



Town of Wausau, Florida

FINANCIAL STATEMENTS

September 30, 2022



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INDEPENDENT AUDITORS' REPORT

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

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Motor Tax Fuel funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 4 through 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, on pages 54 through 58, 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.

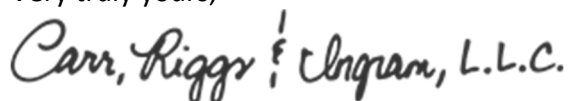
Supplementary Information

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, on page 58, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 2021 information was provided for comparative purposes only and was obtained from the prior year financial statements which were audited by Carr, Riggs & Ingram, LLC. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 29, 2023, 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.

Very truly yours,



CARR, RIGGS & INGRAM, LLC

Enterprise, Alabama

June 29, 2023

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 \$28,155.
- Capital assets increased \$475,621. 2022 capital assets activity was comprised of \$598,198 in additions and depreciation expense of \$122,537.
- Current liabilities decreased \$31,667 due primarily to decrease in accounts payable.
- Noncurrent liabilities increased \$99,246 due primarily to an increase in pension liability.
- Revenues decreased \$259,403 due primarily to a reduction in grant revenue.
- Expenses increased \$93,080 due to an increase in grant activity during the current year.

Business-type Activities

- Capital assets decreased \$41,433. The net decrease was comprised of \$64,654 of current year additions and depreciation of \$106,087.
- Total liabilities increased \$51,933, primarily due to the Town receiving a USDA loan in the amount of \$52,800 to finance the purchase of new equipment for the fire house.
- Total revenues increased \$31,563 due primarily to the Town receiving reimbursement from insurance for expenditures incurred to repair the water pipeline and SCADA equipment that was damaged by a lightning strike.

Town Highlights

The Town received the second round of American Rescue Plan Act (ARPA) funds in the amount of \$99,920 near year end. The Town plans to utilize these funds on projects and to fund two new positions in fiscal year 2023.

Town of Wausau, Florida Management's Discussion and Analysis

This past year the Town continued with the renovations to 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, 2022, the town had expended a total of \$549,893 towards the construction project, which is classified as construction in progress on the Town's Government wide financial statements. Renovations are slated to be completed during fiscal year 2023.

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 - 52.

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> | 2022 | 2021 | Change |
|----------------------------------|---------------------|--------------|-------------|
| Governmental Activities | | | |
| Assets | | | |
| Current assets | \$ 117,314 | \$ 145,469 | \$ (28,155) |
| Capital assets | 2,744,742 | 2,269,121 | 475,621 |
| Total assets | 2,862,056 | 2,414,590 | 447,466 |
| Deferred outflows of resources | 30,734 | 29,628 | 1,106 |
| Liabilities | | | |
| Current liabilities | 96,235 | 127,902 | (31,667) |
| Noncurrent liabilities | 217,093 | 117,847 | 99,246 |
| Total liabilities | 313,328 | 245,749 | 67,579 |
| Deferred inflows of resources | - | 44,041 | (44,041) |
| Net Position | | | |
| Net investment in capital assets | 2,607,098 | 2,181,965 | 425,133 |
| Restricted | 5,137 | 8,300 | (3,163) |
| Unrestricted | (32,773) | (35,837) | 3,064 |
| Total net position | \$ 2,579,462 | \$ 2,154,428 | \$ 425,034 |
| Business-type Activities | | | |
| Assets | | | |
| Current assets | \$ 69,297 | \$ 48,409 | \$ 20,888 |
| Capital assets | 1,914,297 | 1,955,730 | (41,433) |
| Total assets | 1,983,594 | 2,004,139 | (20,545) |
| Deferred outflows of resources | 14,665 | 14,482 | 183 |
| Liabilities | | | |
| Current liabilities | 39,598 | 38,670 | 928 |
| Noncurrent liabilities | 363,539 | 312,534 | 51,005 |
| Total liabilities | 403,137 | 351,204 | 51,933 |
| Deferred inflows of resources | 24,983 | 34,509 | (9,526) |
| Net Position | | | |
| Net investment in capital assets | 1,550,965 | 1,644,768 | (93,803) |
| Restricted for debt service | 7,679 | 7,677 | 2 |
| Unrestricted (deficit) | 11,495 | (19,537) | 31,032 |
| Total net position | \$ 1,570,139 | \$ 1,632,908 | \$ (62,769) |

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:

| <i>For the year ended September 30,</i> | 2022 | 2021 | Change |
|---|--------------------|-------------|--------------|
| Governmental Activities | | | |
| Revenues | | | |
| Program revenues | | | |
| Charges for services | \$ 4,851 | \$ 9,726 | \$ (4,875) |
| Operating grants and contributions | 226,497 | 862,022 | (635,525) |
| Capital grants and contributions | 443,080 | 88,129 | 354,951 |
| General revenues | | | |
| Gasoline tax | 7,342 | 8,024 | (682) |
| Sales tax | 15,370 | 15,861 | (491) |
| Other taxes | 39,256 | 35,205 | 4,051 |
| State revenue sharing | 57,701 | 55,813 | 1,888 |
| Gain on sale of assets | - | 5,524 | (5,524) |
| Miscellaneous | 34,952 | 8,146 | 26,806 |
| Interest | 4 | 6 | (2) |
| Special item | - | - | - |
| Total revenues | 829,053 | 1,088,456 | (259,403) |
| Expenses | | | |
| General government | 340,861 | 248,357 | 92,504 |
| Public safety | 38,917 | 34,913 | 4,004 |
| Highways and streets | 4,404 | 4,556 | (152) |
| Culture and recreation | 16,110 | 19,402 | (3,292) |
| Interest | 3,727 | 3,711 | 16 |
| Total expenses | 404,019 | 310,939 | 93,080 |
| Transfers | - | (30,000) | 30,000 |
| Change in net position | \$ 425,034 | \$ 747,517 | \$ (322,483) |
| Business-type Activities | | | |
| Revenues | | | |
| Program revenues | | | |
| Charges for services, net | \$ 208,067 | \$ 176,506 | \$ 31,561 |
| General revenues | | | |
| Interest | 7 | 5 | 2 |
| Gain on sale of assets | 29,250 | | 29,250 |
| Total revenues | 237,324 | 176,511 | 60,813 |
| Expenses and Transfers | | | |
| Water and garbage | 300,093 | 293,271 | 6,822 |
| Transfers | - | 30,000 | (30,000) |
| Change in net position | \$ (62,769) | \$ (86,760) | \$ 23,991 |

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, 2022, the Town's governmental funds reported combined ending fund balances of \$26,731.

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, 2022, was \$1,570,139.

General Fund Budgetary Highlights

There were no General Fund budget amendments during fiscal year 2022.

General Fund – Actual revenues exceeded budgeted revenues by \$86,079 and actual expenditures exceeded budgeted expenditures by \$12,676. 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 \$2,837.

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

| <i>September 30, 2022</i> | Primary Government | | |
|--|----------------------------|-----------------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total |
| Assets | | | |
| Cash and cash equivalents | \$ 84,159 | \$ 35,816 | \$ 119,975 |
| Receivables, net | 19,605 | 23,209 | 42,814 |
| Prepaid expenses | - | 2,593 | 2,593 |
| Investments | 13,550 | - | 13,550 |
| Restricted cash and cash equivalents | - | 7,679 | 7,679 |
| Capital assets | | | |
| Non-depreciable | 939,812 | - | 939,812 |
| Depreciable, net | 1,804,930 | 1,914,297 | 3,719,227 |
| Total assets | 2,862,056 | 1,983,594 | 4,845,650 |
| Deferred Outflows of Resources | | | |
| Deferred outflows related to pension liability | 30,734 | 14,665 | 45,399 |
| Liabilities | | | |
| Accounts payable | 3,764 | 1,299 | 5,063 |
| Accrued payroll expenses | 3,166 | 563 | 3,729 |
| Advances from grantors | 83,653 | - | 83,653 |
| Compensated absences | 5,652 | 2,012 | 7,664 |
| Customer deposits | - | 12,535 | 12,535 |
| Non-current liabilities | | | |
| Due within one year | 36,603 | 23,189 | 59,792 |
| Due in more than one year | 101,041 | 340,143 | 441,184 |
| Net pension liability | 79,449 | 23,396 | 102,845 |
| Total liabilities | 313,328 | 403,137 | 716,465 |
| Deferred Inflows of Resources | | | |
| Deferred inflows related to pension liability | - | 24,983 | 24,983 |
| Net Position | | | |
| Net investment in capital assets | 2,607,098 | 1,550,965 | 4,158,063 |
| Restricted | 5,137 | 7,679 | 12,816 |
| Unrestricted (deficit) | (32,773) | 11,495 | (21,278) |
| Total net position | \$ 2,579,462 | \$ 1,570,139 | \$ 4,149,601 |

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

Town of Wausau, Florida
Statement of Activities

For the year ended September 30, 2022

| Functions/Programs | Expenses | Charges for Services | Program Revenues Operating Grants and Contributions |
|---------------------------------|-------------------|-------------------------|--|
| Primary Government | | | |
| Governmental activities | | | |
| General government | \$ 340,861 | \$ 2,244 | \$ 116,188 |
| Public safety | 38,917 | - | 106,134 |
| Highways and streets | 4,404 | - | - |
| Culture and recreation | 16,110 | 2,607 | 4,175 |
| Interest | 3,727 | - | - |
| <hr/> | | | |
| Total governmental activities | 404,019 | 4,851 | 226,497 |
| Business-type activities | | | |
| Water department | 300,093 | 208,067 | - |
| <hr/> | | | |
| Total primary government | \$ 704,112 | \$ 212,918 | \$ 226,497 |

General revenues and transfers

State revenue sharing

Sales taxes

Gasoline taxes

Other taxes

Interest income

Gain on sale of assets

Miscellaneous

Total general revenues and transfers

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 | |
| \$ 443,080 | \$ 220,651 | \$ - | \$ 220,651 | |
| - | 67,217 | - | 67,217 | |
| - | (4,404) | - | (4,404) | |
| - | (9,328) | - | (9,328) | |
| - | (3,727) | - | (3,727) | |
| 443,080 | 270,409 | - | 270,409 | |
| - | - | (92,026) | (92,026) | |
| \$ 443,080 | \$ 270,409 | \$ (92,026) | \$ 178,383 | |
| | 57,701 | - | 57,701 | |
| | 15,370 | - | 15,370 | |
| | 7,342 | - | 7,342 | |
| | 39,256 | - | 39,256 | |
| | 4 | 7 | 11 | |
| | - | 29,250 | 29,250 | |
| | 34,952 | - | 34,952 | |
| | 154,625 | 29,257 | 183,882 | |
| | 425,034 | (62,769) | 362,265 | |
| | 2,154,428 | 1,632,908 | 3,787,336 | |
| | \$ 2,579,462 | \$ 1,570,139 | \$ 4,149,601 | |

Town of Wausau, Florida
Balance Sheet – Governmental Funds

| <i>September 30, 2022</i> | General | Motor Fuel Tax | Total Governmental Funds |
|--|-------------------|-------------------|--------------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 79,022 | \$ 5,137 | \$ 84,159 |
| Investments | 13,550 | - | 13,550 |
| Receivables, net | 19,605 | - | 19,605 |
| Total assets | \$ 112,177 | \$ 5,137 | \$ 117,314 |
| Liabilities and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 3,764 | \$ - | \$ 3,764 |
| Accrued payroll expenses | 3,166 | - | 3,166 |
| Advances from grantors | 83,653 | - | 83,653 |
| Total liabilities | 90,583 | - | 90,583 |
| Fund balances | | | |
| Restricted | - | 5,137 | 5,137 |
| Unassigned | 21,594 | - | 21,594 |
| Total fund balances | 21,594 | 5,137 | 26,731 |
| Total liabilities and fund balances | \$ 112,177 | \$ 5,137 | \$ 117,314 |

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, 2022

| | | |
|--|----|-----------|
| Total fund balance - governmental funds | \$ | 26,731 |
| <p>Amounts reported for governmental activities in the statement of net position are different because:</p> | | |
| Capital assets used in governmental activities are not current financial resources, and, therefore, are not reported in the governmental funds. | | 2,744,742 |
| 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 | | 30,734 |
| Net pension liability | | (79,449) |
| Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds. | | (5,652) |
| 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 | | (137,644) |
| Net position of governmental activities | \$ | 2,579,462 |

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, 2022</i> | General | Motor Fuel Tax | Total Governmental Funds |
|--|------------------|-------------------|--------------------------------|
| Revenues | | | |
| Taxes | \$ 54,626 | \$ 7,342 | \$ 61,968 |
| Intergovernmental | 728,198 | - | 728,198 |
| Charges for services | 4,851 | - | 4,851 |
| Miscellaneous | 6,695 | - | 6,695 |
| Interest income | 4 | - | 4 |
| Total revenues | 794,374 | 7,342 | 801,716 |
| Expenditures | | | |
| General government | 210,542 | - | 210,542 |
| Public safety | 40,756 | - | 40,756 |
| Highway and streets | - | 4,405 | 4,405 |
| Culture and recreation | 16,110 | - | 16,110 |
| Capital outlay | 556,720 | 14,100 | 570,820 |
| Debt service | | | |
| Principal | 25,116 | - | 25,116 |
| Interest | 3,727 | - | 3,727 |
| Total expenditures | 852,971 | 18,505 | 871,476 |
| Excess (deficiency) of revenues over (under) expenditures | (58,597) | (11,163) | (69,760) |
| Other Financing Sources (Uses) | | | |
| Proceeds from issuance of debt | 75,604 | - | 75,604 |
| Transfers in | - | 8,000 | 8,000 |
| Transfers out | (8,000) | - | (8,000) |
| Net other financing sources (uses) | 67,604 | 8,000 | 75,604 |
| Net change in fund balances | 9,007 | (3,163) | 5,844 |
| Fund balances, beginning of year | 12,587 | 8,300 | 20,887 |
| Fund balances, end of year | \$ 21,594 | \$ 5,137 | \$ 26,731 |

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**

For the year ended September 30, 2022

| | | |
|---|----|-----------|
| Net change in fund balances - total governmental funds | \$ | 5,844 |
| 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. | | 570,820 |
| Depreciation expense on governmental capital assets is included in the governmental activities in the Statement of Activities. | | (122,537) |
| Issuance of long-term debt is an other financing source in the governmental funds, but increases long-term liabilities in the statement of net position. | | (75,604) |
| Donated capital assets do not use current financial resources and are not reported in the governmental funds. | | 27,338 |
| 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 | | 25,116 |
| Increase in pension expense | | (3,611) |
| Increase in compensated absences | | (2,332) |
| Change in net position of governmental activities | \$ | 425,034 |

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, 2022</i> | Original and Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------------------|------------------|---|
| Revenues | | | |
| Taxes | \$ 47,080 | \$ 54,626 | \$ 7,546 |
| Intergovernmental | 642,870 | 728,198 | 85,328 |
| Charges for services | 1,345 | 4,851 | 3,506 |
| Miscellaneous | 17,000 | 6,695 | (10,305) |
| Interest income | - | 4 | 4 |
| Total revenues | 708,295 | 794,374 | 86,079 |
| Expenditures | | | |
| General government | 157,135 | 210,542 | (53,407) |
| Public safety | 27,000 | 40,756 | (13,756) |
| Culture and recreation | 128,400 | 16,110 | 112,290 |
| Capital outlay | 499,400 | 556,720 | (57,320) |
| Debt service | | | |
| Principal | 28,360 | 25,116 | 3,244 |
| Interest | - | 3,727 | (3,727) |
| Total expenditures | 840,295 | 852,971 | (12,676) |
| Excess (deficiency) of revenues over expenditures | (132,000) | (58,597) | 73,403 |
| Other Financing Sources (Uses) | | | |
| Proceeds from issuance of debt | 100,000 | 75,604 | (24,396) |
| Transfers out | - | (8,000) | (8,000) |
| Net other financing sources (uses) | 100,000 | 67,604 | (32,396) |
| Net change in fund balance | (32,000) | 9,007 | 41,007 |
| Fund balance, beginning of year | 12,587 | 12,587 | - |
| Fund balance, end of year | \$ (19,413) | \$ 21,594 | \$ 41,007 |

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, 2022</i> | Original and Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------------------|----------|---|
| Revenues | | | |
| Taxes | \$ 6,950 | \$ 7,342 | \$ 392 |
| Expenditures | | | |
| Highways and streets | 5,010 | 4,405 | 605 |
| Capital outlay | 15,940 | 14,100 | 1,840 |
| Total expenditures | 20,950 | 18,505 | 2,445 |
| Excess (deficiency) of revenues over expenditures | (14,000) | (11,163) | 2,837 |
| Other Financing Sources (Uses) | | | |
| Transfers in | 9,000 | 8,000 | (1,000) |
| Net change in fund balance | (5,000) | (3,163) | 1,837 |
| Fund balance, beginning of the year | 8,300 | 8,300 | - |
| Fund balance, end of year | \$ 3,300 | \$ 5,137 | \$ 1,837 |

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

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

| <i>September 30, 2022</i> | Water Department |
|--|---------------------|
| Assets | |
| Current assets | |
| Cash and cash equivalents | \$ 35,816 |
| Receivables, net | 23,209 |
| Prepaid expenses | 2,593 |
| Restricted cash and cash equivalents | 7,679 |
| <hr/> | |
| Total current assets | 69,297 |
| Noncurrent assets | |
| Capital assets, net of depreciation | 1,914,297 |
| <hr/> | |
| Total assets | 1,983,594 |
| Deferred Outflows of Resources | |
| Deferred outflows related to pension liability | 14,665 |
| Liabilities | |
| Current liabilities | |
| Accounts payable | 1,299 |
| Accrued payroll expenses | 563 |
| Compensated absences | 2,012 |
| Customer deposits | 12,535 |
| Note payable, current portion | 16,189 |
| Bond payable, current portion | 7,000 |
| <hr/> | |
| Total current liabilities | 39,598 |
| Noncurrent liabilities | |
| Note payable | 53,143 |
| Bond payable | 287,000 |
| Net pension liability | 23,396 |
| <hr/> | |
| Total noncurrent liabilities | 363,539 |
| Total liabilities | 403,137 |
| Deferred Inflows of Resources | |
| Deferred inflows related to pension liability | 24,983 |
| Net Position | |
| Net investment in capital assets | 1,550,965 |
| Restricted | 7,679 |
| Unrestricted | 11,495 |
| <hr/> | |
| Total net position | \$ 1,570,139 |
| <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, 2022</i> | Water Department |
|---|---------------------|
| Operating Revenues | |
| Charges for services, net of provision for bad debts of \$7,406 | \$ 208,067 |
| Operating Expenses | |
| Professional fees | 5,000 |
| Contract services | 20,860 |
| Depreciation | 106,087 |
| Utilities | 8,758 |
| Insurance | 9,616 |
| Miscellaneous | 15,579 |
| Supplies | 26,887 |
| Payroll taxes | 1,371 |
| Salaries | 42,770 |
| Landfill | 51,129 |
| Water test | 3,935 |
| Total operating expenses | 291,992 |
| Operating income (loss) | (83,925) |
| Nonoperating Revenues and (Expenses) | |
| Interest income | 7 |
| Gain on sale of assets | 29,250 |
| Interest expense | (8,101) |
| Total nonoperating revenues (expenses) | 21,156 |
| Change in net position | (62,769) |
| Net position, beginning of year | 1,632,908 |
| Net position, end of year | \$ 1,570,139 |

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, 2022</i> | Water Department |
|---|---------------------|
| Operating Activities | |
| Cash received from customers for sales and services | \$ 205,690 |
| Cash payments to suppliers for goods and services | (149,408) |
| Cash payments to and on behalf of employees | (45,978) |
| <hr/> | |
| Net cash provided by (used in) operating activities | 10,304 |
| Capital and Related Financing Activities | |
| Principal payments on debt | (12,284) |
| Interest payments on debt | (8,101) |
| Proceeds from sale of capital assets | 29,250 |
| <hr/> | |
| Net cash provided by (used in) capital and related financing activities | 8,865 |
| Investing Activities | |
| Interest received | 7 |
| <hr/> | |
| Net increase (decrease) in cash and cash equivalents | 19,176 |
| Cash and cash equivalents, beginning of year | 24,319 |
| <hr/> | |
| Cash and cash equivalents, end of year | \$ 43,495 |
| <hr/> | |
| Reconciliation of Cash and Cash Equivalents to the Statement of Net Position | |
| Cash and cash equivalents | \$ 35,816 |
| Restricted cash and cash equivalents | 7,679 |
| <hr/> | |
| Cash and cash equivalents, end of year | \$ 43,495 |
| <hr/> | |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities | |
| Operating loss | \$ (83,925) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | |
| Depreciation | 106,087 |
| Bad debt expense | 7,406 |
| Changes in assets, deferred outflows, liabilities and deferred inflows | |
| (Increase) decrease in assets and deferred outflows | |
| Accounts receivable | (9,118) |
| Deferred outflow | (183) |
| Increase (decrease) in liabilities and deferred inflows | |
| Accounts payable | (11,390) |
| Accrued payroll expenses | (267) |
| Compensated absences | 1,399 |
| Net pension liability | 10,486 |
| Deferred inflow | (9,526) |
| Customer deposits | (665) |
| <hr/> | |
| Net cash provided by (used in) operating activities | \$ 10,304 |
| <hr/> | |
| Noncash Financing Activities | |
| Equipment acquired through issuance of long-term debt | \$ 64,654 |
| <hr/> | |

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 Town of Wausau, Florida (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.

Reporting Entity

The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. The accounting policies of the Town conform to generally accepted accounting principles (GAAP) as applied to governmental units.

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 government-wide financial statements (i.e., the statement of net position and the statement of activities) reports information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers 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* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and the proprietary fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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)

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 90 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Town's proprietary fund. Separate financial statements are provided for governmental funds and the proprietary fund.

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 where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Town's water department and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Town of Wausau, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The fund financial statements provide information about the Town's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds. Major individual governmental and proprietary funds are reported as separate columns in the 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.

During the course of operations, the Town 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 involving 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.

Town of Wausau, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with GAAP for the General Fund and Motor Fuel Tax Fund.

The appropriated budget is prepared by fund, function, and department. The Town's department heads may make transfers of appropriations within a department. 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.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

Excess of Expenditures over Appropriations

For the year ended September 30, 2022, expenditures exceeded appropriations within the general government, public safety, capital outlay and interest functions of the General Fund by \$53,407, \$13,756, \$57,320, and \$3,727, respectively. The excess expenditures were a result of the Town having unanticipated various operating costs and capital outlays during the year that were funded from additional grant funding and reduction in budgeted capital outlays.

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.

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)

Investments

Investments for the Town 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 Town'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 (the SBA) or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in Florida Statute 163.01.
- Securities and Exchange Commission (SEC) 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 Florida Statute 280.02.
- 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.

Receivables and Payables

Unbilled receivables – An amount for unbilled revenue is recorded in the Water Department fund for services rendered, but not yet billed as of the end of the fiscal year. Unbilled revenues are based on the usage incurred in September and billed during October following the close of the fiscal year.

Allowance for doubtful accounts – In the Water Department fund, accounts receivable have been reported net of the allowance for doubtful accounts.

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

Unearned revenue – Unearned revenue recorded on the governmental fund balance sheet represents amounts received, but not yet earned.

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)

Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” within the fund financial statements. Long-term borrowings between funds are classified as “advances to other funds” or “advances from other funds” in the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and provided, expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are netted as part of the reconciliation to the government-wide presentation.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and proprietary fund financial statements. At the fund level, expenditures are recognized when the available finance resource is expended.

Inventories

The purchase method is used to account for inventory. Under the purchase method, expenditures are recognized when the available financial resource is expended. Inventory is not deemed material.

Restricted Assets

Certain assets of the Town are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Restricted assets reported are 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 \$7,679 is to be used for the repayment of debt.

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)

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 individual cost of more than \$5,000 and an estimated useful life in excess of one year. The Town has not reported infrastructure acquired prior to October 1, 2003. As the Town constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

| Capital asset classes | Lives |
|-----------------------|---------|
| Infrastructure | 40 |
| Buildings | 30 - 40 |
| Improvements | 10 - 15 |
| Equipment | 10 |
| Office equipment | 5 |

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(s) 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 government-wide and proprietary fund statements of net position. The deferred outflows related to pension are an aggregate of items related to pension 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 pension 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one item that

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 (continued)

qualifies for reporting as deferred inflows of resources. 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 pension will be recognized as a reduction to pension expense in future reporting years.

Advances from Grantors

Advances from grantors, reported in the governmental funds balance sheet, represents amounts received before eligibility requirements are met.

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 separation from service.

The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements.

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. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section I30: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

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)

Long-Term Obligations (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Florida Retirement System – Full-time employees are allowed to participate in the Florida Retirement System (the "System" or the "Pension Plan"), 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.

Fund balance flow assumptions – Sometimes the Town 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

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)

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

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

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

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.

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The Town's restricted fund balances is comprised of cash restricted for debt service and street improvements.

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)

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. The Town has no fund balances classified as committed.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. The Town has no fund balances classified as assigned.

Unassigned – Unassigned fund balance is the residual classification for the General Fund.

Revenues and Expenditures/Expenses

Program revenues – Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes - 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.

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

Town of Wausau, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses (continued)

Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to net pension liability.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 29, 2023 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

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 GASB 87, 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. The implementation of GASB 87 did not result in any change in the Town's financial statements.

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 this Statement 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 this Statement are effective for reporting periods beginning after December 15, 2020. The implementation of GASB 89 did not result in any change in the Town's financial statements.

Town of Wausau, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020* (GASB 92). The objectives of this Statement are to enhance 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. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019- 3, *Leases*, for interim financial reports,
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan,
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits,
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements,
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition,
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers,
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The implementation of GASB 92 did not result in any significant change in the Town's financial statements.

Town of Wausau, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

In May 2020, the GASB issued Statement No. 93 (GASB 93), *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by 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 and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in GASB 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The implementation of GASB 93 did not result in any change in the Town's financial statements.

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—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. 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 other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit 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 (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of GASB 97 are effective for fiscal years beginning after June 15, 2021. The implementation of GASB 97 did not result in any change in the Town's financial statements.

In October 2021, the GASB issued GASB Statement No. 98 (GASB 98), *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. The implementation of GASB 98 did not result in any change in the Town's financial statements.

Town of Wausau, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective

The GASB has issued statements that will become effective in future years. These statements are as follows:

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 March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, 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 (SCA), which the Board defines in this Statement 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. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, 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. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (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. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, leases, as amended. The

Town of Wausau, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective (continued)

requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In April 2022, the GASB issued GASB Statement No. 99, *Omnibus 2022* (GASB 99). This Statement provides guidance on the following:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument,
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives,
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the PPP term and (b)
- recognition and measurement of installment payments and the transfer of the underlying PPP asset,
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability,
- Extension of the period during which the LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt,
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP),
- Disclosures related to nonmonetary transactions,
- Pledges of future revenues when resources are not received by the pledging government,
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management’s Discussion and Analysis—*for State and Local Governments, as amended, related to the focus of the government-wide financial statements,
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and
- Terminology used in Statement 53 to refer to resource flows statements.

Town of Wausau, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective (continued)

The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Town of Wausau, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective (continued)

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences* (GASB 101). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2022, the Town's deposits were entirely covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Town pursuant to Section 280.08, Florida Statutes.

The investment program is established in accordance with the Town's investment policy, pertinent bond resolutions and Section 218.45, Florida Statutes, which allows the Town to invest in the Florida State Board of Administration intergovernmental investment pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, direct obligations of the United States Government, obligations of the different agencies of the Federal Government, registered money market funds and accounts of state qualified public depositories. The Town's only investments were in certificates of deposit.

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

| | Fair Value | 1-5 Year |
|-------------------------|------------|-----------|
| Certificates of Deposit | \$ 13,550 | \$ 13,550 |

Town of Wausau, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

Custodial credit 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

The receivables and allowance for uncollectible accounts at September 30, 2022 were as follows:

| | Accounts Receivable | Unbilled Receivable | Allowance for Uncollectible | Net |
|------------------|------------------------|------------------------|--------------------------------|------------------|
| General Fund | \$ 19,605 | \$ - | \$ - | \$ 19,605 |
| Proprietary Fund | 10,702 | 15,616 | (3,109) | 23,209 |
| Total | \$ 30,307 | \$ 15,616 | \$ (3,109) | \$ 42,814 |

Town of Wausau, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2022:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|-------------|-----------|-------------------|
| Governmental Activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 320,166 | \$ 27,338 | \$ - | \$ 347,504 |
| Construction in progress | 120,200 | 472,108 | - | 592,308 |
| Capital assets, not being depreciated | \$ 440,366 | \$ 499,446 | \$ - | \$ 939,812 |
| Capital assets, being depreciated | | | | |
| Buildings and improvements | \$ 2,063,123 | \$ - | \$ - | \$ 2,063,123 |
| Infrastructure | 483,905 | 14,100 | - | 498,005 |
| Office furniture and fixtures | 71,121 | 6,999 | - | 78,120 |
| Machinery and equipment | 550,358 | 77,613 | - | 627,971 |
| Capital assets, being depreciated | 3,168,507 | 98,712 | - | 3,267,219 |
| Less accumulated depreciation for | | | | |
| Buildings and improvements | 689,232 | 66,415 | - | 755,647 |
| Infrastructure | 143,698 | 32,809 | - | 176,507 |
| Office furniture and fixtures | 61,695 | 2,495 | - | 64,190 |
| Machinery and equipment | 445,127 | 20,818 | - | 465,945 |
| Total accumulated depreciation | 1,339,752 | 122,537 | - | 1,462,289 |
| Total capital assets being depreciated, net | 1,828,755 | (23,825) | - | 1,804,930 |
| Governmental activities capital assets, net | \$ 2,269,121 | \$ 475,621 | \$ - | \$ 2,744,742 |
| Business-Type Activities | | | | |
| Capital assets, being depreciated | | | | |
| Buildings and improvements | \$ 106,051 | \$ - | \$ - | \$ 106,051 |
| Water system | 3,100,919 | - | - | 3,100,919 |
| Equipment | 77,428 | 64,654 | 23,061 | 119,021 |
| Capital assets, being depreciated | 3,284,398 | 64,654 | 23,061 | 3,325,991 |
| Less accumulated depreciation | 1,328,668 | 106,087 | 23,061 | 1,411,694 |
| Total capital assets being depreciated, net and Business-type activities capital assets, net | \$ 1,955,730 | \$ (41,433) | \$ - | \$ 1,914,297 |

Town of Wausau, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

Depreciation expense was allocated to the governmental functions in the statement of activities as follows:

| <i>For the year ended September 30,</i> | <i>2022</i> |
|--|-------------|
| Governmental activities (infrastructure) | |
| General government | \$ 40,060 |
| Public safety | 42,569 |
| Highways and streets | 32,615 |
| Culture and recreation | 7,293 |
| Total depreciation expense – governmental activities | \$ 122,537 |
| Business-type activities | |
| Water department | \$ 106,087 |

Short-term Debt

Lines of Credit

| | Governmental Activities |
|---|----------------------------|
| PeoplesSouth Bank – A non-revolving line of credit for construction projects with a maximum amount available of \$50,000. The amount available for draw at September 30, 2022 is \$44,071. Interest is fixed at 3.90% payable at maturity. | \$ 5,929 |
| PeoplesSouth Bank – A non-revolving line of credit for construction projects with a maximum amount available of \$50,000. The amount available for draw at September 30, 2022 is \$33,125. Interest is fixed at 3.90% payable at maturity. | 16,875 |
| Total | \$ 22,804 |

Changes in short-term debt for the year ended September 30, 2022 were as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|-------------------------|----------------------|-----------|------------|-------------------|
| Governmental Activities | \$ - | \$ 22,804 | \$ - | \$ 22,804 |

Town of Wausau, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Changes In Long-term Liabilities

Long-term liability activity for the year ended September 30, 2022, was as follows:

| Governmental Activities | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|----------------------------------|----------------------|------------------|------------------|-------------------|------------------------|
| Notes payable - direct borrowing | \$ 87,156 | \$52,800 | \$ 25,116 | \$ 114,840 | \$ 13,799 |
| Compensated absences | 3,320 | 2,482 | 150 | 5,652 | 5,652 |
| | <u>\$ 90,476</u> | <u>\$ 55,282</u> | <u>\$ 25,266</u> | <u>\$ 120,492</u> | <u>\$ 19,451</u> |
| Business-type Activities | | | | | |
| Bonds payable | \$ 301,000 | \$ - | \$ 7,000 | \$ 294,000 | \$ 7,000 |
| Notes payable - direct borrowing | 9,962 | 64,654 | 5,284 | 69,332 | 16,189 |
| Compensated absences | 613 | 1,483 | 84 | 2,012 | 2,012 |
| | <u>\$ 311,575</u> | <u>\$ 66,137</u> | <u>\$ 12,368</u> | <u>\$ 365,344</u> | <u>\$ 25,201</u> |

Long-term Debt and Liabilities

USDA Water System Revenue Bonds

On February 24, 2011, the Town issued its Water System Revenue Bonds, Series 2011 (Series 2011 Bonds) in the amount of \$359,000. The interest rate on the bonds is 2.5%. Principal and interest are payable annually on September 1 of each year. Proceeds were used to finance the acquisition, construction, and improvements to the Town's water system and to pay certain expenses related to the issuance of the bonds. As of September 30, 2022, the principal outstanding on the Series 2011 Bonds is \$294,000.

The following is a summary of the annual debt service requirements on the Series 2011 Bonds:

| Year Ending September 30, | Revenue Bonds | |
|------------------------------|-------------------|-------------------|
| | Principal | Interest |
| 2023 | \$ 7,000 | \$ 7,350 |
| 2024 | 8,000 | 7,175 |
| 2025 | 8,000 | 6,975 |
| 2026 | 8,000 | 6,775 |
| 2027 | 8,000 | 6,575 |
| 2028-2032 | 44,000 | 29,725 |
| 2033-2037 | 49,000 | 23,975 |
| 2038-2042 | 57,000 | 17,475 |
| 2043-2047 | 63,000 | 10,050 |
| 2048-2050 | 42,000 | 2,100 |
| | <u>\$ 294,000</u> | <u>\$ 118,175</u> |

Town of Wausau, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

Notes Payable

Notes payable at September 30, 2022 are comprised of the following:

| | Governmental Activities | Business-Type Activities |
|---|----------------------------|-----------------------------|
| 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. | \$ 47,559 | \$ - |
| PeoplesSouth Bank – Payable in monthly amounts of \$446 with interest at 3.10% per annum year. Secured by the full faith and credit of the Town of Wausau. | 14,481 | - |
| PeoplesSouth Bank – USDA loan is payable in annual amounts of \$5,956 with interest at 2.25% per annum year. The loan is secured by a first lien on the County Fire Protection revenue and revisions and/or replacements thereto in the amount of \$52,800. | 52,800 | - |
| Capital City Bank – Payable in monthly amounts of \$1,225 with interest at 5.148% per annum. Secured by Kubota tractor. | - | 63,723 |
| 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. | - | 5,609 |
| | \$ 114,840 | \$ 69,332 |

Town of Wausau, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

Notes Payable (continued)

The following tables set forth the annual debt service requirements on notes payable:

| <i>Year Ending</i> <i>September 30,</i> | Governmental Activities | |
|--|-------------------------|-----------------|
| | Principal | Interest |
| 2023 | \$ 13,799 | \$ 2,062 |
| 2024 | 67,102 | 1,560 |
| 2025 | 13,924 | 1,040 |
| 2026 | 9,910 | 604 |
| 2027 | 10,105 | 216 |
| | <u>\$ 114,840</u> | <u>\$ 5,482</u> |

| <i>Year Ending</i> <i>September 30,</i> | Business-Type Activities | |
|--|--------------------------|-----------------|
| | Principal | Interest |
| 2023 | \$ 16,189 | \$ 3,135 |
| 2024 | 13,428 | 2,398 |
| 2025 | 12,961 | 1,743 |
| 2026 | 13,644 | 1,060 |
| 2027 | 13,110 | 340 |
| | <u>\$ 69,332</u> | <u>\$ 8,676</u> |

Interfund Transfers

Interfund transfers are generally used to meet cash demands necessary to pay operating expenditures. The composition of interfund transfers for fiscal year 2022 is shown as follows:

| | Transfers In | Transfers Out | Net |
|---------------------|-----------------|-------------------|-------------|
| General Fund | \$ - | \$ (8,000) | \$ (8,000) |
| Motor Fuel Tax Fund | 8,000 | | 8,000 |
| | <u>\$ 8,000</u> | <u>\$ (8,000)</u> | <u>\$ -</u> |

Town of Wausau, Florida Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Net Position Restricted by Enabling Legislation

The government-wide statement of net position reports \$5,137 of restricted net position all of which was restricted by enabling legislation.

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, 2011 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, 2011, 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-11.91% DROP Program-18.60%, special risk employees-27.89%, senior management-31.57% and elected officials-57.00%. 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 Pension Plan and HIS Program for the year ended September 30, 2022, were \$13,136 and \$1,774, 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 \$115,674 for the year ended September 30, 2022. The Town's total payroll was \$117,690 for the same period.

Town of Wausau, Florida
Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Florida Retirement System Pension Plan (continued)

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

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions. At September 30, 2022, the Town reported a liability of \$72,777 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, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. 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, 2022, the System’s proportion of the Pension Plan was 0.000195%, which was a decrease of 0.000038% from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the Town recognized pension expense of \$2,324 for the Pension Plan. At September 30, 2022, 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 | \$ 3,444 | \$ - |
| Changes of assumptions | 8,929 | - |
| Net difference between projected and actual earnings on pension plan investments | 4,787 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 9,095 | 19,184 |
| Employer contributions subsequent to the measurement date | 2,310 | - |
| Total | \$ 28,565 | \$ 19,184 |

Town of Wausau, Florida
Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Florida Retirement System Pension Plan (continued)

Deferred outflows of resources related to the Pension Plan resulting from Town contributions subsequent to the measurement date of \$2,310 will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. 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:

| <i>Year Ended</i> <i>September 30,</i> | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense, Net |
|---|--------------------------------------|-------------------------------------|----------------------------|
| 2023 | \$ 5,967 | \$ (4,206) | \$ 1,761 |
| 2024 | 5,967 | (4,206) | 1,761 |
| 2025 | 5,967 | (4,206) | 1,761 |
| 2026 | 5,966 | (4,206) | 1,760 |
| 2027 | 2,388 | (2,360) | 28 |
| Total | \$ 26,255 | \$ (19,184) | \$ 7,071 |

Actuarial assumptions. The total pension liability for the Pension Plan was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|-------|
| Inflation | 2.40% |
| Investment rate of return* | 6.70% |
| Projected salary increases | 3.25% |
| * Net of pension plan investment expense | |

The actuarial assumptions used in the actuarial valuation as of June 30, 2022 for the Pension Plan were based on the results of an investigation of the economic and demographic experience for the System based upon participant data for the period July 1, 2013 to 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% | 2.6% | 2.6% | 1.1% |
| Fixed income | 19.8% | 4.4% | 4.4% | 3.2% |
| Global equity | 54.0% | 8.8% | 7.3% | 17.8% |
| Real estate (property) | 10.3% | 7.4% | 6.3% | 15.7% |
| Private equity | 11.1% | 12.0% | 8.9% | 26.3% |
| Strategic investments | 3.8% | 6.2% | 5.9% | 7.8% |
| 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 6.70%. 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 6.70% 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 (5.70%) or 1-percentage point higher (7.70%) than the current rate:

| | 1% Decrease (5.70%) | Current Discount Rate (6.70%) | 1% Increase (7.70%) |
|---|---------------------------|--|---------------------------|
| Town's proportionate share of collective net pension liability | \$ 125,391 | \$ 72,777 | \$ 28,284 |

Town of Wausau, Florida Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Florida Retirement System Pension Plan (continued)

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, 2022. The supporting actuarial information is included in the GASB Statement No. 68 *Report for the System* prepared as of June 30, 2022. The auditor's report dated January 13, 2023 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, 2022 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.

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 0.04% 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, 2022, the Town reported a liability of \$30,068 for its proportionate share of the collective net pension liability. For the HIS, the net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The Town's proportion of the collective net pension liability was based on the employers' shares of contributions to the HIS relative to the total employer contributions of all participating employers. At June 30, 2022, the System's proportion of the HIS Plan was 0.000284%, which was an increase of 0.000074% from its proportion measured as of June 30, 2021.

Town of Wausau, Florida
Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Health Insurance Subsidy Program (continued)

For the year ended September 30, 2022, the Town recognized a pension expense of \$2,064 for the HIS Plan. At September 30, 2022, 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 | \$ 913 | \$ 132 |
| Changes of assumptions | 1,723 | 4,651 |
| Net difference between projected and actual earnings on pension plan investments | 44 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 13,691 | 1,016 |
| Employer contributions subsequent to the measurement date | 463 | - |
| Total | \$ 16,834 | \$ 5,799 |

Deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date of \$463 will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS 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 |
|---|--------------------------------------|-------------------------------------|----------------------------|
| 2023 | \$ 3,034 | \$ (1,073) | \$ 1,961 |
| 2024 | 3,034 | (1,073) | 1,961 |
| 2025 | 3,034 | (1,073) | 1,961 |
| 2026 | 3,034 | (1,073) | 1,961 |
| 2027 | 3,023 | (1,073) | 1,950 |
| Thereafter | 1,212 | (434) | 778 |
| Total | \$ 16,371 | \$ (5,799) | \$ 10,572 |

Town of Wausau, Florida
Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Health Insurance Subsidy Program (continued)

The total pension liability for the HIS was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------|-------|
| Inflation | 2.40% |
| Investment rate of return* | 3.54% |
| Projected salary increases | 3.25% |

* Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of June 30, 2022 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 for the period July 1, 2013 to June 30, 2018.

Mortality rates were based on the Generational PUB-2010 with Projected Scale MP-2018.

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

Discount rate. The discount rate used to measure the total pension liability for the HIS was 3.54%. 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.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following table presents the Town's proportionate share of the net pension liability calculated using the discount rate of 3.54% 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 (2.54%) or 1-percentage point higher (4.54%) than the current rate:

| | | 1% | | Current | | 1% |
|--|----|----------|----|----------|----|----------|
| | | Decrease | | Discount | | Increase |
| | | (2.54%) | | Rate | | (4.54%) |
| | | | | (3.54%) | | |
| Town's proportionate share of collective net pension liability | \$ | 34,400 | \$ | 30,068 | \$ | 26,483 |

Town of Wausau, Florida Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Health Insurance Subsidy Program (continued)

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, 2022. The supporting actuarial information is included in the GASB Statement No. 68 *Report for the System* prepared as of June 30, 2022. The auditor's report dated January 13, 2023 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, 2022 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: RISK MANAGEMENT

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 5: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operation, the Town is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the Town, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the Town or results of activities.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts not recorded, if any, to be immaterial.

The Town has one active construction project as of September 30, 2022. At year-end, the Town's commitments with contractors are related to the Possum Palace Park project with a current budgeted project cost of \$595,000. The total project cost expended at year-end is \$549,893, and the amount outstanding is \$45,107. The project is funded by a CDBG grant.

**Town of Wausau
Required Supplementary Information**

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

| <i>As of and for the year ended June 30,</i> | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-------------------|-----------|------------|-----------|-----------|-----------|-----------|-----------|
| Employer's proportion of the net pension liability | 0.000195% | 0.000233% | 0.000283% | 0.000269% | 0.000250% | 0.000098% | 0.000112% | 0.000151% |
| Employer's proportionate share of the net pension liability | \$ 72,777 | \$ 17,585 | \$ 122,848 | \$ 92,886 | \$ 75,574 | \$ 29,053 | \$ 28,331 | \$ 19,487 |
| Employer's covered payroll* | \$ 112,638 | \$ 74,913 | \$ 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 | 64.61% | 23.47% | 171.70% | 183.03% | 125.99% | 96.75% | 137.65% | 47.05% |
| Plan fiduciary net position as a percentage of the total pension liability | 82.89% | 96.40% | 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.

*Covered payroll during measurement period is the total payroll paid to covered employees (not just pensionable payroll). For fiscal year 2022, the measurement period is the twelve month period beginning July 1, 2021.

**Town of Wausau
Required Supplementary Information**

**Schedule of Employer Contributions
Florida Retirement System Pension Plan
Last Eight Fiscal Years (1)**

| <i>For the year ended September 30,</i> | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Contractually required contribution** | \$ 13,136 | \$ 8,719 | \$ 9,417 | \$ 8,363 | \$ 9,368 | \$ 3,747 | \$ 2,289 | \$ 3,783 |
| Contributions in relation to the actuarially determined contribution | 13,136 | 8,719 | 9,417 | 8,363 | 9,368 | 3,747 | 2,289 | 3,783 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Employer's covered payroll* | \$ 115,674 | \$ 81,482 | \$ 72,001 | \$ 57,296 | \$ 60,456 | \$ 28,123 | \$ 19,166 | \$ 35,394 |
| Contributions as a percentage of covered payroll | 11.36% | 10.70% | 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 fiscal year is the total paid to covered employees (not just pensionable payroll). For fiscal year 2022, the period is October 1, 2021 through September 30, 2022.

**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 Eight Fiscal Years (1)**

| <i>As of and for the year ended June 30,</i> | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Employer's proportion of the net pension liability | 0.000284% | 0.000210% | 0.000202% | 0.000155% | 0.000137% | 0.000076% | 0.000076% | 0.000131% |
| Employer's proportionate share of the net pension liability | \$ 30,068 | \$ 26,016 | \$ 24,629 | \$ 17,306 | \$ 18,357 | \$ 8,095 | \$ 8,878 | \$ 13,356 |
| Employer's covered payroll* | \$ 112,638 | \$ 74,913 | \$ 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 | 26.69% | 34.73% | 34.42% | 34.10% | 30.60% | 26.96% | 43.13% | 32.25% |
| Plan fiduciary net position as a percentage of the total pension liability | 4.81% | 3.56% | 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.

*Covered payroll during measurement period is the total payroll paid to covered employees (not just pensionable payroll). For fiscal year 2022, the measurement period is the twelve month period beginning July 1, 2021.

**Town of Wausau
Required Supplementary Information**

**Schedule of Employer Contributions
Health Insurance Subsidy Program
Last Eight Fiscal Years (1)**

| <i>As of and For the year ended September 30,</i> | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Contractually required contribution** | \$ 1,774 | \$ 1,348 | \$ 1,162 | \$ 951 | \$ 1,004 | \$ 467 | \$ 318 | \$ 588 |
| Contributions in relation to the actuarially determined contribution | 1,774 | 1,348 | 1,162 | 951 | 1,004 | 467 | 318 | 588 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Employer's covered payroll* | \$ 115,674 | \$ 81,482 | \$ 72,001 | \$ 57,296 | \$ 60,456 | \$ 28,123 | \$ 19,166 | \$ 35,394 |
| Contributions as a percentage of covered payroll | 1.53% | 1.65% | 1.61% | 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 fiscal year is the total paid to covered employees (not just pensionable payroll). For fiscal year 2022, the period is October 1, 2021 through September 30, 2022.

**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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1: FLORIDA RETIREMENT SYSTEMS (FRS)

The following actuarial assumptions changed in 2022:

- Actuarial valuation date updated from June 30, 2021 to June 30, 2022.
- The long-term expected rate of return was decreased from 6.80% to 6.70%.

Note 2: HEALTH INSURANCE SUBSIDY PROGRAM (HIS)

The following actuarial assumptions changed in 2022:

- The demographic assumptions for Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838.
- The election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.
- The municipal bond rate used to determine total pension liability was increased from 2.16% to 3.54%.

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

| <i>For the years ended September 30,</i> | 2022 | 2021 | Increase (Decrease) |
|---|-----------------|------------------|------------------------|
| Operating Revenues | | | |
| Charges for services, net of provision for bad debts of \$7,406 and \$8,953 | \$ 208,067 | \$ 176,506 | \$ 31,561 |
| Operating Expenses | | | |
| Professional fees | 5,000 | - | 5,000 |
| Contract services | 20,860 | 28,550 | (7,690) |
| Depreciation | 106,087 | 110,072 | (3,985) |
| Utilities | 8,758 | 8,388 | 370 |
| Insurance | 9,616 | 11,224 | (1,608) |
| Miscellaneous | 15,579 | 38,559 | (22,980) |
| Supplies | 26,887 | 9,294 | 17,593 |
| Payroll taxes | 1,371 | 2,406 | (1,035) |
| Salaries | 42,770 | 28,020 | 14,750 |
| Landfill | 51,129 | 46,944 | 4,185 |
| Water test | 3,935 | 1,675 | 2,260 |
| Total operating expenses | \$ 291,992 | \$ 285,132 | \$ 6,860 |
| Operating Loss | (83,925) | (108,626) | 24,701 |
| Non-Operating Revenues (Expenses) and Transfers | | | |
| Interest income | 7 | 5 | 2 |
| Gain on sale of capital asset | 29,250 | - | 29,250 |
| Interest expense | (8,101) | (8,139) | 38 |
| Transfers | - | 30,000 | (30,000) |
| Total non-operating revenues (expenses) and transfers | \$ 21,156 | \$ 21,866 | \$ (710) |

**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, 2022, 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 29, 2023.

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 2022-001 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*.

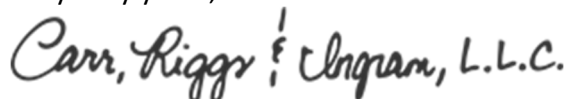
Town's Response to Findings

The Town's responses to the finding identified in our audit is described in the accompanying corrective action plan. 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.

Very truly yours,



CARR, RIGGS & INGRAM, LLC

Enterprise, Alabama

June 29, 2023



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

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PO Box 311070
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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, 2022. 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, 2022.

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.

Very truly yours,

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

CARR, RIGGS & INGRAM, LLC

Enterprise, Alabama
June 29, 2023



Carr, Riggs & Ingram, LLC

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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, 2022, and have issued our report thereon dated June 29, 2023.

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 29, 2023, 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.

2022-001 Segregation of Duties (Repeat of 2010-01)

Condition – Auditing Standards require auditors to consider internal controls over financial reporting as a basis for designing auditing procedures. In documenting controls, a deficiency was noted in the segregation of duties over cash receipts.

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 66.

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. In connection with our audit, we did not have any such recommendations, other than those disclosed 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 noted the following recommendation:

2017 -01 Water Billing

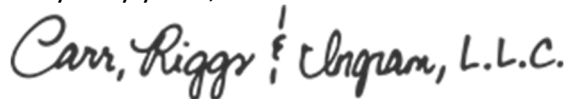
Condition – In reviewing billing and consumption records for the year ended September 30, 2022, we compared the amount of water billed per the Town’s utility billing system to the amount of water pumped as reported to the State of Florida. The results of our test disclosed the total gallons of water consumed (27.1 million gallons) exceeded the actual gallons billed (approximately 10.3 million gallons). Approximately 54% of consumption was unbilled.

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

Purpose of this Letter

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

Very truly yours,



CARR, RIGGS & INGRAM, LLC

Enterprise, Alabama
June 29, 2023

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

Summary Schedule of Prior Audit Findings

2021-001 Segregation of Duties (Repeat of 2010-01)

Condition – Auditing Standards require auditors to consider internal controls over financial reporting as a basis for designing auditing procedures. In documenting controls, a deficiency was noted in the segregation of duties over cash receipts.

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.

Current Status – The Town realizes the hazards of lacking proper segregation of duties. The Town has hired an additional part-time employee at the end of September 2022 to assist with the utility billing process.

Town of Wausau
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townofwausau@bellsouth.net

Corrective Action Plan

2022-001 Segregation of Duties (Repeat of 2010-01)

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.

Action Taken – The Town realizes the hazards of lacking proper segregation of duties. The Town has hired an additional part-time employee at the end of September 2022 to assist with the utility billing process.

Anticipated Completion – September 30, 2023

Responsible Party – Margaret Riley, Town Clerk