defined by policy. Instead, per inquiry, birthday holiday is being tracked as compensatory time. For the Town Manager, the compensatory time amount also includes 10 days of Management Leave per year per contract. In one instance identified, an employee was not paid for extra 1.25 hour worked in week where she had a full day seminar and also not given compensatory time as would appear to be indicated by the policy.
- One employee time sheet tested did not have any approvals. Per inquiry, there was a vacancy in the management position for the department for that time.

Recommendation: The Payroll Authorization to Withhold Employee Paid Benefits Form forms should be redesign to provide both options to withhold or not to withhold and to include a date field by the signature. All relevant employees should complete new forms for their file. The Town should consider updating its personnel policies and procedures to clarify potential inconsistencies and to ensure that all benefits and compensated time off are appropriately outlined. The Town should also consider reviewing the Town Manager's contract and amending as necessary to clarify salary increases contemplated. In addition, the Town should consider implementing alternative approval procedures in the event of vacancies in certain management positions.

Reference Number for Prior Year Finding: Not applicable.

Management Response: The Payroll Form will be updated to reflect the auditor's recommendations. In addition, the Town of Pembroke Park Policies and Procedures will be updated to reflect the practices of the Town of Pembroke Park.

2016-05 Budget:

Observation: Budgetary appropriations are legally controlled at the department level. Actual expenditures exceeded appropriations in several departments and for the general fund in total for the fiscal year ended September 30, 2016.

Recommendation: The Town should amend the budget during the fiscal year or within statutory guidelines to ensure that all expenditures are properly budgeted.

Management Response: Town Commission approved a final budget amendment for fiscal year 2016 at the beginning of December; however, the auditors did not to include this budget amendment in the financial statements contrary to management's request to do so and Commission approval of the budget amendment for fiscal year 2016. In the future, the Town of Pembroke Park will make every effort to approve the budget amendment within the 60 days as required by law.

REPORT TO MANAGEMENT (Continued)

2016-06 Lack of documentation for travel purchases on credit cards:

Observation: During procedures we found that two American Express credit card bills did not have all the receipts to support the charges on the card. The unsupported charges were related to travel expenses. The Town's travel policy indicates that employees paying for their own travel must provide receipts for travel expenses including airline tickets and hotel receipts in order to be reimbursed. The same policy should apply when Town credit cards are used.

Recommendation: The Town should ensure that receipts are provided by card holders for all charges made on Town credit cards. The Town should develop a credit card policy which addresses among other things consequences to card holders when receipts are not provided such as requiring the card holders to reimburse the Town for unsupported charges and/or revoking the card.

Management Response: The Town is in the process of reviewing the Procurement Manual to ensure all of auditor's comments are addressed.

2016-07 Reconciliation of Utility System receivables:

Observation: During procedures it was noted that the Town does not reconcile the receivable balances recorded in its accounting system with the monthly customer receivable reports provided by Broward County. As a result, the receivable balance reported at year end was incorrect.

Recommendation: The Town should reconcile the balances recorded in its accounting system with the monthly customer receivable reports provided by Broward County.

Management Response: The balances were reconciled at year end and a copy of the reconciliation was provided to the auditor. The Town will contact the auditor to determine if any further steps are necessary to satisfy their requirements.

2016-08 Reconciliation of balances in billing and receipt software with balances in accounting software:

Observation: The Town billing and receipt software is separate from its accounting software. During procedures it was noted that the Town does not reconcile customer balances in its billing and receipt system with the revenue, receivable and deposit account balances in the accounting system. As a result, at year end significant journal entries had to be proposed in order to agree balances in the accounting system to the billing and receipt system.

Recommendation: The Town should reconcile the balances in the billing and receipt system with the revenue, receivable and deposit account balances in the accounting system on a monthly basis.

Management Response: The Town of Pembroke Park is in the process of selecting new accounting software that will provide the appropriate reports to reconcile the account balances at year end.

2016-09 Accounts payable report:

Observation: During our fieldwork, the Town was unable to provide a report that detailed the invoices and vendors that make up the accounts payable balance at a point in time.

Recommendation: The Town should determine why the accounting software was not able to produce this report which is a standard report in all accounting software packages.

Management Response: The Town of Pembroke Park is in the process of selecting new accounting software that will provide the appropriate reports to reconcile the account balances at year end.

REPORT TO MANAGEMENT (Continued)

2016-10 Compensated Absences

Observation: During procedures it was noted that the accrued compensated absences were significantly understated in the prior fiscal year due to inaccurate application of benefit provisions in the Town Manager's contract indicating a full payout of accrued compensated time if terminated without cause.

Recommendation: The Town should ensure that all accrued benefit amounts are properly included in financial statement.

Management Response: The Compensated absences worksheet will be corrected. This oversight was due to a clerical error.

II. PRIOR YEAR FINDINGS

None

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2015.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2016, except as noted above.

3. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2016, except as noted above.

4. The name or official title and legal authority of the Town are disclosed in the notes to the financial statements.
5. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2016 financial audit report.
6. The Town has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
7. We applied financial condition assessment procedures and no deteriorating financial conditions were noted. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.