

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
TOWN OF PEMBROKE PARK, FLORIDA
FOR THE YEAR ENDED
SEPTEMBER 30, 2012

Prepared by the
Finance Department

TOWN OF PEMBROKE PARK, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the year ended September 30, 2012

TABLE OF CONTENTS

	<u>PAGES</u>
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 Auditors' Report	1-2
Management's Discussion and Analysis (Not Covered by Independent Auditors' Report)	3-10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures and Change in Fund Balance Budget and Actual - General Fund	17-20
Statement of Net Assets - Proprietary Funds	21
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	23-24
Statement of Fiduciary Net Assets - Pension Trust Fund	25
Statement of Changes in Fiduciary Net Assets - Pension Trust Fund	26

TOWN OF PEMBROKE PARK, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 for the year ended September 30, 2012
 (continued)

TABLE OF CONTENTS

	<u>PAGES</u>
Notes to the Financial Statements	27-46
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Funding Progress – Pension Trust Fund	47
Schedule of Contributions from Employer	48
Schedule of Funding Progress – Other Post-Employment Benefits Plan	49
STATISTICAL SECTION (NOT COVERED BY INDEPENDENT AUDITORS' REPORT):	50
Financial Trends:	
Table 1 - Net Assets by Component	51
Table 2 - Changes in Net Assets	52-55
Table 3 - Fund Balances of Governmental Funds	56
Table 4 - Changes in Fund Balances of Governmental Funds	57-58
Revenue Capacity:	
Table 5 - Assessed Value and Estimated Actual Value of Taxable Property	59
Table 6 - Direct and Overlapping Property Tax Rates	60
Table 7 - Principal Property Taxpayers	61
Table 8 - Property Tax Levies and Collections	62
Debt Capacity:	
Table 9 - Ratios of Outstanding Debt by Type	63
Table 10 - Ratios of General Bonded Debts Outstanding	64
Table 11 - Direct and Overlapping Governmental Activities Debt	65
Table 12 - Legal Debt Margin Information	66
Table 13 - Pledged Revenue Coverage	67-68
Demographic and Economic Information:	
Table 14 - Demographic and Economic Statistics	69
Table 15 - Principal Employers	70

TOWN OF PEMBROKE PARK, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the year ended September 30, 2012
(continued)

TABLE OF CONTENTS

	<u>PAGES</u>
Operating Information:	
Table 16 - Full-Time Equivalent Town Government Employees by Function/Program	71
Table 17 - Operating Indicators by Function/Program	72
Table 18 - Capital Asset Statistics by Function/Program	73
OTHER REPORTS OF INDEPENDENT AUDITORS AND RELATED SCHEDULES:	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	74-75
Independent Auditors' Report To Town Management	76-77
Schedule of Findings and Responses	78

INTRODUCTORY SECTION



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

Georgina Cohen
Vice Mayor

Annette Wexler
Clerk Commissioner

Howard P. Clark, Jr.
Commissioner

Emma Shoaff
Commissioner

Dr. Robert A. Levy
Town Manager

Christopher J. Ryan
Town Attorney

March 8, 2013

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, 2012. 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 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 Town of Pembroke Park is financially accountable. Although the Broward County Board of County Commissioners, Broward District School Board, and South Florida Water Management 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 6,099 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 \$ 543,293,247 and a taxable value per capita of approximately \$ 89,000. The 2011/2012 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 2011/2012 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 loss and damage for our Town's residents. This goal was accomplished by purchasing an emergency generator for the S.W. 25th Street stormwater pumping station. This project was funded by the 36th Year CDBG 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 S. W. 30th Avenue (South) Stormwater Improvement Project includes the construction of a drainage collection system and roadway improvements to alleviate flooding problems in this commercial business section of Town. This is a LPDM project that is FEMA funded. This project is scheduled to begin construction in May 2013 and to be completed in October 2013.
- The Town of Pembroke Park Sewer Lift Stations No. 14 and 17 are designed, permitted and shovel-ready. 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 is in conformance with new construction standards and is being constructed with permanent generators.
- The Town of Pembroke Park S.W. 30th Street Wastewater Project includes the rehabilitation of the 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.

- The Town of Pembroke Park S. W. 52nd Avenue Connection Project includes the construction of stormwater piping on County Line Road, and 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.

RELEVANT 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, 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 fiscal year end. Any lapsed capital outlay expenditures are re-appropriated in the next fiscal year. There was one amendment to the Fiscal Year 2011/2012 Budget subsequent to the initial budget adoption.

Revenue Policy:

The Town will attempt to maintain a diversified and stable revenue system to avoid reliance on any one revenue source and will attempt to minimize 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 previously implemented 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 Keefe, McCullough & Co., LLP, 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, 2011. This is the ninth 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.

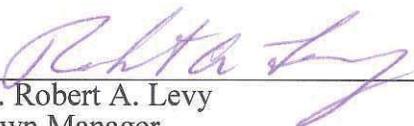
In order to be awarded a Certificate of Achievement, the Town must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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. Rodríguez, CPA, CGFO
Finance and Budget Director

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



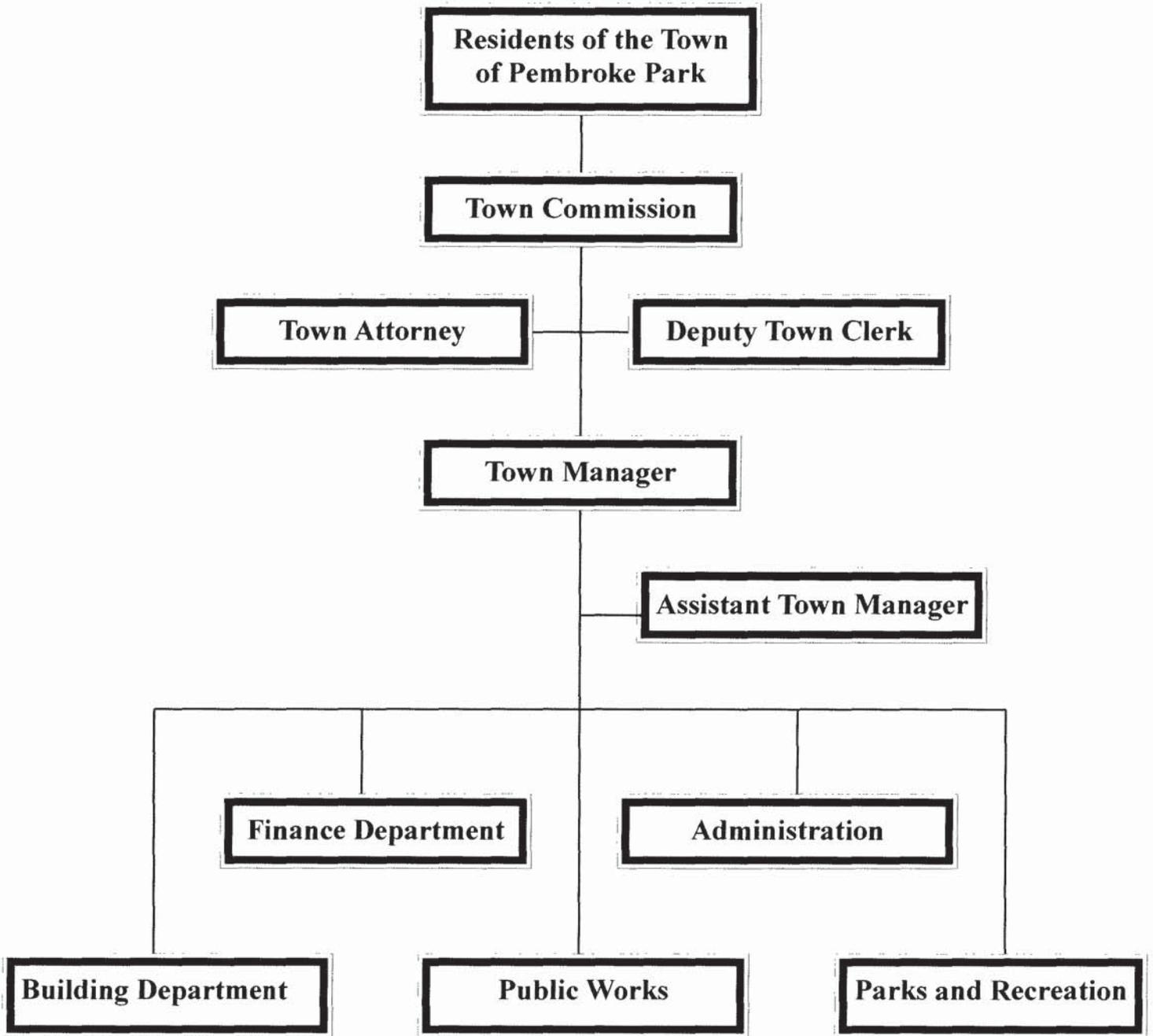
Christopher P. Moynell

President

Jeffrey R. Emer

Executive Director

TOWN OF PEMBROKE PARK, FLORIDA



TOWN OF PEMBROKE PARK, FLORIDA
LIST OF PRINCIPAL OFFICIALS
September 30, 2012

COMMISSION FORM OF GOVERNMENT

TOWN COMMISSION

ASHIRA MOHAMMED, Mayor – District 5

GEORGINA COHEN, Vice Mayor – District 1

ANNETTE WEXLER, Clerk Commissioner – District 4

HOWARD P. CLARK JR, Commissioner– District 2

EMMA SHOAFF, Commissioner – District 3

TOWN MANAGER

DR. ROBERT A. LEVY

TOWN ATTORNEY

CHRISTOPHER J. RYAN, ESQ.

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Town of Pembroke Park, Florida (the "Town"), as of and for the year ended September 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town at September 30, 2012, and the respective changes in financial position and, where applicable, cash flows and the respective budgetary comparison for the General Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2013, on our consideration of the Town's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Town of Pembroke Park, Florida

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 3 through 10 and other required supplementary information and on pages 47 through 49 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The introductory section, and statistical section, are presented for purposes of additional analysis and are not a required part of the 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.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
March 8, 2013

TOWN OF PEMBROKE PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012

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, 2012:

- The net assets amount of \$ 18,052,415 is the result of total assets less liabilities. Governmental net assets were \$ 8,502,592 and business-type net assets were \$ 9,549,823.
- The Town's revenues for governmental activities were \$ 8,597,478. Expenses for governmental activities were \$ 9,141,595.
- At the close of the fiscal year, the Town's governmental fund reported an ending fund balance of \$ 4,363,413, a decrease of \$ 422,756 from the prior year. At the beginning of the fiscal year, the Town anticipated to use \$ 489,496 of reserves to fund fiscal year's 2011/12 expenditures. At the end of the year the Town spent \$ 422,756 of the forecasted reserves.
- In the General Fund, ad valorem tax revenues collected during the fiscal year decreased from the previous year's collections by \$ 114,522. The Town's property value declined following the decline in property values at the national level.
- Charges for wastewater and drainage service in the Town's enterprise funds decreased by \$ 104,539 during fiscal year 2011/2012 due to a decline in consumption.
- Total revenues for business-type activities decreased by \$ 69,723 over the prior year. The decrease is a result of a decrease in sewer and stormwater operating revenues. The Town did not receive a significant amount of grant revenue during fiscal year 2011/2012.

TOWN HIGHLIGHTS

During fiscal year ended September 30, 2012, the Town continued working on several upgrades of the sanitary sewer and storm water systems.

TOWN OF PEMBROKE PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012

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 assets presents information on all the Town's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets 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 assets changed during the year. All changes in net assets 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 District 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.

TOWN OF PEMBROKE PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012

The fiduciary fund statements can be found on pages 25 and 26 of this report and a more detailed description of the Town's pension trust fund may be found in Note 7 to financial statements.

Notes to the financial statements:

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

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 assets totaled \$ 18,052,415 as of September 30, 2012. Governmental activities net assets totaled \$ 8,502,592 and business-type activities net assets totaled \$ 9,549,823. The following table presents condensed Statements of Net Assets:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
CURRENT AND OTHER ASSETS	\$ 5,710,406	\$ 6,178,924	\$ 4,842,395	\$ 4,682,936	\$ 10,552,801	\$ 10,861,860
CAPITAL ASSETS (NET)	<u>4,025,893</u>	<u>4,081,370</u>	<u>9,739,801</u>	<u>10,197,890</u>	<u>13,765,694</u>	<u>14,279,260</u>
Total assets	<u>9,736,299</u>	<u>10,260,294</u>	<u>14,582,196</u>	<u>14,880,826</u>	<u>24,318,495</u>	<u>25,141,120</u>
CURRENT LIABILITIES	1,025,056	1,000,618	904,545	952,334	1,929,601	1,952,952
NONCURRENT LIABILITIES	<u>208,651</u>	<u>212,967</u>	<u>4,127,828</u>	<u>4,140,069</u>	<u>4,336,479</u>	<u>4,353,036</u>
Total liabilities	<u>1,233,707</u>	<u>1,213,585</u>	<u>5,032,373</u>	<u>5,092,403</u>	<u>6,266,080</u>	<u>6,305,988</u>
NET ASSETS:						
Invested in capital assets, net of related debt	4,001,459	4,025,566	5,219,430	5,311,092	9,220,889	9,336,658
Restricted	196,653	117,330	60,152	68,240	256,805	185,570
Unrestricted	<u>4,304,480</u>	<u>4,903,813</u>	<u>4,270,241</u>	<u>4,409,091</u>	<u>8,574,721</u>	<u>9,312,904</u>
Total net assets	<u>\$ 8,502,592</u>	<u>\$ 9,046,709</u>	<u>\$ 9,549,823</u>	<u>\$ 9,788,423</u>	<u>\$ 18,052,415</u>	<u>\$ 18,835,132</u>

Unrestricted net assets is that portion of net assets that can be used to finance daily operations without constraints established by debt covenants, enabling legislation, or other legal requirements, and it amounted to \$ 8,574,721 on September 30, 2012. A decline in the economy resulted in a decrease in revenues for governmental activities of \$ 361,352. A decrease in the Town's taxable value resulted in a decrease in collections for Ad Valorem of \$ 114,522, combined with a decrease in collections for services provided by the Town of \$ 70,425, a slightly higher demand for other Taxes and fees collected by the Town of \$ 14,348 combined with an increase in revenues collected for grant revenues of \$ 88,222 resulted in the decrease in revenues for the year.

TOWN OF PEMBROKE PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
REVENUES:						
Program revenues:						
Charges for services	\$ 954,478	\$ 1,025,501	\$ 2,795,965	\$ 2,900,504	\$ 3,750,443	\$ 3,926,005
Capital grants and contributions	64,204	274,985	61,089	21,967	125,293	296,952
General revenues:						
Property taxes	4,437,412	4,551,336	-	-	4,437,412	4,551,336
Other taxes and fees	1,798,713	1,784,365	-	-	1,798,713	1,784,365
Intergovernmental	845,425	848,501	-	-	845,425	848,501
Other general revenues	497,246	472,341	52,948	57,254	550,194	529,595
Total revenues	8,597,478	8,957,029	2,910,002	2,979,725	11,507,480	11,936,754
PROGRAM EXPENSES:						
General government	2,287,814	2,366,244	-	-	2,287,814	2,366,244
Public safety	5,856,614	6,000,840	-	-	5,856,614	6,000,840
Physical environment	241,329	230,590	-	-	241,329	230,590
Culture and recreation	267,805	286,097	-	-	267,805	286,097
Public works	484,853	490,310	-	-	484,853	490,310
Interest expense	3,180	4,715	-	-	3,180	4,715
Sewer utility	-	-	2,135,075	2,047,307	2,135,075	2,047,307
Stormwater drainage	-	-	1,013,527	908,166	1,013,527	908,166
Total expenses	9,141,595	9,378,796	3,148,602	2,955,473	12,290,197	12,334,269
Change in net assets	(544,117)	(421,767)	(238,600)	24,252	(782,717)	(397,515)
Net assets, beginning of year, as restated	9,046,709	9,468,476	9,788,423	9,764,171	18,835,132	19,232,647
Net assets, end of year	\$ 8,502,592	\$ 9,046,709	\$ 9,549,823	\$ 9,788,423	\$ 18,052,415	\$ 18,835,132

The Town experienced a decrease in the net assets of governmental activities of \$ 544,117, and a decrease in net assets in business-type activities of \$ 238,600. Following the whole nation's trend toward an economic downturn, taxable value for the Town decreased; as a result, tax revenues have decreased in association with a moderate decrease in property values. The tax millage rate remains unchanged for the past twelve 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.

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, accounting for approximately 51% of fund revenues in fiscal year 2011/2012. The millage rate is a rate charged per thousand dollars of assessed property value net of exemptions.

TOWN OF PEMBROKE PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012

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. In conjunction with the downturn of the global economy, the Town's taxable value slightly decreased during fiscal year 2011/2012.

The Town experienced a decrease in revenues of \$ 69,723 for the business type funds. Operating revenue which includes charges for services and miscellaneous income decreased by \$ 104,539 due to a decrease in consumption in sewer and stormwater charges. The decline in revenue generated from investments is consistent with the decline in the economy. Grant revenue increased slightly by \$ 39,122.

General discussion on expenses:

Expenses for the governmental and business type activities were \$ 9,141,595 and \$ 3,148,602, respectively. One of the Town's major expenses is the payment to Broward County for police and fire rescue which accounts for 58% of the total expenditures for the General Fund.

The number of personnel working for the Town has remained stable over the past seven years. The decrease in General Government of \$ 80,231 represents a decrease in the percentage for the employer required contribution that the Town makes to the Florida Retirement System on behalf of Town employees.

Program expenses for business type activities funds increased by \$ 193,129. The most significant expense for the Sewer Fund is the payment made to the City of Hollywood for processing sewage for the Town which increased by \$ 186,204 for the year. Other expenses fluctuated in either direction creating the net increase on expenses for both funds.

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.

The General Fund is the chief operating fund of the Town. At the end of the fiscal year ended September 30, 2012, unassigned fund balance of the General Fund was \$ 3,155,532. 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 35% of the expenditures in the General Fund.

The total fund balance in the Town's General Fund decreased from \$ 4,786,169 to \$ 4,363,413 during the current fiscal year, a difference of \$ 422,756. The key factors in this change are included in the next section entitled, "General Fund Budgetary Highlights."

TOWN OF PEMBROKE PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012

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 assets of the Enterprise Funds amounted to \$ 9,549,823 at the end of the fiscal year ended September 30, 2012, a decrease of \$ 238,600 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 at the end of the year. Changes and amendments to the budget must be approved by the Commission. The original budget was amended to update for unanticipated revenues and expenditures noted below. 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.

General Fund revenues were \$ 303,712 less than the original budget projections. The major variances between the original budget and actual amounts in the General Fund are as follows:

The Town collected a total of \$ 223,635 less than what was originally budgeted for Ad Valorem Taxes. Collection for current taxes was \$ 225,413 less than the budgeted amount and delinquent taxes were \$ 9,291 more than the amount originally budgeted. The decrease on current collections, the increase on delinquent taxes and the decrease of \$ 3,513 less than the budget amount for interest are consistent with the downturn and slow rebound in the economy.

The Town collected \$ 59,117 more than what was originally budgeted for Local Option gas taxes. The original estimate is provided by the Florida Department of Financial Services.

Collections for franchise fees were less than what was originally budgeted by \$ 56,621. Collections for franchise fees for electric service decreased by \$ 7,388 while fees for garbage decreased by \$ 49,233 from the original budget.

Collections for utility service taxes were greater than what was originally forecasted on the budget by \$ 94,036. Collections for electricity and water taxes were greater by \$ 35,499 and \$ 44,893, respectively. In addition collections for gas were greater by \$ 13,644 than what was originally budgeted for. These increases were due to a higher demand for utility services.

Collections for licenses and permits were greater than the budgeted amounts. The variance of \$ 34,772 was primarily due to the increase in demand for building permits and building inspections for the year.

Collections for intergovernmental revenues were greater than the budgeted amounts. The variance of \$ 26,843 was mainly due to an increase in collections for communication service tax of \$ 28,266.

Grant revenues were approximately \$ 213,980 less than the original budgeted amount because grant received during the fiscal year were less than the anticipated amount.

TOWN OF PEMBROKE PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012

Some of the additional variances noted on revenues are as follows. Interest income on investment was less than the budgeted amount by \$ 73,056 due to a change in the anticipated performance of investments for the fiscal year. The variance for collections for fines and forfeitures was greater than the budgeted amount by \$ 28,263. Revenue for fines and forfeitures is hard to predict because collections may change from year to year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Town had \$ 13,765,694 net of depreciation invested in capital assets on September 30, 2012. The following schedule summarizes capital asset activity over the past fiscal year:

For more detailed information, please refer to the notes to the financial statements on pages 36 and 37:

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Capital assets, not being depreciated:						
Land	\$ 2,120,064	\$ 2,120,064	\$ -	\$ -	\$ 2,120,064	\$ 2,120,064
Construction in progress	385	25,783	313,120	506,052	313,505	531,835
Total capital assets not being depreciated	<u>2,120,449</u>	<u>2,145,847</u>	<u>313,120</u>	<u>506,052</u>	<u>2,433,569</u>	<u>2,651,899</u>
Capital assets being depreciated:						
Buildings	984,935	984,935	-	-	984,935	984,935
Improvements other than buildings	2,925,490	2,766,114	-	-	2,925,490	2,766,114
Infrastructure	-	-	15,848,698	15,370,778	15,848,698	15,370,778
Machinery and equipment	907,006	970,294	59,795	59,795	966,801	1,030,089
Total capital assets being depreciated	<u>4,817,431</u>	<u>4,721,343</u>	<u>15,908,493</u>	<u>15,430,573</u>	<u>20,725,924</u>	<u>20,151,916</u>
Less accumulated depreciation for:						
Buildings	827,345	807,646	-	-	827,345	807,646
Improvements other than buildings	1,278,817	1,149,601	-	-	1,278,817	1,149,601
Infrastructure	-	-	6,422,017	5,678,940	6,422,017	5,678,940
Machinery and equipment	805,825	828,573	59,795	59,795	865,620	888,368
Total accumulated depreciation	<u>2,911,987</u>	<u>2,785,820</u>	<u>6,481,812</u>	<u>5,738,735</u>	<u>9,393,799</u>	<u>8,524,555</u>
Total capital assets being depreciated, net	<u>1,905,444</u>	<u>1,935,523</u>	<u>9,426,681</u>	<u>9,691,838</u>	<u>11,332,125</u>	<u>11,627,361</u>
Total capital assets, net	<u>\$ 4,025,893</u>	<u>\$ 4,081,370</u>	<u>\$ 9,739,801</u>	<u>\$ 10,197,890</u>	<u>\$ 13,765,694</u>	<u>\$ 14,279,260</u>

**TOWN OF PEMBROKE PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012**

The Town will continue 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 2011/2012, the Town continued upgrades on the sewer system. Funding for these projects was provided through a combination of federal and state grants

Debt:

The Town had debt totaling \$ 4,813,892 at September 30, 2012. This amount includes compensated absences. Total debt outstanding at the end of the prior fiscal year was \$ 5,195,341. For more detailed information, please refer to the notes to the financial statements on pages 38 and 39.

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Compensated absences	\$ 241,674	\$ 222,890	\$ 27,413	\$ 29,849	\$ 269,087	\$ 252,739
Capital lease	24,434	55,804	-	-	24,434	55,804
Note payable	-	-	2,211,371	2,551,798	2,211,371	2,551,798
Bonds payable	-	-	2,309,000	2,335,000	2,309,000	2,335,000
	<u>\$ 266,108</u>	<u>\$ 278,694</u>	<u>\$ 4,547,784</u>	<u>\$ 4,916,647</u>	<u>\$ 4,813,892</u>	<u>\$ 5,195,341</u>

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 a modest downturn in the local economy. A major factor contributing to this has been the decrease in property values at the national level and a higher rate of unemployment. While the decrease in taxable value has been modest for our Town, it has followed several years of extraordinary increases, during which time it has allowed the Town to build up a sizeable 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 continue to 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.

TOWN OF PEMBROKE PARK, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Current assets:			
Equity in pooled cash, cash equivalents and investments	\$ 4,683,884	\$ 4,365,577	\$ 9,049,461
Accounts receivable, net	444,551	454,028	898,579
Due from other governments	136,721	10,221	146,942
Due from Pension Trust Fund	5,487	-	5,487
Prepaid expenses	53,444	12,569	66,013
Total current assets	<u>5,324,087</u>	<u>4,842,395</u>	<u>10,166,482</u>
Noncurrent assets:			
Net pension asset	386,319	-	386,319
Capital assets:			
Non-depreciable	2,120,449	313,120	2,433,569
Depreciable	1,905,444	9,426,681	11,332,125
Total noncurrent assets	<u>4,412,212</u>	<u>9,739,801</u>	<u>14,152,013</u>
Total assets	<u>9,736,299</u>	<u>14,582,196</u>	<u>24,318,495</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	643,261	459,135	1,102,396
Payroll liabilities	62,313	9,665	71,978
Accrued liabilities	8,809	15,789	24,598
Unearned revenue	232,664	-	232,664
Deposits	13,627	-	13,627
Current portion of compensated absences payable	48,335	5,483	53,818
Current portion of debt	16,047	414,473	430,520
Total current liabilities	<u>1,025,056</u>	<u>904,545</u>	<u>1,929,601</u>
Noncurrent liabilities:			
OPEB Liability	6,925	-	6,925
Compensated absences payable	193,339	21,930	215,269
Debt	8,387	4,105,898	4,114,285
Total noncurrent liabilities	<u>208,651</u>	<u>4,127,828</u>	<u>4,336,479</u>
Total liabilities	<u>1,233,707</u>	<u>5,032,373</u>	<u>6,266,080</u>
NET ASSETS:			
Invested in capital assets, net of related debt	4,001,459	5,219,430	9,220,889
Restricted for:			
Law enforcement	196,653	-	196,653
Debt service	-	60,152	60,152
Unrestricted	4,304,480	4,270,241	8,574,721
Total net assets	<u>\$ 8,502,592</u>	<u>\$ 9,549,823</u>	<u>\$ 18,052,415</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, 2012

	Program Revenues			Net Revenue (Expense) and Change in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS:							
Primary government:							
Governmental activities:							
General government	\$ 2,287,814	\$ 139,826	\$ -	\$ -	\$ (2,147,988)	\$ -	\$ (2,147,988)
Public safety	5,856,614	811,552	-	-	(5,045,062)	-	(5,045,062)
Physical environment	241,329	-	-	-	(241,329)	-	(241,329)
Public Works	267,805	-	-	64,204	(203,601)	-	(203,601)
Culture and recreation	484,853	3,100	-	-	(481,753)	-	(481,753)
Interest expense	3,180	-	-	-	(3,180)	-	(3,180)
Total governmental activities	9,141,595	954,478	-	64,204	(8,122,913)	-	(8,122,913)
Business-type activities:							
Sewer utility	2,135,075	1,894,194	-	11,730	-	(229,151)	(229,151)
Stormwater drainage district	1,013,527	901,771	-	49,359	-	(62,397)	(62,397)
Total business-type activities	3,148,602	2,795,965	-	61,089	-	(291,548)	(291,548)
Total primary government	\$ 12,290,197	\$ 3,750,443	\$ -	\$ 125,293	(8,122,913)	(291,548)	(8,414,461)
		General revenues:					
		Taxes:					
		Ad Valorem taxes			4,437,412	-	4,437,412
		Local option gas tax			104,848	-	104,848
		Franchise taxes			815,829	-	815,829
		Utility service taxes			878,036	-	878,036
		Unrestricted intergovernmental revenues			845,425	-	845,425
		Interest income			66,944	52,948	119,892
		Miscellaneous			428,501	-	428,501
		Gain on disposal of capital asset			1,801	-	1,801
		Total general revenues			7,578,796	52,948	7,631,744
		Change in net assets			(544,117)	(238,600)	(782,717)
		Net assets at beginning of year			9,046,709	9,788,423	18,835,132
		Net assets at end of year			\$ 8,502,592	\$ 9,549,823	\$ 18,052,415

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

TOWN OF PEMBROKE PARK, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUND
September 30, 2012

	General Fund
ASSETS:	
Equity in pooled cash, cash equivalents and investments	\$ 4,683,884
Accounts receivable, net of allowances	444,551
Due from other governments	136,721
Due from Pension Trust	5,487
Prepaid expenditures	53,444
Total assets	\$ 5,324,087
 LIABILITIES AND FUND BALANCE:	
Liabilities:	
Accounts payable	\$ 643,261
Payroll liabilities	62,313
Accrued liabilities	8,809
Unearned revenue	232,664
Deposits	13,627
Total liabilities	960,674
 Fund balance:	
Nonspendable:	
Prepaid expenditures	53,444
Restricted for:	
Law enforcement	196,653
Committed to:	
Retirement benefits	303,265
Assigned to:	
Subsequent years budget	654,519
Unassigned	3,155,532
Total fund balance	4,363,413
Total liabilities and fund balance	\$ 5,324,087

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 ASSETS
September 30, 2012

FUND BALANCE - GOVERNMENTAL FUND, PAGE 13		\$ 4,363,413
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund:</p>		
The cost of capital assets is	\$ 6,937,880	
Accumulated depreciation is	<u>(2,911,987)</u>	4,025,893
<p>Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund:</p>		
Net pension asset		386,319
<p>Certain liabilities are not due and payable in the current period and, therefore, are not reported in the fund:</p>		
Net OPEB liability		(6,925)
Capital lease payable		(24,434)
Compensated absences payable		<u>(241,674)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 11		\$ <u><u>8,502,592</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, 2012

	<u>General Fund</u>
REVENUES:	
Ad valorem taxes	\$ 4,437,412
Local option gas tax	104,848
Franchise taxes	815,829
Utility Service taxes	878,036
Licenses and permits	641,272
Intergovernmental revenues	766,084
Charges for services	287,850
Fines and forfeitures	106,263
Grant revenues	64,204
Interest income	66,944
Miscellaneous revenues	<u>426,935</u>
Total revenues	<u>8,595,677</u>
EXPENDITURES:	
Current:	
General government	2,154,195
Public safety	5,850,239
Physical environment	232,278
Public works	227,610
Culture and recreation	374,191
Capital outlay	157,322
Debt service:	
Principal	31,370
Interest	<u>3,180</u>
Total expenditures	<u>9,030,385</u>
Excess (deficiency) of revenues over expenditures	(434,708)
OTHER FINANCING SOURCES:	
Proceeds from sale of capital assets	<u>11,952</u>
Net change in fund balance	(422,756)
FUND BALANCE AT BEGINNING OF YEAR	<u>4,786,169</u>
FUND BALANCE AT END OF YEAR	<u>\$ 4,363,413</u>

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

TOWN OF PEMBROKE PARK, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2012

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND, PAGE 15 \$ (422,756)

Amounts reported for governmental activities in the statement of activities are different because:

The governmental fund reports capital outlays as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives:

Expenditures for capital assets	\$ 157,322	
Less current year provision for depreciation	<u>(202,648)</u>	(45,326)

In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental fund, only the proceeds from the disposal are reported:

Net book value of assets disposed during year	(10,151)
---	----------

Repayment of debt principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net assets:

Principal payments	31,370
--------------------	--------

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 the governmental fund:

Change in compensated absences payable	(18,784)
Change in net pension asset	(76,263)
Change in OPEB Liability	<u>(2,207)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 12 \$ (544,117)

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

TOWN OF PEMBROKE PARK, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts Budgetary	Variance
	Original	Final	Basis	
REVENUES:				
Ad valorem taxes:				
Current	\$ 4,573,047	\$ 4,347,634	\$ 4,347,634	\$ -
Delinquent	80,000	89,291	89,291	-
Interest	4,000	487	487	-
CSX	4,000	-	-	-
Total ad valorem taxes	<u>4,661,047</u>	<u>4,437,412</u>	<u>4,437,412</u>	<u>-</u>
Non ad valorem assessments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Local option gas tax	<u>45,731</u>	<u>104,848</u>	<u>104,848</u>	<u>-</u>
Franchise taxes:				
Electric	565,000	557,612	557,612	-
Garbage	289,000	239,767	239,767	-
Towing	10,000	10,000	10,000	-
Bus stop	8,450	8,450	8,450	-
Total franchise taxes	<u>872,450</u>	<u>815,829</u>	<u>815,829</u>	<u>-</u>
Utility service taxes:				
Electric	595,000	630,499	630,499	-
Water	180,000	224,893	224,893	-
Gas	9,000	22,644	22,644	-
Total utility service taxes	<u>784,000</u>	<u>878,036</u>	<u>878,036</u>	<u>-</u>
Licenses and permits:				
Building permits	120,000	145,605	145,605	-
Occupational licenses	123,000	139,826	139,826	-
Processing fees	95,000	72,497	72,497	-
Building inspections	78,000	99,444	99,444	-
Sign fees	50,000	35,657	35,657	-
Electrical permits	35,000	40,237	40,237	-
Mechanical permits	35,000	35,395	35,395	-
Other licenses and permits	16,500	17,991	17,991	-
Certificate of use	24,000	28,017	28,017	-
Plumbing permits	20,000	12,093	12,093	-
Zoning and variance fees	10,000	14,510	14,510	-
Total licenses and permits	<u>606,500</u>	<u>641,272</u>	<u>641,272</u>	<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
CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
(continued)

For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts Budgetary	Variance
	Original	Final	Basis	
Intergovernmental revenues:				
State sales tax	336,501	335,392	335,392	-
Communication tax	285,128	256,862	256,862	-
State revenue sharing	155,298	160,760	160,760	-
Alcoholic beverage licenses	9,000	6,743	6,743	-
Mobile home licenses	7,000	6,327	6,327	-
	<u>792,927</u>	<u>766,084</u>	<u>766,084</u>	<u>-</u>
Total intergovernmental revenues				
Charges for services:				
EMS transport fees	236,000	237,252	237,252	-
Other charges	40,000	38,353	36,003	(2,350)
Penalty and late charges	10,000	4,879	4,879	-
Impact Fees	-	1,566	1,566	-
Rental fees	3,900	3,100	3,100	-
False alarm fee	3,000	5,050	5,050	-
	<u>292,900</u>	<u>290,200</u>	<u>287,850</u>	<u>(2,350)</u>
Total charges for services				
Fines and forfeitures:				
Forfeitures and seizures	30,000	79,341	79,341	-
Code enforcement fines	18,000	5,453	5,453	-
Other fines	30,000	21,469	21,469	-
	<u>78,000</u>	<u>106,263</u>	<u>106,263</u>	<u>-</u>
Total fines and forfeitures				
Grant revenues	278,184	64,204	64,204	-
Interest income	140,000	66,944	66,944	-
Other miscellaneous revenue	350,000	426,935	426,935	-
	<u>8,901,739</u>	<u>8,598,027</u>	<u>8,595,677</u>	<u>(2,350)</u>
Total revenues				
EXPENDITURES:				
Current:				
General government:				
Mayor and Commission:				
Personal services	326,521	320,667	320,667	-
Operating expenditures	23,670	18,269	18,269	-
Capital outlay	2,000	948	948	-
	<u>352,191</u>	<u>339,884</u>	<u>339,884</u>	<u>-</u>
Total Mayor and Commission				

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

TOWN OF PEMBROKE PARK, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
(continued)
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts Budgetary	Variance
	Original	Final	Basis	
Financial and administrative:				
Personal services	1,038,626	979,930	979,930	-
Operating expenditures	146,891	119,465	119,465	-
Capital outlay	7,000	1,570	1,570	-
Total financial and administrative	<u>1,192,517</u>	<u>1,100,965</u>	<u>1,100,965</u>	<u>-</u>
Town attorney:				
Operating expenditures	130,136	100,177	100,177	-
Total Town attorney	<u>130,136</u>	<u>100,177</u>	<u>100,177</u>	<u>-</u>
Comprehensive planning:				
Operating expenditures	184,580	214,227	214,227	-
Total comprehensive planning	<u>184,580</u>	<u>214,227</u>	<u>214,227</u>	<u>-</u>
Non departmental:				
Operating expenditures	363,582	401,460	401,460	-
Capital outlay	-	11,892	11,892	-
Total nondepartmental	<u>363,582</u>	<u>413,352</u>	<u>413,352</u>	<u>-</u>
Total general government	<u>2,223,006</u>	<u>2,168,605</u>	<u>2,168,605</u>	<u>-</u>
Public safety:				
Police:				
Operating expenditures	2,478,483	2,543,264	2,543,264	-
Total police	<u>2,478,483</u>	<u>2,543,264</u>	<u>2,543,264</u>	<u>-</u>
Fire control:				
Operating expenditures	2,720,681	2,720,680	2,720,680	-
Total fire control	<u>2,720,681</u>	<u>2,720,680</u>	<u>2,720,680</u>	<u>-</u>
Protective inspections:				
Personal services	578,416	516,322	516,322	-
Operating expenditures	110,109	69,973	69,973	-
Capital outlay	5,000	1,515	1,515	-
Total protective inspections	<u>693,525</u>	<u>587,810</u>	<u>587,810</u>	<u>-</u>
Total public safety	<u>5,892,689</u>	<u>5,851,754</u>	<u>5,851,754</u>	<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
CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND

(continued)

For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance
	Original	Final		
Physical environment:				
Code enforcement:				
Personal services	227,212	209,679	209,679	-
Operating expenditures	24,484	22,599	22,599	-
Capital outlay	2,000	225	225	-
Total physical environment	<u>253,696</u>	<u>232,503</u>	<u>232,503</u>	<u>-</u>
Public works:				
Road and street facilities:				
Personal services	123,266	125,720	125,720	-
Operating expenditures	139,922	101,890	101,890	-
Capital outlay	328,184	136,372	136,372	-
Total public works	<u>591,372</u>	<u>363,982</u>	<u>363,982</u>	<u>-</u>
Culture and recreation:				
Parks and recreation:				
Personal services	317,573	314,483	314,483	-
Operating expenditures	67,400	59,708	59,708	-
Capital outlay	5,000	4,800	4,800	-
Total culture and recreation	<u>389,973</u>	<u>378,991</u>	<u>378,991</u>	<u>-</u>
Debt service:				
Principal	32,650	19,418	31,370	(11,952)
Interest	7,850	3,180	3,180	-
Total debt service	<u>40,500</u>	<u>22,598</u>	<u>34,550</u>	<u>(11,952)</u>
Total expenditures	<u>9,391,236</u>	<u>9,018,433</u>	<u>9,030,385</u>	<u>(11,952)</u>
Excess (deficiency) of revenues over expenditures	(489,497)	(420,406)	(434,708)	(14,302)
OTHER FINANCING SOURCES:				
Proceeds from sale of capital assets	-	-	11,952	11,952
Net change in fund balance	<u><u>(489,497)</u></u>	<u><u>(420,406)</u></u>	<u><u>(422,756)</u></u>	<u><u>(2,350)</u></u>

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

TOWN OF PEMBROKE PARK, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2012

	Business-Type Activities - Enterprise Funds Major Funds		Total
	Sewer Utility Fund	Stormwater Drainage District Fund	
ASSETS:			
Current assets:			
Equity in pooled cash, cash equivalents and investments	\$ 2,269,938	\$ 2,095,639	\$ 4,365,577
Accounts receivable, net	335,818	118,210	454,028
Due from other governments	-	10,221	10,221
Prepaid expenses	9,376	3,193	12,569
Total current assets	<u>2,615,132</u>	<u>2,227,263</u>	<u>4,842,395</u>
Non current assets:			
Capital assets, not being depreciated	-	313,120	313,120
Capital assets, being depreciated, net	4,447,113	4,979,568	9,426,681
Total non current assets	<u>4,447,113</u>	<u>5,292,688</u>	<u>9,739,801</u>
Total assets	<u>7,062,245</u>	<u>7,519,951</u>	<u>14,582,196</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	195,293	263,842	459,135
Payroll liabilities	7,556	2,109	9,665
Accrued interest payable	8,418	7,371	15,789
Current portion of compensated absences payable	2,247	3,236	5,483
Current portion of debt	28,000	386,473	414,473
Total current liabilities	<u>241,514</u>	<u>663,031</u>	<u>904,545</u>
Noncurrent liabilities:			
Compensated absences payable	13,929	8,001	21,930
Debt	2,281,000	1,824,898	4,105,898
Total noncurrent liabilities	<u>2,294,929</u>	<u>1,832,899</u>	<u>4,127,828</u>
Total liabilities	<u>2,536,443</u>	<u>2,495,930</u>	<u>5,032,373</u>
NET ASSETS:			
Invested in capital assets, net of related debt	2,138,113	3,081,317	5,219,430
Restricted for debt service	60,152	-	60,152
Unrestricted	2,327,537	1,942,704	4,270,241
Total net assets	<u>\$ 4,525,802</u>	<u>\$ 5,024,021</u>	<u>\$ 9,549,823</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 ASSETS
PROPRIETARY FUNDS
For the Year Ended September 30, 2012

	Business-Type Activities - Enterprise Funds Major Funds		Total
	Sewer Utility Fund	Stormwater Drainage District Fund	
OPERATING REVENUES:			
Charges for services	\$ 1,894,194	\$ 901,771	\$ 2,795,965
Total operating revenues	1,894,194	901,771	2,795,965
OPERATING EXPENSES:			
Contractual services	1,058,867	103,104	1,161,971
Provision for depreciation	306,942	436,135	743,077
Personnel services	268,161	168,900	437,061
Administrative services	189,419	90,177	279,596
Maintenance and repairs	70,935	34,461	105,396
Insurance premiums	54,430	37,497	91,927
Utilities	45,369	21,112	66,481
Miscellaneous expenses	38,796	26,569	65,365
Total operating expenses	2,032,919	917,955	2,950,874
Operating loss	(138,725)	(16,184)	(154,909)
NONOPERATING REVENUES (EXPENSES):			
Impact fees	11,730	11,570	23,300
Interest income	26,474	26,474	52,948
Interest expense	(102,156)	(95,572)	(197,728)
Total nonoperating revenues (expenses)	(63,952)	(57,528)	(121,480)
CAPITAL CONTRIBUTIONS	-	37,789	37,789
Changes in net assets	(202,677)	(35,923)	(238,600)
NET ASSETS AT BEGINNING OF YEAR	4,728,479	5,059,944	9,788,423
NET ASSETS AT END OF YEAR	\$ 4,525,802	\$ 5,024,021	\$ 9,549,823

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, 2012

	Business-Type Activities - Enterprise Funds Major Funds		
	Sewer Utility Fund	Stormwater Drainage District Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers, users and other	\$ 1,958,513	\$ 897,244	\$ 2,855,757
Cash paid to employees for services	(274,631)	(166,828)	(441,459)
Cash paid to suppliers for goods and services	<u>(1,420,824)</u>	<u>(311,497)</u>	<u>(1,732,321)</u>
Net cash provided by operating activities	<u>263,058</u>	<u>418,919</u>	<u>681,977</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Cash received from capital contributions	-	27,568	27,568
Cash received from impact fees	11,730	11,570	23,300
Purchase of capital assets	-	(31,139)	(31,139)
Principal payments on debt	(26,000)	(340,427)	(366,427)
Interest paid	<u>(102,252)</u>	<u>(88,201)</u>	<u>(190,453)</u>
Net cash used in capital and related financing activities	<u>(116,522)</u>	<u>(420,629)</u>	<u>(537,151)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	<u>26,474</u>	<u>26,474</u>	<u>52,948</u>
Net increase in cash and equity in pooled cash	173,010	24,764	197,774
CASH AND EQUITY IN POOLED CASH AT BEGINNING OF YEAR	<u>2,096,928</u>	<u>2,070,875</u>	<u>4,167,803</u>
CASH AND EQUITY IN POOLED CASH AT END OF YEAR	<u>\$ 2,269,938</u>	<u>\$ 2,095,639</u>	<u>\$ 4,365,577</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, 2012

	Business-Type Activities - Enterprise Funds		Total
	Sewer Utility Fund	Stormwater Drainage District Fund	
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED OPERATING ACTIVITIES:			
Operating loss	\$ (138,725)	\$ (16,184)	\$ (154,909)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Provision for depreciation	306,942	436,135	743,077
(Increase) decrease in:			
Accounts receivable	64,320	(4,527)	59,793
Prepaid expenses	(8,691)	(2,565)	(11,256)
Increase (decrease) in:			
Accounts payable	45,682	3,988	49,670
Payroll liabilities	(201)	(1,761)	(1,962)
Compensated absences payable	(6,269)	3,833	(2,436)
	401,783	435,103	836,886
Total adjustments			
Net cash provided by operating activities	\$ 263,058	\$ 418,919	\$ 681,977

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

TOWN OF PEMBROKE PARK, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUND
September 30, 2012

ASSETS:	
Accounts receivable	\$ 82,875
Investments - mutual funds	<u>1,079,901</u>
Total Assets	<u>1,162,776</u>
LIABILITIES:	
Due to Town	<u>5,487</u>
NET ASSETS:	
Held in trust for pension benefits	<u><u>\$ 1,157,289</u></u>

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

TOWN OF PEMBROKE PARK, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUND
 For the Year Ended September 30, 2012

ADDITIONS:	
Employer contributions	\$ 82,875
Investment income, net	<u>153,700</u>
Total additions	<u>236,575</u>
 DEDUCTIONS:	
Benefit payments	<u>29,411</u>
Change in net assets	207,164
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
October 1, 2011	<u>950,125</u>
September 30, 2012	<u><u>\$ 1,157,289</u></u>

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

TOWN OF PEMBROKE PARK, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

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 criteria 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 assets 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 interfund 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.

TOWN OF PEMBROKE PARK, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

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 District Fund accounts for providing drainage services to the residents of the Town.

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

The private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private sector guidance.

TOWN OF PEMBROKE PARK, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 District 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 nonoperating 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 assets/balance sheet as "equity in pooled cash, cash equivalents and investments."

Investments:

Investments are stated at fair value.

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.

TOWN OF PEMBROKE PARK, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 assets.

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. The liability for these compensated absences in the General Fund is recorded as a long-term liability in the government-wide statement of net assets. 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. These encumbrances will be honored by Town of Pembroke Park, Florida, and because of this, the encumbrances are reserved from fund balance. The Town had no encumbrances outstanding as of September 30, 2012.

Accounts Receivable:

Accounts receivable reflected in the Sewer Utility Fund and the Stormwater Drainage District Fund are presented net of an allowance for doubtful accounts of \$ 191,901. No allowance for doubtful accounts is considered necessary for the accounts receivable in the General Fund.

Deferred/Unearned Revenue:

Governmental funds report *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Unearned revenues at the government-wide level arise only when the Town receives resources before it has a legal claim to them.

TOWN OF PEMBROKE PARK, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Accounts receivable in the Sewer Utility Fund and Stormwater Drainage District Fund are net of an allowance for doubtful accounts of \$ 133,716 and \$ 58,185, respectively.

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 assets and displayed in three components:

- a. Invested in capital assets, net of related debt - 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 assets - consists of net assets 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 assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

During the year, the Town adopted 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.

TOWN OF PEMBROKE PARK, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Date of Management review:

Subsequent events were evaluated through March 8, 2013 which is the date the financial statements were to be issued.

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.

TOWN OF PEMBROKE PARK, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

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.

At September 30, 2012, the total carrying amount of the Town’s cash balances was \$ 1,443,875. The bank balance at local depositories was \$ 1,743,617. In addition, \$ 3,250 was held in petty cash.

	Carrying Amount	Bank Balance
Collateral pool	\$ 1,193,875	\$ 1,493,617
Insured by F.D.I.C.	250,000	250,000
	\$ 1,443,875	\$ 1,743,617

Investments - Town:

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

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 SBA previously reported that the State Pool was exposed to potential risks due to indirect exposure in the sub-prime mortgage financial market. Consequently, the SBA placed some restrictions on how participants could access portions of their surplus funds and ultimately restructured the State Pool into two separate pools (“Florida PRIME” and “Fund B”)

The Florida PRIME has adopted operating procedures with the requirement for a 2a7-like fund. The Town’s investment in Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares.

The Fund B is reported at fair value, determined by the fair value per share of the pool’s underlying portfolio.

TOWN OF PEMBROKE PARK, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Investment	Maturities	Fair Value
Florida PRIME	Weighted average years to maturity is less than one	\$ 265,614

As of September 30, 2012, the Town had the following investments:

Investment	Maturities	Fair Value
Fund B	Weighted average life is 4.08 years	\$ 65,639
Florida Municipal Investment Trust 1-3 Year High Quality Bond Fund	Weighted average years to maturity is 1.64 years	\$ 6,967,818

Credit Risk:

The Town's investments held within the Florida Municipal Investment Trust carry a Fitch rating of AAA/V2. The Florida PRIME is rated AAAM by Standard and Poor's and Fund B is not rated by any nationally recognized statistical rating agency.

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 1-3 Year High Quality Bond Fund has an effective duration and weighted average maturity of 1.6 years. The weighted average maturity of the Florida PRIME is 39 days. The weighted average life of Fund B is estimated at 4.08 years. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the weighted average life.

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 fair value of these contracts as of September 30, 2012 is \$ 303,265. The value of these contracts is presented as committed fund balance.

TOWN OF PEMBROKE PARK, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Investments – Town Commissioner Pension Plan:

As of September 30, 2012, the Town’s Commissioner Pension Plan (the “Plan”) had the following investments:

Loomis Sayles Intermediate Term Bond Fund	\$	445,076
Allianz Large Cap Value Fund		207,251
Janus Capital Management Large Cap Growth		193,245
DFA U.S. Targeted Value Portfolio, Small / Mid Cap Value Equity		71,129
Alger Small / Mid Cap Growth Fund		71,799
Janus International Growth Fund		<u>91,401</u>
	\$	<u><u>1,079,901</u></u>

Interest Rate Risk:

The investments held within the Intermediate Term Bond Fund have an average maturity and effective duration of approximately 9 and 6 years, respectively. The other mutual funds are not subject to interest rate risk.

Credit Risk:

The majority of the investments held within the Intermediate Term Bond Fund have a credit quality between Aaa and A, as rated by a nationally recognized statistical rating agency. The other mutual funds are not subject to credit risk.

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.

Assessed values are established by the Broward County Property Appraiser at just values. The assessed value of property at January 1, 2011, upon which the 2011-2012 levy was based, was approximately \$ 544,642,000.

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, 2012 was 8.5000 per \$ 1,000.

TOWN OF PEMBROKE PARK, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2012, was as follows:

PRIMARY GOVERNMENT				
	Balance, October 1, 2011	Increases	Decreases	Balance, September 30, 2012
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,120,064	\$ -	\$ -	\$ 2,120,064
Construction in progress	25,783	-	25,398	385
Total capital assets, not being depreciated	2,145,847	-	25,398	2,120,449
Capital assets, being depreciated:				
Buildings	984,935	-	-	984,935
Improvements other than buildings	2,766,114	159,376	-	2,925,490
Machinery and equipment	970,294	23,344	86,632	907,006
Total capital assets, being depreciated	4,721,343	182,720	86,632	4,817,431
Total capital assets	6,867,190	182,720	112,030	6,937,880
Less accumulated depreciation for:				
Buildings	807,646	19,699	-	827,345
Improvements other than buildings	1,149,601	129,216	-	1,278,817
Machinery and equipment	828,573	53,733	76,481	805,825
Total accumulated depreciation	2,785,820	202,648	76,481	2,911,987
Total capital assets, being depreciated, net	1,935,523	(19,928)	10,151	1,905,444
Governmental activities capital assets, net	\$ 4,081,370	\$ (19,928)	\$ 35,549	\$ 4,025,893

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

Governmental Activities:	
General government	\$ 49,824
Public safety	3,269
Physical environment	4,762
Public works	37,681
Culture and recreation	107,112
Total provision for depreciation - governmental activities	\$ 202,648

TOWN OF PEMBROKE PARK, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

NOTE 5 – CAPITAL ASSETS (continued)

	Balance, October 1, 2011	Increases	Decreases	Balance, September 30, 2012
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 506,052	\$ 284,447	\$ 477,379	\$ 313,120
Total capital assets, not being depreciated	<u>506,052</u>	<u>284,447</u>	<u>477,379</u>	<u>313,120</u>
Capital assets, being depreciated:				
Infrastructure	15,370,778	477,920	-	15,848,698
Machinery and equipment	<u>59,795</u>	<u>-</u>	<u>-</u>	<u>59,795</u>
Total capital assets, being depreciated	<u>15,430,573</u>	<u>477,920</u>	<u>-</u>	<u>15,908,493</u>
Total capital assets	<u>15,936,625</u>	<u>762,367</u>	<u>477,379</u>	<u>16,221,613</u>
Less accumulated depreciation for:				
Infrastructure	5,678,940	743,077	-	6,422,017
Machinery and equipment	<u>59,795</u>	<u>-</u>	<u>-</u>	<u>59,795</u>
Total accumulated depreciation	<u>5,738,735</u>	<u>743,077</u>	<u>-</u>	<u>6,481,812</u>
Total capital assets, being depreciated, net	<u>9,691,838</u>	<u>(265,157)</u>	<u>-</u>	<u>9,426,681</u>
Business-type activities capital assets, net	\$ <u>10,197,890</u>	\$ <u>19,290</u>	\$ <u>477,379</u>	\$ <u>9,739,801</u>

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

Business-type Activities:	
Sewer utility	\$ 306,942
Stormwater drainage district	<u>436,135</u>
Total provision for depreciation - business-type activities	\$ <u>743,077</u>

TOWN OF PEMBROKE PARK, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

NOTE 6 – LONG TERM DEBT

Debt:

During the year ended September 30, 2012, the following changes occurred in debt of governmental activities:

	Balance, October 1, 2011	Increases	Decreases	Balance, September 30, 2012	Due Within One Year
Compensated absences payable	\$ 222,890	\$ 215,775	\$ 196,991	\$ 241,674	\$ 48,335
Capital lease obligations	55,804	-	31,370	24,434	16,047
Governmental activity debt	<u>\$ 278,694</u>	<u>\$ 215,775</u>	<u>\$ 228,361</u>	<u>\$ 266,108</u>	<u>\$ 64,382</u>

Capital lease payable:

The town has several financing agreements that qualify as capital leases for accounting purposes. The leases bear interest at rates of 5.90% and 9.60% and are payable in monthly installments of principal and interest totaling \$ 2,036. Debt service is provided from General Fund revenues. Future principal and interest payments relating to these leases are approximately as follows:

Year Ending September 30,	Principal	Interest
2013	\$ 16,000	\$ 1,000
2014	\$ 8,400	\$ 200
Thereafter	\$ NONE	\$ NONE

The following is a summary of Proprietary Fund debt for the year ended September 30, 2012:

	Balance, October 1, 2011	Increases	Decreases	Balance, September 30, 2012	Due Within One Year
Note payable	\$ 2,551,798	-	\$ 340,427	\$ 2,211,371	\$ 386,473
Revenue Bond, Series 2009	2,335,000	-	26,000	2,309,000	28,000
Compensated absences	29,849	27,819	30,255	27,413	5,483
Proprietary Fund debt	<u>\$ 4,916,647</u>	<u>\$ 27,819</u>	<u>\$ 396,682</u>	<u>\$ 4,547,784</u>	<u>\$ 419,956</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 4.0%, payable monthly through December 2017. The term loan is secured by public service taxes and the net system revenues of the Stormwater Drainage District 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, 2012, this covenant has been met.

TOWN OF PEMBROKE PARK, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2012

NOTE 6 – LONG TERM DEBT (continued)

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.

The following is a schedule of approximate future debt service requirements for Business-type activities at September 30, 2012:

Year Ending September 30,	Principal	Interest
2013	\$ 415,500	\$ 181,100
2014	\$ 432,200	\$ 164,100
2015	\$ 449,700	\$ 146,400
2016	\$ 467,800	\$ 128,000
2017	\$ 565,300	\$ 109,300
2018-2022	\$ 217,900	\$ 469,800
2023-2027	\$ 230,000	\$ 412,500
2028-2032	\$ 285,000	\$ 357,200
2033-2037	\$ 355,000	\$ 289,000
2038-2042	\$ 437,000	\$ 204,400
2043-2047	\$ 542,000	\$ 100,100
2048	\$ 123,000	\$ 5,400

NOTE 7 – PENSION PLANS

Employees' Pension Plans:

The Town previously elected to participate in the Florida Retirement System (“FRS”). All general employees hired after August 1, 1997 participate in the FRS, a cost sharing, multiple-employer, public retirement system controlled by the State Legislature and administered by the State of Florida Department of Administration, Division of Retirement. The FRS provides retirement and disability benefits, annual costs of living adjustments and death benefits to Plan members and beneficiaries. A post-employment health insurance subsidy is also provided to eligible employees.

Benefits are established by Chapter 121, Florida Statutes and Chapter 22B, Florida Administrative Code. Amendments to the law can only be made by an act of the Florida Legislature.

The State of Florida issues a publicly available financial report that includes financial statement and required supplementary information for the FRS. The latest available report was for the fiscal year ended June 30, 2008. That report may be obtained by writing to the State of Florida Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000.

TOWN OF PEMBROKE PARK, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

NOTE 7 – PENSION PLANS (continued)

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due (see Plan Description for current rates). Level percentage of payroll employer contribution rates, established by state law, is determined using the entry-age actuarial cost method. If an unfunded actuarial liability reemerges as a result of future plan benefit changes, assumption changes or methodology changes, it is assumed any unfunded actuarial liability would be amortized over 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated that future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

The system provides for vesting of benefits after six years of creditable service. Employees are eligible for normal retirement at age 62. Early retirement may be taken any time after six years of service. If an eligible employee elects to take early retirement, there is a 5% benefit reduction for each year prior to normal retirement. Benefits are computed on the basis of age and/or years of service, average final compensation and service credit. Average final compensation is the average of the five highest fiscal years of earnings. The system also provides for death and disability benefits.

State law provides for all eligible FRS members to elect and to participate in the Deferred Retirement Option Program (DROP). The DROP allows an employee to retire and defer their monthly retirement benefit to an interest bearing account for up to a maximum of sixty months, and to continue employment with the Town. When the DROP period ends, the employee must terminate employment. At that time, the employee will receive payment of the accumulated DROP benefits, and direct receipt, thereafter, of the FRS monthly retirement benefit.

Contributions to the FRS are made by the Town as a percentage of covered payroll. The required contribution rates in effect at year end were 5.18% for regular service class employees and 6.30% for senior management. Additionally, the Town is required to contribute 5.44% for all DROP participants. At September 30, 2012, the Town had 30 employees participating in the FRS, and 6 participating in the DROP.

The contribution requirements of covered payroll and actual contributions made for fiscal year 2012 and the two preceding years were as follows:

	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2011</u>	<u>Fiscal Year 2010</u>
Contribution requirements	\$ 97,810	\$ 200,340	\$ 204,954
Contributions made	\$ 97,810	\$ 200,340	\$ 204,954
Percent of contributions made to requirements	100%	100%	100%
Total covered payroll	\$ 1,794,838	\$ 1,855,429	\$ 1,763,079
Percent of contributions to total covered payroll	5.45%	10.80%	11.62%

TOWN OF PEMBROKE PARK, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

NOTE 7 – PENSION PLANS (continued)

Additionally, the Town Manager, who elected not to participate in the Florida Retirement System, participates in a defined contribution pension plan created in accordance with Internal Revenue Code Section 401(a). The Town contributes 15% of the Town Manager’s annual salary to the Plan. For the year ended September 30, 2012, this contribution amounted to \$ 34,347.

Town Commissioner Pension Plan:

On March 1, 2003, 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, 2012, there are 5 active plan members and 2 retirees 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. This will be funded through the Town’s General Fund (Note 9).

During the year, the Town made a contribution to the Plan in the amount of \$ 82,875. At September 30, 2012, the Plan holds \$ 1,079,901 in investments (Note 3).

The most recent actuarial valuation for the Plan was completed as of October 1, 2011. The following information reflects the Town’s annual pension cost and net pension asset for the year ended September 30, 2012:

Annual required contribution	\$	132,149
Interest on net pension obligation		(16,067)
Adjustment to annual required contribution		<u>43,056</u>
Annual pension cost		159,138
Contributions made		<u>(82,875)</u>
Decrease in net pension asset		76,263
Net pension asset, beginning of year		<u>(462,582)</u>
Net pension asset, end of year	\$	<u><u>(386,319)</u></u>

TOWN OF PEMBROKE PARK, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

NOTE 7 – PENSION PLANS (continued)

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Asset
09/30/12	\$ 159,138	\$ 82,875	52%	\$ 386,319
09/30/11	\$ 183,994	\$ 141,245	77%	\$ 462,582
09/30/10	\$ 137,124	\$ 94,591	69%	\$ 505,331

Actuarial methods and significant assumptions used to determine the annual required contributions for the current year are as follows:

Valuation date	October 1, 2011
Actuarial cost method	Aggregate
Amortization method	Level dollar closed
Remaining amortization period	10 Years
Asset valuation method	Market value adjusted for contributions receivable or prepaid
Actuarial assumptions:	
Rate of return	5.0%
Projected salary increases	3.0%
Inflation adjustment	3.5%

The aggregate actuarial cost method does not separately amortize unfunded actuarial accrued liabilities information about funded status and funding progress is presented using the entry age actuarial cost method. Therefore, information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

The funded status of the Plan as of October 1, 2011, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a) / (c)
10/01/11	\$ 808,880	\$ 1,620,939	\$ 812,059	49.9%	\$ 25,956	\$ 3128.6%

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 plan assets is increasing or decreasing over time relative to the UAAL for benefits.

TOWN OF PEMBROKE PARK, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2012

NOTE 8 – 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.

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, 2010 based on the following methods and assumptions:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll
Investment return	4.50% per annum
Inflation	2.75% per annum
Healthcare cost trend	
Pre-Medicare:	8.0% in 2010, trending to 5.0% in 2013
Post-Medicare:	8.0% in 2010, trending to 5.0% in 2013

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, 2012 has been reflected on the Statement of Net Assets. The plan is not pre-funded and is therefore supported on a pay-as-you-go basis.

TOWN OF PEMBROKE PARK, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (continued)

Funded Status:

For the year ended September 30, 2012, the Town’s annual post-employment benefit (OPEB) costs were as follows:

Annual required contribution	\$ 36,954
Interest on net OPEB obligation	212
Adjustment to annual required contribution	<u>(289)</u>
 Annual OPEB cost	 36,877
 Contributions made	 <u>(34,670)</u>
 Increase in net OPEB obligation	 2,207
 Net OPEB obligation, beginning of year	 <u>4,718</u>
 Net OPEB obligation, end of year	 <u><u>\$ 6,925</u></u>

Trend Information

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
09/30/12	\$ 36,877	\$ 34,670	94%	\$ 6,925
09/30/11	\$ 117,454	\$ 115,966	99%	\$ 4,718
09/30/10	\$ 119,525	\$ 116,295	97%	\$ 3,230

Funded Status

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a) / (c)
10/01/11	\$ -	\$ 23,094	\$ 23,094	0.0%	\$ 2,328,002	1.0%

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.

TOWN OF PEMBROKE PARK, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

NOTE 9 – 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Florida Single Audit Act, the Town is required to conduct "single audits" when the required thresholds of \$ 500,000 in grant expenditures from either source is exceeded. For the year ended September 30, 2012, neither a Federal audit in accordance with OMB Circular A-133, *Audits of States Local Governments, and Non-Profit Organizations* or a state single audit 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. For the fiscal year ending September 30, 2013, the total amount due under the agreement will be approximately \$ 2,569,000 in monthly installments. The amount due for subsequent years will be determined based on the Sheriff's budgeted costs. 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 approximately \$ 2,543,000 for police services for the year ended September 30, 2012.

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. For the fiscal year ending September 30, 2012, the total amount due under the agreement is approximately \$ 2,762,000 in monthly installments. 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 ending September 30, 2012 was \$ 2,721,000.

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

TOWN OF PEMBROKE PARK, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

NOTE 9 – COMMITMENTS AND CONTINGENCIES (continued)

Litigation:

The Town is involved in an ongoing litigation matter. The ultimate outcome of this matter, in the opinion of the Town Attorney, will not have a material effect on the Town's financial condition.

Post-retirement benefits:

The Town has authorized post-retirement benefits as noted in the Town Commissioner Pension Plan (Note 7). The Town has purchased life insurance policies on four of its Commissioners to fund future payments of death benefits. The policies have death benefits ranging from \$ 100,000 to \$ 300,000. In addition, the policies require annual premiums ranging from approximately \$ 900 to \$ 15,400, with future premium outlays to be approximately \$ 30,500 through fiscal year 2017 and \$ 17,200 thereafter until fiscal year 2018.

REQUIRED SUPPLEMENTARY
INFORMATION

TOWN OF PEMBROKE PARK, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 PENSION PLAN FOR TOWN COMMISSIONERS
 SCHEDULE OF FUNDING PROGRESS

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as % of Payroll
10/01/09	\$ 726,421	\$ 1,136,071	\$ 409,650	64%	\$ 51,912	789%
10/01/11	\$ 808,880	\$ 1,620,939	\$ 812,059	50%	\$ 25,956	3129%

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

TOWN OF PEMBROKE PARK, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER
 For the Last Four Years

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
09/30/09	\$ 151,136	\$ 700,000	463%	\$ (547,864)
09/30/10	\$ 137,124	\$ 94,591	69%	\$ (505,331)
09/30/11	\$ 183,994	\$ 141,245	77%	\$ (462,582)
09/30/12	\$ 159,138	\$ 82,875	52%	\$ (386,319)

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

TOWN OF PEMBROKE PARK, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 OTHER POST-EMPLOYMENT BENEFITS PLAN
 SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/01/09	\$ -	\$ 24,379	\$ 24,379	0%	\$ 1,890,319	1.3%
10/01/10	\$ -	\$ 19,350	\$ 19,350	0%	\$ 2,092,611	0.9%
10/01/11	\$ -	\$ 23,094	\$ 23,094	0%	\$ 2,328,002	1.0%

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

STATISTICAL SECTION
(NOT COVERED BY INDEPENDENT
AUDITORS' REPORT)

TOWN OF PEMBROKE PARK, FLORIDA
STATISTICAL SECTION
For the Year Ended September 30, 2012

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.	51-58
Revenue Capacity	
These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.	59-62
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.	63-68
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.	69-70
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.	71-73
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

Table 1

TOWN OF PEMBROKE PARK, FLORIDA
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:									
Invested in capital assets, net of related debt	\$ 3,767,675	\$ 3,532,665	\$ 3,632,235	\$ 4,052,657	\$ 4,059,901	\$ 4,157,471	\$ 3,985,707	\$ 4,025,566	\$ 4,001,459
Restricted	-	-	-	-	-	20,168	47,857	117,330	196,653
Unrestricted	1,025,487	2,878,003	4,196,703	4,452,579	4,694,845	5,163,827	5,434,912	4,903,813	4,304,480
Total governmental activities net assets	4,793,162	6,410,668	7,828,938	8,505,236	8,754,746	9,341,466	9,468,476	9,046,709	8,502,592
Business-type activities									
Invested in capital assets, net of related debt	2,484,752	2,607,985	2,528,654	3,454,856	4,894,210	5,609,158	5,547,785	5,311,092	5,219,430
Restricted	-	-	-	-	-	79,744	34,335	68,240	60,152
Unrestricted	1,260,916	1,932,287	2,297,580	2,855,971	2,769,826	3,705,161	4,182,051	4,409,091	4,270,241
Total business-type activities net assets	3,745,668	4,540,272	4,826,234	6,310,827	7,664,036	9,394,063	9,764,171	9,788,423	9,549,823
Primary government:									
Invested in capital assets, net of related debt	6,252,427	6,140,650	6,160,889	7,507,513	8,954,111	9,766,629	9,533,492	9,336,658	9,220,889
Restricted	-	-	-	-	-	99,912	82,192	185,570	256,805
Unrestricted	2,286,403	4,810,290	6,494,283	7,308,550	7,464,671	8,868,988	9,616,963	9,312,904	8,574,721
Total primary government net assets	\$ 8,538,830	\$ 10,950,940	\$ 12,655,172	\$ 14,816,063	\$ 16,418,782	\$ 18,735,529	\$ 19,232,647	\$ 18,835,132	\$ 18,052,415

Note: The Town converted to GASB 34 in fiscal year 2004, the first year that information is presented.

TOWN OF PEMBROKE PARK, FLORIDA
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2004	2005	2006	2007
EXPENSES:				
Governmental activities:				
General government	\$ 1,736,894	\$ 1,779,414	\$ 1,940,380	\$ 2,158,233
Public safety	3,403,651	3,585,398	3,837,385	4,310,188
Physical environment	230,321	255,626	278,927	291,277
Public works	235,737	287,597	513,238	371,260
Culture and recreation	276,297	312,070	405,047	462,680
Interest expense	28,324	28,304	1,773	1,243
	<u>5,911,224</u>	<u>6,248,409</u>	<u>6,976,750</u>	<u>7,594,881</u>
Total governmental activities expenses				
Business-type activities:				
Sewer Utility	1,178,251	1,207,253	1,594,594	1,506,706
Stormwater drainage district	414,446	591,157	631,987	639,949
	<u>1,592,697</u>	<u>1,798,410</u>	<u>2,226,581</u>	<u>2,146,655</u>
Total business-type activities expenses				
	<u>7,503,921</u>	<u>8,046,819</u>	<u>9,203,331</u>	<u>9,741,536</u>
Total primary government expenses				
PROGRAM REVENUES:				
Governmental activities:				
Charges for services:				
General government	394,534	328,928	298,629	297,345
Public safety	469,083	593,897	733,875	606,453
Culture and recreation	-	-	-	-
Operating grants and contributions	22,858	30,961	346,351	12,937
Capital grants and contributions	1,297,527	111,786	143,645	199,598
	<u>2,184,002</u>	<u>1,065,572</u>	<u>1,522,500</u>	<u>1,116,333</u>
Total governmental activities program revenues				
Business-type activities:				
Charges for services:				
Sewer utility	1,340,889	1,851,289	1,597,560	1,564,502
Stormwater drainage district	516,931	710,764	727,196	680,217
Operating grants and contributions	225,902	30,961	98,901	7,001
Capital grants and contributions	-	-	27,498	1,094,402
	<u>2,083,722</u>	<u>2,593,014</u>	<u>2,451,155</u>	<u>3,346,122</u>
Total business-type activities program revenues				
	<u>\$ 4,267,724</u>	<u>\$ 3,658,586</u>	<u>\$ 3,973,655</u>	<u>\$ 4,462,455</u>
Total primary government program revenues				

Note: The Town converted to GASB 34 in fiscal year 2004, the first year that information is presented.

Table 2

		Fiscal Year							
		2008	2009	2010	2011	2012			
\$	1,911,705	\$	1,919,674	\$	2,302,705	\$	2,366,244	\$	2,287,814
	5,418,223		5,503,809		5,437,356		6,000,840		5,856,614
	216,914		234,134		260,207		230,590		241,329
	933,296		351,113		495,677		286,097		267,805
	480,155		460,897		320,812		490,310		484,853
	863		10,745		6,041		4,715		3,180
	<u>8,961,156</u>		<u>8,480,372</u>		<u>8,822,798</u>		<u>9,378,796</u>		<u>9,141,595</u>
	1,590,674		1,507,906		1,991,890		2,047,307		2,135,075
	646,261		837,919		943,234		908,166		1,013,527
	<u>2,236,935</u>		<u>2,345,825</u>		<u>2,935,124</u>		<u>2,955,473</u>		<u>3,148,602</u>
	<u>11,198,091</u>		<u>10,826,197</u>		<u>11,757,922</u>		<u>12,334,269</u>		<u>12,290,197</u>
	176,180		124,028		128,147		139,359		140,424
	1,259,698		666,195		707,008		881,442		811,552
	1,050		2,575		4,025		4,700		3,100
	-		-		-		-		-
	<u>278,972</u>		<u>323,329</u>		<u>152,465</u>		<u>274,985</u>		<u>64,204</u>
	<u>1,715,900</u>		<u>1,116,127</u>		<u>991,645</u>		<u>1,300,486</u>		<u>1,019,280</u>
	1,788,616		1,764,945		1,917,592		1,997,494		1,894,194
	678,435		796,844		907,183		903,010		901,771
	-		-		-		-		-
	<u>1,069,184</u>		<u>1,286,494</u>		<u>371,270</u>		<u>21,967</u>		<u>61,089</u>
	<u>3,536,235</u>		<u>3,848,283</u>		<u>3,196,045</u>		<u>2,922,471</u>		<u>2,857,054</u>
\$	<u><u>5,252,135</u></u>	\$	<u><u>4,964,410</u></u>	\$	<u><u>4,187,690</u></u>	\$	<u><u>4,222,957</u></u>	\$	<u><u>3,876,334</u></u>

TOWN OF PEMBROKE PARK, FLORIDA
 CHANGES IN NET ASSETS
 LAST NINE FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (continued)

	Fiscal Year			
	2004	2005	2006	2007
Net expense/revenue:				
Governmental activities	\$ (3,727,222)	\$ (5,182,837)	\$ (5,454,250)	\$ (6,478,548)
Business-type activities	491,025	794,604	224,574	1,199,467
Total primary government net expense	<u>(3,236,197)</u>	<u>(4,388,233)</u>	<u>(5,229,676)</u>	<u>(5,279,081)</u>
General revenues and other changes in net assets				
Governmental activities:				
Taxes:				
Ad valorem taxes	2,910,642	3,093,437	3,547,034	3,963,944
Local option gas tax	126,490	125,676	108,264	106,452
Franchise taxes	627,636	609,201	724,241	880,769
Utility service taxes	552,277	594,458	608,175	649,234
Unrestricted intergovernmental revenues	854,191	957,246	897,821	847,908
Interest income	39,302	120,644	292,953	138,483
Miscellaneous	460,211	440,887	694,032	568,056
Gain on disposition of capital assets	-	858,794	-	-
Total governmental activities	<u>5,570,749</u>	<u>6,800,343</u>	<u>6,872,520</u>	<u>7,154,846</u>
Business-type activities	-	-	-	285,126
Total primary government business-type activities	<u>5,570,749</u>	<u>6,800,343</u>	<u>6,872,520</u>	<u>7,439,972</u>
Changes in net assets:				
Governmental activities	1,843,527	1,617,506	1,418,270	676,298
Business-type activities	491,025	794,604	224,574	1,484,593
Total primary government changes in net assets	<u>\$ 2,334,552</u>	<u>\$ 2,412,110</u>	<u>\$ 1,642,844</u>	<u>\$ 2,160,891</u>

Note: The Town converted to GASB 34 in fiscal year 2004, the first year that information is presented.

Table 2

		Fiscal Year				
		2008	2009	2010	2011	2012
\$		(7,245,256)	\$ (7,364,245)	\$ (7,831,153)	\$ (8,078,310)	\$ (8,122,315)
		<u>1,299,300</u>	<u>1,502,458</u>	<u>260,921</u>	<u>(33,002)</u>	<u>(291,548)</u>
		<u>(5,945,956)</u>	<u>(5,861,787)</u>	<u>(7,570,232)</u>	<u>(8,111,312)</u>	<u>(8,413,863)</u>
		4,426,894	4,767,861	4,801,275	4,551,336	4,436,814
		103,991	102,574	106,944	107,150	104,848
		896,580	917,492	873,709	853,296	815,829
		725,201	770,019	787,702	823,919	878,036
		822,431	818,864	804,279	848,501	845,425
		55,467	173,653	142,157	69,265	66,944
		460,333	400,502	442,097	403,076	428,501
		3,869	-	-	-	1,801
		<u>7,494,766</u>	<u>7,950,965</u>	<u>7,958,163</u>	<u>7,656,543</u>	<u>7,578,198</u>
		<u>53,909</u>	<u>227,569</u>	<u>109,187</u>	<u>57,254</u>	<u>52,948</u>
		<u>7,548,675</u>	<u>8,178,534</u>	<u>8,067,350</u>	<u>7,713,797</u>	<u>7,631,146</u>
		249,510	586,720	127,010	(421,767)	(544,117)
		<u>1,353,209</u>	<u>1,730,027</u>	<u>370,108</u>	<u>24,252</u>	<u>(238,600)</u>
\$		<u><u>1,602,719</u></u>	<u><u>2,316,747</u></u>	<u><u>497,118</u></u>	<u><u>(397,515)</u></u>	<u><u>(782,717)</u></u>

TOWN OF PEMBROKE PARK, FLORIDA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:									
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,406	\$ -	\$ 6,445	\$ 53,444
Restricted	-	-	-	-	-	20,168	47,857	117,330	196,653
Committed	-	-	-	-	-	109,479	208,960	266,105	303,265
Assigned	-	-	-	-	-	394,143	622,002	489,496	654,519
Unassigned	<u>1,389,867</u>	<u>3,285,282</u>	<u>4,696,224</u>	<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>
Total General Fund	<u>\$ 1,389,867</u>	<u>\$ 3,285,282</u>	<u>\$ 4,696,224</u>	<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>
Other governmental fund:									
Unassigned	<u>\$ 4,855</u>	<u>\$ (31,957)</u>	<u>\$ (24,083)</u>	<u>\$ -</u>					
Total governmental funds	<u>\$ 1,394,722</u>	<u>\$ 3,253,325</u>	<u>\$ 4,672,141</u>	<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>

Note: Information prior to fiscal year 2004 is not available.

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.

TOWN OF PEMBROKE PARK, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2004	2005	2006	2007
REVENUES:				
Ad valorem taxes	\$ 2,910,642	\$ 3,093,437	\$ 3,547,034	\$ 3,963,944
Franchise taxes	627,636	609,201	724,241	823,386
Utility service taxes	552,277	594,458	608,175	649,234
Licenses and permits	506,877	621,092	746,559	645,947
Intergovernmental revenues	870,600	957,246	897,821	847,908
Charges for services	31,798	66,111	279,839	181,980
Fines and forfeitures	134,766	98,419	78,543	67,868
Miscellaneous revenues	459,430	400,119	447,303	429,260
Interest income	39,302	120,644	292,953	138,483
Local option gas tax	126,490	125,676	108,264	106,452
Grant revenues	281,415	142,747	489,996	212,535
Special assessments	9,560	12,637	5,502	-
Rental income	164,988	165,334	153,790	155,799
Contribution of land	1,038,970	-	-	-
Total revenues	7,754,751	7,007,121	8,380,020	8,222,796
EXPENDITURES:				
General government	1,596,322	1,628,686	1,730,995	1,973,732
Public safety	3,399,925	3,581,189	3,830,437	4,299,558
Physical environment	224,927	250,152	272,673	285,816
Public works	214,742	255,970	465,416	318,290
Culture and recreation	227,237	251,581	334,947	379,874
Capital outlay	1,700,222	228,555	310,721	612,644
Debt service:				
Principal	155,649	598,829	14,212	16,022
Interest	23,618	32,896	1,803	1,327
Total expenditures	7,542,642	6,827,858	6,961,204	7,887,263
Excess of revenues over (under) expenditures	212,109	179,263	1,418,816	335,533
OTHER FINANCING SOURCES (USES):				
Capital lease proceeds	-	-	-	-
Proceeds from sale of capital assets	238,422	1,679,340	-	-
Transfers in	71,665	-	-	24,083
Transfers out	(238,422)	-	-	(24,083)
Total other financing sources (uses)	71,665	1,679,340	-	-
Net change in fund balances	\$ 283,774	\$ 1,858,603	\$ 1,418,816	\$ 335,533
Debt service as a percentage of non-capital expenditures	3.17%	10.59%	0.24%	0.24%

Note: Information prior to fiscal year 2004 is not available.

Table 4

		Fiscal Year							
		2008	2009	2010	2011	2012			
\$	4,426,894	\$	4,767,861	\$	4,801,275	\$	4,551,336	\$	4,436,814
	959,963		917,492		873,709		853,296		815,829
	725,201		770,019		787,702		823,919		878,036
	1,105,716		517,889		556,853		687,655		641,870
	822,431		818,864		804,279		779,029		766,084
	134,732		220,634		224,840		279,387		287,850
	158,113		51,700		53,462		127,931		106,263
	447,219		400,502		442,097		403,076		426,935
	55,467		173,653		142,157		69,265		66,944
	103,991		102,574		106,944		107,150		104,848
	92,876		135,676		14,546		152,426		64,204
	262,419		187,654		137,920		122,559		-
	51,482		2,575		4,025		-		-
	-		-		-		-		-
	<u>9,346,504</u>		<u>9,067,093</u>		<u>8,949,809</u>		<u>8,957,029</u>		<u>8,595,677</u>
	2,106,129		2,689,641		2,159,632		2,248,730		2,154,195
	5,399,877		5,492,783		5,430,243		5,995,029		5,850,239
	209,633		224,466		254,840		225,436		232,278
	332,804		292,875		268,384		244,357		227,610
	362,027		359,137		389,530		390,601		374,191
	850,311		344,421		50,011		231,176		157,322
	14,085		17,945		18,380		19,713		31,370
	863		10,745		6,041		4,715		3,180
	<u>9,275,729</u>		<u>9,432,013</u>		<u>8,577,061</u>		<u>9,359,757</u>		<u>9,030,385</u>
	<u>70,775</u>		<u>(364,920)</u>		<u>372,748</u>		<u>(402,728)</u>		<u>(434,708)</u>
	-		102,621		-		-		-
	-		-		-		-		11,952
	-		-		-		-		-
	-		-		-		-		-
	<u>-</u>		<u>102,621</u>		<u>-</u>		<u>-</u>		<u>11,952</u>
\$	<u><u>70,775</u></u>	\$	<u><u>(262,299)</u></u>	\$	<u><u>372,748</u></u>	\$	<u><u>(402,728)</u></u>	\$	<u><u>(422,756)</u></u>
	0.18%		0.32%		0.29%		0.27%		0.39%

TOWN OF PEMBROKE PARK, FLORIDA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST NINE FISCAL YEARS

Table 5

Fiscal Year	Residential			Commercial		Industrial	Other	Less: Tax Exemptions	Total Taxable Assessed Value	City Direct Tax Rate	Estimated Actual Taxable Value	Total Assessed Value as a Percentage of Taxable Value
2004	\$ 125,573,400	\$ 32,938,200	\$ 136,354,520	\$ 21,499,510	\$ 25,230,080	\$ 291,135,550	\$ 8.5000	\$ 318,441,690	91.43%			
2005	130,990,500	37,839,370	161,050,550	22,967,370	28,178,910	324,668,880	8.5000	355,909,420	91.22%			
2006	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%			
2007	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%			
2008	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%			
2009	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%			
2010	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%			
2011	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%			
2012	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%			

Note: Information prior to fiscal year 2004 is not available.

Source: Broward County, Florida, Property Appraiser

**TOWN OF PEMBROKE PARK, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST NINE FISCAL YEARS**

Fiscal Year	Tax Year	Town Direct Rate	Overlapping Rates (1)										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					
2004	2003	8.5000	7.1880	8.4176	0.3920	0.6970	0.0385	1.7367	0.0385	1.7367	26.9698		
2005	2004	8.5000	7.0230	8.2695	0.4231	0.6970	0.0385	1.5761	0.0385	1.5761	26.5272		
2006	2005	8.5000	6.7830	8.0623	0.4231	0.6970	0.0385	1.4500	0.0385	1.4500	25.9539		
2007	2006	8.5000	6.0661	7.8687	0.4073	0.6970	0.0385	1.3300	0.0385	1.3300	24.9076		
2008	2007	8.5000	5.2868	7.6484	0.3572	0.6240	0.0345	1.1643	0.0345	1.1643	23.6152		
2009	2008	8.5000	5.3145	7.4170	0.3754	0.6240	0.0345	1.1913	0.0345	1.1913	23.4567		
2010	2009	8.5000	5.3889	7.4310	0.4243	0.6240	0.0345	1.2732	0.0345	1.2732	23.6759		
2011	2010	8.5000	5.5530	7.4180	0.4789	0.4363	0.0345	0.7500	0.0345	0.7500	23.1707		
2012	2011	8.5000	5.5530	7.4560	0.4902	0.4289	0.0345	0.6000	0.0345	0.6000	23.0626		

Note: Information prior to fiscal year 2004 is not available.

Source: Broward County, Florida, Property Appraiser

**TOWN OF PEMBROKE PARK, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Table 7

Taxpayer	2012			2003		
	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	\$ 46,221,470	1	7.85%	\$ -		
Florida Coca-Cola Bottling Co.	28,084,860	2	4.88%	16,528,190	3	4.68%
Coca Cola Refreshments	20,085,368	3	3.49%	21,320,121	1	6.82%
KTR Seneca I LLC	17,634,620	4	3.06%	-		
KTR Seneca II LLC	15,914,900	5	2.77%	-		
WPLG/TV 10	13,466,910	6	2.71%	-		
Post Newsweek Stations Fla Inc	12,750,340	7	2.22%	-		
Pembroke Commerce	11,341,450	8	1.83%	3,503,250	10	1.12%
Carolina 31st Corp	8,649,640	9	1.60%	6,550,890	8	2.10%
Pembroke Gardens	7,178,108	10	1.25%	-		-
Total	\$ 181,327,666		23.80%	\$ 47,902,451		14.72%

Note: Information prior to fiscal year 2003 is not available.

Source: Broward County, Florida, Department of Revenue Collections

**TOWN OF PEMBROKE PARK, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST NINE FISCAL YEARS**

Fiscal Year	Property Tax Levy	Property Tax Discount	Net Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 3,010,887	\$ 104,333	\$ 2,906,554	\$ 2,619,126	90.11%	\$ 270,530	\$ 2,889,656	99.42%
2005	3,242,811	113,605	3,129,206	3,093,437	98.86%	32,386	3,125,823	99.89%
2006	3,654,847	127,847	3,527,000	3,491,874	99.00%	19,108	3,510,982	99.55%
2007	4,090,171	146,970	3,943,201	3,918,751	99.38%	3,616	3,922,367	99.47%
2008	4,623,870	156,628	4,467,242	4,408,076	98.68%	43,886	4,451,962	99.66%
2009	4,884,665	167,992	4,716,673	4,632,303	98.21%	74,314	4,706,617	99.79%
2010	5,134,398	179,272	4,955,126	4,783,405	96.53%	-	4,783,405	96.53%
2011	4,900,088	169,821	4,730,267	4,359,562	92.16%	-	4,359,562	92.16%
2012	4,663,597	169,382	4,494,215	4,450,447	99.03%	-	4,450,447	99.03%

Note: Information prior to fiscal year 2004 is not available.

Source: Broward County, Florida, Department of Revenue Collections
Note: Penalty charges and interest are not included in total collections.

Table 9

TOWN OF PEMBROKE PARK, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST NINE FISCAL YEARS

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				
2004	\$ 535,148	\$ 50,000	\$ 67,221	\$ 4,779,506	\$ -	\$ -	5,431,875	3.82%	961
2005	-	-	53,540	4,499,160	-	-	4,552,700	3.20%	841
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	-	-	24,424	2,211,371	2,309,000	-	4,544,795	*	*

* Information for the current year is not available.

(1) See the schedule of Demographic and Economic Statistics on page 69 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, 2012

Table 11

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
GOVERNMENT UNIT:			
Debt repaid with property taxes:			
Broward County School Board	\$ 322,785,000	0.43%	\$ 1,387,976
Subtotal, overlapping debt	-		-
Town direct debt	24,434		<u>24,434</u>
Total direct and overlapping debt			<u><u>\$ 1,412,410</u></u>

- (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. 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 assessed value.

Source: Broward County, Financial Reporting and Accounting Division

Source: Broward County, Florida, Property Appraiser

TOWN OF PEMBROKE PARK, FLORIDA
LEGAL DEBT MARGIN INFORMATION
As of September 30, 2012

Table 12

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, FLORIDA
PLEDGED REVENUE COVERAGE
LAST NINE FISCAL YEARS

Table 13

Fiscal Year	Franchise Taxes		Property Loan Debt Service		Coverage	Special Assessments	Franchise Taxes	Special Assessment Note		Coverage		
			Principal	Interest				Principal	Interest			
2004	\$	627,636	\$	20,207	4.99	\$	9,560	\$	50,000	\$	3,411	11.93
2005		609,201		5,178	1.03		12,637		50,000		2,161	1.41
2006		-		-	-		-		-		-	-
2007		-		-	-		-		-		-	-
2008		-		-	-		-		-		-	-
2009		-		-	-		-		-		-	-
2010		-		-	-		-		-		-	-
2011		-		-	-		-		-		-	-
2012		-		-	-		-		-		-	-

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

TOWN OF PEMBROKE PARK, FLORIDA
PLEDGED REVENUE COVERAGE
LAST NINE FISCAL YEARS
 (continued)

Table 13

		Stormwater Revenue Bonds					
Utility Service Charges	Public Service Taxes	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage	
\$ 506,046	\$ 1,502,566	\$ 294,088	\$ 1,714,524	\$ 271,630	\$ 120,358	4.37	
710,764	1,567,515	403,909	1,874,370	280,346	187,248	4.01	
754,694	1,668,177	457,296	1,965,575	292,902	174,691	4.20	
680,217	1,779,628	477,162	1,982,683	279,813	162,787	4.48	
678,075	2,001,846	495,830	2,184,091	342,159	150,428	4.43	
796,844	2,023,694	700,819	2,119,719	330,493	137,100	4.53	
907,181	1,964,622	819,693	2,052,110	344,055	123,539	4.39	
903,010	1,959,500	798,513	2,063,996	357,940	109,653	4.41	
901,771	2,055,574	917,825	2,039,520	340,427	95,572	4.68	

TOWN OF PEMBROKE PARK, FLORIDA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST NINE CALANDER YEARS

Table 14

Calendar Year	Population	Personal Income thousands of dollars	Per Capita Personal Income (1)	Unemployment Rate Percentage (1)
2004	\$ 5,651	\$ 142,207	\$ 25,165	\$ 4.6%
2005	5,415	142,312	26,281	3.7%
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	*	*	7.6%

* Information for the current year is not available.

(1) Data for the Town is not available. Estimated figures for Broward County were used.

Note: Information prior to calendar year 2004 is not available.

Source: Bureau of Economic Analysis, US Department of Commerce

Source: Florida Department of Revenue

TOWN OF PEMBROKE PARK, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Table 15

Employer	2012			2003		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Coca-Cola	464	1	7.47%	530	1	10.00%
WPLG Channel 10	180	2	2.90%	-	-	-
J.W. Lee Inc.	92	3	1.48%	-	-	-
Broward County School Board	80	4	1.29%	134	4	2.00%
The Peninsula	73	5	1.17%	-	-	-
Mohawk Industries, Inc.	71	6	1.14%	160	2	3.00%
Broward Sheriff's Office	46	7	0.74%	115	6	2.00%
Wendy's	27	8	0.43%	-	-	-
HH Gregg Appliances & Electronics	21	9	0.34%	-	-	-
Mastec North America	20	10	0.32%	-	-	-
Total	1,074		17.28%	939		17.00%

Note: Information prior to fiscal year 2003 is not available.

Source: Town Planning

TOWN OF PEMBROKE PARK, FLORIDA
FULL TIME EQUIVILANT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS

Table 16

Function/Program:	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government:									
Mayor and Commission	5	5	5	5	5	5	5	5	5
Finance and administrative	9	10	12	12	12	9	9	9	10
Public safety:									
Protective inspections	2	2	2	2	2	2	2	3	3
Physical environment:									
Code enforcement	3	2	2	2	2	3	3	2	2
Public works:									
Road and street facilities	4	4	4	4	4	4	4	5	5
Sewer	5	5	4	4	4	4	4	4	3
Culture and recreation:									
Parks and recreation	3	4	4	4	4	4	4	4	4
Total	31	32	33	33	33	31	31	32	32

Note: Information prior to fiscal year 2004 is not available.

Source: Finance and Budget Department

TOWN OF PEMBROKE PARK, FLORIDA
OPERATING INDICATORS BY FUNCTION / PROGRAM
LAST NINE FISCAL YEARS

Table 17

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government:									
Building permits issued	736	844	1,622	1,083	1,128	639	243	58	346
New construction	638	805	1,047	44	112	30	10	134	130
Repair/maintenance	47	18	436	41	100	130	60	281	373
Alteration/remodeling	26	13	5	41	166	125	45	303	156
Demolition	19	8	134	41	44	66	20	115	46
Other	6	-	-	22	142	288	108	349	706
Occupational licences	556	593	595	591	649	510	511	513	521
Sign permits	543	524	479	423	424	368	353	342	311
Alarm registration	200	196	183	171	181	233	251	260	258
Certificate of use	432	476		470	474	395	390	395	403
Parks and recreation:									
Park rentals	35	43	19	54	9	20	32	37	23

Note: Information prior to fiscal year 2004 is not available.

Source: Various departments

TOWN OF PEMBROKE PARK, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other public works:									
Streets (miles)	10	10	10	10	10	10	10	10	10
Street lights	34	34	34	34	52	52	52	52	52
Parks and recreation:									
Acreage	20	26	26	26	26	26	26	26	26
Playgrounds	2	2	3	3	3	3	3	3	3
Community centers	2	2	2	2	2	2	2	2	2
Wastewater:									
Sanitary sewers	13	13	13	13	13	13	13	13	13
Lift stations	30	30	30	30	30	30	30	30	30
Stormwater:									
Pump stations	3	4	4	4	4	4	4	4	4

Note: Information prior to fiscal year 2004 is not available.

Source: Finance and Budget Department

**OTHER REPORTS OF INDEPENDENT
AUDITORS AND RELATED SCHEDULES**



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Town of Pembroke Park, Florida (the "Town") as of and for the year ended September 30, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 8, 2013. 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.

Internal Control over Financial Reporting

Management of the Town is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Town of Pembroke Park, Florida

We noted certain matters that are opportunities for the Town to further strengthen controls that we reported to management. These matters are shown in the accompanying Schedule of Findings and Responses (2009-3 and 2009-4).

This report is intended solely for the information and use of Town management, members of the Town Commission, state awarding agencies and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
March 8, 2013



INDEPENDENT AUDITORS' REPORT TO TOWN MANAGEMENT

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

We have audited the basic financial statements of Town of Pembroke Park, Florida (the "Town"), as of and for the year ended September 30, 2012, and have issued our report thereon dated March 8, 2013.

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. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Schedule of Findings and Responses. Disclosures in those reports and schedule which are dated March 8, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedules.

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. The status of the finding and recommendations made in the preceding annual financial audit report are detailed in the Schedule of Findings and Responses on page 78.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Town complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, our recommendations to improve financial management are included in the Schedule of Findings and Responses on page 78.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse and; (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Town of Pembroke Park, Florida

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Town of Pembroke Park, Florida was incorporated on June 20, 1959. The Town does not have any component units.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Town for the fiscal year ended September 30, 2012, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2012. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Keefe, McCullough & Co., LLP
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
March 8, 2013

TOWN OF PEMBROKE PARK, FLORIDA
 SCHEDULE OF FINDINGS AND RESPONSES
 For the Year Ended September 30, 2012

PRIOR YEAR INTERNAL CONTROL COMMENT AND RECOMMENDATION

	STILL APPLICABLE	IMPLEMENTED OR NO LONGER RELEVANT
2009-3 Purchase Fund Accounting Software	X	
2009-4 Accounts Payable Subsidiary Detailed Listing	X	

2009-3 Purchase Fund Accounting Software:

As a governmental entity, the Town is required to organize and report its activities in groups of funds. We believe that the current accounting software is not optimal for this type of financial reporting. The current setup does not allow for a pooled cash fund which results in significant interfund balances that need to be continually reconciled in order to correctly reflect each funds true cash position. Additionally, enterprise fund restricted debt service cash accounts are held on the general fund trial balance, which requires additional reconciliation through the interfund accounts. We recommend that the Town upgrade to an accounting software specifically designed for fund accounting of governmental entities.

Management's Response:

The Town is currently exploring the possibility of converting or upgrading the current accounting software to allow accounting of pooled cash for different funds.

2009-4 Accounts Payable Subsidiary Detailed Listing:

The current accounting system does not produce a date sensitive accounts payable detail listing unless it is run at year end. This limitation does not allow the Town to continue operating normally until all payables are vouched into the system which could be for a significant period of time. Instead of ceasing check writing and processing of accounts payable, the Town's finance department must record its accounts payable using the actual general ledger as a subsidiary ledger in order to produce an accounts payable listing. This reporting process does not produce reports such as aging or other current detail subsidiary ledgers. By not having an account payable subledger, the Town increases the risk that unintentional errors, may exist in its accounts payable balance may not be discovered by management in a timely manner. In conjunction with the matter noted in 2009-3, we recommend that the Town acquire financial accounting software that allows for both the continued processing of cash disbursements and the preparation of date sensitive detail reports.

Management's Response:

The Town will investigate if the current software is able to track accounts payable and to provide aging reports required for the audit.

CURRENT YEAR INTERNAL CONTROL COMMENT AND RECOMMENDATION

NONE