

TOWN of POMONA PARK
"On Beautiful Lake Broward"



Annual Financial Report
September 30, 2018

**Town of Pomona Park, Florida
Annual Financial Report
Fiscal Year Ended
September 30, 2018**

TOWN OF POMONA PARK, FLORIDA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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COUNCIL

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Dr. Robert Warren
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Victor Szatkowski
Pat Bergquist
James Griffin

TOWN CLERK

Nancy Lajoie

TOWN ATTORNEY

Craig Sherar

TOWN AUDITOR

Moats & Associates,
Certified Public Accountants

**TABLE OF CONTENTS
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2018
TOWN OF POMONA PARK**

FINANCIAL SECTION

	<u>Pages</u>
Report of Independent Certified Public Accountant	3-4
Management Discussion and Analysis.....	7-16
Basic Financial Statements:	
Government Wide Financial Statements:	
Statement of Net Position.....	19
Statement of Activities	20
Fund Financial Statements:	
Balance Sheet – Governmental Fund	23
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position.....	24
Statement of Revenue, Expenditures, and Changes in Fund Balance – Governmental Fund	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities	26
Notes to Financial Statements	29-37
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual General Fund.....	41
Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual Better Place Fund	42
Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual Fuel Tax Fund	43
Schedule of Revenue and Other Financing Sources – Budget and Actual – General Fund	44
Schedule of Expenditures – Budget and Actual – General Fund	45

SUPPLEMENTAL AUDIT REPORTS

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.....	49-50
Management Letter	51-53
Management’s Response to Auditor's Management Letter	

FINANCIAL SECTION

THIS SECTION IS COMPOSED OF FIVE PARTS:

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

Report of Independent Certified Public Accountant

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

The Honorable Mayor and Town Council
Town of Pomona Park, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Pomona Park, Florida as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pomona Park, Florida, as of September 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 through 16 and 41 through 45 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 State of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 29, 2018, on our consideration of the Town of Pomona Park'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Pomona Park's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Pomona Park's internal control over financial reporting and compliance.

Moats & Associates, CPAs

South Daytona, Florida
November 29, 2018

Management Discussion and Analysis

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MANAGEMENT DISCUSSION AND ANALYSIS

As financial management of the Town of Pomona Park, Florida (hereinafter referred to as the “Town”), we offer the readers of these basic financial statements this narrative overview and analysis of the Town’s financial activities for the fiscal year ended September 30, 2018. This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the basic financial statements, which follow this section, to be taken as a whole.

Financial Highlights

- The Town’s financial position has decreased slightly over last year. The Town’s combined net position increased \$9,740 overall in 2018. The net increase resulted primarily due to capital expenditures lower than budgeted. The remaining net position may be used to meet the government’s ongoing obligation to citizens and creditors.
- During the year, the Town’s total revenues generated from tax receipts and other revenue sources was \$9,740 more than the \$835,677 in expenses which were incurred in providing its various governmental program activities on a government wide basis.
- Unrestricted fund equity in the Statement of Net Position in the Governmental activities decreased \$10,615 (5%) from \$249,278 in 2017 to \$238,663 at the end of 2018 due to increase in restricted fund equity for capital projects.
- The Better Place Fund Balance increased by \$69,197 in 2018 to \$247,332 due to fewer capital projects during the current year.
- The Town’s Fuel Tax Fund is restricted for roads, sidewalks, parks, improve drainage, resurface roads and other transportation needs. The Town created a special revenue fund to better account for its activity. The Fund Balance increased \$17,875 in 2018 to \$24,435 due to no capital projects in 2018.
- Resources earned and available for appropriation in the current year increased (adjusted for grant revenue budgeted) and expenditures were under budget in the General Fund.

Overview of the Financial Statements

The Town’s financial statements are comprised of three parts: 1) Management’s Discussion and Analysis (MD&A), 2) Basic Financial Statements (including government-wide financial statements, fund financial statements and notes to the financial statements), 3) Required Supplementary Information (RSI).

Management’s Discussion and Analysis (MD&A) is intended to serve as an introduction to the Basic Financial Statements and Required Supplementary Information. The MD&A represents management’s examination and analysis of the financial condition and financial performance as a whole. Summary financial statement data, key financial and operational indicators used in the strategic plan, budget, and other management tools were used for this analysis.

The Basic Financial Statements include two types of statements that present different views of the Town. The first two statements consist of entity-wide financial statements that provide both short and long-term financial information concerning the Town's overall financial status, including its governmental activities and its business-type activities. These statements report information about the Town using full accrual accounting methods and economic resources focus as utilized by similar business activities in the private sector. Information concerning all of the Town's assets and liabilities, both financial and capital, and short-term and long-term debt are included. Likewise all revenues are reported when earned, regardless of when cash received, and expenses are reported when incurred, regardless of when paid during the year. The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide financial statements. The governmental fund statements describe how general government services like public safety were financed in the short-term as well as what remains for future spending.

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all of the Town's assets and liabilities at the end of its fiscal year, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the Town's financial position is improving or deteriorating. Net Position will increase (decrease) when revenues exceed (fall short) of expenses. Increases to assets without a corresponding increase to liabilities result in increased net position, which indicate an improved financial position.

The Statement of Activities presents the results of operations over the course of the fiscal year and information as to how the Town's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent taxes and earned but unused personal leave).

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

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant funds, not the Town as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources available at the end of the fiscal year. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be readily converted into cash. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Those reconciliations can be found on pages 24 and 26.

Notes to the Financial Statements

The financial statements also include notes, which provide disclosures and other information that are essential to a full understanding of material provided in the statements. The notes present information about the Town's significant policies, account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. The notes to the financial statements can be found on pages 29 to 37 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI). Presented in the RSI are the Budget vs. Actual and Schedule of Revenues, Expenditures, and Changes in Fund Balance for the General Fund, the Better Place Fund and the Fuel Tax Fund.

Government-Wide Financial Analysis of the Town as a Whole

Net Position

As noted previously, net position may serve over time as a useful indicator of a government's financial position. This year, the Town's combined net position increased \$9,740 or 1% from \$1,920,136 to \$1,929,876. Of this amount, \$1,691,213 is either restricted as to the purposes they can be used for or invested in capital assets (land, buildings and equipment). Consequently, unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, totaled \$238,663 at the end of 2018. The largest portion of the Town's net position \$1,419,446 or 74% reflects investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be readily used to liquidate these liabilities.

**Town of Pomona Park
Net Position
September 30, 2018 and 2017**

	Governmental Activities	Governmental Activities	Business Type Activities	Business Type Activities	Total	Total
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
ASSETS						
Current & other assets	\$ 525,096	\$ 522,164	\$ -	\$ -	\$ 525,096	\$ 522,164
Capital assets, net	<u>1,421,928</u>	<u>1,489,890</u>	<u>-</u>	<u>-</u>	<u>1,421,928</u>	<u>1,489,890</u>
Total Assets	<u>1,947,024</u>	<u>2,012,054</u>	<u>-</u>	<u>-</u>	<u>1,947,024</u>	<u>2,012,054</u>
LIABILITIES						
Other Liabilities	16,315	89,555	-	-	16,315	89,555
Long term debt outstanding	<u>833</u>	<u>2,363</u>	<u>-</u>	<u>-</u>	<u>833</u>	<u>2,363</u>
Total Liabilities	<u>17,148</u>	<u>91,918</u>	<u>-</u>	<u>-</u>	<u>17,148</u>	<u>91,918</u>
NET POSITION						
Net investment in capital assets	1,419,446	1,486,163	-	-	1,419,446	1,486,163
Restricted for:						
Capital Projects	271,767	184,695	-	-	271,767	184,695
Unrestricted	<u>238,663</u>	<u>249,278</u>	<u>-</u>	<u>-</u>	<u>238,663</u>	<u>249,278</u>
TOTAL NET POSITION	<u>\$ 1,929,876</u>	<u>\$ 1,920,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,929,876</u>	<u>\$ 1,920,136</u>

Change in Net Position

While the Statement of Net Position shows a snapshot of the Town's financial position at the end of the fiscal year, the Statement of Activities provides answers to the nature and source of those changes. The town's net position increased in 2018 by \$9,740. The increase resulted from decreases in capital outlay for road resurfacing in the prior year.

Approximately 19% of the Town's revenue is derived from property taxes, and 31% of every dollar raised comes from other taxes or required payment in lieu of tax. The balance is comprised mostly of state shared revenues, interest and other earnings.

**Town of Pomona Park
Changes in Net Position
September 30, 2018 and 2017**

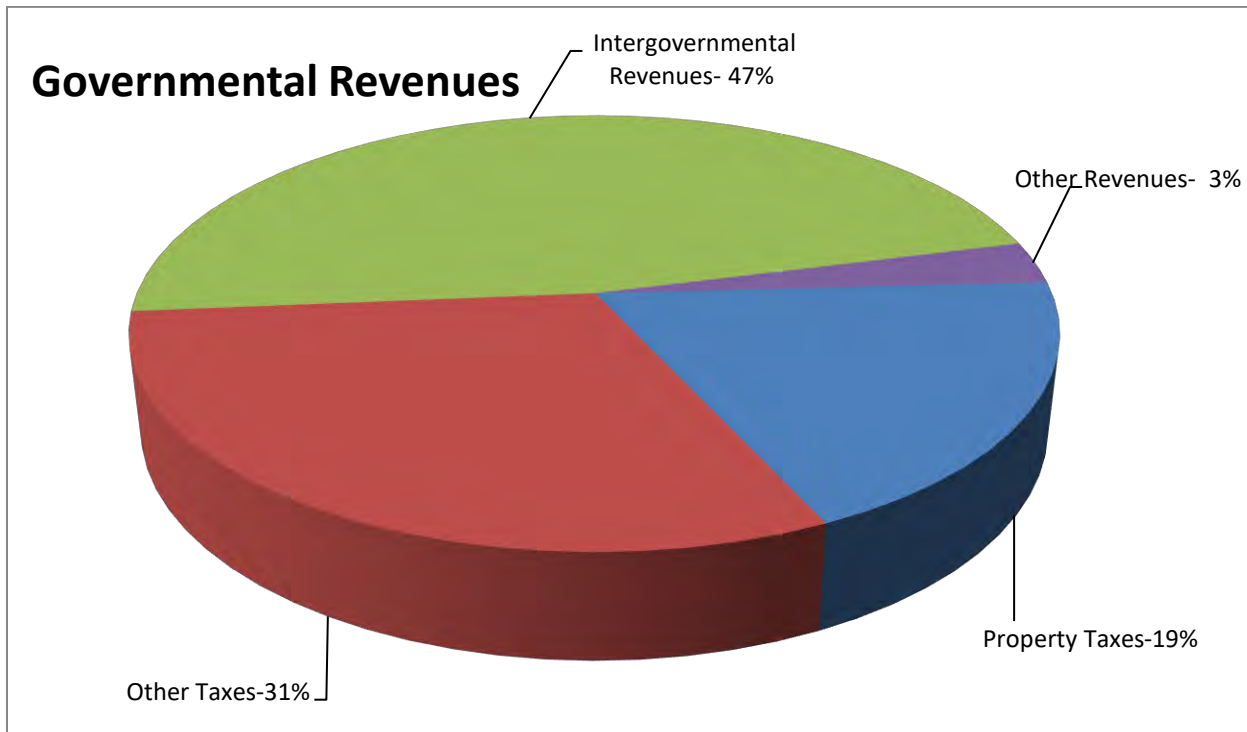
	Governmental Activities	Governmental Activities	Business Type Activities	Business Type Activities	Total	Total
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
REVENUES						
General Revenues:						
Property Taxes	\$ 160,391	\$ 155,015	\$ -	\$ -	\$ 160,391	\$ 155,015
Other taxes	258,086	248,061	-	-	258,086	248,061
Intergovernmental revenues	400,328	232,812	-	-	400,328	232,812
Other revenues	<u>26,612</u>	<u>42,275</u>	<u>-</u>	<u>-</u>	<u>26,612</u>	<u>42,275</u>
Total revenues	<u>845,417</u>	<u>678,163</u>	<u>-</u>	<u>-</u>	<u>845,417</u>	<u>678,163</u>
EXPENSES						
General government	168,777	161,735	-	-	168,777	161,735
Public Safety	81,079	80,813	-	-	81,079	80,813
Transportation	133,543	124,376	-	-	133,543	124,376
Economic Environment	303,776	187,530	-	-	303,776	187,530
Culture & Recreation	148,168	135,100	-	-	148,168	135,100
Interest on long term debt	<u>334</u>	<u>505</u>	<u>-</u>	<u>-</u>	<u>334</u>	<u>505</u>
Total expenses	<u>835,677</u>	<u>690,059</u>	<u>-</u>	<u>-</u>	<u>835,677</u>	<u>690,059</u>
Increase (decrease) in net position	<u>9,740</u>	<u>(11,896)</u>	<u>-</u>	<u>-</u>	<u>9,740</u>	<u>(11,896)</u>
NET POSITION						
Net Position Beginning	<u>1,920,136</u>	<u>1,932,032</u>	<u>-</u>	<u>-</u>	<u>1,920,032</u>	<u>1,932,032</u>
Net Position Ending	<u>\$ 1,929,876</u>	<u>\$ 1,920,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,929,876</u>	<u>\$ 1,920,136</u>

Governmental Funds

Revenues earned from the assessment of ad valorem taxes increased 4% in 2018. Ad valorem taxes totaling \$160,391 were collected in 2018 compared with \$155,015 in the prior year. The ad valorem millage rate for operating purposes was 5.7874 mills for the year ended September 30, 2018.

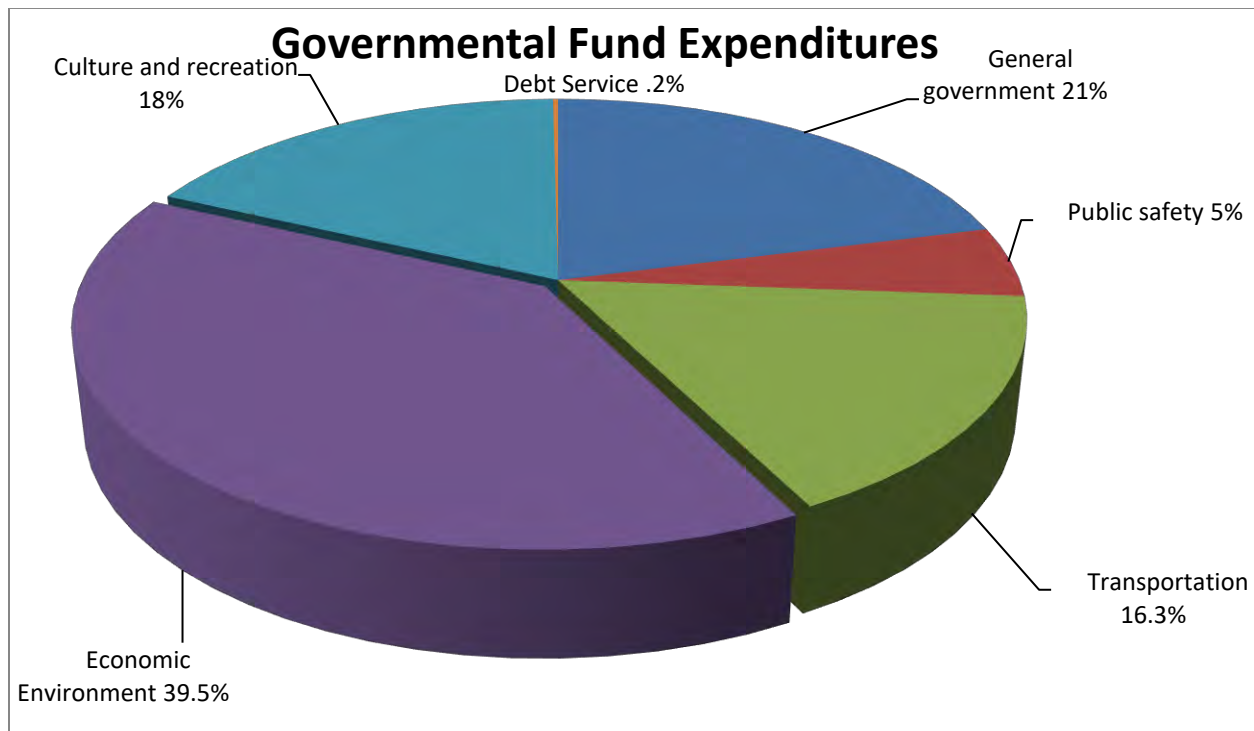
An individual comparison of the Town's functional program revenues and costs of providing program services to its citizens is useful in identifying the programs, and the extent to which each are dependent on taxes and other non-exchange revenues to subsidize their program operations. They are listed in the following graph.

The following is a summary of the Town’s governmental revenues — by source:



Expenses and Program Revenues - Governmental Fund Activities

Combined governmental fund activities expenditures totaled \$769,680, which represents a decrease of \$71,449 or 9% under last year’s expenses of \$841,129. The following is a summary of the Town’s governmental expenditures – by function:



Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

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

As the Town completed the current fiscal year, its governmental funds reported a combined fund balance of \$522,394 which was \$75,737 more than the \$446,657 reported last year. The Town has a restricted Better Place Fund Balance of \$247,332 and a restricted Fuel Tax Fund Balance of 24,435. Better Place Funds are to be used for capital expenditures in accordance with County Ordinance no. 2002-33 and Fuel Tax Funds are to be used for capital expenditures. The Town has an unassigned fund balance of \$250,627 which is available for spending at the government's discretion. The general fund is the chief operating fund of the Town. As a measure of the general fund's liquidity, it may be useful to compare the total fund balance to the total fund expenditures. Unassigned fund balance represents approximately 33% of the total general fund expenditures of \$761,400. Town officials have established a target threshold of 15 - 20% in unassigned funds compared to General Fund expenditures consistent with Government Finance Officers Association (GFOA) recommended practices. The current unassigned balance exceeds that target.

General Fund Budgetary Highlights

Actual earned revenues were \$71,935 less than the amounts anticipated in the general fund budget which was primarily due to grant revenues that were \$99,224 less than budgeted. Revenues net of grants were \$27,289 more than budgeted.

Actual expenditures for the fiscal year were \$150,000 less than the budgetary amount and the grant (\$99,224) and capital outlay (\$1,703) expenditures were \$100,927 less than budgeted. The adjusted expenditures (less Grant and Capital outlay budgeted expenditures) were \$49,073 less than budgeted.

Special Revenue Fund

As more fully explained in the Notes to the financial statements, the Town receives funds from the additional one to five cent local option fuel tax from Putnam County that was passed by referendum. The fuel tax is to be used for roads, sidewalks, parks, improve drainage, resurface roads and other transportation improvements. The Town Council created a separate fund to control and monitor these funds.

Classification of Fund Balance

The 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:

- Non-spendable Fund Balance – Amounts that are inherently not spendable because of their form (such as inventory) and/or that cannot convert or are not readily convertible to cash (such as prepaid assets or the long-term portion of loans receivable).
- Restricted Fund Balance – Amounts that have externally enforceable limitations on their use. These amounts are constrained to the specific purposes by their providers (such as grantors, bondholders, or higher levels of government pursuant to enabling legislation, e.g., gas tax revenues that must be used for road repairs).
- Committed Fund Balance - Amounts that have self-imposed limitations established through actions of the Town Council (the Town’s highest level of decision making authority) set in place prior to the end of a financial reporting period. These amounts cannot be used for any other purpose unless the Town Council takes action to remove or change the limitation.
- Assigned Fund Balance – Amounts that the government intends on expending for a specific purpose. These amounts are neither restricted nor committed but is the Town’s intent on the use of funds.
- Unassigned Fund Balance - Amounts that are available for any purpose.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2018, the Town’s investment in capital assets for its governmental activities totaled \$1,421,928 (net of accumulated depreciation of \$1,655,245). This investment in capital assets, net of depreciation, for all activities is reflected in the following schedule:

Capital Assets as of September 30	Governmental Activities 2018	Governmental Activities 2017	Business Type Activities 2018	Business Type Activities 2017	Total 2018	Total 2017
Land	\$ 56,851	\$ 56,851	\$ -	\$ -	\$ 56,851	\$ 56,851
Buildings & improvements	2,797,992	2,721,213	-	-	2,797,992	2,721,213
Machinery & Equipment	221,995	188,842	-	-	221,995	188,842
Construction in Progress	335	51,490	-	-	335	51,490
Accumulated depreciation	<u>(1,655,245)</u>	<u>(1,528,506)</u>	<u>-</u>	<u>-</u>	<u>(1,655,245)</u>	<u>(1,528,506)</u>
Total	\$ <u>1,421,928</u>	\$ <u>1,489,890</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,421,928</u>	\$ <u>1,489,890</u>

Additional information on the Town’s capital assets can be found in Note 8 to the financial statements, on page 35.

Long-Term Debt

The Town has a lease obligation of \$2,482 to Xerox Corporation as of September 30, 2018. The lease was used to provide financing resources for computer equipment. More detailed information about the Town’s long-term debt is presented in Note 9 to the financial statements on page 36. The liability for compensated absences is also disclosed in Note 9 to the financial statements.

Economic Factors and Next Year’s Budgets and Rates – FY 2018-2019

Many factors are considered each year by the Town Council in its efforts to establish an operating budget, to evaluate its personnel needs, and to develop fees that are reasonable for its citizens. Some of the major factors considered in this process are the local economy, civilian labor force, unemployment rates, and inflation rates.

- The most recent figures available for population data in Putnam County, Florida are compiled by the 2010 Census, Shimberg 2013, and NEFRC. The population of the Town for 2010 was estimated at 912. Population for 2012 was estimated at 886. Population for 2015 is projected at 873.
- The latest reported per capita income for Putnam County is approximately:

	2011	2012	2014	2015
Per Capita	\$18,402	\$18,609	\$18,587	\$18,561

*census.gov/quickfacts/table/PST045215/12107

- The Town’s assessed valuation and millage rate for the last four years is as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Assessed Valuation	\$26,768,014	\$26,758,654	\$27,323,124	\$28,246,363
Millage Rate	5.7874	5.7874	5.7874	5.7874

- “The median household income in the Town at the time of the last survey was \$30,299 (2013). The median household income for Putnam County was \$33,003 (2016). Median household income in the U.S. was \$55,322 (2016).”
- “Per capita income in Pomona Park in the last full census was \$14,932 (2013). Per capita income in Putnam County was \$18,561 (2016). Per capita income in the U.S. was \$29,829.”
- “At all levels, the local population is fiscally below average, not unusual for a modest rural retirement community. However, 12.7% population is living below the poverty level according to the 2016 Census, with a per capita income of \$29,829.”

- Improvements completed in 2017-18 included repaving Lake St., Feagle, and Prospect. Millings on Blake, Dawson, Brooks, May, and Florence. Lime rock was placed on Palm. Morgan Park (now changed to ‘Mayor John C. Bergquist, Jr. Park’) received FRDAP Grant – renovated Pavilion, added small child play area, full-sized basketball court, and picnic benches. Town put new gates up at the park. SCOP Grant allowed repaving of Keown and building of drainage culvert. Millings placed at two town-owned properties, allowing parents to wait for children, with bus shelters placed at both Keown and Feagle
- Total fund balances on hand as of 9/30/2018 (not including non-recurring Grants, BPP and 1-5 center gas tax) was \$250,627 in all accounts.
- Total General Fund expenditures in 2017-18 were \$769,680 (thru September 30, 2018).
- The property tax rate has remained the same at 5.7874 for several years as shown above.
- In the 2018-19 fiscal year, the Town Council has budgeted:
 - \$50,000 for Town Hall improvements
- Items planned to be done depending on grant funding
 - \$18,000 to replace the walkway at the Town Beach
 - \$15,000 to replace the Pavilion at the Town Beach
 - \$5,000 to upgrade playground toys at the Town Beach
 - \$25,000 to add sidewalks to the Town Beach
 - \$25,000 for ditches and culverts

Basic Financial Statements

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TOWN OF POMONA PARK, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 523,185	\$ -	\$ 523,185
Accounts Receivable	-	-	-
Due from other governments	1,911	-	1,911
Capital assets:			
Land	56,851	-	56,851
Buildings and improvements other than buildings	2,797,992	-	2,797,992
Equipment	221,995	-	221,995
Construction in progress	335	-	335
Accumulated depreciation	(1,655,245)	-	(1,655,245)
Total assets	<u>1,947,024</u>	<u>-</u>	<u>1,947,024</u>
 LIABILITIES			
Current Liabilities			
Accrued Liabilities	2,702	-	2,702
Accrued Compensated Absences	11,964	-	11,964
Current Portion of Lease Payable	1,649	-	1,649
Noncurrent Liabilities			
Lease payable	833	-	833
Total liabilities	<u>17,148</u>	<u>-</u>	<u>17,148</u>
 NET POSITION			
Net investment in capital assets	1,419,446	-	1,419,446
Restricted for capital outlay	271,767	-	271,767
Unrestricted	238,663	-	238,663
Total net position	<u>\$ 1,929,876</u>	<u>\$ -</u>	<u>\$ 1,929,876</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF POMONA PARK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
Primary Government:					Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ 168,777	\$ 585	\$ -	\$ -	\$ (168,192)	\$ -	\$ (168,192)
Public Safety	81,079	226	-	-	(80,853)	-	(80,853)
Transportation	133,543	-	-	-	(133,543)	-	(133,543)
Economic Environment	303,776	-	303,776	-	-	-	-
Culture and Recreation	148,168	-	-	50,000	(98,168)	-	(98,168)
Interest	334	-	-	-	(334)	-	(334)
Total Governmental Activities	<u>835,677</u>	<u>811</u>	<u>303,776</u>	<u>50,000</u>	<u>(481,090)</u>	<u>-</u>	<u>(481,090)</u>
Total Primary Government	<u>\$ 835,677</u>	<u>\$ 811</u>	<u>\$ 303,776</u>	<u>\$ 50,000</u>	<u>(481,090)</u>	<u>-</u>	<u>(481,090)</u>
General Revenues:							
Property Taxes					160,391	-	160,391
Franchise taxes					39,175	-	39,175
Utility taxes					40,674	-	40,674
Local option gas tax					26,586	-	26,586
New gas tax					17,872	-	17,872
Communication service tax					14,597	-	14,597
One cent sales tax					77,432	-	77,432
Local government 1/2 cent sales tax					41,750	-	41,750
Intergovernmental Revenue					46,552	-	46,552
Miscellaneous					25,801	-	25,801
Total General Revenues					<u>490,830</u>	<u>-</u>	<u>490,830</u>
Change in Net Position					9,740	-	9,740
Net Position-Beginning					<u>1,920,136</u>	<u>-</u>	<u>1,920,136</u>
Net Position-Ending					<u>\$ 1,929,876</u>	<u>\$ -</u>	<u>\$ 1,929,876</u>

The accompanying notes are an integral part of the financial statements

Fund Financial Statements

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TOWN OF POMONA PARK, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	<u>General Fund</u>	<u>Better Place Fund</u>	<u>Fuel Tax Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 247,981	\$ 250,769	\$ 24,435	\$ 523,185
Due from other Funds	3,437	-	-	3,437
Due from other governments	1,911	-	-	1,911
Total Assets	<u>\$ 253,329</u>	<u>\$ 250,769</u>	<u>\$ 24,435</u>	<u>\$ 528,533</u>
 LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable and other current liabilities	\$ 2,702	\$ -	\$ -	\$ 2,702
Due to Other Funds	-	3,437	-	3,437
Total Liabilities	<u>2,702</u>	<u>3,437</u>	<u>-</u>	<u>6,139</u>
 Fund Balance				
Restricted for capital outlay	-	247,332	24,435	271,767
Assigned	-	-	-	-
Unassigned	250,627	-	-	250,627
Total Fund Balance	<u>250,627</u>	<u>247,332</u>	<u>24,435</u>	<u>522,394</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 253,329</u>	<u>\$ 250,769</u>	<u>\$ 24,435</u>	<u>\$ 528,533</u>

The accompanying notes are an integral part of the financial statements

TOWN OF POMONA PARK, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

Fund balance-total governmental funds	\$	522,394
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Governmental capital assets	\$	3,077,173	
Accumulated depreciation		<u>(1,655,245)</u>	1,421,928

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. These liabilities and other charges are comprised of the following:

Lease payable		(2,482)	
Compensated absences		<u>(11,964)</u>	<u>(14,446)</u>

Net position of governmental activities	\$	<u><u>1,929,876</u></u>
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The accompanying notes are an integral part of the financial statements

TOWN OF POMONA PARK, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Better Place Fund	Fuel Tax Fund	Total Governmental Fund
REVENUES				
Ad valorem taxes	\$ 160,391	\$ -	\$ -	\$ 160,391
Franchise taxes	39,175	-	-	39,175
Utility taxes	40,674	-	-	40,674
Local option gas tax	26,586	-	-	26,586
New gas tax	-	-	17,872	17,872
Communication Service tax	14,597	-	-	14,597
One cent sales tax	-	77,432	-	77,432
Local government 1/2 cent sales tax	41,750	-	-	41,750
Building permit fees	585	-	-	585
State revenue sharing	31,289	-	-	31,289
Mobile home licenses	326	-	-	326
Department of transportation	14,378	-	-	14,378
Federal CDBG	303,776	-	-	303,776
State Historic grant	50,000	-	-	50,000
Occupational license	-	-	-	-
Alcoholic beverage licenses	559	-	-	559
Court fines	226	-	-	226
Interest revenue	75	45	3	123
Miscellaneous Revenue	10,100	-	-	10,100
Donations	15,578	-	-	15,578
Total Revenues	750,065	77,477	17,875	845,417
EXPENDITURES				
General government	161,601	-	-	161,601
Public safety	39,255	-	-	39,255
Transportation	92,011	-	-	92,011
Economic Environment	303,776	-	-	303,776
Parks and recreation	64,228	-	-	64,228
Special Events				
Operating Expenses	15,365	-	-	15,365
Grants and aids	-	-	-	-
Special Facilities	33,088	-	-	33,088
Capital outlays	50,497	8,280	-	58,777
Debt service:				
Principal	1,245	-	-	1,245
Interest	334	-	-	334
Total Expenditures	761,400	8,280	-	769,680
Excess (deficiency) of revenues over (under) expenditures	<u>(11,335)</u>	<u>69,197</u>	<u>17,875</u>	<u>75,737</u>
OTHER FINANCING SOURCES AND (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Proceeds from Sale of Property	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(11,335)</u>	<u>69,197</u>	<u>17,875</u>	<u>75,737</u>
Fund balance-beginning	261,962	178,135	6,560	446,657
Fund balance-ending	<u>\$ 250,627</u>	<u>\$ 247,332</u>	<u>\$ 24,435</u>	<u>\$ 522,394</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF POMONA PARK, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Net change in fund balances-total governmental funds \$ 75,737

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

Governmental funds report capital outlays as expenditures and report the gross proceeds on sale of assets.

However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives. This is the amount by which capital additions exceeded the depreciation and book value of disposals for the current period.

Expenditures for capital assets	\$ 58,777	
Less book value of asset sales and disposals	-	
Less current year depreciation	<u>(126,739)</u>	(67,962)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments		1,245
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Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.

Proceeds on Lease Payable		-
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences		<u>720</u>
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Change in net position of governmental activities.		<u><u>\$ 9,740</u></u>
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The accompanying notes are an integral part of the financial statements

Notes to Financial Statements

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Town of Pomona Park, Florida
Notes to Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Pomona Park, Florida (the Town) is a political subdivision of the State of Florida located in Putnam County. The Town of Pomona Park was incorporated under the Laws of Florida on May 14, 1894 and under the Laws of Florida 6755 Acts of 1913. The legislative branch of the Town is composed of a seven (7) member elected Council. The Town Council is governed by the Town Charter and by state and local laws and regulations. The Town Council is responsible for the establishment, adoption and execution of policy.

The accompanying financial statements present the financial position, results of operations and cash flows of the applicable funds controlled by or dependent on the Town. In evaluating the Town as a reporting entity, management has addressed all potential component units for which the entity may or may not be financially accountable and, as such, be included within the Town's financial statements.

B. Government-Wide and Fund Financial Statements

The government wide financial statements, comprised of the Statement of Net Position and the Statement of Activities, report aggregated information for the overall government for all the activities of the primary government. The primary government is reported in two columns to separately report governmental activities from business type activities. The effect of interfund activity has been eliminated from these statements as is further disclosed below under the heading Interfund Activity Eliminations and Declassifications.

Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange revenues, are reported separately from business-type activities, which are financed wholly or partially by fees charged to external parties for goods or services and are reported in enterprise funds. The Statement of Net Position presents the overall government's financial position at year-end. The Statement of Activities presents direct expenses of a given functional segment offset by program revenues for the fiscal reporting period. The resulting net expense or revenue is then totaled and offset by general revenue producing the aggregate change in net position for the period. 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 of the government, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other non-exchange revenues not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. The Town has no business-type funds for the year ended September 30, 2018.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or as 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 60 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, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, intergovernmental revenue, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions. Non-exchange transactions are grouped into four classes based on their principal characteristics. The accounting treatment for each type of transaction is as follows:

- Derived Tax Revenue, defined as assessments imposed on exchange transactions. Examples include: sales taxes, franchise tax, utility taxes, etc. Assets from derived tax revenue are recognized in the period when the exchange transaction on which the tax is imposed or when resources are received, whichever occurs first. Revenues are recognized, net of estimated uncollectible amounts, in the same period that the assets are recognized. Resources received in advance are recorded as deferred revenue until the period of the exchange.
- Imposed Non-exchange Revenue, results from assessments on non-governmental entities, other than assessments on exchange transactions. Examples include: ad valorem (property) taxes, fines and penalties, and property forfeitures. Assets from imposed non-exchange revenues are recognized in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Property taxes are recognized in the period for which the taxes are levied. All other imposed non-exchange revenues are recognized in the same period that the assets are recognized.
- Government-mandated Non-exchange Transactions, frequently established eligibility requirements before a transaction can occur. Examples include federal awards and state financial assistance. Until the requirements are met, the recipient does not have a receivable and the recognition of revenue received in advance is deferred. The providers (usually federal, state, and county governments) often offer resources on a reimbursement (“expenditure-driven”) basis at the time the recipient has incurred allowable costs under the applicable program.
- Voluntary Non-exchange Transactions, result from legislative or contractual agreements other than exchanges entered into willingly by two or more parties. Examples include certain grants, entitlements, and donations by non-governmental entities. Principal characteristics of these types of transactions are (1) they are not imposed on the provider or recipient, and (2) fulfillment of eligibility requirements is essential for a transaction to occur. Assets and revenues are recognized when all applicable eligibility requirements, including time requirements, are met. Resources received in advance are reported as deferred revenue.

The Town reports the following major governmental funds:

General Fund - The general fund is the principal fund of the Town, which accounts for all transactions not accounted for in other funds. The majority of current operating expenditures of the Town are financed through revenues received by the General Fund.

Better Place Fund - This special revenue fund accounts for restricted sales tax funds as described in Note 10.

Gas Tax Fund - This special revenue fund accounts for restricted gas tax funds as described in Note 11.

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

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, and money market investments with original maturities of three months or less from the date of acquisition.

Credit Risk

The Town investment practices limit the exposure to credit risk by investing funds in State certified public depository.

Interest Rate Risk

The Town’s investment practices do not limit the maturities of investments to reduce the interest rate risk. The interest rate risk is controlled through investing in money market funds and certificates of deposit with stated interest rates.

Concentration of Credit Risk

The Town’s investments included money market account and regular bank accounts which limits the concentration of credit risk.

Interfund Activity Eliminations and Declassifications

The interfund receivables, payables and transfers are eliminated on the Government Wide Financial Statements. These balances are for working capital purposes and are expected to be repaid in the next year. At September 30, 2018 interfund balances were as follows:

	Due from Other Funds	Due to Other Funds	Totals
General Fund	<u>\$ 3,437</u>	<u>\$ -</u>	<u>\$ 3,437</u>
Better Place Fund	<u>-</u>	<u>3,437</u>	<u>3,437</u>
Total	<u>\$ 3,437</u>	<u>\$ 3,437</u>	<u>\$ -</u>

2. Capital Assets

Capital Assets include property, plant, equipment and infrastructure assets. The term general capital assets and general infrastructure assets relate only to the assets associated with governmental activities. Whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the Town, capital assets are defined by the Town as assets having a useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. The Town’s capitalization policy is \$1,000.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the assets over the estimated economic useful lives, which are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	20-40 years
Improvements other than buildings	10-30 years
Equipment	3-30 years
Infrastructure	20-40 years

3. Compensated Absences

It is the Town's policy to grant employees vacation leave based upon the number of years of employment with the Town. Vacation leave may be used as time off during the year. The maximum vacation which can be accrued is up to two weeks plus the current year accrual. The Mayor may grant an exception to this policy to meet the best interests and/or operational needs of the Town. Upon termination, employees receive a cash payment equal to the number of hours accrued, but not used during the year and any approved hours carried over based upon the applicable employee's current wage rate.

Sick leave is accumulated at a rate of twelve days per year (96 hours maximum) per full-time employee and can be accumulated. As of October 1, 2009 current employees will be given 96 hours of sick leave except for those grandfathered in from the prior policy. At the end of 2010, all unused hours will be carried over (maximum of 96 hours). At the beginning of 2011, if an employee has utilized some of the 96 hours of sick time, they will begin to accrue sick time at 8 hours per month to a maximum of 96 hours. Every year after 2011, employees will be given 96 hours sick leave, with the exception of new employees which will follow the probationary period rules.

The portion of employee's payroll costs paid subsequent to year-end attributable to services performed prior to year-end accumulated unpaid vacation, sick leave, and personal leave is recorded and recognized as current liabilities. The remainder of the liability for compensated absences payable beyond the current period is recorded as a long-term liability.

4. Long-term Obligations

In the government wide financial statements, long-term debt obligations are reported as liabilities in the statement of net position. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

5. Fund Equity

The 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:

- Non-spendable Fund Balance – Amounts that are inherently not spendable because of their form (such as inventory) and/or that cannot convert or are not readily convertible to cash (such as prepaid assets or the long-term portion of loans receivable).
- Restricted Fund Balance – Amounts that have externally enforceable limitations on their use. These amounts are constrained to the specific purposes by their providers (such as grantors, bondholders, or higher levels of government pursuant to enabling legislation, e.g., gas tax revenues that must be used for road repairs).
- Committed Fund Balance- Amounts that have self-imposed limitations established through actions of the Town Council (the Town's highest level of decision making authority) set in place prior to the end of a financial reporting period. These amounts cannot be used for any other purpose unless the Town Council takes action to remove or change the limitation.
- Assigned Fund Balance – Amounts that the government intends on expending for a specific purpose. These amounts are neither restricted nor committed but is the Town's intent on the use of funds.
- Unassigned Fund Balance for amounts that are available for any purpose.

6. Use of Estimates

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

7. Reclassifications

Certain amounts presented in prior year data may have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**A. Explanation of certain differences between the Governmental Fund Balance Sheet and the government-wide Statement of Net Position.**

Following the governmental fund balance sheet, there is a reconciliation between fund balance – total government funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in the reconciliation.

B. Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the government-wide Statement of Activities.

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

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**A. Budgets and Budgetary Accounting**

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to the first day of the new fiscal year, the Town Clerk submits to the Town Council a budget for the ensuing fiscal year.
- (2) Budget workshop sessions are scheduled by the Town Clerk and Finance Committee as needed.
- (3) The general summary of the budget and notices of public hearings are published in an area newspaper.
- (4) Public hearings are conducted to obtain taxpayer comments.
- (5) Prior to October 1, the budget is legally enacted through passage of an ordinance.
- (6) The Town Council, by ordinance, may make supplemental appropriations for the year up to the amount of revenues in excess of those estimated.
- (7) The level of classification detail at which expenditures may not legally exceed appropriations is within a fund level. The Town Council may, by ordinance, transfer part or all of any unencumbered appropriation balance to other functional classifications.

- (8) Every appropriation lapses at the close of the fiscal year to the extent that it has not been expended. Reserved and designated fund balances are re-budgeted in the year of planned expenditure.
- (9) Budgets for the General Fund are adopted on a basis of accounting consistent with generally accepted accounting principles. The General Fund is required to have a legally adopted annual budget.

NOTE 4 - PROPERTY TAX

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the office of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills.

The tax levy of the Town is established by the Town Council prior to October 1 of each year and the Putnam County Property Appraiser incorporates the millages into the total tax levy, which includes the County, the School Board and other applicable taxing districts.

All property is reassessed by the County Property Appraiser according to its fair market value as of January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of state statutes.

All real and tangible personal property taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed.

Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March are without discount. All unpaid taxes on real and tangible personal property become delinquent on April 1 of the year following the year in which the taxes were billed. Procedures for the collection of delinquent taxes are the responsibility of the county and are subject to Florida Law.

Property tax revenues are recognized when levied in accordance with the modified accrual basis of accounting. Delinquent taxes receivable that are measurable, but not available as of the end of the fiscal year are reflected as deferred revenues, if material.

NOTE 5 - CASH AND INVESTMENTS

The Town maintains separate cash and investment accounts for all of the funds.

Deposits: The carrying amount of the Town's cash in financial institutions and on hand was \$523,115 (reconciled balance) at September 30, 2018. The bank balance at September 30, 2018 is \$526,304. Florida Statutes require depositories of public funds to provide collateral for all public deposits in excess of FDIC insurance. The collateral is held by the State Treasurer or other custodian with full legal rights maintained by the Treasurer to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the State Treasurer and paid by the other public depositories.

Investments: State Statutes and local resolution govern the Town's investment policies. Allowable investment instruments include: bonds, notes, certificates of indebtedness, treasury bills, or other securities which are guaranteed by the full faith and credit of the United States of America, interest bearing savings accounts, interest bearing certificates of deposit and interest bearing time deposits. The Town had no investments at September 30, 2018.

NOTE 6 – FAIR VALUE MEASUREMENT

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has no assets and liabilities subject to fair value disclosures.

NOTE 7 - DUE FROM OTHER GOVERNMENTS

Due from other Governments of \$1,911 is composed of ½ cent Sales Tax due from State of Florida.

NOTE 8 - CAPITAL ASSETS

A summary of capital assets activity for the year ended September 30, 2018, is as follows:

	<u>Balance</u> <u>September 30, 2017</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>September 30, 2018</u>
Government Activities:					
Capital assets not being depreciated:					
Land	\$ 56,851	\$ -	\$ -	\$ -	\$ 56,851
Total assets not being depreciated	<u>56,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,851</u>
Capital assets being depreciated:					
Buildings	465,800	-	-	-	465,800
Improvements other than Buildings	2,255,413	51,490	25,289	-	2,332,192
Furniture, Fixtures and Equipment	188,842	-	33,153	-	221,995
Construction in Progress	51,490	(51,490)	335	-	335
Total assets being depreciated	<u>2,961,545</u>	<u>-</u>	<u>58,777</u>	<u>-</u>	<u>3,020,322</u>
Total Capital Assets	3,018,396	-	58,777	-	3,077,173
Less Accumulated Depreciation	1,528,506	-	126,739	-	1,655,245
Capital Assets, Net	<u>\$1,489,890</u>	<u>\$ -</u>	<u>\$ (67,962)</u>	<u>\$ -</u>	<u>\$ 1,421,928</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General Government	\$ 6,337
Public Safety	41,824
Transportation	43,091
Parks/Recreation	<u>35,487</u>
Total Depreciation	<u>\$ 126,739</u>

Covenant restrictions:

The Town of Pomona Park transferred the property for the Fire Station to Putnam County subject to the following restrictions:

The property cannot be fenced except with the approval of the Town Council of Pomona Park by Ordinance; and the property will only be used as an active fire station and emergency medical services station. If the property ceases to be used as an active fire station or emergency medical services station for more than 30 continuous days, then the property, and all permanent improvements, shall revert to the Town of Pomona Park. In order to be an active station, equipment which is normally and actively used to perform fire suppression services and emergency medical services must be kept on the property. The County shall not convey or lease the property to any person, corporation or other entity without the approval of the Town Council by ordinance.

NOTE 9 - LONG TERM DEBT

The Town entered into a capital lease with Xerox Corporation for computer equipment. The asset value of the lease is \$5,503 and has an implicit interest rate of 11.75% with payments beginning in March of 2016. The monthly payments are \$144 for a total of 48 months. The Town has a bargain purchase option at the end of the lease of \$1.

A summary of changes in general long-term debt follows:

	<u>Balance</u> <u>October 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>September</u> <u>30, 2018</u>	<u>Due in</u> <u>One Year</u>
Accrued Compensated Absences	\$12,684	\$ -	\$ 720	\$ 11,964	\$ 11,964
Lease Payable	<u>3,727</u>	<u>-</u>	<u>1,245</u>	<u>2,482</u>	<u>1,649</u>
Total Long-Term Debt	<u>\$16,411</u>	<u>\$ -</u>	<u>\$ 1,965</u>	<u>\$ 14,446</u>	<u>\$ 13,613</u>

Maturities on long-term debt are as follows:

<u>Year ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,649	\$ 216	\$ 1,865
2020	<u>833</u>	<u>28</u>	<u>861</u>
Total	<u>\$ 2,482</u>	<u>\$ 244</u>	<u>\$ 2,726</u>

NOTE 10 - BETTER PLACE FUND BALANCE

The Town receives funds from the additional one cent discretionary sales tax from Putnam County that was passed by referendum. The surtax is to be in effect for 15 years and to be used for roads, sidewalks, parks, improve drainage, resurface roads, improve land for public use, modernize libraries, build water/sewer systems, promote economic development, build or expand government buildings and community centers, improve law enforcement and fire protection systems and facilities, public transportation systems and waterfront assets and accessibility.

NOTE 11 - GAS TAX FUND BALANCE

The Town receives funds from the 1 to 5 cents local option fuel tax from Putnam County that was passed by referendum. The fuel tax is to be used for roads, sidewalks, improve drainage, resurface roads, and other transportation improvements.

NOTE 12 - OTHER INFORMATION

Risk of loss

The Town is a member of the Florida Municipal Insurance Trust (the "Trust"). The Trust is a self-insurance program established to provide certain liability, casualty, property coverage and workers compensation to participating units of local governments in Florida, pursuant to various provisions of the Florida statutes. The Trust's underwriting and rate setting policies were established after consulting with an independent actuary.

The Trust is non-assessable and therefore, the Town has no liability for future deficits of the Trust, if any. The deductible for general liability, auto, property damage and workers compensation are as follows:

General liability	zero
Workers compensation	zero
Auto	\$500
Property	\$500

The limits for the insurance are general liability \$1,000,000, E&O \$1,000,000, real property \$731,306, business personal property \$192,858 workers compensation \$1,000,000, public official bond of \$25,000 and handling cash of \$2,500.

NOTE 13 - COMMITMENTS AND CONTIGENCIES

The Town has a lease agreement with the Head Start Program for one of the Towns properties. The lease agreement has Head Start paying \$1 a year to the Town. The Town also has a lease agreement with Richardson's Masonic Lodge for the Maintenance Building the Town uses for its Public Works Department. The Town has no lease payments mentioned in the agreement.

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Required Supplementary Information

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TOWN OF POMONA PARK
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
TAXES				
Ad valorem taxes	\$ 161,400	\$ 161,400	\$ 160,391	\$ (1,009)
Franchise taxes	36,400	36,400	39,175	2,775
Utility taxes	37,200	37,200	40,674	3,474
Local Option gas tax	26,250	26,250	26,586	336
Communication service tax	13,000	13,000	14,597	1,597
Local government 1/2 cent sales tax	38,000	38,000	41,750	3,750
LICENSES AND PERMITS				
Building permit fees	3,500	3,500	585	(2,915)
INTERGOVERNMENTAL REVENUES				
State revenue sharing	27,000	27,000	31,289	4,289
Mobile home licenses	400	400	326	(74)
Department of transportation	9,400	9,400	14,378	4,978
Federal CDBG	403,000	403,000	303,776	(99,224)
State Grants FRDAP & Historic	50,000	50,000	50,000	-
Occupational licenses	-	-	-	-
Alcoholic beverage licenses	600	600	559	(41)
FINES AND FORFEITURES				
Court fines	100	100	226	126
MISCELLANEOUS REVENUES				
Interest	60	60	75	15
Miscellaneous	7,200	7,200	10,100	2,900
Donations	8,490	8,490	15,578	7,088
TOTAL REVENUES	<u>822,000</u>	<u>822,000</u>	<u>750,065</u>	<u>(71,935)</u>
EXPENDITURES				
Current:				
General government	182,800	182,800	161,601	21,199
Public safety	67,000	67,000	39,255	27,745
Transportation	82,000	82,000	92,011	(10,011)
Economic Environment	403,000	403,000	303,776	99,224
Parks and Recreation	63,500	63,500	64,228	(728)
Special Events	20,000	20,000	15,365	4,635
Special Facilities	38,900	38,900	33,088	5,812
Capital outlays	52,200	52,200	50,497	1,703
Debt service:				
Principal	1,500	1,500	1,245	255
Interest	500	500	334	166
Total expenditures	<u>911,400</u>	<u>911,400</u>	<u>761,400</u>	<u>150,000</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(89,400)</u>	<u>(89,400)</u>	<u>(11,335)</u>	<u>78,065</u>
OTHER FINANCING SOURCES AND (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Proceeds from Sale of Property	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(89,400)</u>	<u>(89,400)</u>	<u>(11,335)</u>	<u>78,065</u>
Fund balances-beginning	261,962	261,962	261,962	-
Fund balances-ending	<u>\$ 172,562</u>	<u>\$ 172,562</u>	<u>\$ 250,627</u>	<u>\$ 78,065</u>

The accompanying notes are an integral part of the financial statements

TOWN OF POMONA PARK
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BETTER PLACE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
TAXES				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Utility taxes	-	-	-	-
Local Option gas tax	-	-	-	-
New gas tax	-	-	-	-
Communication service tax	-	-	-	-
One cent sales tax	69,900	69,900	77,432	7,532
Local government 1/2 cent sales tax	-	-	-	-
LICENSES AND PERMITS				
Building permit fees	-	-	-	-
Occupational licenses	-	-	-	-
INTERGOVERNMENTAL REVENUES				
State revenue sharing	-	-	-	-
Mobile home licenses	-	-	-	-
Department of transportation	-	-	-	-
Alcoholic beverage licenses	-	-	-	-
FINES AND FORFEITURES				
Court fines	-	-	-	-
MISCELLANEOUS REVENUES				
Interest	100	100	45	(55)
Miscellaneous	-	-	-	-
Donations	-	-	-	-
TOTAL REVENUES	<u>70,000</u>	<u>70,000</u>	<u>77,477</u>	<u>7,477</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Parks and Recreation	-	-	-	-
Special Events	-	-	-	-
Special Facilities	-	-	-	-
Capital outlays	192,000	192,000	8,280	183,720
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>192,000</u>	<u>192,000</u>	<u>8,280</u>	<u>183,720</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(122,000)</u>	<u>(122,000)</u>	<u>69,197</u>	<u>191,197</u>
OTHER FINANCING SOURCES AND (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Lease proceeds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(122,000)</u>	<u>(122,000)</u>	<u>69,197</u>	<u>191,197</u>
Fund balances-beginning	178,135	178,135	178,135	-
Fund balances-ending	<u>\$ 56,135</u>	<u>\$ 56,135</u>	<u>\$ 247,332</u>	<u>\$ 191,197</u>

The accompanying notes are an integral part of the financial statements

TOWN OF POMONA PARK
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FUEL TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
TAXES				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Utility taxes	-	-	-	-
Local Option gas tax	-	-	-	-
New gas tax	18,285	18,285	17,872	(413)
Communication service tax	-	-	-	-
One cent sales tax	-	-	-	-
Local government 1/2 cent sales tax	-	-	-	-
LICENSES AND PERMITS				
Building permit fees	-	-	-	-
Occupational licenses	-	-	-	-
INTERGOVERNMENTAL REVENUES				
State revenue sharing	-	-	-	-
Mobile home licenses	-	-	-	-
Department of transportation	-	-	-	-
Occupational licenses	-	-	-	-
Alcoholic beverage licenses	-	-	-	-
FINES AND FORFEITURES				
Court fines	-	-	-	-
MISCELLANEOUS REVENUES				
Interest	15	15	3	(12)
Miscellaneous	-	-	-	-
Donations	-	-	-	-
TOTAL REVENUES	<u>18,300</u>	<u>18,300</u>	<u>17,875</u>	<u>(425)</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Parks and Recreation	-	-	-	-
Special Events	-	-	-	-
Special Facilities	-	-	-	-
Capital outlays	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>18,300</u>	<u>18,300</u>	<u>17,875</u>	<u>(425)</u>
OTHER FINANCING SOURCES AND (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Lease proceeds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>18,300</u>	<u>18,300</u>	<u>17,875</u>	<u>(425)</u>
Fund balances-beginning	6,560	6,560	6,560	-
Fund balances-ending	<u>\$ 24,860</u>	<u>\$ 24,860</u>	<u>\$ 24,435</u>	<u>\$ (425)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF POMONA PARK, FLORIDA
SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TAXES			
Ad valorem taxes	\$ 161,400	\$ 160,391	\$ (1,009)
Franchise taxes	36,400	39,175	2,775
Utility taxes	37,200	40,674	3,474
Local option gas tax	26,250	26,586	336
Communication Service Tax	13,000	14,597	1,597
Local government 1/2 cent sales tax	38,000	41,750	3,750
	<u>312,250</u>	<u>323,173</u>	<u>10,923</u>
LICENSES AND PERMITS			
Building permit fees	3,500	585	(2,915)
	<u>3,500</u>	<u>585</u>	<u>(2,915)</u>
INTERGOVERNMENTAL REVENUES			
General Government:			
State revenue sharing	27,000	31,289	4,289
Mobile home licenses	400	326	(74)
Department of Transportation	9,400	14,378	4,978
Federal CDBG	403,000	303,776	(99,224)
Florida FRDAP & Historical Grants	50,000	50,000	-
Occupational license	-	-	-
Alcoholic beverage licenses	600	559	(41)
	<u>490,400</u>	<u>400,328</u>	<u>(90,072)</u>
FINES AND FORFEITURES			
Court fines	100	226	126
MISCELLANEOUS REVENUES			
Interest	60	75	15
Donations	8,490	15,578	7,088
Miscellaneous	7,200	10,100	2,900
	<u>15,750</u>	<u>25,753</u>	<u>10,003</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Property	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>\$ 822,000</u>	<u>\$ 750,065</u>	<u>\$ (71,935)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF POMONA PARK, FLORIDA
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
GENERAL GOVERNMENT			
Legislative:			
Personal services	\$ 32,535	\$ 30,305	\$ 2,230
Operating expenses	20,465	20,655	(190)
	<u>53,000</u>	<u>50,960</u>	<u>2,040</u>
Financial and administrative:			
Personal services	78,735	74,025	4,710
Operating expenses	31,265	23,164	8,101
	<u>110,000</u>	<u>97,189</u>	<u>12,811</u>
Legal counsel:			
Operating expenses	16,000	12,595	3,405
Comprehensive plan:			
Other sources	3,800	857	2,943
	<u>3,800</u>	<u>857</u>	<u>2,943</u>
TOTAL GENERAL GOVERNMENT	<u>182,800</u>	<u>161,601</u>	<u>21,199</u>
PUBLIC SAFETY			
Law enforcement:			
Operating expenses	5,000	4,489	511
Fire control:			
Personal Services	12,335	10,100	2,235
Operating expenses	5,665	3,373	2,292
Code Enforcement:			
Personal Services	7,235	5,593	1,642
Operating expenses	36,765	15,700	21,065
	<u>67,000</u>	<u>39,255</u>	<u>27,745</u>
TOTAL PUBLIC SAFETY	<u>67,000</u>	<u>39,255</u>	<u>27,745</u>
TRANSPORTATION			
Road and streets:			
Personal services	40,735	34,427	6,308
Operating expenses	41,265	57,584	(16,319)
	<u>82,000</u>	<u>92,011</u>	<u>(10,011)</u>
TOTAL TRANSPORTATION	<u>82,000</u>	<u>92,011</u>	<u>(10,011)</u>
ECONOMIC ENVIRONMENT			
Economic Environment:			
Operating Grants	403,000	303,776	99,224
	<u>403,000</u>	<u>303,776</u>	<u>99,224</u>
TOTAL ECONOMIC ENVIRONMENT	<u>403,000</u>	<u>303,776</u>	<u>99,224</u>
CULTURE AND RECREATION			
Parks and recreation:			
Personal services	39,635	33,371	6,264
Operating expenses	23,865	30,857	(6,992)
Other grants / aid	-	-	-
	<u>63,500</u>	<u>64,228</u>	<u>(728)</u>
Special events:			
Personal Services	17,285	14,107	3,178
Operating expenses	2,715	1,258	1,457
Grants and aids	-	-	-
	<u>20,000</u>	<u>15,365</u>	<u>4,635</u>
Special facilities:			
Personal Services	17,300	14,107	3,193
Operating expenses	21,600	18,981	2,619
	<u>38,900</u>	<u>33,088</u>	<u>5,812</u>
TOTAL CULTURE AND RECREATION	<u>122,400</u>	<u>112,681</u>	<u>9,719</u>
CAPITAL OUTLAY			
Legislative	-	-	-
Comprehensive Plan	200	-	200
Fire control	-	637	(637)
Road and streets	50,000	33,218	16,782
Parks and recreation	-	12,824	(12,824)
Special facilities	2,000	3,818	(1,818)
Grants and aids	-	-	-
	<u>52,200</u>	<u>50,497</u>	<u>1,703</u>
TOTAL CAPITAL OUTLAY	<u>52,200</u>	<u>50,497</u>	<u>1,703</u>
DEBT SERVICE			
Principal	1,500	1,245	255
Interest	500	334	166
	<u>2,000</u>	<u>1,579</u>	<u>421</u>
TOTAL DEBT SERVICE	<u>2,000</u>	<u>1,579</u>	<u>421</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 911,400</u>	<u>\$ 761,400</u>	<u>\$ 150,000</u>

The accompanying notes are an integral part of the financial statements

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SUPPLEMENTAL AUDIT REPORTS

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**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**

The Honorable Mayor and Town Council
Town of Pomona Park, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Pomona Park, Florida as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Pomona Park, Florida's basic financial statements and have issued our report thereon dated November 29, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Pomona Park, Florida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Pomona Park, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Pomona Park, Florida's internal control.

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

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

2009-IC-1 Segregation of duties

Because of the number of personnel in the finance department, there is a lack of separation of duties between employees that prepare the transaction and those that review the transaction.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Town of Pomona Park, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 Pomona Park, Florida's Response to Findings

The Town of Pomona Park, Florida's response to the findings identified in our audit is described in Management Response. The Town of Pomona Park, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



South Daytona, Florida
November 29, 2018



MOATS & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF POMONA PARK, FLORIDA
MANAGEMENT LETTER

Members of:
American Institute of CPAs
Florida Institute of CPAs

The Honorable Mayor and Town Council
Town of Pomona Park, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Pomona Park, Florida, as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated November 29, 2018.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; and in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated November 29, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554 (1)(i)1., The Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report (**except as noted in the Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an Audit of Financial Statements Performed in accordance with Government Auditing Standards**). This finding has been in effect for over three years because of the size of the entity.

Official Title and Legal Authority

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

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town of Pomona Park has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and

**The Honorable Mayor and Town Council
Town of Pomona Park, Florida**

identification of the specific condition(s) met. In connection with our audit, we determined that the Town of Pomona Park did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendation to improve financial management. In connection with our audit, we have the following recommendations:

2018-001 Check Signing Procedures

During the audit, we determined that the Town was not including original invoices (with other supporting documents) for the check signers review and signature. The Town was monitoring the work performed but original invoices were not submitted.

The submission of proper documentation for work performed is required in order to disburse public funds. This documentation is also required for both Federal and State Grants.

We recommend the Town review the procedures in their procedural manual and insist on vendors submitting original invoices when requesting payment.

2018-002 Fixed Asset Subsidiary Ledger

The Town has not updated the Sage Fixed Asset software for fixed asset additions or deletions during the year. Because the fixed asset software was not being updated and the staff did not have sufficient training in inputting the fixed asset additions and deletions, the current year depreciation was not updated and calculated correctly.

We recommend the Town review their fixed assets system and make sure that all records are updated and observed annually.

Additional Matters

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

**The Honorable Mayor and Town Council
Town of Pomona Park, Florida**

Purpose of this Letter

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

The Town of Pomona Park written response to this management letter has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Mont & Associates, CPAs

South Daytona, Florida
November 29, 2018

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Post Office Box 518
1775 Highway 17
Pomona Park, FL 32181-0518

386-649-4902

townclerk@pomonapark.com

December 6, 2018

Auditor General
State of Florida
401 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Audit Staff – The following is the Town Clerk's response to the Auditor's Management Comments for the fiscal year ended September 30, 2018:

COMMENT:

2018-001 Bank Check Signing Procedures

During the audit, Moats & Associates determined that the Town was not including original invoices (with other supporting documents) for the check signers review and signature.

RESPONSE:

The Town has now put in place a policy that is no bill or invoice is submitted by the vendor or contractor, no check will be issued until the proper paperwork is submitted to the Town.

COMMENTS:

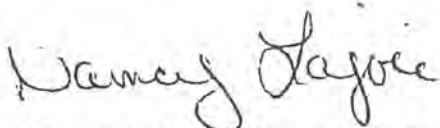
2018-002 Fixed Asset Subsidiary Ledger

The Town has not updated the Sage Fixed Asset software for fixed asset additions or deletions during the year. The current year depreciation was not updated and calculated correctly.

RESPONSE:

The Sage Fixed Asset program will be updated, and the Clerk will receive proper training on how to use this program. It will be updated on a regular basis.

Sincerely,

A handwritten signature in cursive script that reads "Nancy Lajoie".

Nancy Lajoie, Town Clerk
Town of Pomona Park
649.4902

