

Town of Wausau

FINANCIAL STATEMENTS

For The Year Ended September 30, 2019



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRIcpa.com

**Town of Wausau
Table of Contents
September 30, 2019**

	Page
REPORT	
Independent Auditors' Report	1
FINANCIAL STATEMENTS	
Management's Discussion and Analysis	4
Statement of Net Position	10
Statement of Activities	11
Balance Sheet – Governmental Funds	12
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
General Fund	16
Motor Fuel Tax Fund	17
Statement of Net Position – Proprietary Fund	18
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	19
Statement of Cash Flows – Proprietary Fund	20
Notes to Financial Statements	21
Required Supplementary Information	
Florida Retirement System Pension Plan	
Schedule of Employer's Proportionate Share of the Net Pension Liability	42
Schedule of Employer Contributions	43
Health Insurance Subsidy Program	
Schedule of Employer's Proportionate Share of the Net Pension Liability	44
Schedule of Employer Contributions	45



**Town of Wausau
Table of Contents
September 30, 2019**

Notes to Required Supplementary Information	46
Other Supplementary Information	
Schedules of Revenues and Expenses - Water Department	47
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	48
Independent Accountants' Report on Compliance with Local Government Investment Policies	50
Management Letter	51
Management's Response and Corrective Action Plan	55

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 and each major fund of the Town of Wausau, Florida (the "Town"), as of and for the year ended September 30, 2019, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town as of September 30, 2019, 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 and 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, and notes to required supplementary information, (pages 42 – 46) 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 47), are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 2018 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 department 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 department 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 30, 2020, 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 30, 2020

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 \$44,045.
- Capital assets increased \$59,180. 2019 capital assets activity was comprised of \$148,407 in additions and depreciation expense of \$89,227.
- Current liabilities decreased \$32,869 due primarily to payoff of two loans that had current portions due in the prior year.
- Noncurrent liabilities decreased \$7,525 due primarily to a reduction in the long term portions of notes payable.
- Revenues increased \$168,272 due primarily to increases in grant revenue of \$93,423 and insurance proceeds of \$45,342 reported as miscellaneous revenue.
- Expenses increased \$28,191.

Business-type Activities

- Capital assets decreased \$100,892. The net decrease was comprised of \$6,083 current year additions and depreciation of \$106,975
- Total liabilities decreased \$10,666.
- Total revenues increased \$15,999 due to increases in grant revenue.

Town Highlights

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. As a direct result of damages caused by the storm, the Town received insurance and FEMA claims and reimbursements of \$97,915. These funds were utilized to replace the roof on the Town Hall building necessary due to hurricane damage, pay for storm debris

Management's Discussion and Analysis

cleanup, repair fencing at the Possum Palace Park damaged by the storm, and to furnish generators used during the extended power outage experienced by the region due to the severe damage to the power grid.

This past year the Town entered the early phases of construction on a new fire house, a project for which the Florida Legislature awarded an appropriation of \$ 985,500. As of 9/30/2019, the town has expended a total of \$72,850 towards the construction project, which is classified as construction in progress on the Town's Government wide financial statements. In fiscal year 2020, the Town plans to continue construction of the fire house which is expected to be completed in fiscal year 2021. Also awarded in 2019 was a forestry grant from the Florida Department of Agriculture for the purchase of firefighting equipment in the amount of \$27,243.

The Town paid off significant debt during the year, including a \$50,000 line of credit related to a Florida Recreational Development Assistance Program ("FRDAP") grant received in 2018. These grant funds were used for improvements to the playground at the park, add a new nature trail, and a splash pad park. The Town entered into a debt agreement to finance these projects, and used the FRDAP grant to pay off the debt when the projects were completed. The Town also paid off the Series 2005 capital improvement bonds with the final payment in May of 2019.

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

Management's Discussion and Analysis

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, these statements may help readers 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 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 - 41.

Management's Discussion and Analysis

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.

Statement of Net Position

The following schedule reflects the condensed Statement of Net Position:

<i>September 30,</i>	2019	2018	Change
Governmental Activities			
Assets			
Current assets	\$ 89,266	\$ 45,221	\$ 44,045
Capital assets	1,227,199	1,168,019	59,180
Total assets	1,316,465	1,213,240	103,225
Deferred outflows of resources	40,013	47,405	(7,392)
Liabilities			
Current liabilities	22,723	55,592	(32,869)
Noncurrent liabilities	178,862	186,387	(7,525)
Total liabilities	201,585	241,979	(40,394)
Deferred inflows of resources	7,959	14,206	(6,247)
Net Position			
Net investment in capital assets	1,121,417	991,871	129,546
Restricted	4,311	2,132	2,179
Unrestricted	21,206	10,457	10,749
Total net position	\$ 1,146,934	\$ 1,004,460	\$ 142,474
Business-type Activities			
Assets			
Current assets	\$ 42,830	\$ 42,866	\$ (36)
Capital assets	2,157,474	2,258,366	(100,892)
Total assets	2,200,304	2,301,232	(100,928)
Deferred outflows of resources	24,999	26,970	(1,971)
Liabilities			
Current liabilities	26,616	27,370	(754)
Noncurrent liabilities	345,623	355,535	(9,912)
Total liabilities	372,239	382,905	(10,666)
Deferred inflows of resources	15,150	16,815	(1,665)
Net Position			
Net investment in capital assets	1,835,631	1,923,372	(87,741)
Restricted for debt service	9,331	5,452	3,879
Unrestricted	(7,048)	(342)	(6,706)
Total net position	\$ 1,837,914	\$ 1,928,482	\$ (90,568)

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>	2019	2018	Change
Governmental Activities			
Revenues			
Program revenues			
Charges for services	\$ 4,815	\$ 6,237	\$ (1,422)
Operating grants and contributions	129,249	28,688	100,561
Capital grants and contributions	88,488	95,626	(7,138)
General revenues			
Gasoline tax	8,585	8,038	547
Sales tax	17,598	14,109	3,489
Other taxes	35,066	41,101	(6,035)
State revenue sharing	55,986	48,832	7,154
Miscellaneous	86,335	15,220	71,115
Interest	10	9	1
Total revenues	426,132	257,860	168,272
Expenses			
General government	232,162	211,312	20,850
Public safety	25,241	19,994	5,247
Highways and streets	6,407	12,666	(6,259)
Culture and recreation	19,695	9,353	10,342
Interest	7,456	9,445	(1,989)
Total expenses	290,961	262,770	28,191
Transfers	7,303	45,404	(38,101)
Change in net position	\$ 142,474	\$ 40,494	\$ 101,980
Business-type Activities			
Revenues			
Program revenues			
Charges for services, net	\$ 156,104	\$ 159,039	\$ (2,935)
Operating grants and contributions	18,938	-	18,938
General revenues			
Interest	5	9	(4)
Total revenues	175,047	159,048	15,999
Expenses			
Water and garbage	258,312	258,723	(411)
Transfers	(7,303)	(45,404)	38,101
Change in net position	\$ (90,568)	\$ (145,079)	\$ 54,511

Management's Discussion and Analysis

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, 2019, the Town's governmental funds reported combined ending fund balances of \$70,817.

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, 2019, was \$1,837,914.

General Fund Budgetary Highlights

There were no General Fund budget amendments during fiscal year 2019.

General Fund - Actual revenues exceeded budgeted revenues by \$258,246 and actual expenditures exceeded budgeted expenditures by \$218,552.

Motor Fuel Tax Fund - Excess (deficiency) of revenue over expenditures exceeded budget by \$5,379.

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 Berna Palmer, 1607 Second Avenue, PO Box 39, Wausau FL 32463.

**Town of Wausau
Statement of Net Position
September 30, 2019**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 63,145	\$ 7,357	\$ 70,502
Receivables, net	12,571	16,861	29,432
Prepaid expenses	-	2,593	2,593
Investments	13,550	-	13,550
Restricted cash and cash equivalents	-	16,019	16,019
Capital assets, not being depreciated	388,866	-	388,866
Capital assets, net of depreciation	838,333	2,157,474	2,995,807
Total assets	1,316,465	2,200,304	3,516,769
Deferred Outflows of Resources			
Deferred outflows related to pension liability	40,013	24,999	65,012
Liabilities			
Accounts payable	17,508	-	17,508
Accrued payroll expenses	941	822	1,763
Compensated absences	4,274	444	4,718
Customer deposits	-	12,015	12,015
Noncurrent liabilities:			
Due within one year	82,903	13,335	96,238
Due in more than one year	22,879	308,508	331,387
Net pension liability	73,080	37,115	110,195
Total liabilities	201,585	372,239	573,824
Deferred Inflows of Resources			
Deferred inflows related to pension liability	7,959	15,150	23,109
Net Position			
Net investment in capital assets	1,121,417	1,835,631	2,957,048
Restricted for debt service	4,311	9,331	13,642
Unrestricted	21,206	(7,048)	14,158
Total net position	\$ 1,146,934	\$ 1,837,914	\$ 2,984,848

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

**Town of Wausau
Statement of Activities
For the Year Ended September 30, 2019**

Functions/Programs	Expenses	Program	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities:			
General government	\$ 232,162	\$ 1,194	\$ -
Public safety	25,241	-	95,614
Highways and streets	6,407	-	-
Culture and recreation	19,695	3,621	33,635
Interest	7,456	-	-
Total governmental activities	290,961	4,815	129,249
Business-type Activities:			
Water department	258,312	156,104	18,938
Total primary government	\$ 549,273	\$ 160,919	\$ 148,187

General Revenues

State revenue sharing
Sales taxes
Gasoline taxes
Other taxes
Interest income
Miscellaneous
Transfers

Total general revenues and transfers

Change in net position

Net Position - beginning

Net Position - ending

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

		Net (Expense) Revenue and Changes in Net Position		
Revenues	Primary Government			
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
\$ 5,000	\$ (225,968)	\$ -	\$ (225,968)	
27,243	97,616	-	97,616	
-	(6,407)	-	(6,407)	
56,245	73,806	-	73,806	
-	(7,456)	-	(7,456)	
88,488	(68,409)	-	(68,409)	
-	-	(83,270)	(83,270)	
<u>\$ 88,488</u>	<u>(68,409)</u>	<u>(83,270)</u>	<u>(151,679)</u>	
	55,986	-	55,986	
	17,598	-	17,598	
	8,585	-	8,585	
	35,066	-	35,066	
	10	5	15	
	86,335	-	86,335	
	7,303	(7,303)	-	
	210,883	(7,298)	203,585	
	142,474	(90,568)	51,906	
	1,004,460	1,928,482	2,932,942	
	<u>\$ 1,146,934</u>	<u>\$ 1,837,914</u>	<u>\$ 2,984,848</u>	

**Town of Wausau
Balance Sheet – Governmental Funds
September 30, 2019**

	General Fund	Motor Fuel Tax Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 58,781	\$ 4,364	\$ 63,145
Investments	13,550	-	13,550
Receivables, net	12,571	-	12,571
Total assets	\$ 84,902	\$ 4,364	\$ 89,266
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 17,455	\$ 53	\$ 17,508
Accrued payroll expenses	941	-	941
Total liabilities	18,396	53	18,449
Fund balances			
Restricted	-	4,311	4,311
Unassigned	66,506	-	66,506
Total fund balances	66,506	4,311	70,817
Total liabilities and fund balances	\$ 84,902	\$ 4,364	\$ 89,266

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

Town of Wausau
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
For the Year Ended September 30, 2019

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

Total fund balance - governmental funds	\$	70,817
Capital assets used in governmental activities are not current financial resources, and, therefore, are not reported in the governmental funds.		1,227,199
Net pension liability and 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		40,013
Deferred inflows related to pension		(7,959)
Net pension liability		(73,080)
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.		(4,274)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		
Bonds and notes payable		(105,782)
Net pension liability		(73,080)
Net position of governmental activities	\$	1,146,934

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

Town of Wausau
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds
September 30, 2019

	General Fund	Motor Fuel Tax Fund	Total Governmental Funds
Revenues			
Taxes	\$ 52,663	\$ 8,586	\$ 61,249
Intergovernmental	277,979	-	277,979
Charges for services	4,815	-	4,815
Miscellaneous	82,079	-	82,079
Interest income	10	-	10
Total revenues	417,546	8,586	426,132
Expenditures			
General government	96,576	-	96,576
Public safety	56,452	-	56,452
Highway and streets	-	6,407	6,407
Culture and recreation	19,695	-	19,695
Capital outlay	148,408	-	148,408
Debt service			
Principal	70,366	-	70,366
Interest	7,455	-	7,455
Total expenditures	398,952	6,407	405,359
Excess of Revenues Over Expenditures	18,594	2,179	20,773
Other Financing Sources			
Transfers in	7,302	-	7,302
Net change in fund balances	25,896	2,179	28,075
Fund Balances - beginning	40,610	2,132	42,742
Fund Balances - ending	\$ 66,506	\$ 4,311	\$ 70,817

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

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, 2019**

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

Net change in fund balances - total governmental funds	\$	28,075
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the Statement of Net Position.		148,408
Depreciation expense on governmental capital assets is included in the governmental activities in the Statement of Activities.		(89,227)
<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		70,366
Increase in pension expense		(10,874)
Increase in compensated absences		(4,274)
<hr/>		
Change in net position of governmental activities	\$	142,474
<hr/>		

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

Town of Wausau
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – General Fund
For the Year Ended September 30, 2019

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 47,600	\$ 52,663	\$ 5,063
Intergovernmental	82,600	277,979	195,379
Charges for services	1,550	4,815	3,265
Miscellaneous	27,550	82,079	54,529
Interest income	-	10	10
Total revenues	159,300	417,546	258,246
Expenditures			
General government	104,090	96,576	7,514
Public safety	40,100	56,452	(16,352)
Culture and recreation	13,200	19,695	(6,495)
Capital outlay	7,000	148,408	(141,408)
Debt service			
Principal	13,100	70,366	(57,266)
Interest	2,910	7,455	(4,545)
Total expenditures	180,400	398,952	(218,552)
Excess (Deficiency) of Revenues over Expenditures	(21,100)	18,594	39,694
Other Financing Sources			
Transfers in	-	7,302	7,302
Net change in fund balances	(21,100)	25,896	46,996
Fund Balance - Beginning	40,610	40,610	-
Fund Balance - Ending	\$ 19,510	\$ 66,506	\$ 46,996

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

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, 2019**

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 8,600	\$ 8,586	\$ (14)
Expenditures			
Highways and streets	11,800	6,407	5,393
Net change in fund balances	(3,200)	2,179	5,379
Fund Balance - Beginning	2,132	2,132	-
Fund Balance - Ending	\$ (1,068)	\$ 4,311	\$ 5,379

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

**Town of Wausau
Statement of Net Position –
Proprietary Fund
September 30, 2019**

	Water Department
Assets	
Current assets	
Cash and cash equivalents	\$ 7,357
Receivables, net	16,861
Prepaid expenses	2,593
Restricted cash and cash equivalents	16,019
Total current assets	42,830
Noncurrent assets	
Capital assets, net of depreciation	2,157,474
Total assets	2,200,304
Deferred Outflows of Resources	
Deferred outflows related to pension liability	24,999
Liabilities	
Current liabilities	
Accrued payroll expenses	822
Compensated absences	444
Customer deposits	12,015
Note payable, current portion	6,335
Bond payable, current portion	7,000
Total current liabilities	26,616
Noncurrent liabilities	
Note payable	508
Bond payable	308,000
Net pension liability	37,115
Total noncurrent liabilities	345,623
Total liabilities	372,239
Deferred Inflows of Resources	
Deferred inflows related to pension liability	15,150
Net Position	
Net investment in capital assets	1,835,631
Restricted for debt service	9,331
Unrestricted	(7,048)
Total net position	\$ 1,837,914

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

Town of Wausau
Statement of Revenues, Expenses and Changes in Net Position –
Proprietary Fund
For the Year Ended September 30, 2019

	Water Department
<hr/>	
Operating Revenues	
Charges for services, net of provision for bad debts of \$2,178	\$ 156,104
<hr/>	
Operating Expenses	
Professional fees	4,000
Contract services	29,561
Depreciation	106,975
Utilities	8,242
Insurance	14,242
Miscellaneous	19,082
Supplies	13,473
Payroll taxes	1,310
Salaries	17,130
Landfill	34,887
Water test	1,055
<hr/>	
Total operating expenses	249,957
<hr/>	
Operating Loss	(93,853)
<hr/>	
Non-Operating Revenues and (Expenses)	
Grant income	18,938
Interest income	5
Interest expense	(8,355)
<hr/>	
Total non-operating revenues (expenses)	10,588
<hr/>	
Loss Before Transfers	(83,265)
<hr/>	
Transfers out	(7,303)
<hr/>	
Change in Net Position	(90,568)
<hr/>	
Net Position - beginning	1,928,482
<hr/>	
Net Position - ending	\$ 1,837,914
<hr/>	

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

**Town of Wausau
Statement of Cash Flows –
Proprietary Fund
For the Year Ended September 30, 2019**

	Water Department
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 156,012
Payments to suppliers	(126,809)
Payments to employees	(13,399)
<hr/>	
Net cash provided by operating activities	15,804
<hr/>	
Cash Flows From Capital and Related Financing Activities	
Principal payments on debt	(13,151)
Interest payments on debt	(8,355)
Transfers	(7,303)
Purchase of capital assets	(6,083)
Grant revenue	18,938
<hr/>	
Net cash used in capital and related financing activities	(15,954)
<hr/>	
Cash Flows From Investing Activities	
Interest received	5
<hr/>	
Net increase in cash and cash equivalents	(145)
Cash and Cash Equivalents - Beginning	23,521
<hr/>	
Cash and Cash Equivalents - Ending	\$ 23,376
<hr/>	
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position	
Cash and cash equivalents	\$ 7,357
Restricted cash and cash equivalents	16,019
<hr/>	
Cash and cash equivalents - end of year	\$ 23,376
<hr/>	
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating loss	\$ (93,853)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	106,975
Bad debt expense	2,178
Changes in operating assets and liabilities:	
Increase in accounts receivable	(2,285)
Decrease in deferred outflow	1,971
Decrease in accounts payable	(958)
Decrease in compensated absences	3
Increase in net pension liability	3,423
Decrease in deferred inflow	(1,665)
Decrease in customer deposits	15
<hr/>	
Net cash provided by operating activities	\$ 15,804
<hr/>	

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

Town of Wausau Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements 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.

Town of Wausau Notes to Financial Statements

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.

Town of Wausau Notes to Financial Statements

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 consists of \$4,004 is to be used for the repayment of debt and \$12,015 related to customer deposits.

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.

Town of Wausau Notes to Financial Statements

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.

The Town's investments consist of certificates of deposits with original maturities of more than three months from the date of acquisition.

Unbilled Revenues

Unbilled revenues are recognized at the end of each fiscal year and combined with accounts receivable for financial statement reporting. Unbilled revenues are based on the usage incurred in September and billed during October following the close of the fiscal year.

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.

Town of Wausau Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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:

Town of Wausau Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Impact of Recently Issued Accounting Pronouncements

In fiscal year 2019, the Town adopted two new statements of financial accounting standards issued by the GASB:

- Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83)
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings And Direct Placements* (GASB 88)

GASB 83 establishes standards of accounting and financial reporting requirements for legally enforceable liabilities associated with the retirement of certain tangible capital assets. State and local governments that have legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the regulation of GASB 83. The requirements of GASB 83 are effective for reporting periods beginning after June 15, 2018. GASB 83 had no impact on the Town's financial statements.

GASB 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. GASB 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant subjective acceleration clauses. GASB 88 also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of GASB 88 are effective for reporting periods beginning after June 15, 2018. See Note 7 for additional disclosures related to GASB 88.

**Town of Wausau
Notes to Financial Statements**

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
84	<i>Fiduciary Activities</i>	2020
87	<i>Leases</i>	2021
89	<i>Accounting for Interest Cost Incurred before the End of a Construction Period</i>	2021
90	<i>Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61</i>	2020
91	<i>Conduit Debt Obligations</i>	2022

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 \$218,552. The excess was funded with unanticipated intergovernmental revenue.

Investments

Investments, at amortized costs, are comprised of the following:

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

**Town of Wausau
Notes to Financial Statements**

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

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, 2019 consist of the following:

	General Fund	Proprietary Fund
Intergovernmental	\$ 12,571	\$ -
Accounts receivable	-	4,333
Unbilled revenue	-	13,255
Less allowance for uncollectible accounts	-	(727)
Total	\$ 12,571	\$ 16,861

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 2019 is shown as follows:

	Transfers In	Transfers Out	Net
General Fund	\$ 7,303	\$ -	\$ 7,303
Proprietary Fund	-	(7,303)	(7,303)
	\$ 7,303	\$ (7,303)	\$ -

**Town of Wausau
Notes to Financial Statements**

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 is as follows:

	Balance 10/01/18	Increases	Decreases	Balance 09/30/19
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 316,016	\$ -	\$ -	\$ 316,016
Construction in progress	-	72,850	-	72,850
Total capital assets, not being depreciated	\$ 316,016	\$ 72,850	\$ -	\$ 388,866
Capital assets, being depreciated:				
Buildings and improvements	\$ 913,064	\$ 16,250	\$ -	\$ 929,314
Infrastructure	474,255	9,650	-	483,905
Office furniture and fixtures	69,122	-	-	69,122
Machinery and equipment	462,620	49,658	-	512,278
Total capital assets, being depreciated	1,919,061	75,558	-	1,994,619
Less accumulated depreciation for:				
Buildings and improvements	562,287	31,671	-	593,958
Infrastructure	47,425	43,659	-	91,084
Office furniture and fixtures	56,674	1,629	-	58,303
Machinery and equipment	400,673	12,268	-	412,941
Total accumulated depreciation	1,067,059	89,227	-	1,156,286
Total capital assets, being depreciated, net	\$ 852,002	\$ (13,669)	\$ -	\$ 838,333
Business-type Activities				
Capital assets, being depreciated:				
Buildings and improvements	\$ 106,051	\$ -	\$ -	\$ 106,051
Water system	3,094,836	6,083	-	3,100,919
Equipment	60,178	-	-	60,178
Total capital assets, being depreciated	3,261,065	6,083	-	3,267,148
Less accumulated depreciation	1,002,699	106,975	-	1,109,674
Total capital assets, being depreciated, net	\$ 2,258,366	\$ (100,892)	\$ -	\$ 2,157,474

**Town of Wausau
Notes to Financial Statements**

NOTE 6: CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$	43,610
Public safety		6,148
Highways and streets		32,183
Culture and recreation		7,286

Total depreciation expense – governmental activities	\$	89,227
---	-----------	---------------

Business-type Activities

Water department	\$	106,975
------------------	----	---------

NOTE 7: SHORT-TERM DEBT

Short-term debt activity for the year ended September 30, 2019 was as follows:

	Beginning Balance 10/01/18	Additions	Reductions	Ending Balance 09/30/19
Lines of Credit:				
Capital City Bank	\$ 50,000	\$ -	\$ 50,000	\$ -

NOTE 8: LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2019 was as follows:

	Beginning Balance 10/01/18	Additions	Reductions	Ending Balance 09/30/19	Due Within One Year
Governmental Activities:					
Bonds payable	\$ 4,200	\$ -	\$ 4,200	\$ -	\$ -
Notes payable - direct borrowing	121,948	-	16,166	105,782	82,903
	\$ 126,148	\$ -	\$ 20,366	\$ 105,782	\$ 82,903
Business-type Activities:					
Bonds payable	\$ 322,000	\$ -	\$ 7,000	\$ 315,000	\$ 7,000
Notes payable - direct borrowing	12,994	-	6,151	6,843	6,335
	\$ 334,994	\$ -	\$ 13,151	\$ 321,843	\$ 13,335

**Town of Wausau
Notes to Financial Statements**

NOTE 8: LONG-TERM DEBT (Continued)

Bonds Payable

	Business-Type Activities
USDA Water System Revenue Bonds – Series 2011 with interest at 2.5% per annum payable September 1 each year	\$ 315,000

Debt service requirements on bonds payable at September 30, 2019 are as follows:

Business-type Activities

Fiscal Year Ending September 30,	Revenue Bonds	
	Principal	Interest
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
	\$ 315,000	\$ 141,275

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.	\$ 33,750	\$ -
Capital City Bank – Loan obtained in January 2017 for land acquisition. A note payable in monthly installments of \$804 with interest at 3.95% per annum. Repayment of the loan is structured on a 10 year amortization with an initial maturity in July 2017. The intent of management is to renew the outstanding loan balance upon each maturity date. The renewed maturity is September 2020. The loan is secured by the land acquired with the loan proceeds.	72,032	-

**Town of Wausau
Notes to Financial Statements**

NOTE 8: LONG-TERM DEBT (Continued)

	Governmental Activities	Business-Type Activities
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.	-	6,843
	\$ 105,782	\$ 6,843

Debt service requirements on notes payable at September 30, 2019 are as follows:

Fiscal Year Ending September 30,	Notes Payable	
	Principal	Interest
<i>Governmental Activities</i>		
2020	\$ 82,687	\$ 4,607
2021	11,240	1,268
2022	11,855	651
	\$ 105,782	\$ 6,526
<i>Business-type Activities</i>		
2020	\$ 6,335	\$ 117
2021	508	1
	\$ 6,843	\$ 118

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. The capital improvement bond was paid off in full during the current year. In 2019, principal and interest paid and total revenue from the sales tax and interlocal agreement was \$4,379 and \$43,962, respectively. Annual debt service is expected to be less than 10% of the pledged revenues.

NOTE 10: RETIREMENT PLAN

Florida Retirement System Pension Plan

All eligible elected officials and all full time employees participate in 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.

Town of Wausau Notes to Financial Statements

NOTE 10: RETIREMENT PLAN (Continued)

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 percentages of payroll employer contribution rates established by state law are determined using the entry-age actuarial funding method.

The System provides for those employees hired prior to July 1, 2012 for 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, 2012, the System provides for vesting of benefits after eight years of creditable service. Normal retirement benefits are available to employees who retire at or after age 65 with eight or more years of service. Early retirement is available after 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% DROP Program-14.60%, special risk employees-25.48%, senior management-25.41% and elected officials-48.82%. The rate applied to employee salaries for employee contributions was 3.00% for all classifications with the exception of DROP program participants who do not make contributions.

The Town's contributions to the plan for the year ended September 30, 2019, were \$10,638, which equaled the actuarially determined contributions for the year and were paid by their due date. Total payroll for the Town's employees covered by the System was \$57,296 for the year ended September 30, 2019. The Town's total payroll was \$58,575 for the same period.

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, 2019, the Town reported a liability of \$92,886 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, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. 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, 2019, the System's proportion of the Pension Plan was 0.000269715%, which was an increase of 0.00001882% from its proportion measured as of June 30, 2018.

**Town of Wausau
Notes to Financial Statements**

NOTE 10: RETIREMENT PLAN (Continued)

For the year ended September 30, 2019, the Town recognized a pension expense of \$22,741 for the Pension Plan. At September 30, 2019, 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	\$ 5,509	\$ 58
Changes of assumptions	23,857	-
Net difference between projected and actual earnings on pension plan investments	-	5,139
Changes in proportion and differences between employer contributions and proportionate share of contributions	23,536	9,558
Employer contributions subsequent to the measurement date	2,449	-
Total	\$ 55,351	\$ 14,755

Deferred outflows of resources related to the Pension Plan resulting from Town contributions subsequent to the measurement date of \$2,449 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:

Year Ended September 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense, Net
2020	\$ 9,797	\$ 3,066	\$ 6,913
2021	9,797	3,066	6,913
2022	9,797	3,066	6,913
2023	9,797	3,066	6,913
2024	1,844	1,619	8,373
Total	\$ 41,032	\$ 13,883	\$ 36,025

Actuarial assumptions. The total pension liability for the Pension Plan was determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Investment rate of return*	6.90%
Projected salary increases	3.25%
* Net of pension plan investment expense	

**Town of Wausau
Notes to Financial Statements**

NOTE 10: RETIREMENT PLAN (Continued)

The actuarial assumptions used in the actuarial valuation as of July 1, 2019 for the Pension Plan were based on the results of an investigation of the economic and demographic experience for the System based upon participant data for the period July 1, 2013 through June 30, 2018.

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

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%	3.3%	3.3%	1.2%
Fixed income	18%	4.1%	4.1%	3.5%
Global equity	54%	8.0%	6.8%	16.5%
Real estate (property)	10%	6.7%	6.1%	11.7%
Private equity	11%	11.2%	8.4%	25.8%
Strategic investments	6%	5.9%	5.7%	6.7%
Total	100%			

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 6.90%. 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 6.90% 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 (5.90%) or 1-percentage point higher (7.90%) than the current rate:

**Town of Wausau
Notes to Financial Statements**

NOTE 10: RETIREMENT PLAN (Continued)

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Town's proportionate share of collective net pension liability	\$ 160,569	\$ 92,886	\$ 36,359

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, 2019. The supporting actuarial information is included in the GASB Statement No. 68 Report for the FRS prepared as of June 30, 2019. 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, 2019 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 0.06% that is contributed to administrative expenses.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions. At September 30, 2019, the Town reported a liability of \$17,306 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, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. 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, 2019, the System's proportion of the HIS Plan was 0.000154674%, which was a decrease of 0.000018762% from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the Town recognized a pension expense of \$859 for the HIS Plan. At September 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to the HIS Plan from the following sources:

**Town of Wausau
Notes to Financial Statements**

NOTE 10: RETIREMENT PLAN (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 210	\$ 21
Changes of assumptions	2,004	1,414
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	7,151	6,919
Employer contributions subsequent to the measurement date	282	-
Total	\$ 9,658	\$ 8,354

Deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date of \$282 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
2020	\$ 625	\$ 1,510	\$ (885)
2021	625	1,510	(885)
2022	625	1,510	(885)
2023	622	1,510	(885)
2024	621	1,507	(885)
Thereafter	621	1,507	(886)
Total	\$ 3,739	\$ 9,054	\$ (5,311)

The total pension liability for the HIS 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*	3.50%
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.

**Town of Wausau
Notes to Financial Statements**

NOTE 10: RETIREMENT PLAN (Continued)

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 3.50%. 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 3.50% 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 (2.50%) or 1-percentage point higher (4.50%) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Town’s proportionate share of collective net pension liability	\$ 19,756	\$ 17,306	\$ 15,266

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued FRS CAFR for the fiscal year ended June 30, 2019. 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 June 30, 2020 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, 2019 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 \$4,311 of restricted net position all of which was restricted by enabling legislation.

Town of Wausau
Notes to Financial Statements

NOTE 11: NET POSITION AND FUND BALANCE (Continued)

Restricted Governmental Fund Balances

Motor Fuel Tax Fund	
Code enforcement	\$ 4,311

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, 2019, 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

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Town. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

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>	2019⁽¹⁾	2018⁽¹⁾	2017⁽¹⁾	2016⁽¹⁾	2015⁽¹⁾
Employer's proportion of the net pension liability	0.026972%	0.025090%	0.009822%	0.000112%	0.000151%
Employer's proportionate share of the net pension liability	\$ 92,886	\$ 75,574	\$ 29,053	\$ 28,331	\$ 19,487
Employer's covered payroll*	\$ 50,748	\$ 59,983	\$ 30,030	\$ 20,582	\$ 41,416
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	183.03%	125.99%	96.75%	137.65%	47.05%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	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>	2019₍₁₎	2018 ₍₁₎	2017₍₁₎	2016₍₁₎	2015₍₁₎
Contractually required contribution**	\$ 8,363	\$ 9,368	\$ 3,747	\$ 2,289	\$ 3,783
Contributions in relation to the actuarially	8,363	9,368	3,747	2,289	3,783
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll*	\$ 57,296	\$ 60,456	\$ 28,123	\$ 19,166	\$ 35,394
Contributions as a percentage of covered payroll	14.60%	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>	2019⁽¹⁾	2018⁽¹⁾	2017⁽¹⁾	2016⁽¹⁾	2015⁽¹⁾
Employer's proportion of the net pension liability	0.015467%	0.013734%	0.000076%	0.000076%	0.000131%
Employer's proportionate share of the net pension liability	\$ 17,306	\$ 18,357	\$ 8,095	\$ 8,878	\$ 13,356
Employer's covered payroll*	\$ 50,748	\$ 59,983	\$ 30,030	\$ 20,582	\$ 41,416
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	34.10%	30.60%	26.96%	43.13%	32.25%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.97%

(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>	2019⁽¹⁾	2018⁽¹⁾	2017⁽¹⁾	2016⁽¹⁾	2015⁽¹⁾
Contractually required contribution**	\$ 951	\$ 1,004	\$ 467	\$ 318	\$ 588
Contributions in relation to the actuarially determined contribution	951	1,004	467	318	588
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll*	\$ 57,296	\$ 60,456	\$ 28,123	\$ 19,166	\$ 35,394
Contributions as a percentage of covered payroll	1.66%	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.

Note 1: FLORIDA RETIREMENT SYSTEMS (FRS)

The following actuarial assumptions changed in 2019:

- The long-term expected rate of return was decreased from 7.00% to 6.90%, and the active member mortality assumption was updated.
- The economic and demographic experience study as of June 30, 2013 was updated as of June 30, 2018.

Note 2: HEALTH INSURANCE SUBSIDY PROGRAM (HIS)

The following actuarial assumptions changed in 2019:

The municipal rate used to determine total pension liability was decreased from 3.87% to 3.50%

Town of Wausau
Other Supplementary Information
Schedules of Revenues and Expenses – Water Department

<i>For the years ended September 30,</i>	2019	2018	Increase (Decrease)
Operating Revenues			
Charges for services, net of provision for bad debts of \$2,178 and \$5,352	\$ 156,104	\$ 159,039	\$ (2,935)
Operating Expenses			
Professional fees	4,000	5,000	(1,000)
Contract services	29,561	12,785	16,776
Depreciation	106,975	109,502	(2,527)
Utilities	8,242	9,920	(1,678)
Insurance	14,242	11,164	3,078
Miscellaneous	19,082	18,441	641
Supplies	13,473	11,180	2,293
Payroll taxes	1,310	2,175	(865)
Salaries	17,130	28,287	(11,157)
Landfill	34,887	39,050	(4,163)
Water test	1,055	2,515	(1,460)
Total operating expenses	249,957	250,019	(62)
Operating Loss	(93,853)	(90,980)	(2,873)
Non-Operating Revenues (Expenses) and Transfers			
Grant income	18,938	-	18,938
Interest income	5	9	(4)
Interest expense	(8,355)	(8,704)	349
Transfers	(7,303)	(45,404)	38,101
Total non-operating revenues (expenses) and transfers	\$ 3,285	\$ (54,099)	\$ 57,384

**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 business-type activities, and each major fund of the Town of Wausau, Florida (the "Town") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 30, 2020.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the 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 Management Letter, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

We consider the deficiency described in the accompanying management letter as item 2010-01 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the management letter as item 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 30, 2020



Carr, Riggs & Ingram, LLC
1117 Boll Weevil Circle
Enterprise, AL 36330

(334) 347-0088
(334) 347-7650 (fax)
www.cricpa.com

**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, 2019. 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, 2019.

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 30, 2020



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, 2019, and have issued our report thereon dated June 30, 2020.

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 Reporting Requirements

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 an Examination Conducted in Accordance with AICPA Professional Standards AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those report, which are dated June 30, 2020, 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 #	2017-2018 FY Finding #	2016-2017 FY Finding #
2010-01	2010-01	2010-01
2015-01	2010-02	2010-02
	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 55.

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
- 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 55.

Financial Condition and Management

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

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 and item 2015-01 included in this management letter.

Additional Matters

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 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, 2019, 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 (25.3 million gallons) exceeded the actual gallons billed (approximately 11.6 million gallons). Nearly 54% of consumption was unbilled.

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 30, 2020

Town of Wausau
1607 Second Avenue
P O Box 39
Wausau WI 54983
850-638-1781
850-638-2844 (fax)
townofwausau@bellsouth.net

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.
- 2015-01** *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.