

Town of Wausau

FINANCIAL STATEMENTS

For The Year Ended September 30, 2018



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RIGGS &
INGRAM

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**Town of Wausau
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September 30, 2018**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Town Council
Town of Wausau, 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 remaining non-major fund of the Town of Wausau, Florida (the "Town"), 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and remaining non-major fund of the Town as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Motor Fuel Tax Fund 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 (pages 4-9), Florida Retirement System Pension Plan schedule of employer's proportionate share of the net pension liability, schedule of employer contributions and Health Insurance Subsidy Program schedule of employer's proportionate share of the net pension liability and schedule of employer contributions on pages 43 - 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedules of revenues and expenses – water department (page 48), are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 2017 information was provided for comparative purposes only and was obtained from the prior year financial statements which were audited by Carr, Riggs & Ingram, LLC. The schedules of revenues and expenses – water and sewer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of

revenues and expenses – water and sewer are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 28, 2019, on our consideration of the Town’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town’s internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

June 28, 2019

Management's Discussion and Analysis

The Town of Wausau, Florida's (the "Town") Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Town's financial statements, beginning on page 10.

Financial Highlights

Governmental Activities

- Current assets increased \$1,618.
- Capital assets decreased \$38,437. 2018 capital assets activity was comprised of \$58,387 in additions and depreciation expense of \$96,824.
- Current liabilities decreased \$63,561 due primarily to a \$50,000 decrease in the lines of credit used for construction projects.
- Noncurrent liabilities increased \$21,624 due primarily to an increase in pension liability.
- Revenues decreased \$345,390 due primarily to grant decreases of \$343,465.
- Expenses decreased \$3,275.

Business-type Activities

- Current assets decreased \$57,976 due primarily to a reduction in due from other funds of \$33,614 and cash of \$23,038.
- Capital assets decreased \$104,502. The net decrease was comprised of \$5,000 current year additions and depreciation of \$109,502.
- Total liabilities decreased \$4,278.
- Total revenues decreased \$183,353 due largely to no capital grants in the current year and total expenses increased \$3,526.

Town Highlights

This past year the Town completed at a cost of \$191,945 the Northwest Florida Water Management District Grant project, to boost water pressure on Mudd Hill Road and increase capacity for additional customers. Also completed in 2018 was a Department of Transportation Grant project in the amount of \$424,955 to pave and widen Fourth Avenue from Highway 77 to Olie Road. In 2018

Management's Discussion and Analysis

Wausau completed \$100,000 of improvements at the Possum Palace Park with proceeds from two \$50,000 FRDAP Grants. Improvements were to enhance the playground, add a new nature trail and splash pad park. Another major award in 2018 was a Florida Legislature appropriation of \$985,500 to construct a new firehouse. Construction of the firehouse should begin in fiscal year 2019.

In fiscal year 2019, the Town received a \$600,000 CDBG Grant to refurbish the Possum Palace with construction planned to begin in 2019. Also in 2019, Wausau applied for two \$50,000 FRDAP Grants, which if awarded, will be used to make additional improvements to the Possum Palace Park nature trail and splash pad park.

On October 10, 2018 Hurricane Michael, a category 5 storm, passed near Wausau and through Washington County, Florida causing devastating destruction and property damage to buildings and businesses throughout the region. The full impact of the storm is hard to calculate. However, as of the date of issuance of these financial statements the town had received or been approved for insurance and FEMA claims and reimbursements of \$98,000.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental and business-type activities of the Town presented on the accrual basis of accounting.

The statement of net position presents information on all of the Town's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and resulting net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the financial statements distinguish the functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, transportation, human services, and culture and recreation.

The government-wide financial statements can be found on pages 10 - 11 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental and proprietary. Traditional users of governmental financial statements will find the fund financial statements' presentation more familiar.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, readers may better understand the long-term impact of the Town's near-term financing decisions.

The Town maintains two governmental funds and information on these funds is presented in the Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds. The Town adopts an annual appropriated budget for its General Fund and Motor Fuel Tax Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 12 - 17.

Proprietary Funds

The Town maintains one proprietary fund type, an enterprise fund, to account for its water department. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The proprietary fund statement provides the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements can be found on pages 18 - 20.

Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. They can be found on pages 21 - 42.

Government-Wide Financial Analysis

This section is used to present condensed financial information from the government-wide statements that compare the current year to the prior year.

Management's Discussion and Analysis

Statement of Net Position

The following schedule reflects the condensed Statement of Net Position:

<i>September 30,</i>	Governmental Activities		
	2018	2017	Change
Assets			
Current assets	\$ 45,221	\$ 43,603	\$ 1,618
Capital assets	1,168,019	1,206,456	(38,437)
Total assets	1,213,240	1,250,059	(36,819)
Deferred outflows of resources	47,405	13,293	34,112
Liabilities			
Current liabilities	55,592	119,153	(63,561)
Noncurrent liabilities	186,387	164,763	21,624
Total liabilities	241,979	283,916	(41,937)
Deferred inflows of resources	14,206	15,470	(1,264)
Net Position			
Net investment in capital assets	991,871	960,510	31,361
Restricted	2,132	-	2,132
Unrestricted	10,457	3,456	7,001
Total net position	\$ 1,004,460	\$ 963,966	\$ 40,494
Business-type Activities			
<i>September 30,</i>	2018	2017	Change
Assets			
Current assets	\$ 42,866	\$ 100,842	\$ (57,976)
Capital assets	2,258,366	2,362,868	(104,502)
Total assets	2,301,232	2,463,710	(162,478)
Deferred outflows of resources	26,970	14,318	12,652
Liabilities			
Current liabilities	27,370	33,859	(6,489)
Noncurrent liabilities	355,535	353,324	2,211
Total liabilities	382,905	387,183	(4,278)
Deferred inflows of resources	16,815	17,284	(469)
Net Position			
Net investment in capital assets	1,923,372	2,014,901	(91,529)
Restricted for debt service	5,452	5,623	(171)
Unrestricted	(342)	53,037	(53,379)
Total net position	\$ 1,928,482	\$ 2,073,561	\$ (145,079)

Management's Discussion and Analysis

Statement of Activities

The following schedule compares the revenues and expenses for the current year to the prior year:
year:

<i>For the year ended September 30,</i>	Governmental Activities		
	2018	2017	Change
Revenues			
Program revenues			
Charges for services	\$ 6,237	\$ 4,399	\$ 1,838
Operating grants and contributions	28,688	25,778	2,910
Capital grants and contributions	95,626	439,091	(343,465)
General revenues			
Gasoline tax	8,038	8,456	(418)
Sales tax	14,109	13,828	281
Other taxes	41,101	35,134	5,967
State revenue sharing	48,832	46,172	2,660
Miscellaneous	15,220	30,386	(15,166)
Interest	9	6	3
Total revenues	257,860	603,250	(345,390)
Expenses			
General government	211,312	179,864	31,448
Public safety	19,994	53,289	(33,295)
Highways and streets	12,666	8,114	4,552
Culture and recreation	9,353	15,501	(6,148)
Interest	9,445	9,277	168
Total expenses	262,770	266,045	(3,275)
Transfers	45,404	(395,217)	440,621
Change in net position	\$ 40,494	\$ (58,012)	\$ 98,506

	Business-type Activities		
	2018	2017	Change
Revenues			
Program revenues			
Charges for services, net	\$ 159,039	\$ 150,917	\$ 8,122
Capital grants and contributions	-	191,475	(191,475)
General revenues			
Interest	9	9	-
Total revenues	159,048	342,401	(183,353)
Expenses			
Water and garbage	258,723	255,197	3,526
Transfers	(45,404)	395,217	(440,621)
Change in net position	\$ (145,079)	\$ 482,421	\$ (627,500)

Financial Analysis of the Town's Funds

This section provides an analysis of the balances and transactions of individual 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 the fiscal year.

As of September 30, 2018, the Town's governmental funds reported combined ending fund balances of \$42,742.

Proprietary Funds

The Town's proprietary funds provide the same type of information found in government-wide business-type activities financial statements.

Proprietary fund net position as of September 30, 2018, was \$1,928,482.

General Fund Budgetary Highlights

There were no differences between the General Fund's fiscal year 2018 original budget and final amended budget.

General Fund - Excess revenue over expenditures exceeded budget by \$7,634. Actual revenues exceeded budgeted revenues by \$78,052.

Motor Fuel Tax Fund – Excess (deficiency) of expenditures over revenue exceeded budget by \$2,372. Budgeted revenues exceeded actual revenues by \$162. Expenditures were below budget by \$2,534.

Request for Information

This financial report is designed to present users with a general overview of the Town's finances and to demonstrate accountability. Additional financial information is available from the Mayor Roger Hagan, 1607 Second Avenue, PO Box 39, Wausau FL 32463.

**Town of Wausau
Statement of Net Position
September 30, 2018**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 19,001	\$ 4,918	\$ 23,919
Receivables, net	12,670	16,750	29,420
Prepaid expenses	-	2,595	2,595
Investments	13,550	-	13,550
Restricted cash and cash equivalents	-	18,603	18,603
Capital assets, not being depreciated	316,016	-	316,016
Capital assets, net of depreciation	852,003	2,258,366	3,110,369
Total assets	1,213,240	2,301,232	3,514,472
Deferred Outflows of Resources			
Deferred outflows related to pension liability	47,405	26,970	74,375
Liabilities			
Accounts payable	1,698	958	2,656
Accrued payroll expenses	781	820	1,601
Compensated absences	3,113	441	3,554
Customer deposits	-	12,000	12,000
Short-term debt	50,000	-	50,000
Noncurrent liabilities:			
Due within one year	22,546	13,151	35,697
Due in more than one year	103,602	321,843	425,445
Net pension liability	60,239	33,692	93,931
Total liabilities	241,979	382,905	624,884
Deferred Inflows of Resources			
Deferred inflows related to pension liability	14,206	16,815	31,021
Net Position			
Net investment in capital assets	991,871	1,923,372	2,915,243
Restricted for debt service	2,132	5,452	7,584
Unrestricted	10,457	(342)	10,115
Total net position	\$ 1,004,460	\$ 1,928,482	\$ 2,932,942

The accompanying "Notes to Financial Statements" form an integral part of this financial statement.

Revenues	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
Capital			
Grants and Contributions			
\$ -	\$ (209,295)	\$ -	\$ (209,295)
-	7,494	-	7,494
-	(12,666)	-	(12,666)
95,626	91,693	-	91,693
-	(9,445)	-	(9,445)
95,626	(132,219)	-	(132,219)
-	-	(99,684)	(99,684)
\$ 95,626	(132,219)	(99,684)	(231,903)
	48,832	-	48,832
	14,109	-	14,109
	8,038	-	8,038
	41,101	-	41,101
	9	9	18
	15,220	-	15,220
	45,404	(45,404)	-
	172,713	(45,395)	127,318
	40,494	(145,079)	(104,585)
	963,966	2,073,561	3,037,527
	\$ 1,004,460	\$ 1,928,482	\$ 2,932,942

**Town of Wausau
Balance Sheet – Governmental Funds
September 30, 2018**

	General Fund	Motor Fuel Tax Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 16,816	\$ 2,185	\$ 19,001
Investments	13,550	-	13,550
Receivables, net	12,670	-	12,670
Total assets	\$ 43,036	\$ 2,185	\$ 45,221
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 1,645	\$ 53	\$ 1,698
Accrued payroll expenses	781	-	781
Total liabilities	2,426	53	2,479
Fund balances			
Restricted	-	2,132	2,132
Unassigned	40,610	-	40,610
Total fund balances	40,610	2,132	42,742
Total liabilities and fund balances	\$ 43,036	\$ 2,185	\$ 45,221

The accompanying "Notes to Financial Statements" form an integral part of this financial statement.

Town of Wausau
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
For the Year Ended September 30, 2018

Differences in amounts reported for governmental activities in the Statement of Net Position:

Total fund balance - governmental funds	\$	42,742
Capital assets used in governmental activities are not current financial resources, and, therefore, are not reported in the governmental funds.		1,168,019
Deferred inflows and outflows related to pension represent an acquisition or consumption of net position, respectively, that applies to a future period and, therefore, are not reported as liabilities or assets in the governmental funds.		
Deferred outflows related to pension		47,405
Deferred inflows related to pension		(14,206)
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.		(3,113)
Long-term liabilities, including bonds, notes payable and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. These balances consist of:		
Line of credit		(50,000)
Bonds and notes payable		(126,148)
Net pension liability		(60,239)
Net position of governmental activities	\$	1,004,460

The accompanying "Notes to Financial Statements" form an integral part of this financial statement.

Town of Wausau
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
September 30, 2018

	General Fund	Motor Fuel Tax Fund	Total Governmental Funds
Revenues			
Taxes	\$ 55,210	\$ 8,038	\$ 63,248
Intergovernmental	173,146	-	173,146
Charges for services	6,237	-	6,237
Miscellaneous	15,220	-	15,220
Interest income	9	-	9
Total revenues	249,822	8,038	257,860
Expenditures			
General government	107,221	-	107,221
Public safety	20,385	-	20,385
Highway and streets	-	12,666	12,666
Culture and recreation	9,353	-	9,353
Capital outlay	58,387	-	58,387
Debt service			
Principal	69,797	-	69,797
Interest	9,445	-	9,445
Total expenditures	274,588	12,666	287,254
Deficiency of Revenues Over Expenditures	(24,766)	(4,628)	(29,394)
Other Financing Sources			
Transfers in	41,897	3,507	45,404
Net change in fund balances	17,131	(1,121)	16,010
Fund Balances - beginning	23,479	3,253	26,732
Fund Balances - ending	\$ 40,610	\$ 2,132	\$ 42,742

The accompanying "Notes to Financial Statements" form an integral part of this financial statement.

Town of Wausau

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2018**

Differences in amounts reported for governmental activities in the Statement of Activities:

Net change in fund balances - total governmental funds	\$	16,010
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the Statement of Net Position.		58,387
Depreciation expense on governmental capital assets is included in the governmental activities in the Statement of Activities.		(96,824)
<p>Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. These balances consist of:</p>		
Repayment of debt		69,797
Decrease in pension expense		(6,044)
Increase in compensated absences		(832)
<hr/>		
Change in net position of governmental activities	\$	40,494
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The accompanying "Notes to Financial Statements" form an integral part of this financial statement.

Town of Wausau

**Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – General Fund
For the Year Ended September 30, 2018**

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 55,200	\$ 55,210	\$ 10
Intergovernmental	80,820	173,146	92,326
Charges for services	1,750	6,237	4,487
Miscellaneous	34,000	15,220	(18,780)
Interest income	-	9	9
Total revenues	171,770	249,822	78,052
Expenditures			
General government	113,560	107,221	6,339
Public safety	48,580	20,385	28,195
Culture and recreation	17,700	9,353	8,347
Capital outlay	8,000	58,387	(50,387)
Debt service			
Principal	12,575	69,797	(57,222)
Interest	3,755	9,445	(5,690)
Total expenditures	204,170	274,588	(70,418)
Excess (Deficiency) of Revenues over Expenditures	(32,400)	(24,766)	7,634
Other Financing Sources			
Transfers in	-	41,897	41,897
Net change in fund balances	(32,400)	17,131	49,531
Fund Balance - Beginning	32,400	23,479	(8,921)
Fund Balance - Ending	\$ -	\$ 40,610	\$ 40,610

The accompanying "Notes to Financial Statements" form an integral part of this financial statement.

Town of Wausau

**Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget and Actual – Motor Fuel Tax Fund
For the Year Ended September 30, 2018**

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 8,200	\$ 8,038	\$ (162)
Expenditures			
Highways and streets	15,200	12,666	2,534
Deficiency of Revenues Over Expenditures	(7,000)	(4,628)	2,372
Other Financing Sources			
Transfers in	-	3,507	3,507
Net change in fund balances	(7,000)	(1,121)	5,879
Fund Balance (Deficit) - Beginning	7,000	3,253	(3,747)
Fund Balance - Ending	\$ -	\$ 2,132	\$ 2,132

The accompanying "Notes to Financial Statements" form an integral part of this financial statement.

**Town of Wausau
Statement of Net Position –
Proprietary Fund
September 30, 2018**

	Water Department
Assets	
Current assets	
Cash and cash equivalents	\$ 4,918
Receivables, net	16,752
Prepaid expenses	2,593
Restricted cash and cash equivalents	18,603
Total current assets	42,866
Noncurrent assets	
Capital assets, net of depreciation	2,258,366
Total assets	2,301,232
Deferred Outflows of Resources	
Deferred outflows related to pension liability	26,970
Liabilities	
Current liabilities	
Accounts payable	958
Accrued payroll expenses	820
Compensated absences	441
Customer deposits	12,000
Note payable, current portion	6,151
Bond payable, current portion	7,000
Total current liabilities	27,370
Noncurrent liabilities	
Note payable	6,843
Bond payable	315,000
Net pension liability	33,692
Total noncurrent liabilities	355,535
Total liabilities	382,905
Deferred Inflows of Resources	
Deferred inflows related to pension liability	16,815
Net Position	
Net investment in capital assets	1,923,372
Restricted for debt service	5,452
Unrestricted	(342)
Total net position	\$ 1,928,482

The accompanying "Notes to Financial Statements" form an integral part of this financial statement.

Town of Wausau
Statement of Revenues, Expenses and Changes in Net Position –
Proprietary Fund
For the Year Ended September 30, 2018

	Water Department
<hr/>	
Operating Revenues	
Charges for services, net of provision for bad debts of \$5,352	\$ 159,039
<hr/>	
Operating Expenses	
Professional fees	5,000
Contract services	12,785
Depreciation	109,502
Utilities	9,920
Insurance	11,164
Miscellaneous	18,441
Supplies	11,180
Payroll taxes	2,175
Salaries	28,287
Landfill	39,050
Water test	2,515
<hr/>	
Total operating expenses	250,019
<hr/>	
Operating Loss	(90,980)
<hr/>	
Non-Operating Revenues and (Expenses)	
Interest income	9
Interest expense	(8,704)
<hr/>	
Total non-operating revenues (expenses)	(8,695)
<hr/>	
Income Before Transfers	99,675
<hr/>	
Transfers out	(45,404)
<hr/>	
Change in Net Position	(145,079)
<hr/>	
Net Position - beginning	2,073,561
<hr/>	
Net Position - ending	\$ 1,928,482
<hr/> <hr/>	

The accompanying "Notes to Financial Statements" form an integral part of this financial statement.

**Town of Wausau
Statement of Cash Flows –
Proprietary Fund
For the Year Ended September 30, 2018**

	Water Department
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 192,934
Payments to suppliers	(117,702)
Payments to employees	(26,191)
<hr/>	
Net cash provided by operating activities	49,041
<hr/>	
Cash Flows From Capital and Related Financing Activities	
Principal payments on debt	(12,973)
Interest payments on debt	(8,704)
Transfers	(45,404)
Purchase of capital assets	(5,000)
<hr/>	
Net cash used in capital and related financing activities	(72,081)
<hr/>	
Cash Flows From Investing Activities	
Interest received	9
<hr/>	
Net decrease in cash and cash equivalents	(23,031)
Cash and Cash Equivalents - Beginning	46,552
<hr/>	
Cash and Cash Equivalents - Ending	\$ 23,521
<hr/>	
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position	
Cash and cash equivalents	\$ 4,918
Restricted cash and cash equivalents	18,603
<hr/>	
Cash and cash equivalents - end of year	\$ 23,521
<hr/>	
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating loss	\$ (90,980)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	109,502
Bad debt expense	5,352
Changes in operating assets and liabilities:	
Increase in accounts receivable	(4,020)
Increase in deferred outflow	(12,652)
Decrease in due from other funds	33,614
Decrease in accounts payable	(5,329)
Decrease in compensated absences	(145)
Increase in net pension liability	15,362
Decrease in deferred inflow	(469)
Decrease in customer deposits	(1,194)
<hr/>	
Net cash provided by operating activities	\$ 49,041
<hr/>	

The accompanying "Notes to Financial Statements" form an integral part of this financial statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Wausau, Florida (the “Town”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied 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 notes to the financial statements are an integral part of the Town’s financial statements.

Reporting Entity

The Town was created by an act of the Florida Legislature (House Bill 2530) recorded in the Secretary of State’s office on July 10, 1963. It is an incorporated municipality of the State of Florida and operates using an elected council form of government. The authority of this council and the policies it may implement are regulated by the Town’s Charter, Ordinances, Resolutions and Statutes of the State of Florida.

For financial reporting purposes, pursuant to GASB Codification of Governmental Accounting and Financial Reporting Standards, sections 2100 and 2600, the Town includes all funds, account groups, agencies, boards, commissions, and authorities for which it has financial oversight responsibility. Financial oversight as it relates to financial interdependency was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Town, obligation of the Town to finance any deficits that may occur, or receipt of significant subsidies from the Town and selection of governing authority. Based upon the foregoing criteria, it was determined that there were no other entities subject to consideration to be included in the Town’s financial statements.

Government-wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. Government-wide financial statements are comprised of the statement of net position and the statement of changes in net position which reports information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are classified into three categories: charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to direct recovery from customers for services rendered.

Grants and contributions refer to revenues restricted for specific programs whose use may be restricted further to operational or capital items. The general revenues section displays revenue collected that helps support all functions of government and contribute to the change in the net position for the fiscal year. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The fund financial statements follow and report additional and detailed information about operations for major funds individually for governmental funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations.

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. 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. 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, considered to be ninety days. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

In applying the susceptibility-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and substantially irrevocable; i.e., revocable only for failure to comply with prescribed compliance requirements, such as with equal employment opportunity. These recourses are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

Franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Department are charges to customers for sales and services.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The following are reported as major governmental funds:

General Fund –Town's primary operating fund which accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Motor Fuel Tax Fund – Town reports the activity related to the street department in this fund.

The Town reports the following major proprietary fund:

Water Department – The Town reports the operations of its Water Department and solid waste collections/disposal services in the Water Department proprietary fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Cash and Cash Equivalents

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 from the date of acquisition. Restricted cash as shown in the proprietary fund is to be used for the repayment of debt.

Investments

The Town is authorized under Chapter 218.415, Florida Statutes, to invest and reinvest surplus public funds in its control or possession, in accordance with resolutions to be adopted from time to time in the following:

- The Local Government Surplus Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in section 163.01, Florida Statutes.
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Savings accounts and certificates of deposit in state-certified qualified public depositories, as defined in section 280.02, Florida Statutes.
- Direct obligations of the U.S. Treasury.
- Federal agencies and instrumentalities.

Receivables

Governmental Funds – The Town considered all governmental fund receivables collectible and as such, no allowance for uncollectibles is reported.

Proprietary Fund - The Town grants credit to customers who use its services, substantially all of whom are local residents or businesses. Provisions for credit losses are charged to income in amounts sufficient to maintain the allowance at a level considered adequate to cover current losses. Allowance is established for all outstanding balances in excess of 90 days.

Interfund Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Prepaid Expenses

Payments for goods and services applicable to future periods are recorded as prepaid expenses in the government-wide and proprietary fund financial statements.

Restricted Assets

Restricted cash is cash designated for debt service and customer deposits refundable upon the customer discontinuing service and having no remaining balance due. It is the Town’s policy to use restricted assets before unrestricted assets when both are available to fund specific expenditures or obligations.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an estimated useful life in excess of one year and a cost of at least \$750.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The Town has not reported infrastructure acquired prior to October 1, 2003.

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

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

Infrastructure	40 years
Buildings	30 – 40 years
Improvements	10 – 15 years
Equipment	10 years
Office equipment	5 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category, the deferred outflows related to pension reported in the statement of net position. A deferred outflow related to pension results from pension contributions related to normal and accrued employer liability (net of any refunds or error service payments) made subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The net difference between projected and actual earnings on plan investments is reported as a deferred inflow related to pension.

Customer Deposits

Water and garbage service deposits are required of new customers to receive those services. The deposit is refundable upon discontinuing service and having no remaining balance due.

Compensated Absences

The Town's leave policy allows all full-time employees to receive eight (8) hours per month of annual and sick leave and may accumulate up to a maximum of two hundred forty (240) hours of each (480) total. Payment in lieu of vacation time or sick leave is not authorized. However, when

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

an employee is separated from employment, he/she may be paid for all accrued vacation leave up to but not exceeding the maximum of two hundred forty (240) hours. No payment for unused sick leave will be made upon an employee's separate from service.

All leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts in the government-wide statements consists of unpaid, accumulated annual leave balance. Governmental funds report the expenditure when paid. The amount attributable to the enterprise funds are charged to expense and a corresponding liability when earned.

Pension Plans

Florida Retirement System – Full-time employees are allowed to participate in the Florida Retirement System (the "System"), a defined benefit, cost sharing, multiple employer public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement.

Health Insurance Subsidy Program – Chapter 112, Florida Statutes, established the Retiree Health insurance Subsidy Program ("HIS"), a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance. Contributions to the HIS plan are included in contributions to the Pension Plan noted above.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Net Position/Fund Balances

Net position is reported on the government-wide financial statements and proprietary fund types in the fund financial statements and is required to be classified for accounting and reporting purposes into the following net position categories:

Net Investment in Capital Assets – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Any significant unspent proceeds at year-end related to capital assets are reported as restricted funds.

Restricted – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unrestricted – Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Town Council.

Fund balances are reported in the governmental fund financial statements in two major categories: nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

In addition to the nonspendable fund balance, spendable fund balances are reported based on a hierarchy of spending constraints:

Restricted – Fund balances that are constrained by external parties, constitutional provisions or enabling legislation. The Town’s restricted fund balance primarily includes federal, state, and local grant funds that are for a stated purpose per the grant agreements and cash and investments set aside for debt service. The Town has no fund balances classified as restricted.

Committed – Fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The Town has no fund balances classified as committed.

Assigned – Fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The Town has no fund balances classified as assigned.

Unassigned – Fund balances that are not constrained for any particular purpose.

When both restricted and unrestricted net position are available, it is the Town’s policy to use restricted resources first, then unrestricted as needed. The authority to establish, modify, or rescind a commitment or assigned fund balance rests with the Town Council. The Town’s policy is to first apply expenditures toward restricted fund balance and then to other, less-restrictive classification, committed and then assigned fund balances, before using unassigned fund balances.

Tax Revenue

Florida Statute allows the Town to assess and collect property taxes within its municipal limits. However, the Town has chosen to operate on revenues generated from other sources. Its primary sources of revenue is from state collected and shared revenues generated from sales and gasoline taxes.

Management Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from estimates used.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impact of Recently Issued Accounting Pronouncements

The accounting policies of the Town are based upon accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). In Fiscal Year 2018, the Town adopted four new statements of financial accounting standards issued by GASB:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75)
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements* (GASB 81)
- GASB Statement No. 85, *Omnibus 2017* (GASB 85)
- GASB Statement No. 86, *Certain Debt Extinguishment Issues* (GASB 86)

GASB 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to employees of state and local governmental employers through OPEB Plans that are administered through trusts or equivalent arrangements meeting certain criteria. GASB 75 also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. GASB 75 replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurement by Agent Employers and Agent Employers and Agent Multiple-Employer Plans*. For defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to period of employee service. Note disclosure and required supplementary information are addressed. The adoption of GASB 75 has no impact on the Town's governmental fund financial statements

GASB 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources as the inception of the agreement. GASB 81 also provides expanded guidance for circumstances in which the government holds the assets. There was no material impact on the Town's financial statement as a result of the implementation of GASB 81.

GASB 85 addresses practice issues that were identified during the implementation and application of certain GASB Statements. GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits [OPEB]). The adoption of GASB 85 had no impact on the Town's current accounting practices nor its financial reporting.

GASB 86 establishes standards of accounting and financial reporting requirements, for in-substance defeasance of debt transactions in which cash and other monetary assets acquired with only existing resources – that is, resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of future repayment of outstanding debt. There was no material impact on the Town's financial statements as a result of the implementation of GASB 86.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the Town upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accounting Standard	Effective Fiscal Year
83	<i>Certain Asset Retirement Obligations</i>	2019
84	<i>Fiduciary Activities</i>	2020
87	<i>Leases</i>	2021
88	<i>Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements</i>	2019
89	<i>Accounting for Interest Cost Incurred before the End of a Construction Period</i>	2021
90	<i>Majority Equity Interest an amendment of GASB Statements No. 14 and No. 61</i>	2020

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Budgets are legally adopted and amended as required by the Town Council for each governmental fund. Management can approve transfers within government function categories only. Transfers of appropriations or revisions between government function categories require the approval of the Town Council. The level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the government function category level.

The General Fund and Motor Fuel Tax Fund budgets are adopted on a basis consistent with GAAP. Encumbrances outstanding at year-end represent the estimated amounts of expenditures ultimately to be paid on goods on order or unperformed contracts in process at year-end. Because appropriations lapse at year-end, it is the Town’s policy to close encumbrances at year-end and to re-encumber those amounts, as needed, at the beginning of the next budget cycle.

Expenditures exceeded appropriations in the General Fund in the amount of \$70,418. The excess was funded with unanticipated intergovernmental revenue.

**Town of Wausau
Notes to Financial Statements**

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Investments

Investments are comprised of the following at amortized cost:

	Fair Value	0-5 Year
Certificates of Deposit	\$ 13,550	\$ 13,550

Custodial Risk

The Town maintains its deposits only with “Qualified Public Depositories” as defined in chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities which have a market value equal to 50% of all public funds on deposit at the end of each month in excess of any applicable deposit insurance. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories. Under Florida Statute 280 and the Federal Deposit Insurance Corporation, all the Town’s deposits are fully insured or collateralized with collateral held by the State Treasurer.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town has limited its interest rate risk by investing in low risk instruments with a maturity of 60 months or less.

NOTE 4 – RECEIVABLES

Receivables at September 30, 2018 consist of the following:

	General Fund	Proprietary Fund
Intergovernmental	\$ 12,670	\$ -
Accounts receivable	-	16,455
Unbilled revenue	-	1,024
Less allowance for uncollectible accounts	-	(727)
Total	\$ 12,670	\$ 16,752

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers are generally used to meet cash demands necessary to pay operating expenditures. The composition of interfund transfers for fiscal year 2018 is shown as follows:

**Town of Wausau
Notes to Financial Statements**

NOTE 5 – INTERFUND TRANSFERS (Continued)

Transfers Out	Transfers In	
	General Fund	Motor Fuel Tax
Cash		
Water Fund	\$ 41,897	\$ 3,507

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018 is as follows:

	Balance 09/30/17	Increases	Decreases	Balance 09/30/18
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 316,016	\$ -	\$ -	\$ 316,016
Capital assets, being depreciated:				
Buildings and improvements	\$ 877,010	\$ 36,054	\$ -	\$ 913,064
Infrastructure	474,255	-	-	474,255
Office furniture and fixtures	66,963	2,160	-	69,123
Machinery and equipment	442,447	20,173	-	462,620
Total capital assets, being depreciated	1,860,675	58,387	-	1,919,062
Less accumulated depreciation for:				
Buildings and improvements	519,349	42,938	-	562,287
Infrastructure	15,808	31,617	-	47,425
Office furniture and fixtures	55,173	1,501	-	56,674
Machinery and equipment	379,905	20,768	-	400,673
Total accumulated depreciation	970,235	96,824	-	1,067,059
Total capital assets, being depreciated, net	\$ 890,440	\$ (38,437)	\$ -	\$ 852,003
Business-type Activities				
Capital assets, being depreciated:				
Buildings and improvements	\$ 104,551	\$ 1,500	\$ -	\$ 106,051
Water system	3,091,336	3,500	-	3,094,836
Equipment	60,178	-	-	60,178
Total capital assets, being depreciated	3,256,065	5,000	-	3,261,065
Less accumulated depreciation	893,197	109,502	-	1,002,699
Total capital assets, being depreciated, net	\$ 2,362,868	\$ (104,502)	\$ -	\$ 2,258,366

**Town of Wausau
Notes to Financial Statements**

NOTE 6 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 41,460
Public safety	15,810
Highways and streets	32,346
Culture and recreation	7,208
<hr/>	
Total depreciation expense – governmental activities	\$ 96,824
<hr/>	
Business-type Activities	
Water department	\$ 109,502
<hr/>	

NOTE 7 – SHORT-TERM DEBT

Short-term debt activity for the year ended September 30, 2018 was as follows:

	Beginning Balance 9/30/2017	Additions	Reductions	Ending Balance 9/30/2018
Lines of Credit:				
Capital City Bank	\$ 50,000	\$ -	\$ -	\$ 50,000
Capital City Bank	50,000	-	50,000	-
<hr/>				
	\$ 100,000	\$ -	\$ 50,000	\$ 50,000
<hr/>				

Line of Credit - Capital City Bank - The Town has an unsecured line of credit with Capital City Bank with a maximum amount available of \$50,000 at 4% interest payable monthly. The outstanding balance is payable at maturity on March 28, 2019. Proceeds from the loan were used to fund construction projects and will ultimately be reimbursed with a state grant. \$ 50,000

**Town of Wausau
Notes to Financial Statements**

NOTE 8 – LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2018 was as follows:

	Beginning Balance 9/30/2017	Additions	Reductions	Ending Balance 9/30/2018	Due Within One Year
Governmental Activities:					
Bonds payable	\$ 7,200	\$ -	\$ 3,000	\$ 4,200	\$ 4,200
Notes	138,745	-	16,797	121,948	18,346
	<u>\$ 145,945</u>	<u>\$ -</u>	<u>\$ 19,797</u>	<u>\$ 126,148</u>	<u>\$ 22,546</u>
Business-type Activities:					
Note payable	\$ 18,967	\$ -	\$ 5,973	\$ 12,994	\$ 6,151
Bond payable	329,000	-	7,000	322,000	7,000
	<u>\$ 347,967</u>	<u>\$ -</u>	<u>\$ 12,973</u>	<u>\$ 334,994</u>	<u>\$ 13,151</u>

Debt service requirements on long-term debt at September 30, 2018 are as follows:

Governmental Activities

Fiscal Year Ending September 30,	Notes Payable		Revenue Bonds Payable	
	Principal	Interest	Principal	Interest
2019	\$ 18,346	\$ 4,804	\$ 4,200	\$ 179
2020	19,173	3,978	-	-
2021	20,040	3,111	-	-
2022	20,947	2,202	-	-
2023	9,392	1,251	-	-
2024-2027	34,050	1,865	-	-
	<u>\$ 121,948</u>	<u>\$ 17,211</u>	<u>\$ 4,200</u>	<u>\$ 179</u>

Business-type Activities

Fiscal Year Ending September 30,	Note payable	
	Principal	Interest
2019	\$ 6,151	\$ 301
2020	6,335	117
2021	508	1
	<u>\$ 12,994</u>	<u>\$ 419</u>

**Town of Wausau
Notes to Financial Statements**

NOTE 8 – LONG-TERM DEBT (Continued)

Fiscal Year Ending September 30,	Revenue Bonds	
	Principal	Interest
2019	\$ 7,000	\$ 8,050
2020	7,000	7,875
2021	7,000	7,700
2022	7,000	7,525
2023	7,000	7,350
2024-2028	40,000	33,875
2029-2033	45,000	28,625
2034-2038	51,000	22,750
2039-2043	58,000	16,050
2044-2048	65,000	8,475
2049-2050	28,000	1,050
	\$ 322,000	\$ 149,325

Notes Payable

	Governmental Activities	Business-Type Activities
PNC Equipment Finance – Payable in annual amount of \$12,508 with interest at 5.357% per annum. Secured by fire truck.	\$ 43,850	\$ -
Capital City Bank – Loan obtained in January 2017 for land acquisition. A note payable in monthly installments of \$887 with interest at 3.26% per annum. Repayment of the loan is structured on a 10 year amortization with an initial maturity in July 2018. The intent of management is to renew the outstanding loan balance upon each maturity date. The loan is secured by the land acquired with the loan proceeds.	78,098	-
Capital City Bank – Payable in monthly amounts of \$538 with interest at 2.95% per annum year. Secured by John Deere tractor acquired with the loan proceeds.	-	12,994
	\$ 121,948	\$ 12,994

Bonds Payable

	Governmental Activities	Business-Type Activities
Capital Improvement Revenue Bonds – Series 2005 with interest at 4.25% per annum payable May 5 of each year. Secured by sales tax and intergovernmental revenues.	\$ 4,200	\$ -
USDA Water System Revenue Bonds – Series 2011 with interest at 2.5% per annum payable September 1 each year	-	322,000
	\$ 4,200	\$ 322,000

NOTE 9 – REVENUE PLEDGED

The Series 2005 bonds are capital improvement revenue bonds. Sales tax revenues and the Washington County Interlocal Agreement Revenue are irrevocably pledged to meet the debt service requirements of those bonds. Total principal and interest remaining at year end was \$4,379. In 2018, principal and interest paid and total revenue from the sales tax and interlocal agreement was \$3,306 and \$41,597, respectively. Annual debt service is expected to be less than 10% of the pledged revenues.

NOTE 10 – RETIREMENT PLAN

All eligible elected officials and all full time employees participate in the Florida Retirement System (the System), a defined benefit, cost-sharing, multiple-employer public retirement system which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement. The System covers full-time employees of various governmental units within the State of Florida.

The System's 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 rates below). Level percentage of payroll employer contribution rates, established by state law, is determined using the entry-age actuarial funding method.

The System provides for those employees hired prior to July 1, 2011 vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of credible service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings.

Participating employer contributions are based upon state-wide rates established by the State of Florida. These rates are applied to employee salaries as follows: regular employees-8.26%, senior management-24.06%, special risk employees-24.50%, and elected officials-48.70%.

The Town's contributions to the plan for the years ended September 30, 2018, 2017, and 2016 were \$10,371, \$4,214, and \$3,014, respectively, which equaled the actuarially determined contributions for each year and were paid by the due date for the contribution. Total payroll for the Town's employees covered by the System was \$10,372 for the year ended September 30, 2018. The Town's total payroll was \$69,068 for the same period.

NOTE 10 – RETIREMENT PLAN (Continued)

The Town has no responsibility to the System other than to make the periodic payments required by State Statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplemental information for the system. The report may be obtained by writing Florida Division of Retirement, P. O. Box 9000, Tallahassee, FL 32315-9000.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions. At September 30, 2018, the Town reported a liability of \$75,574 for its proportionate share of the collective net pension liability for the Florida Retirement System Pension Plan (“Pension Plan”). The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The Town’s proportion of the collective net pension liability was based on the employers’ shares of contributions to the Pension Plan relative to the total employer contributions of all participating employers. At June 30, 2018, the System’s proportion of the Pension Plan was 0.000250895%, which was an increase of 0.000152685% from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the Town recognized a pension expense of \$16,530 for the Pension Plan. At September 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,402	\$ 232
Changes of assumptions	24,693	-
Net difference between projected and actual earnings on pension plan investments	-	5,839
Changes in proportion and differences between employer contributions and proportionate share of contributions	29,992	15,643
Employer contributions subsequent to the measurement date	2,176	-
Total	\$ 63,263	\$ 21,714

Deferred outflows of resources related to the Pension Plan resulting from Town contributions subsequent to the measurement date of \$2,176 will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

**Town of Wausau
Notes to Financial Statements**

NOTE 10 – RETIREMENT PLAN (Continued)

Year Ended September 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense, Net
2019	\$ 11,313	\$ 4,400	\$ 6,913
2020	11,313	4,400	6,913
2021	11,313	4,400	6,913
2022	11,313	4,400	6,913
2023	11,313	2,940	8,373
Thereafter	4,522	1,174	3,348
Total	\$ 61,087	\$ 21,714	\$ 39,373

Actuarial assumptions. The total pension liability for the Pension Plan was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Investment rate of return*	7.00%
Projected salary increases	3.25%

* Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of June 30, 2018 for the Pension Plan were based on the results of an investigation of the economic and demographic experience for the Florida Retirement System (“FRS”) based upon participant data as of June 30, 2013.

Mortality rates were based on the Generational RP-2000 Mortality Table with Projected Scale BB.

The long-term expected rate of return for the Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return*	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	2.9%	2.9%	1.8%
Fixed Income	18%	4.4%	4.3%	4.0%
Global equity	54%	7.6%	6.3%	17.0%
Real estate (property)	11%	6.6%	6.0%	11.3%
Private equity	10%	10.7%	7.8%	26.5%
Strategic Investments	6%	6.0%	5.7%	8.6%
Total	100%			

NOTE 10 – RETIREMENT PLAN (Continued)

Note: (1) As outlined in the Pension Plan’s investment policy

* Includes assumed rate of inflation of 2.60%

Discount rate. The discount rate used to measure the total pension liability for the Pension Plan was 7.00%. The Plan’s fiduciary net position was projected to be available to make all future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Town’s proportionate share of the net pension liability to changes in the discount rate. The following table presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.00% for the Pension Plan, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town’s proportionate share of collective net pension liability	\$ 137,920	\$ 75,574	\$ 23,786

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued FRS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. The supporting actuarial information is included in the GASB Statement No. 68 Report for the FRS prepared as of June 30, 2018. The auditor’s report dated December 19, 2018 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of June 30, 2018 along with supporting schedules is also available. The additional financial and actuarial information is available from <http://www.dms.myflorida.com/workforce/operations/retirement/publications>.

Health Insurance Subsidy Program

Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy Program (“HIS”), a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance. Contributions to the HIS plan are included in contributions to the Pension Plan noted above. The Pension Plan contributes 1.66% of each covered employee’s salary to the HIS Plan. The remainder is contributed to the Pension Plan, with the exception for 0.04% that is contributed to administrative expenses.

**Town of Wausau
Notes to Financial Statements**

NOTE 10 – RETIREMENT PLAN (Continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions. At September 30, 2018, the Town reported a liability of \$18,357 for its proportionate share of the collective net pension liability. For the Health Insurance Subsidy Program (“HIS Plan”), the net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The Town’s proportion of the collective net pension liability was based on the employers’ shares of contributions to the HIS Plan relative to the total employer contributions of all participating employers. At June 30, 2018, the System’s proportion of the HIS Plan was 0.00017439%, which was an increase of 0.000097736% from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the Town recognized a pension expense of \$648 for the HIS Plan. At September 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the HIS Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 281	\$ 31
Changes of assumptions	2,041	1,941
Net difference between projected and actual earnings on pension plan investments	11	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,526	7,335
Employer contributions subsequent to the measurement date	253	-
Total	\$ 11,112	\$ 9,307

Deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date of \$253 will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in the pension’s expense as follows:

Year Ended September 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense Net
2019	\$ 1,747	\$ 865	\$ 882
2020	1,747	865	882
2021	1,747	865	882
2022	1,744	865	879
2023	1,744	866	878
Thereafter	2,130	4,981	(2,851)
Total	\$ 10,859	\$ 10,145	\$ 1,552

NOTE 10 – RETIREMENT PLAN (Continued)

The total pension liability for the HIS Plan was determined by an actuarial valuation as of July 1, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Investment rate of return*	3.87%
Projected salary increases	3.25%

* Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of June 30, 2018 for the HIS Plan were based on the results of an investigation of the economic and demographic experience for the Florida Retirement System (“FRS”) based upon participant data as of June 30, 2013.

Mortality rates were based on the Generational RP-2000 Mortality Table with Projected Scale BB.

The long-term expected rate of return for the HIS Plan investments was based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Discount rate. The discount rate used to measure the total pension liability for the HIS Plan was 3.87%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion rate is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Town’s proportionate share of the net pension liability to changes in the discount rate. The following table presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 3.87% for the HIS Plan as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.87%) or 1-percentage point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Town’s proportionate share of collective net pension liability	\$ 20,908	\$ 18,357	\$ 16,231

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued FRS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. The supporting actuarial information is included in the GASB Statement No. 68 Report for the FRS prepared as of June 30, 2018. The auditor’s report dated

NOTE 10 – RETIREMENT PLAN (Continued)

December 19, 2018 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of June 30, 2018 along with supporting schedules is also available. The additional financial and actuarial information is available from http://www.dms.myflorida.com/workforce_operations/retirement/publications.

NOTE 11 – NET POSITION AND FUND BALANCE

Net Position Restricted by Enabling Legislation

The government-wide Statement of Net Position reports \$2,132 of restricted net position all of which was restricted by enabling legislation.

Governmental Fund Balances

Restricted Fund Balances		
Motor Fuel Tax Fund		
Code enforcement	\$	2,132
<hr/>		
Total Restricted Fund Balance	\$	2,132
<hr/>		

NOTE 12 – RISK MANAGEMENT AND LITIGATION

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has obtained coverage from commercial insurance companies, effectively transferring any risk of loss.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Grants - Grant funds received and disbursed by the Town are for specific purposes and are subject to review by grantor agencies. Such reviews may result in requests for reimbursements due to disallowed expenditures. Based upon experience, the Town does not believe that such disallowance, if any, would have a material effect on the financial position of the Town. As of September 30, 2018, there were no known significant questioned or disallowed costs as a result of reviews by grantor agencies in process or completed.

NOTE 14 – SUBSEQUENT EVENTS

On October 10, 2018, the eye of Hurricane Michael, a category 5 hurricane, passed near Wausau and Washington County, Florida causing devastating destruction and property damage to buildings and businesses throughout the area. At the time of issuance of the financial statements, the full impact of the damages and their effects on the Town's financial statements have not been determined. However, as of the date of issuance of the financial statements, the Town had received insurance and FEMA claims and reimbursements of \$79,000 and tentative approval of additional recoveries of approximately \$19,000.

Town of Wausau

Required Supplementary Information

Schedule of the Employer's Proportionate Share of the Net Pension Liability

Florida Retirement System Pension Plan

<i>As of June 30,</i>	2018⁽¹⁾	2017⁽¹⁾	2016⁽¹⁾	2015⁽¹⁾
Employer's proportion of the net pension liability	0.025090%	0.009822%	0.000112%	0.000151%
Employer's proportionate share of the net pension liability	\$ 75,574	\$ 29,053	\$ 28,331	\$ 19,487
Employer's covered payroll*	\$ 34,773	\$ 30,030	\$ 20,582	\$ 41,416
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	217.34%	96.75%	137.65%	47.05%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%

(1) Information is not available for years prior to 2015. This schedule is intended to show information for 10 years and additional years will be presented as it becomes available.

*Employer's covered payroll during fiscal year is the total payroll paid to covered employees (not just pensionable payroll). The measurement period for each fiscal year was the twelve month period ending June 30.

**Town of Wausau
Required Supplementary Information
Schedule of Employer Contributions
Florida Retirement System Pension Plan**

<i>For the year ended September 30,</i>	2018⁽¹⁾	2017⁽¹⁾	2016⁽¹⁾	2015⁽¹⁾
Contractually required contribution**	\$ 9,368	\$ 3,747	\$ 2,289	\$ 3,783
Contributions in relation to the actuarially determined contribution	9,368	3,747	2,289	3,783
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll*	\$ 60,456	\$ 28,123	\$ 19,166	\$ 35,394
Contributions as a percentage of covered payroll	15.50%	13.32%	11.94%	10.69%

(1) Information is not available for years prior to 2015. This schedule is intended to show information for 10 years and additional years will be presented as it becomes available.

*Employer's covered payroll during the measurement period is the total payroll paid to covered employees (not just pensionable payroll). The measurement period for each fiscal year was the twelve month period ending September 30.

** The amount of contractually required contributions is equal to the amount that would be recognized as additions from the employer's contributions in the pension plan's schedule of changes in fiduciary net position during the period that coincides with the employer's fiscal year.

Town of Wausau

Required Supplementary Information

Schedule of the Employer's Proportionate Share of the Net Pension Liability

Health Insurance Subsidy Program

<i>As of June 30,</i>	2018⁽¹⁾	2017⁽¹⁾	2016⁽¹⁾	2015⁽¹⁾
Employer's proportion of the net pension liability	0.013734%	0.000076%	0.000076%	0.000131%
Employer's proportionate share of the net pension liability	\$ 18,357	\$ 8,095	\$ 8,878	\$ 13,356
Employer's covered payroll*	\$ 34,773	\$ 30,030	\$ 20,582	\$ 41,416
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	52.79%	26.96%	43.13%	32.25%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%

(1) Information is not available for years prior to 2015. This schedule is intended to show information for 10 years and additional years will be presented as it becomes available.

*Employer's covered payroll during fiscal year is the total payroll paid to covered employees (not just pensionable payroll). The measurement period for each fiscal year was the twelve month period ending June 30.

**Town of Wausau
Required Supplementary Information
Schedule of Employer Contributions
Health Insurance Subsidy Program**

<i>For the year ended September 30,</i>	2018⁽¹⁾	2017⁽¹⁾	2016⁽¹⁾	2015⁽¹⁾
Contractually required contribution**	\$ 1,004	\$ 467	\$ 318	\$ 588
Contributions in relation to the actuarially determined contribution	1,004	467	318	588
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll*	\$ 60,456	\$ 28,123	\$ 19,166	\$ 35,394
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%

(1) Information is not available for years prior to 2015. This schedule is intended to show information for 10 years and additional years will be presented as it becomes available.

* Employer's covered payroll during the measurement period is the total payroll paid to covered employees (not just pensionable payroll). The measurement period for each fiscal year was the twelve month period ending September 30.

** The amount of contractually required contributions is equal to the amount that would be recognized as additions from the employer's contributions in the pension plan's schedule of changes in fiduciary net position during the period that coincides with the employer's fiscal year.

Town of Wausau
Notes to Required Supplementary Schedules
September 30, 2018

NOTE 1 – FLORIDA RETIREMENT SYSTEMS (FRS)

The following actuarial assumptions changed in 2018:

- The long-term expected rate of return was decreased from 7.10% to 7.00%, and the active member mortality assumption was updated.

NOTE 2 – HEALTH INSURANCE SUBSIDY PROGRAM (HIS)

The following actuarial assumptions changed in 2018:

- The municipal rate used to determine total pension liability was increased from 3.58% to 3.87%.

Town of Wausau
Schedules of Revenues and Expenses – Water Department

<i>For the years ended September 30,</i>	2018	2017	Increase (Decrease)
Operating Revenues			
Charges for services, net of provision for bad debts of \$5,352 and \$9,459	\$ 159,039	\$ 150,917	\$ 8,122
Operating Expenses			
Professional fees	5,000	5,000	-
Contract services	12,785	13,352	(567)
Depreciation	109,502	104,081	5,421
Utilities	9,920	8,546	1,374
Insurance	11,164	9,701	1,463
Miscellaneous	18,441	16,580	1,861
Supplies	11,180	23,839	(12,659)
Payroll taxes	2,175	2,047	128
Salaries	28,287	27,278	1,009
Landfill	39,050	34,473	4,577
Water test	2,515	1,145	1,370
Total operating expenses	250,019	246,042	3,977
Operating Loss	(90,980)	(95,125)	4,145
Non-Operating Revenues (Expenses) and Transfers			
Grant income	-	191,475	(191,475)
Interest income	9	9	-
Interest expense	(8,704)	(9,155)	451
Transfers	(45,404)	395,217	(440,621)
Total non-operating revenues (expenses) and transfers	\$ (54,099)	\$ 577,546	\$ (631,645)

**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**

Honorable Mayor and Members of
The Town Council
Town of Wausau, 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 and each major fund of the Town of Wausau, Florida (the "Town") 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, and have issued our report thereon dated June 28, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies. We consider the deficiencies described in the accompanying management letter as items 2010-01 and 2010-02 to be material weaknesses and 2015-01 to be a significant deficiency.

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's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

June 28, 2019



Carr, Riggs & Ingram, LLC
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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

Honorable Mayor and Members of
The Town Council
Town of Wausau, Florida

We have examined the Town of Wausau, Florida's (the "Town") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies* during the year ended September 30, 2018. Management of the Town is responsible for the Town's compliance with the specific requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

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

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

In our opinion, the Town complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

June 28, 2019



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MANAGEMENT LETTER

Honorable Mayor and
 Members of the Town Council
 Town of Wausau, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Wausau, Florida (the “Town”), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 28, 2019.

Auditors’ Responsibility

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

Other Reports

We have issued our Independent Auditors’ 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*; and Independent Accountant’s Report on Compliance with Local Government Investment Policies. Disclosures in those reports, which are dated June 28, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1, Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding 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 below under the Prior Year Findings and Recommendations.

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2016-2017 FY Finding #	2015-2016 FY Finding #
2010-01	2010-01	2010-01
2010-02	2010-02	2010-02
2015-01	2015-01	2015-01

2010-01 Segregation of Duties (Repeat Finding)

Condition – The Town presently employs only one full-time clerical employee. This individual's responsibilities include billing, collecting, receipting, depositing and recording all revenues. Additionally, she is also responsible for preparing and documenting all disbursements. This results in an inadequate separation of duties relating to the control and recording of receipts and disbursements.

Criteria – Management is responsible for establishing and maintaining effective internal control over financial reporting. One of the most critical components of an effective system of internal controls is the appropriate separation of duties.

Cause – The Town lacks sufficient clerical personnel to design and implement adequate separation of duties.

Effect – The finding could result in the misappropriation of assets and adversely affect the Town's ability to record, process, summarize, and report financial information.

Recommendation – Due to a lack of adequate staffing, optimum segregation of duties is not obtainable. However, we strongly recommend the Mayor and/or council monitor daily activities and monthly reporting.

Views of Responsible Officials and Planned Corrective Actions – See Management Response on page 57.

2010-02 Financial Statement Preparation (Repeat Finding)

Condition –The assistance of the external auditors was necessary to prepare the financial statements from the Town's trial balance including note disclosures in accordance with generally accepted accounting principles. Though the assistance of the external auditors was utilized in preparing the financial statements, the Town demonstrated sufficient skill, knowledge and experience to oversee their preparation.

Criteria – Auditing Standards Board AU-C Section 265 requires auditors to disclose for reports substantially drafted by external auditors whether or not the entity's institutional experience, background, and knowledge of Governmental Accounting and Financial Accounting Standards prohibits the entity from preparing the financial statements internally including full note disclosures as required by those standards.

Cause – The Town's finance officer lacks the experience, background and knowledge of Governmental and Financial Accounting Standards to prepare the Town's financial statements including all note disclosures in accordance with generally accepted accounting principles.

Effect – The finding could adversely affect the Town's ability to prepare financial statements in accordance with generally accepted accounting principles.

Recommendation – We recommend Town personnel continue to develop their knowledge of generally accepted accounting principles in order to prepare the financial statements. In addition, we recommend that a current disclosure checklist from the AICPA be used to ensure propriety and completeness of the footnotes.

Views of Responsible Officials and Planned Corrective Actions – See Management Response on page 57.

2015-01 Design of IT General Controls (Repeat Finding)

Condition – General IT controls commonly include controls over data and network operations; system software acquisition, change, and maintenance; access security; and application system acquisition, development, and maintenance. During our audit, we became aware that there are significant deficiencies related to:

- Lack of segregation of duties
- No IT policies and procedures in place.
- Recovery testing of financial statement software has not been tested.

Criteria – Well-designed general and application controls not only contribute to the assurance that the information system provides complete and accurate information for financial reporting purposes, such controls also allow the Town to rely on the information for monitoring purposes.

Cause – Effective general controls provide support for the underlying functions and activities that one or more applications rely on. General controls include the policies and procedures that relate to many applications and support the effective functioning of application controls by helping to ensure the continued proper operation of information systems.

Effect – Control deficiencies demonstrate an inadequate design of access security policies and segregation of duties requirements as well as a lack of independent monitoring of user access to financial application programs and data which could result in misstatement of the financial statements.

Recommendation – We urge the Town to give serious consideration to developing policies and procedures incorporating IT general and application control features such as those listed above.

Views of Responsible Officials and Planned Corrective Actions – See Management Response on page 57.

Financial Condition

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

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. 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.

Annual Financial Report

Section 10.554(1)(i)5.b. 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 the annual financial report for the Town for the fiscal year ended September 30, 2017, 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, 2018. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. See finding 2010-01, item 2010-02 and item 2015-01 included in this management letter.

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

2017 -01 Water Billing

Condition – In reviewing billing and consumption records for the year ended September 30, 2018, we compared the amount of water billed per the Town's utility billing system to the amount of water pumped as reported to the State of Florida. The results of our test disclosed the total gallons of water consumed (19.3 million gallons) exceeded the actual gallons billed (approximately 10 million gallons). Nearly 48% of all gallons pumped were not billed.

Recommendation – As with all natural resources, an unlimited supply cannot be guaranteed and the Town has a fiduciary responsibility to conserve water to the extent possible as well as an administrative responsibility to monitor the usage to ensure all billable services are properly charged. We recommend that management continue to monitor the amount of unbilled water closely to ensure that spoilage is minimized.

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 granting agencies, the Town and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

June 28, 2019

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Management's Response and Corrective Action Plan

- 2010-01** Segregation of Duties: The Town of Wausau realizes the hazards of having a one-person office however, due to budget constraints it is not possible to hire additional personnel. The Mayor or Mayor Pro-Tem reviews all invoices prior to any checks being issued. The Town also utilizes dual signatures on all checks. The Mayor and Council are provided with the entire bank statements showing all deposits and checks each month. We also utilize NCBA employees when they are available.
- 2010-02** Auditors assisting in preparation of the Towns Financial Statements: The Town employs one employee with over 30 years of local government experience however, we do not have the budget resources to hire a full-time CPA to assist with preparation of the financial statements.
- 2015-01** No IT Policies: The Town of Wausau has one (1) desktop computer in the office. As suggested by the Auditor we will give serious consideration and will consult with our Auditors and Attorney in order to develop policies and procedures incorporating IT and general and application control features.

Recovery Testing of Financial Statement software has not been tested: The Town of Wausau utilizes Quick Books Pro as our financial accounting software we utilize local backups as well as online backups and utilize an annual maintenance contract on both our financial and utility billing software so that the systems can be restored if needed.