



Town of Wausau, Florida

FINANCIAL STATEMENTS

September 30, 2020



	Page
FINANCIAL SECTION	
Independent Auditors’ Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	12
Reconciliation of the Balance Sheet of 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 of 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 Funds	19
Statement of Cash Flows – Proprietary Funds	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 47
 Schedule of Employer Contributions 48

Health Insurance Subsidy Program
 Schedule of Employer’s Proportionate Share of the Net Pension Liability 49
 Schedule of Employer Contributions 50

Notes to Required Supplementary Information 51

Other Supplementary Information

 Schedules of Revenues and Expenses - Water Department 52

REPORTS ON INTERNAL CONTROL AND OTHER MATTERS

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* 53

Independent Accountants’ Report on Compliance with Local Government
Investment Policies 55

Management Letter 56

Management’s Response and Corrective Action Plan 59



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Wausau, Florida (the "Town"), as of and for the year ended September 30, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the major funds 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 47-51) 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 52), are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 2019 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, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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, 2021

Town of Wausau, Florida 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 decreased \$13,831.
- Capital assets increased \$175,242. 2020 capital assets activity was comprised of \$261,889 in additions and depreciation expense of \$86,647. The most significant capital asset addition was a house with an acquisition value of \$106,250 donated to the Town by the Florida Department of Transportation ("FDOT").
- Current liabilities decreased \$11,760 due primarily to a decrease in accounts payable.
- Noncurrent liabilities increased \$7,699 due primarily to an increase in pension liability.
- Revenues increased \$51,830 due primarily to \$106,250 of revenue recognized in connection with donated property received from the FDOT and the sale to a telecommunication company of a permanent easement on the Town's water tank for use as a cell tower base for \$112,500.
- Expenses were relatively consistent with a decrease of \$543.

Business-type Activities

- Capital assets decreased \$91,672. The net decrease was comprised of \$17,250 of current year additions and depreciation of \$108,922.
- Total liabilities increased \$25,186, primarily due to a new loan in the amount of \$17,250 used to finance the purchase of two lawn mowers.
- Total revenues decreased \$26,775 due primarily to a reduction in grant revenue.

Town Highlights

This past year the Town continued with the construction on a new fire house, a project for which the Florida Legislature awarded an appropriation of \$985,500. As of September 30, 2020 the town

Town of Wausau, Florida Management's Discussion and Analysis

has expended a total of \$145,888 towards the construction project, which is classified as construction in progress on the Town's Government wide financial statements. Construction is slated to be completed during fiscal year 2021. Also awarded in 2020 was a forestry grant from the Florida Department of Agriculture for the purchase of firefighting equipment in the amount of \$24,514.

The Town also entered the beginning stages of work on renovations to the Possum Palace Park, funded by a Community Development Block Grant (CDBG) grant with a total award in the amount of \$595,000. As of September 30, 2020, the town had expended a total of \$50,963 towards the construction project, which is classified as construction in progress on the Town's Government wide financial statements. As of September 30, 2020, the Town is still in the planning and engineering phase of the project.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Town of Wausau, Florida Management's Discussion and Analysis

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.

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 government-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 - 46.

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.

Town of Wausau, Florida
Management's Discussion and Analysis

Statement of Net Position

The following schedule reflects the condensed Statement of Net Position:

<i>September 30,</i>	2020	2019	Change
Governmental Activities			
Assets			
Current assets	\$ 75,435	\$ 89,266	\$ (13,831)
Capital assets	1,402,441	1,227,199	175,242
Total assets	1,477,876	1,316,465	161,411
Deferred outflows of resources	44,126	40,013	4,113
Liabilities			
Current liabilities	10,963	22,723	(11,760)
Noncurrent liabilities	186,561	178,862	7,699
Total liabilities	197,524	201,585	(4,061)
Deferred inflows of resources	-	7,959	(7,959)
Net Position			
Net investment in capital assets	1,315,134	1,121,417	193,717
Restricted	4,832	4,311	521
Unrestricted	4,512	21,206	(16,694)
Total net position	\$ 1,324,478	\$ 1,146,934	\$ 177,544
Business-type Activities			
Assets			
Current assets	\$ 37,218	\$ 42,830	\$ (5,612)
Capital assets	2,065,802	2,157,474	(91,672)
Total assets	2,103,020	2,200,304	(97,284)
Deferred outflows of resources	23,553	24,999	(1,446)
Liabilities			
Current liabilities	38,225	26,616	11,609
Noncurrent liabilities	359,200	345,623	13,577
Total liabilities	397,425	372,239	25,186
Deferred inflows of resources	9,480	15,150	(5,670)
Net Position			
Net investment in capital assets	1,743,123	1,835,631	(92,508)
Restricted for debt service	7,674	9,331	(1,657)
Unrestricted (deficit)	(31,129)	(7,048)	(24,081)
Total net position	\$ 1,719,668	\$ 1,837,914	\$ (118,246)

Town of Wausau, Florida
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>	2020	2019	Change
Governmental Activities			
Revenues			
Program revenues			
Charges for services	\$ 8,288	\$ 4,815	\$ 3,473
Operating grants and contributions	28,315	129,249	(100,934)
Capital grants and contributions	201,450	88,488	112,962
General revenues			
Gasoline tax	7,866	8,585	(719)
Sales tax	14,448	17,598	(3,150)
Other taxes	35,899	35,066	833
State revenue sharing	50,961	55,986	(5,025)
Miscellaneous	18,224	86,335	(68,111)
Interest	11	10	1
Special item	112,500	-	112,500
Total revenues	477,962	426,132	51,830
Expenses			
General government	257,578	232,162	25,416
Public safety	10,314	25,241	(14,927)
Highways and streets	7,346	6,407	939
Culture and recreation	11,308	19,695	(8,387)
Interest	3,872	7,456	(3,584)
Total expenses	290,418	290,961	(543)
Transfers	(10,000)	7,303	(17,303)
Change in net position	\$ 177,544	\$ 142,474	\$ 35,070
Business-type Activities			
Revenues			
Program revenues			
Charges for services, net	\$ 148,272	\$ 156,104	\$ (7,832)
Operating grants and contributions	-	18,938	(18,938)
General revenues			
Interest	-	5	(5)
Total revenues	148,272	175,047	(26,775)
Expenses			
Water and garbage	276,518	258,312	18,206
Transfers	10,000	(7,303)	17,303
Change in net position	\$ (118,246)	\$ (90,568)	\$ (27,678)

Town of Wausau, Florida 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, 2020, the Town's governmental funds reported combined ending fund balances of \$71,028.

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, 2020, was \$1,719,668.

General Fund Budgetary Highlights

There were no General Fund budget amendments during fiscal year 2020.

General Fund - Budgeted revenues exceeded actual revenues by \$1,414,987 and budgeted expenditures exceeded actual expenditures by \$1,330,927. These variances were due primarily to budgeted capital grant projects that were in progress at year end.

Motor Fuel Tax Fund - Excess (deficiency) of revenue over expenditures exceeded budget by \$3,721.

Request for Information

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

Town of Wausau, Florida
Statement of Net Position

	Primary Government		
<i>September 30, 2020</i>	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 48,183	\$ 10,010	\$ 58,193
Receivables, net	13,702	16,940	30,642
Prepaid expenses	-	2,594	2,594
Investments	13,550	-	13,550
Restricted cash and cash equivalents	-	7,674	7,674
Capital assets			
Non-depreciable	517,017	-	517,017
Depreciable, net	885,424	2,065,802	2,951,226
Total assets	1,477,876	2,103,020	3,580,896
Deferred Outflows of Resources			
Deferred outflows related to pension liability	44,126	23,553	67,679
Liabilities			
Accounts payable	4,119	7,922	12,041
Accrued payroll expenses	288	1,420	1,708
Compensated absences	6,556	4,521	11,077
Customer deposits	-	12,660	12,660
Non-current liabilities			
Due within one year	19,417	11,702	31,119
Due in more than one year	67,890	310,977	378,867
Net pension liability	99,254	48,223	147,477
Total liabilities	197,524	397,425	594,949
Deferred Inflows of Resources			
Deferred inflows related to pension liability	-	9,480	9,480
Net Position			
Net investment in capital assets	1,315,134	1,743,123	3,058,257
Restricted for debt service	4,832	7,674	12,506
Unrestricted (deficit)	4,512	(31,129)	(26,617)
Total net position	\$ 1,324,478	\$ 1,719,668	\$ 3,044,146

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

Town of Wausau, Florida
Statement of Activities

For the year ended September 30, 2020

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions
Primary Government			
Governmental activities			
General government	\$ 257,578	\$ 7,101	\$ -
Public safety	10,314	-	28,315
Highways and streets	7,346	-	-
Culture and recreation	11,308	1,187	-
Interest	3,872	-	-
<hr/>			
Total governmental activities	290,418	8,288	28,315
Business-type activities			
Water department	276,518	148,272	-
<hr/>			
Total primary government	\$ 566,936	\$ 156,560	\$ 28,315

General revenues, transfers, and special item

 State revenue sharing

 Sales taxes

 Gasoline taxes

 Other taxes

 Interest income

 Miscellaneous

 Transfers

 Special item

Total general revenues, transfers, and special item

Change in net position

Net position, beginning of year

Net position, end of year

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
\$ 173,372	\$ (77,105)	\$ -	\$ (77,105)	
24,514	42,515	-	42,515	
-	(7,346)	-	(7,346)	
3,564	(6,557)	-	(6,557)	
-	(3,872)	-	(3,872)	
201,450	(52,365)	-	(52,365)	
-	-	(128,246)	(128,246)	
<u>\$ 201,450</u>	<u>(52,365)</u>	<u>(128,246)</u>	<u>(180,611)</u>	
	50,961	-	50,961	
	14,448	-	14,448	
	7,866	-	7,866	
	35,899	-	35,899	
	11	-	11	
	18,224	-	18,224	
	(10,000)	10,000	-	
	112,500	-	112,500	
	229,909	10,000	239,909	
	177,544	(118,246)	59,298	
	1,146,934	1,837,914	2,984,848	
	<u>\$ 1,324,478</u>	<u>\$ 1,719,668</u>	<u>\$ 3,044,146</u>	

Town of Wausau, Florida
Balance Sheet – Governmental Funds

<i>September 30, 2020</i>	General	Motor Fuel Tax	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 43,149	\$ 5,034	\$ 48,183
Investments	13,550	-	13,550
Receivables, net	13,702	-	13,702
Total assets	\$ 70,401	\$ 5,034	\$ 75,435
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 3,917	\$ 202	\$ 4,119
Accrued payroll expenses	288	-	288
Total liabilities	4,205	202	4,407
Fund balances			
Restricted	-	4,832	4,832
Unassigned	66,196	-	66,196
Total fund balances	66,196	4,832	71,028
Total liabilities and fund balances	\$ 70,401	\$ 5,034	\$ 75,435

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

Town of Wausau, Florida
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position

September 30, 2020

Total fund balance - governmental funds	\$	71,028
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources, and, therefore, are not reported in the governmental funds.		1,402,441
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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		44,126
Net pension liability		(99,254)

Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.		(6,556)
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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		(87,307)
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Net position of governmental activities	\$	1,324,478
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The accompanying notes are an integral part of these financial statements.

Town of Wausau, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds

<i>For the year ended September 30, 2020</i>	General	Motor Fuel Tax	Total Governmental Funds
Revenues			
Taxes	\$ 50,347	\$ 7,867	\$ 58,214
Intergovernmental	172,428	-	172,428
Charges for services	8,288	-	8,288
Miscellaneous	20,269	-	20,269
Interest income	11	-	11
Total revenues	251,343	7,867	259,210
Expenditures			
General government	129,864	-	129,864
Public safety	32,574	-	32,574
Highway and streets	-	7,346	7,346
Culture and recreation	13,729	-	13,729
Capital outlay	155,639	-	155,639
Debt service			
Principal	18,475	-	18,475
Interest	3,872	-	3,872
Total expenditures	354,153	7,346	361,499
Excess (deficiency) of revenues over (under) expenditures	(102,810)	521	(102,289)
Other Financing Sources (Uses)			
Transfers out	(10,000)	-	(10,000)
Special item	112,500	-	112,500
Net change in fund balances	(310)	521	211
Fund balances, beginning of year	66,506	4,311	70,817
Fund balances, end of year	\$ 66,196	\$ 4,832	\$ 71,028

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

Town of Wausau, Florida

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**

<i>For the year ended September 30, 2020</i>	<u>2020</u>
Net change in fund balances - total governmental funds	\$ 211
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the Statement of Net Position.	155,639
Depreciation expense on governmental capital assets is included in the governmental activities in the Statement of Activities.	(86,647)
Revenues associated with the donation of capital assets is included in the governmental activities in the Statement of Activities.	106,250
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:	
Repayment of debt	18,475
Decrease in pension expense	(20,275)
Increase in compensated absences	3,891
Change in net position of governmental activities	\$ 177,544

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

Town of Wausau, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – General Fund

<i>For the year ended September 30, 2020</i>	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes	\$ 47,320	\$ 50,347	\$ 3,027
Intergovernmental	1,596,040	172,428	(1,423,612)
Charges for services	1,370	8,288	6,918
Miscellaneous	21,600	20,269	(1,331)
Interest income	-	11	11
Total revenues	1,666,330	251,343	(1,414,987)
Expenditures			
General government	107,700	129,864	(22,164)
Public safety	25,350	32,574	(7,224)
Culture and recreation	22,900	13,729	9,171
Capital outlay	1,511,250	155,639	1,355,611
Debt service			
Principal	17,880	18,475	(595)
Interest	-	3,872	(3,872)
Total expenditures	1,685,080	354,153	1,330,927
Excess (deficiency) of revenues over expenditures	(18,750)	(102,810)	(84,060)
Other Financing Sources (Uses)			
Transfers out	-	(10,000)	(10,000)
Special item	-	112,500	112,500
Net change in fund balance	(18,750)	(310)	18,440
Fund balance, beginning of the year	66,506	66,506	-
Fund balance, end of year	\$ 47,756	\$ 66,196	\$ 18,440

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

Town of Wausau, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Motor Fuel Tax Fund

<i>For the year ended September 30, 2020</i>	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes	\$ 8,620	\$ 7,867	\$ (753)
Expenditures			
Highways and streets	11,820	7,346	4,474
Net change in fund balance	(3,200)	521	3,721
Fund balance, beginning of the year	4,311	4,311	-
Fund balance, end of year	\$ 1,111	\$ 4,832	\$ 3,721

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

Town of Wausau, Florida
Statement of Net Position – Proprietary Fund

<i>September 30, 2020</i>	Water Department
Assets	
Current assets	
Cash and cash equivalents	\$ 10,010
Receivables, net	16,940
Prepaid expenses	2,594
Restricted cash and cash equivalents	7,674
<hr/>	
Total current assets	37,218
Noncurrent assets	
Capital assets, net of depreciation	2,065,802
<hr/>	
Total assets	2,103,020
<hr/>	
Deferred Outflows of Resources	
Deferred outflows related to pension liability	23,553
<hr/>	
Liabilities	
Current liabilities	
Accounts payable	7,922
Accrued payroll expenses	1,420
Compensated absences	4,521
Customer deposits	12,660
Note payable, current portion	4,702
Bond payable, current portion	7,000
<hr/>	
Total current liabilities	38,225
Noncurrent liabilities	
Note payable	9,977
Bond payable	301,000
Net pension liability	48,223
<hr/>	
Total noncurrent liabilities	359,200
Total liabilities	397,425
<hr/>	
Deferred Inflows of Resources	
Deferred inflows related to pension liability	9,480
<hr/>	
Net Position	
Net investment in capital assets	1,743,123
Restricted for debt service	7,674
Unrestricted (deficit)	(31,129)
<hr/>	
Total net position	\$ 1,719,668
<hr/>	

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

Town of Wausau, Florida
Statement of Revenues, Expenses and Changes in Net Position –
Proprietary Fund

<i>For the year ended September 30, 2020</i>	Water Department
<hr/>	
Operating Revenues	
Charges for services, net of provision for bad debts of \$9,346	\$ 148,272
<hr/>	
Operating Expenses	
Contract services	20,295
Depreciation	108,922
Utilities	9,516
Insurance	10,162
Miscellaneous	27,510
Supplies	10,647
Payroll taxes	2,547
Salaries	36,368
Landfill	40,967
Water test	1,200
<hr/>	
Total operating expenses	268,134
<hr/>	
Operating income (loss)	(119,862)
<hr/>	
Nonoperating Revenues and (Expenses)	
Interest expense	(8,384)
<hr/>	
Total nonoperating revenues (expenses)	(8,384)
<hr/>	
Income (Loss) Before Transfers	(128,246)
<hr/>	
Transfers in	10,000
<hr/>	
Change in net position	(118,246)
<hr/>	
Net position, beginning of year	1,837,914
<hr/>	
Net position, end of year	\$ 1,719,668
<hr/>	

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

Town of Wausau, Florida
Statement of Cash Flows – Proprietary Fund

<i>For the year ended September 30, 2020</i>	Water Department
Operating Activities	
Cash received from customers for sales and services	\$ 148,838
Cash payments to suppliers for goods and services	(102,676)
Cash payments to and on behalf of employees	(37,052)
Net cash provided by (used in) operating activities	9,110
Capital and Related Financing Activities	
Principal payments on debt	(16,418)
Interest payments on debt	(8,384)
Transfers	10,000
Net cash provided by (used in) capital and related financing activities	(14,802)
Net increase (decrease) in cash and cash equivalents	(5,692)
Cash and cash equivalents, beginning of year	23,376
Cash and cash equivalents, end of year	\$ 17,684
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position	
Cash and cash equivalents	\$ 10,010
Restricted cash and cash equivalents	7,674
Cash and cash equivalents, end of year	\$ 17,684
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities	
Operating loss	\$ (119,862)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	108,922
Bad debt expense	9,346
Changes in assets, deferred outflows, liabilities and deferred inflows (Increase) decrease in assets and deferred outflows	
Accounts receivable	(9,425)
Deferred outflow	1,446
Due from other funds	598
Increase (decrease) in liabilities and deferred inflows	
Accounts payable	7,925
Compensated absences	4,077
Net pension liability	11,108
Deferred inflow	(5,670)
Customer deposits	645
Net cash provided by (used in) operating activities	\$ 9,110
Noncash financing activities	
Equipment acquired through issuance of long-term debt	\$ 17,250

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

Town of Wausau, Florida 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.

The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. In evaluating the Town as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification. Based upon the foregoing criteria, it was determined 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, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (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, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Government-Wide Financial Statements

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.

Fund Financial Statements

The Town reports the following major governmental funds:

The *General Fund* is the 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.

The *Motor Fuel Tax Fund* is used by the Town to report the activity related to the street department in this fund.

The Town reports the following major proprietary fund:

The Water Department is used by the Town to report 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.

Budgetary Information

Budgetary basis of accounting

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.

Town of Wausau, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (continued)

Budgetary basis of accounting (continued)

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.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

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.

Investments

Investments for the City are reported at fair value (generally based on quoted market prices) except for the position in the State Treasurer's Investment Pool (Pool). The State Treasurer's Investment Pool meets all of the specified criteria in Section 150: *Investments* to qualify to elect to measure their investments at amortized cost. Accordingly, the fair value of the City's position in the pool is equal to the value of the pooled shares.

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.
- 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.

Town of Wausau, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Receivables, net

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.

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 Activities and Transactions

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involves transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

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."

Town of Wausau, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Prepaid Items

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.

Restricted cash as shown in the proprietary fund consists of \$4,005 is to be used for the repayment of debt and \$3,669 related to customer deposits.

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 acquisition value at the date of donation.

The Town has not reported infrastructure acquired prior to October 1, 2003. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are expensed as incurred. Interest incurred during the construction phase on loans obtained for long-term construction projects are capitalized into the cost of the asset.

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

Town of Wausau, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

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. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

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. The *deferred inflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

Customer Deposits

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

Compensated Absences

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

Town of Wausau, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Compensated Absences (continued)

The amount attributable to the enterprise funds are charge to expense and a corresponding liability when earned.

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.

Pensions

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.

Categories and Classification of Fund Equity

Net position flow assumption – Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

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, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Categories and Classification of Fund Equity (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 balance flow assumptions – Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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 balances is comprised of cash restricted for debt service and street improvements.

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.

Town of Wausau, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Categories and Classification of Fund Equity (continued)

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

Tax Revenue

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

Use of Estimates

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.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 30, 2021 and determined there were no events that occurred that required disclosure.

Recently Issued and Implemented Accounting Pronouncements

In May 2020, the GASB issued Statement No. 95 (GASB 95), *Postponement of the Effective Date of Certain Authoritative Guidance*. GASB 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. GASB 95 had no impact on the Town's financial statements.

Pronouncements Issued But Not yet Effective

In January 2017, the GASB issued Statement No. 84 (GASB 84), *Fiduciary Activities*. GASB 84 establishes specific criteria for identifying fiduciary activities and the requirements for financial statement reporting. The focus of the criteria is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit

Town of Wausau, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective (continued)

arrangements that are fiduciary activities. GASB 84 describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. In addition, recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred which compels the government to disburse fiduciary resources should also be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2019.

In June 2017, the GASB issued Statement No. 87 (GASB 87), *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of GASB 87 are effective for reporting periods beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89 (GASB 89), *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of GASB 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of GASB 89 are effective for reporting periods beginning after December 15, 2020.

In August 2018, the GASB issued Statement No. 90 (GASB 90), *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of GASB 90 are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

Town of Wausau, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective (continued)

In May 2019, the GASB issued Statement No. 91 (GASB 91), *Conduit Debt Obligations*. The primary objectives of GASB 91 are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB 91 achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of GASB 91 are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued Statement No. 92 (GASB 92), *Omnibus 2020*. The objectives of GASB 92 are to enhance the comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of GASB 92 are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued Statement No. 93 (GASB 93), *Replacement of Interbank Offered Rates*. The purpose of GASB 93 is to address accounting and financial reporting implications that result from the replacement of interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). GASB 93 achieves this objective by (1) providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment, (2) clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate, (3) clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable, (4) removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, (5) identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of the interest rate swap, and (6) clarifying the definition of reference rate, as it is used in Statement 53, as amended. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021.

In March 2020, the GASB issued Statement No. 94 (GASB 94), *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of GASB 94 is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in GASB 94, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement

Town of Wausau, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective (continued)

(SCA), which the Board defines in GASB 94 as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. GASB 94 also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in GASB 94, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. GASB 94 is effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued Statement No. 96 (GASB 96), *Subscription-Based Information Technology Arrangements*. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). GASB 96 (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. GASB 96 is effective for fiscal years beginning after June 15, 2022.

In June 2020, the GASB issued Statement No. 97 (GASB 97), *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of GASB 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements for GASB 97 are effective for reporting periods beginning after June 15, 2021.

The Town is evaluating the requirements of the above statements and the impact on reporting.

Town of Wausau, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS

Investments

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

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

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

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

Accounts Receivable

Receivables at September 30, 2020 consist of the following:

	General Fund	Proprietary Fund
Intergovernmental	\$ 13,702	\$ -
Accounts receivable	-	5,567
Unbilled revenue	-	13,880
Less allowance for uncollectible accounts	-	(2,507)
Total	\$ 13,702	\$ 16,940

Interfund Transfers

Interfund transfers are generally used to meet cash demands necessary to pay operating expenditures. The composition of interfund transfers for fiscal year 2020 is shown as follows:

	Transfers In	Transfers Out	Net
General Fund	\$ -	\$ (10,000)	\$ (10,000)
Proprietary Fund	10,000		10,000
Total	\$ 10,000	\$ (10,000)	\$ -

Town of Wausau, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

Capital asset activity for the year ended September 30, 2020 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 316,016	\$ 4,150	\$ -	\$ 320,166
Construction in progress	72,850	124,001	-	196,851
Capital assets, not being depreciated	388,866	128,151	-	517,017
Capital assets, being depreciated				
Buildings and improvements	\$ 929,314	\$ 106,730	\$ -	\$ 1,036,044
Infrastructure	483,905	-	-	483,905
Office furniture and fixtures	69,122	-	-	69,122
Machinery and equipment	512,278	27,008	-	539,286
Capital assets, being depreciated	1,994,619	133,738	-	2,128,357
Less accumulated depreciation for				
Buildings and improvements	593,958	39,045	-	633,003
Infrastructure	91,084	32,260	-	123,344
Office furniture and fixtures	58,303	1,629	-	59,932
Machinery and equipment	412,941	13,713	-	426,654
Total accumulated depreciation	1,156,286	86,647	-	1,242,933
Total capital assets, being depreciated, net	\$ 838,333	\$ 47,091	\$ -	\$ 885,424
Business-Type Activities				
Capital assets, being depreciated				
Buildings and improvements	\$ 106,051	\$ -	\$ -	\$ 106,051
Water system	3,100,919	17,250	-	3,118,169
Equipment	60,178	-	-	60,178
Capital assets, being depreciated	3,267,148	17,250	-	3,284,398
Less accumulated depreciation	1,109,674	108,922	-	1,218,596
Total capital assets, being depreciated, net	\$ 2,157,474	\$ (91,672)	\$ -	\$ 2,065,802

Town of Wausau, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

Depreciation expense was charged to functions as follows:

<i>For the year ended September 30,</i>	<u>2020</u>
<hr/>	
Governmental activities	
General government	\$ 39,572
Public safety	7,598
Highways and streets	32,184
Culture and recreation	7,293
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Total depreciation expense – governmental activities	\$ 86,647
<hr/>	
Business-type activities	
Water department	\$ 108,922
<hr/>	

Long-term Debt and Liabilities

Long-term debt activity for the year ended September 30, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<hr/>					
Governmental activities					
Notes payable - direct borrowing	\$ 105,782	\$ -	\$ 18,475	\$ 87,307	\$ 19,417
<hr/>					
Business-type activities					
Bonds payable	\$ 315,000	\$ -	\$ 7,000	\$ 308,000	\$ 7,000
Notes payable - direct borrowing	6,847	17,250	9,418	14,679	4,702
<hr/>					
	\$ 321,847	\$ 17,250	\$ 16,418	\$ 322,679	\$ 11,702
<hr/>					

Bond Payable

	Business-Type Activities
<hr/>	
USDA Water System Revenue Bonds – Series 2011 with interest at 2.5% per annum payable September 1 each year.	\$ 308,000
<hr/>	

Town of Wausau, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Bond Payable (continued)

Debt service requirements on bonds payable at September 30, 2020 are as follows:

<i>Year Ending</i> <i>September 30,</i>	Revenue Bonds	
	Principal	Interest
2021	7,000	7,700
2022	7,000	7,525
2023	7,000	7,350
2024	8,000	7,175
2025	8,000	7,000
2026-2030	42,000	31,125
2031-2035	47,000	25,750
2036-2040	53,000	19,725
2041-2045	61,000	12,850
2046-2050	68,000	7,200
	\$ 308,000	\$ 133,400

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.	\$ 23,095	\$ -
Capital City Bank – Loan obtained in January 2017 for land acquisition. A note payable in monthly installments of \$876 with interest at 3.85% per annum. Repayment of the loan is structured on a 10 year amortization with a maturity in July 2027. The loan is secured by the land acquired with the loan proceeds.	64,212	-

Town of Wausau, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Notes Payable (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.	-	514
Capital City Bank – Payable in monthly amounts of \$386 with interest at 3.52% per annum year. Secured by mowing equipment acquired with the loan proceeds.	-	14,165
	\$ 87,307	\$ 14,679

Debt service requirements on notes payable at September 30, 2020 are as follows:

Year Ending September 30,	Notes Payable	
	Principal	Interest
Governmental Activities		
2021	\$ 19,417	\$ 3,605
2022	20,353	2,668
2023	8,831	1,684
2024	9,177	1,338
2025	9,629	886
2022-2027	19,900	913
	\$ 87,307	\$ 11,094
Business-type Activities		
2021	\$ 4,702	\$ 433
2022	4,338	282
2023	4,493	127
2024	1,146	7
	\$ 14,679	\$ 849

Net Position Restricted by Enabling Legislation

The government-wide Statement of Net Position reports \$4,832 of restricted net position all of which was restricted by enabling legislation.

Restricted Governmental Fund Balances

Motor Fuel Tax Fund	
Code enforcement	\$ 4,832

Note 3: RETIREMENT PLANS

Florida Retirement System Pension Plan

All eligible elected officials and all full-time employees of the Town are participants 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 plan covers full time employees of various governmental units within the State of Florida.

The System's funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due (see rates below). Level 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-10.00% DROP Program-16.98%, special risk employees-24.45%, senior management-27.29% and elected officials-49.18%. 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 Florida Retirement System Pension Plan and Health Insurance Subsidy Program for the year ended September 30, 2020, were \$9,417 and \$1,162, respectively, 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 \$71,548 for the year ended September 30, 2020. The Town's total payroll was \$75,581 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.

Town of Wausau, Florida
Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Florida Retirement System Pension Plan (continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions. At September 30, 2020, the Town reported a liability of \$122,848 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, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. 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, 2020, the System’s proportion of the Pension Plan was 0.000283436%, which was an increase of 0.000013721% from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the Town recognized a pension expense of (\$18,849) for the Pension Plan. At September 30, 2020, 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	\$ 4,702	\$ -
Changes of assumptions	22,239	-
Net difference between projected and actual earnings on pension plan investments	7,314	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,786	3,473
Employer contributions subsequent to the measurement date	2,569	-
Total	\$ 53,610	\$ 3,473

Deferred outflows of resources related to the Pension Plan resulting from Town contributions subsequent to the measurement date of \$2,569 will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Town of Wausau, Florida
Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Florida Retirement System Pension Plan (continued)

<i>Year Ended</i> <i>September 30,</i>	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense, Net
2021	\$ 11,404	\$ (709)	\$ 10,695
2022	11,404	(709)	10,695
2023	11,404	(709)	10,695
2024	11,404	(709)	10,695
2025	5,425	(637)	4,788
Total	\$ 51,041	\$ (3,473)	\$ 47,568

Actuarial assumptions. The total pension liability for the Pension Plan was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Investment rate of return*	6.80%
Projected salary increases	3.25%

* Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of July 1, 2020 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 as of 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:

Town of Wausau, Florida
Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Florida Retirement System Pension Plan (continued)

Asset Class	Target Allocation (1)	Annual Arithmetic Return*	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed income	19.0%	3.0%	2.9%	3.5%
Global equity	54.2%	8.0%	6.7%	17.1%
Real estate (property)	10.3%	6.4%	5.8%	11.7%
Private equity	11.1%	10.8%	8.1%	25.7%
Strategic investments	4.4%	5.5%	5.3%	6.9%
Total	100%			

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

* Includes assumed rate of inflation of 2.40%

Discount rate. The discount rate used to measure the total pension liability for the Pension Plan was 6.80%. 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 6.80% 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 (5.80%) or 1-percentage point higher (7.80%) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
Town's proportionate share of collective net pension liability	\$ 196,163	\$ 122,848	\$ 61,610

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued System Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. The supporting actuarial information is included in the GASB Statement No. 68 Report for the System prepared as of June 30, 2020. The auditor's report dated January 15, 2021 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,

Town of Wausau, Florida
Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Florida Retirement System Pension Plan (continued)

2020 along with supporting schedules is also available. The additional financial and actuarial information is available from the following website:

Health Insurance Subsidy Program

Chapter 112, Florida Statutes, established the 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 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. 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, 2020, the Town reported a liability of 24,629 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, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. 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, 2020, the System’s proportion of the HIS Plan was 0.0002017%, which was a decrease of 0.0000470% from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the Town recognized a pension expense of \$(1,429) for the HIS Plan. At September 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to the HIS Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,007	\$ 19
Changes of assumptions	2,648	1,432
Net difference between projected and actual earnings on pension plan investments	20	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,101	4,556
Employer contributions subsequent to the measurement date	293	-
Total	\$ 14,069	\$ 6,007

Deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date of \$293 will be recognized as a reduction of the net pension liability in the

Town of Wausau, Florida
Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Health Insurance Subsidy Program (continued)

year ended September 30, 2021. 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:

<i>Year Ended</i> <i>September 30,</i>	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense Net
2021	\$ 2,223	\$ (969)	\$ 1,254
2022	2,223	(969)	1,254
2023	2,223	(969)	1,254
2024	2,223	(969)	1,254
2025	2,218	(969)	1,249
Thereafter	2,666	(1,162)	1,504
Total	\$ 13,776	\$ 6,007	\$ 7,769

The total pension liability for the HIS 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	2.40%
Investment rate of return*	2.21%
Projected salary increases	3.25%

* Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of July 1, 2020 for the HIS were based on the results of an investigation of the economic and demographic experience for the Florida Retirement System (the "FRS") based upon participant data as of June 30, 2018.

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 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 was 2.21%. 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 sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Town of Wausau, Florida
Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Health Insurance Subsidy Program (continued)

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 2.21% for the HIS 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 (1.21%) or 1-percentage point higher (3.21%) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Town's proportionate share of collective net pension liability	\$ 28,470	\$ 24,629	\$ 21,485

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued System Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. The supporting actuarial information is included in the GASB Statement No. 68 Report for the System prepared as of June 30, 2020. The auditor's report dated January 15, 2021 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, 2020 along with supporting schedules is also available. The additional financial and actuarial information is available from the following website:

http://www.dms.myflorida.com/workforce_operations/retirement/publications.

Note 4: SPECIAL ITEM

In June 2020 the Town executed a contract for \$112,500 with TowerCo, a telecommunication company, for a permanent easement for use of the Town's water tank as a cellular tower base. Prior to this contract the Town had been leasing the space for \$6,600 annually.

Note 5: 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, 2020, there were no known significant questioned or disallowed costs as a result of reviews by grantor agencies in process or completed.

Town of Wausau, Florida Notes to Financial Statements

Note 6: 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 7: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of the 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 ongoing operating activities and the future results of the Town. The occurrence and extent of such an impact will depend on future developments, including (i) the 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 as of June 30, 2021.

**Town of Wausau
Required Supplementary Information**

**Schedule of the Employer's Proportionate Share
of the Net Pension Liability Florida Retirement
System Pension Plan
Last Six Fiscal Years (1)**

<i>As of and for the year ended June 30,</i>	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.000283%	0.000269%	0.000250%	0.000098%	0.000112%	0.000151%
Employer's proportionate share of the net pension liability	\$ 122,848	\$ 92,886	\$ 75,574	\$ 29,053	\$ 28,331	\$ 19,487
Employer's covered payroll*	\$ 71,548	\$ 50,748	\$ 59,983	\$ 30,030	\$ 20,582	\$ 41,416
Employer's proportionate share of the net liability as a percentage of its covered payroll	171.70%	183.03%	125.99%	96.75%	137.65%	47.05%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	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
Last Six Fiscal Years (1)**

<i>For the year ended September 30,</i>	2020	2019	2018	2017	2016	2015
Contractually required contribution**	\$ 9,417	\$ 8,363	\$ 9,368	\$ 3,747	\$ 2,289	\$ 3,783
determined contribution	9,417	8,363	9,368	3,747	2,289	3,783
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll*	\$ 72,001	\$ 57,296	\$ 60,456	\$ 28,123	\$ 19,166	\$ 35,394
Contributions as a percentage of covered payroll	13.08%	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
Last Six Fiscal Years (1)**

<i>As of and for the year ended June 30,</i>	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.0002017%	0.000155%	0.000137%	0.000076%	0.000076%	0.000131%
Employer's proportionate share of the net pension liability	\$ 24,629	\$ 17,306	\$ 18,357	\$ 8,095	\$ 8,878	\$ 13,356
Employer's covered payroll*	\$ 71,548	\$ 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	34.42%	34.10%	30.60%	26.96%	43.13%	32.25%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	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
Last Six Fiscal Years (1)**

<i>As of and For the year ended September 30,</i>	2020	2019	2018	2017	2016	2015
Contractually required contribution**	\$ 1,162	\$ 951	\$ 1,004	\$ 467	\$ 318	\$ 588
Contributions in relation to the actuarially determined contribution	1,162	951	1,004	467	318	588
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll*	\$ 72,001	\$ 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%	1.66%

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

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

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

**Town of Wausau
Required Supplementary Information
September 30, 2020**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1: FLORIDA RETIREMENT SYSTEMS (FRS)

The following actuarial assumptions changed in 2020:

- The long-term expected rate of return was decreased from 6.90% to 6.80%, and the active member mortality assumption was updated.

Note 2: HEALTH INSURANCE SUBSIDY PROGRAM (HIS)

The following actuarial assumptions changed in 2020:

- The municipal rate used to determine total pension liability was decreased from 3.50% to 2.21%.
- The economic and demographic experience study as of June 30, 2013 was updated as of June 30, 2018.

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

<i>For the years ended September 30,</i>	2020	2019	Increase (Decrease)
Operating Revenues			
Charges for services, net of provision for bad debts of \$9,346 and \$2,178	\$ 148,272	\$ 156,104	\$ (7,832)
Operating Expenses			
Professional fees	-	4,000	(4,000)
Contract services	20,295	29,561	(9,266)
Depreciation	108,922	106,975	1,947
Utilities	9,516	8,242	1,274
Insurance	10,162	14,242	(4,080)
Miscellaneous	27,510	19,082	8,428
Supplies	10,647	13,473	(2,826)
Payroll taxes	2,547	1,310	1,237
Salaries	36,368	17,130	19,238
Landfill	40,967	34,887	6,080
Water test	1,200	1,055	145
Total operating expenses	\$ 268,134	\$ 249,957	\$ 18,177
Non-Operating Revenues (Expenses) and Transfers			
Grant income	-	18,938	(18,938)
Interest income	-	5	(5)
Interest expense	(8,384)	(8,355)	(29)
Transfers	10,000	(7,303)	17,303
Total non-operating revenues (expenses) and transfers	\$ 1,616	\$ 3,285	\$ (1,669)



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**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, 2020, 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, 2021.

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) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control,

described in the accompanying Management Letter as item 2010-01 that we consider to be a material weakness.

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 financial statements. 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 finding identified in our audit is 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, 2021



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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

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

We have examined the Town of Wausau, Florida's (the "Town") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies* during the year ended September 30, 2020. 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, 2020.

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, 2021



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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Town of Wausau, Florida (the "Town"), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 30, 2021.

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 Accountants' 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, 2021, 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 #	2018-2019 FY Finding #	2017-2018 FY Finding #
2010-01	2010-01	2010-01

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 59.

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 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, 2020, 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 (24.6 million gallons) exceeded the actual gallons billed (approximately 11.2 million gallons). Approximately 55% 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, 2021

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Management's Response and Corrective Action Plan

2010-01 *Segregation of Duties:* The Town of Wausau realizes the hazards of having a one-person office however, due to budget constraints it is not possible to hire additional personnel. The Mayor or Mayor Pro-Tem reviews all invoices prior to any checks being issued. The Town also utilizes dual signatures on all checks. The Mayor and Council are provided with the entire bank statements showing all deposits and checks each month. We also utilize NCBA employees when they are available.