

Town of Wausau, Florida

ANNUAL FINANCIAL REPORT

September 30, 2023

Town of Wausau, Florida, Florida

September 30, 2023

MAYOR

Roger Hagan

COUNCIL MEMBERS

Judy Carter
Billy Park
Shirley Rightenburg
Joe Phillips

TOWN CLERK

Lynn Gothard

AUDITORS

Grimsley & Associates, P.A.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

MEMBER
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wausau, Florida, Florida as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Wausau, Florida, Florida'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, each major fund, and the aggregate remaining fund information of the Town of Wausau, Florida, Florida, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Wausau, Florida, Florida 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 of Wausau, Florida, Florida'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.

Auditor's 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 auditor's 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 and *Government 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 of Wausau, Florida, Florida'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 of Wausau, Florida, Florida's ability to continue as a going concern for a reasonable period of time.

Honorable Mayor and Town Council
Town of Wausau
Wausau, Florida
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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 and budgetary comparison information on pages 4-7 and 30 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2025, on our consideration of the Town of Wausau, Florida, Florida'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 the effectiveness of the Town of Wausau, Florida, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Wausau, Florida, Florida's internal control over financial reporting and compliance.

Grimsley & Associates

Marianna, Florida
February 26, 2025

Grimsley & Associates, P.A.
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Wausau, Florida
Management's Discussion and Analysis
Year Ended September 30, 2023

The Town of Wausau's (the "Town") discussion and analysis 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 Management Discussion and Analysis (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 statement.

Financial Highlights

The assets of the Town of Wausau, Florida exceeded its liabilities at September 30, 2023 by \$4,036,034 (net position).

As of September 30, 2023 the Town of Wausau, Florida's governmental fund reported an ending fund balance of \$35,395, of this amount all is unassigned.

Town Highlights

- The Town continued with renovations to Possum Palace Park.

Using This Annual Report

The financial statement's focus is on both the Town as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Town's accountability.

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

Government-wide financial statements

Government-wide financial statements provide both long-term and short-term information about the Town's overall financial conditions. Changes in the Town's financial position may be measured over time by increases and decreases in the Statement of Net Position. Information on how the Town's net assets changed during the fiscal year is presented in the Statement of Activities.

Town of Wausau, Florida
Management's Discussion and Analysis
Year Ended September 30, 2023

Fund financial statements

Fund financial statements focus on individual parts of the Town, reporting the Town's operations in more detail than the government-wide financial statements. Fund Financial statements include the statements for governmental and proprietary funds.

Notes to the financial statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Refer to Note 2 of the financial statements for more detailed information on the elements of the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by approximately \$4.0 million at the close of the fiscal year ended September 30, 2023.

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 41,887	\$ 117,314	\$ 31,350	\$ 69,297	\$ 73,237	\$ 186,611
Non-current assets	2,729,494	2,744,742	1,802,900	1,914,297	4,532,394	4,659,039
Total Assets	2,771,381	2,862,056	1,834,250	1,983,594	4,605,631	4,845,650
Deferred Outflows	20,814	30,734	11,821	14,665	32,635	45,399
Current and other liabilities	12,144	96,235	15,707	16,409	27,851	112,644
Long Term Liabilities	183,972	217,093	366,075	386,728	550,047	603,821
Total liabilities	196,116	313,328	381,782	403,137	577,898	716,465
Deferred Inflows	(561)	-	24,895	24,983	24,334	24,983
Invested in capital assets, net of related debt	2,729,494	2,607,098	1,462,728	1,550,965	4,192,222	4,158,063
Restricted		5,137		7,679		12,816
Unrestricted	(132,854)	(32,773)	(23,334)	11,495	(156,188)	(21,278)
Total net position	\$ 2,596,640	\$ 2,579,462	\$ 1,439,394	\$ 1,570,139	\$ 4,036,034	\$ 4,149,601

Town of Wausau, Florida
Management's Discussion and Analysis
Year Ended September 30, 2023

Statement of Activities

The following table reflects the condensed Statement of Activities for the current year:

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues						
Charges for services	\$ 1,900	\$ 4,851	\$ 207,066	\$ 208,067	\$ 208,966	\$ 212,918
Operating grants and contributions	125,543	226,497	-	-	125,543	226,497
Capital grants and contributions	105,285	443,080	-	-	105,285	443,080
Property taxes	-	-	-	-	-	-
Other taxes	-	119,669	-	-	-	119,669
Miscellaneous	183,001	34,956		29,257	183,001	64,213
Transfers	14,124	-	(14,124)	-	-	-
Total revenues	429,853	829,053	192,942	237,324	622,795	1,066,377
Expenses						
Program activities:						
General government	315,382	344,588	-	-	315,382	344,588
Public Safety	85,278	38,917			85,278	38,917
Highways and streets	-	4,404	-	-	-	4,404
Culture and recreation	12,015	16,110	-	-	12,015	16,110
Business-type activities			323,687	300,093	323,687	300,093
Total expenses	412,675	404,019	323,687	300,093	736,362	704,112
Change in net assets	17,178	425,034	(130,745)	(62,769)	(113,567)	362,265
Net assets - beginning	2,579,462	2,154,428	1,570,139	1,632,908	4,149,601	3,787,336
Net assets - ending	\$ 2,596,640	\$ 2,579,462	\$ 1,439,394	\$ 1,570,139	\$ 4,036,034	\$ 4,149,601

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.

General Fund Budgetary Highlights

There were no differences between the original and final budget of the Town.

Town of Wausau, Florida
Management's Discussion and Analysis
Year Ended September 30, 2023

Capital Assets and Long-Term Debt

Detailed information about the Town's capital assets and long-term debt can be obtained in Notes 6 and 7 of the Town's notes to the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all of those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town of Wausau, Florida.

FINANCIAL STATEMENTS

Town of Wausau, Florida
Statement of Net Position
September 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 11,580	\$ 10,705	\$ 22,285
Certificates of Deposit	13,550	-	13,550
Accounts Receivable	4,231	18,052	22,283
Due from other Governments	12,526	-	12,526
Prepaid Assets	-	2,593	2,593
Capital Assets:			
Land, Improvements, and Construction In Progress	1,052,543	-	1,052,543
Other Capital Assets, Net of Depreciation	1,676,951	1,802,900	3,479,851
Total Capital Assets	2,729,494	1,802,900	4,532,394
Total Assets	2,771,381	1,834,250	4,605,631
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	20,814	11,821	32,635
LIABILITIES			
Accounts Payable and Accrued Expenses	6,492	3,457	9,949
Accrued Compensated Absences	5,652	-	5,652
Customer Deposits		12,250	12,250
Long Term Liabilities:			-
Due within one year	19,266	21,428	40,694
Due in more than one year	77,017	318,744	395,761
Net pension liability	87,689	25,903	113,592
Total Liabilities	196,116	381,782	577,898
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	(561)	24,895	24,334
NET POSITION			
Invested in Capital Assets, Net of Related Debt	2,729,494	1,462,728	4,192,222
Unrestricted	(132,854)	(23,334)	(156,188)
Total Net Position	\$ 2,596,640	\$ 1,439,394	\$ 4,036,034

The notes to the financial statements are an integral part of this statement.

Town of Wausau, Florida
Statement of Activities
For the Year Ending September 30, 2023

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Primary Government Business-type Activities</u>	<u>Total</u>
Functions/Programs							
Governmental Activities:							
General Government	\$ 315,382	\$ 1,900	125,543	\$ -	\$ (187,939)	\$ -	\$ (187,939)
Public Safety	85,278	-	-	13,835	(71,443)	-	(71,443)
Culture/Recreation	12,015	-	-	91,450	79,435	-	79,435
Interest on Long-Term Debt	-	-	-	-	-	-	-
Total governmental activities	<u>412,675</u>	<u>1,900</u>	<u>125,543</u>	<u>105,285</u>	<u>(179,947)</u>	<u>-</u>	<u>(179,947)</u>
Business-type Activities:							
Water & Garbage	323,687	207,066	-	-	-	(116,621)	(116,621)
Total primary government	<u>\$ 736,362</u>	<u>\$ 208,966</u>	<u>\$ 125,543</u>	<u>\$ 105,285</u>	<u>(179,947)</u>	<u>(116,621)</u>	<u>(296,568)</u>
General Revenues:							
Taxes:							
Miscellaneous					183,001	-	183,001
Transfers					14,124	(14,124)	-
Total General Revenues and Transfers					<u>197,125</u>	<u>(14,124)</u>	<u>183,001</u>
Change in Net Position					<u>17,178</u>	<u>(130,745)</u>	<u>(113,567)</u>
Net Position - beginning					<u>2,579,462</u>	<u>1,570,139</u>	<u>4,149,601</u>
Net Position - ending					<u>\$ 2,596,640</u>	<u>\$ 1,439,394</u>	<u>\$ 4,036,034</u>

The notes to the financial statements are an integral part of this statement.

Town of Wausau, Florida
Balance Sheet
Governmental Funds
September 30, 2023

	<u>General Fund</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash	\$ 25,130	\$ 25,130
Accounts Receivable	4,231	4,231
Due from other Governments	<u>12,526</u>	<u>12,526</u>
Total Assets	<u>\$ 41,887</u>	<u>\$ 41,887</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable and Accrued Expenses	\$ <u>6,492</u>	\$ <u>6,492</u>
Total Liabilities	<u>6,492</u>	<u>6,492</u>
 Fund Balances:		
Unassigned	<u>35,395</u>	<u>35,395</u>
Total Fund Balances	<u>35,395</u>	<u>35,395</u>
Total Liabilities, Deferred Inflows of Resources & Fund Balances	<u>\$ 41,887</u>	<u>\$ 41,887</u>

The notes to the financial statements are an integral part of this statement.

Town of Wausau, Florida
 Reconciliation of Balance Sheet
 To the Statement of Net Position
 September 30, 2023

Total Fund Balances - Total Governmental Fund	\$	35,395
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		2,729,494
<p>Long-term liabilities, including notes payable, compensated absences and pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		(189,624)
<p>Deferred outflows and inflows of resources related to pension are applicable to future periods and therefore, are not reported in the funds.</p>		
Deferred outflows of resources		20,814
Deferred inflows of resources		<u>561</u>
Total Net Position	\$	<u>2,596,640</u>

The notes to the financial statements are an integral part of this statement.

Town of Wausau, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ending September 30, 2023

	General Fund	Total Governmental Funds
REVENUES		
Taxes	\$ 41,813	\$ 41,813
Intergovernmental Revenues	365,151	365,151
Charges for Services	1,957	1,957
Fines and Forfeitures	117	117
Miscellaneous Revenues	<u>6,692</u>	<u>6,692</u>
Total Revenues	<u>415,730</u>	<u>415,730</u>
 EXPENDITURES		
Current:		
General Government	224,375	224,375
Public Safety	31,678	31,678
Culture/Recreation	4,722	4,722
Debt Service		
Principal	111,227	111,227
Interest	6,323	6,323
Capital Outlay	<u>118,686</u>	<u>118,686</u>
Total Expenditures	<u>497,011</u>	<u>497,011</u>
 Excess (deficiency) of revenues over expenditures	 <u>(81,281)</u>	 <u>(81,281)</u>
 OTHER FINANCING SOURCES (USES)		
Transfers In	14,124	14,124
Debt Proceeds	<u>75,821</u>	<u>75,821</u>
Total Other Financing Sources (Uses)	<u>89,945</u>	<u>89,945</u>
 Net Change in Fund Balances	 <u>8,664</u>	 <u>8,664</u>
Fund Balances - beginning	<u>26,731</u>	<u>26,731</u>
Fund Balances - ending	<u>\$ 35,395</u>	<u>\$ 35,395</u>

The notes to the financial statements are an integral part of this statement.

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 Ending September 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$	8,664
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlay, reported as expenditures in governmental funds, is shows as capital assets in the statement of net position.		118,686
Depreciation expense on governmental capital assets is included in the governmental activities in the statement of activities.		(127,979)
Repayment of long-term debt is reported as an expenditures in governmental funds but as a reduction of long-term liabilities in the statement of net position.		111,227
Proceeds of long-term debt is reported as income in the governmental funds, but as an increase of long-term liabilities in the statement of net position.		(75,821)
Net pension liability expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Changes in:		
Net Pension Liability	(8,240)	
Deferred outflows of resources - pensions	(9,920)	
Deferred inflow of resources - pensions	561	(17,599)
Change in Net Position of Governmental Activities	\$	17,178

The notes to the financial statements are an integral part of this statement.

Town of Wausau, Florida
Statement of Net Position – Proprietary Fund
September 30, 2023

	<u>Water & Garbage</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 10,705
Prepaid Expenses	2,593
Accounts Receivable	<u>18,052</u>
Total Current Assets	<u>31,350</u>
Noncurrent Assets:	
Capital Assets:	
Buildings	106,051
Waterwork System	3,100,918
Machinery and Equipment	119,022
Less Accumulated Depreciation	<u>(1,523,091)</u>
Total Noncurrent Assets	<u>1,802,900</u>
Total Assets	<u>1,834,250</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	<u>11,821</u>
LIABILITIES	
Current Liabilities:	
Bonds and Notes Payable	21,428
Accounts Payable and Accrued Expenses	<u>3,457</u>
Total Current Liabilities	<u>24,885</u>
Noncurrent Liabilities:	
Customer Deposits	12,250
Bonds and Notes Payable after One Year	318,744
Net Pension Liability	<u>25,903</u>
Total Noncurrent Liabilities	<u>356,897</u>
Total Liabilities	<u>381,782</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pension	24,895
NET POSITION	
Invested in Capital Assets, Net of Related Debt	1,462,728
Restricted:	
Other Purposes	-
Unrestricted	<u>(23,334)</u>
Total Net Position	<u>\$ 1,439,394</u>

The notes to the financial statements are an integral part of this statement.

Town of Wausau, Florida
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ending September 30, 2023

	<u>Water & Garbage</u>
OPERATING REVENUES:	
Charges for Services	\$ 207,066
Total Operating Revenue	<u>207,066</u>
OPERATING EXPENSES:	
Personnel Services	13,138
Contractual Services	74,951
Insurance	31,265
Utility Service	15,974
Repairs and Maintenance	21,043
Operating Supplies and Miscellaneous	45,712
Depreciation	<u>111,397</u>
Total Operating Expenditures	<u>313,480</u>
Operating Loss	<u>(106,414)</u>
NONOPERATING REVENUES(EXPENSES)	
Interest Expense	<u>(10,207)</u>
Total Nonoperating Revenue (Expenses)	<u>(10,207)</u>
Income (loss) before contributions and transfers	(116,621)
Transfer Out	<u>(14,124)</u>
Change in net position	<u>(130,745)</u>
NET POSITION, BEGINNING OF YEAR	<u>1,570,139</u>
NET POSITION, END OF YEAR	<u>\$ 1,439,394</u>

The notes to the financial statements are an integral part of this statement.

Town of Wausau, Florida
Statement of Cash Flows – Proprietary Fund
For the Year Ending September 30, 2023

	<u>Water & Garbage</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 211,938
Payments to Suppliers	(189,362)
Payments to Employees	<u>(7,875)</u>
Net Cash used in Operating Activities	<u>14,701</u>
 Cash Flows from Noncapital Financing Activities:	
Loans from other funds	<u>(14,124)</u>
Net Cash used in noncapital financing activities:	<u>(14,124)</u>
 Cash Flows from Capital and Related Financing Activities:	
Principal Payments on debt	(23,160)
Interest Payments on debt	<u>(10,207)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>(33,367)</u>
 Net Increase in Cash and Cash Equivalents	 (32,790)
 Cash and Cash Equivalents, beginning of year	 <u>43,495</u>
Cash and Cash Equivalents, end of year	<u>\$ 10,705</u>
 Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating Loss	\$ (106,414)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation	111,397
(Increase) decrease in adeferred outflows	2,844
Increase (decrease) in deferred inflows	(88)
Increase (decrease) in net pension liability	2,507
(Increase) decrease in accounts receivable	5,157
(Increase) decrease in customer deposits	(285)
Increase (decrease) in accounts payable and accrued expenses	<u>(417)</u>
Net Cash used in Operating Activities	<u>\$ 14,701</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Town of Wausau, Florida
Notes to Financial Statements
September 30, 2023

NOTE 1 – REPORTING ENTITY

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 on the policies it may implement are regulated by the Town’s Charter, Ordinances, Resolutions and Statutes of the State of Florida.

The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. The accounting policies of the Town confirm 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units, if any, for which the primary government is financially accountable. 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: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and, b) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment.

Town of Wausau, Florida
Notes to Financial Statements
September 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Government-wide and Fund Financial Statements - continued

Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

The Town reports the following major governmental fund:

General Fund – The General Fund is the Town’s primary operating fund. It accounts for all resources traditionally associated with governments except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. All of the current operating expenditures of the Town other than proprietary fund activities are financed through revenues received by the General Fund.

The Town reports the following major proprietary funds:

Water and Garbage Utility Fund – The Water and Garbage Utility Fund is used to account for the operations of the Town’s water and garbage system, which is financed in a manner similar to private business enterprises, where the costs, including depreciation, of providing services to the general public on a continuing basis are financed or recovered primarily through user charges.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Insurance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Town of Wausau, Florida
Notes to Financial Statements
September 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets and Budgetary Accounting

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a budgetary accounting system in accordance with various legal requirements which govern the Town's operations. Budgets are monitored at varying levels of classification detail; however, expenditures cannot legally exceed total appropriations at the individual fund level. All budget changes that affect the total of a fund's budget must be approved by the Town Council.

The budgetary information presented for the General Fund is prepared on the modified accrual basis. Encumbrances are not recorded. Unexpended items at year-end must be re-appropriated in the subsequent year.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

Investments

Investments consist of those certificates of deposit made locally in commercial banks with a maturity date greater than three months of the date acquired by the government. As the certificates of deposit are non-negotiable, they are recorded at cost which approximates fair value.

Receivables

All accounts receivable are deemed by management to be fully collectible; therefore, an allowance for doubtful account has not been established.

Due from (to) Other Funds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, right of ways, stormwater system, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements.

Town of Wausau, Florida
Notes to Financial Statements
September 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital Assets - Continued

Property, plant, and equipment with initial, individual costs that exceed \$750 and estimated useful lives of over one year are recorded as capital assets. Roads, bridges, and sidewalks are capitalized when their initial costs exceed \$25,000 and possess estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extended its useful life are not capitalized.

GASB Statement No. 34 requires the Town to report and depreciate new infrastructure assets effective October 1, 2003. The retroactive reporting of infrastructure is not required by the Town. These infrastructure assets are likely to be the largest asset class of the Town. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives.

Improvements	10-15
Equipment	10
Office Equipment	5

Major outlays for capital assets and improvements are capitalized as projects are constructed. For assets constructed with governmental fund resources, interest during construction is not capitalized.

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 qualified 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 of 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.

Town of Wausau, Florida
Notes to Financial Statements
September 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

In addition to liabilities, the statement of net position will sometimes report a separate section of 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 qualifies for reporting as deferred inflows of resources. The *deferred inflows related to pensions* are as 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 inflows related to pension will be recognized as a reduction to pension expense in future reporting years.

Customer Deposits

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

Compensated Absences

The Town's leave policy allows all full-time employees to receive eight (8) hours per month of annual and sick leave and may accumulate up to a maximum of two hundred forty (240) hours of each (480) total. Payment in lieu of vacation time or sick leave is not authorized. However, when an employee is separated from employment, he/she may be paid for all accrued vacation leave up to but not exceeding the maximum of two hundred forty (240) hours. No payment for unused sick leave will be made upon an employee's separation from service.

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

Designations of Fund Equity

For governmental funds, fund balances should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on specific purposes for which amount in those funds can be spent.

- Nonspendable Fund Balance – amounts cannot be spent because either they are not in a spendable form or legally or contractually required to be maintained intact.
- Restricted Fund Balance – amounts that are restricted for specific purposes.
- Committed Fund Balance – amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
- Assigned Fund Balance – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – amounts that are not otherwise reserved or designated.

Town of Wausau, Florida
Notes to Financial Statements
September 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classification, fund balance is generally depleted in order of restricted, committed, assigned and unassigned

Use of Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Use of Restricted Assets

It is generally the practice of the Town to utilize restricted net assets before unrestricted net assets when possible.

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 130: *Interest Costs - Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

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.

Town of Wausau, Florida
Notes to Financial Statements
September 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditors’ Report which is the date the financial statements were available to be issued.

NOTE 3 – CASH AND INVESTMENTS

At September 30, 2023, the carrying amount of the Town’s cash and cash equivalents and investments in certificates of deposit was \$35,835 and the bank balance was \$40,852. The bank balance was covered by federal depositor insurance and, for the amount in excess of such federal depository insurance, by the State of Florida’s Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act Requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Credit Risk

At September 30, 2023, the Town did not hold any deposits or investment that were considered to have credit risk.

Interest Rate Risk

At September 30, 2023, the Town did not hold any investments that were considered to have interest rate risk.

Custodial Credit Risk

At September 30, 2023, the Town did not hold any deposits or investments that were considered to have custodial credit risk.

Town of Wausau, Florida
Notes to Financial Statements
September 30, 2023

NOTE 3 – CASH AND INVESTMENTS – Continued

Concentration of Credit Risk

At September 30, 2023, the Town did not hold any investments that were considered to have concentration of credit risk.

Foreign Currency Risk

At September 30, 2023, the Town did not hold any investments that were considered to have foreign currency risk.

The Town invested funds in three certificates of deposit with six to twelve month maturities. At September 30, 2023, the carrying value of these funds was \$13,550 which approximates fair value. The certificates of deposit are considered investments and reported as “certificates of deposit” on the statement of net position at September 30, 2023.

Fair Value Measurement and Application

Governmental entities are required to record investment at fair value unless exception applies and disclose the fair value measurement and hierarchy. Paragraph 69 of GASB 72 list several investments that should be measured as described in GASB Statement 31 which includes investments in nonparticipating interest-earning investment contracts (certificates of deposit) and money market investments that have a maturity at the time of purchase of one year or less. September 30, 2023, the Town’s investment consisted of non-negotiable certificates of deposit which are recorded at cost and are excluded from fair value measurement.

The Town’s depositories are banks or savings institutions designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes “Florida Security for Public Deposit Act” provides procedures for public depositories to ensure monies in banks and savings institutions are collateralized with the Treasurer as an agent for the public entities. All Town cash consists of checking accounts and interest-bearing time deposits in a local bank.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at September 30, 2023:

	General	Proprietary	Total
Trade Accounts	4,231	21,161	\$ 25,392
Allowance for doubtful accounts	-	(3,109)	(3,109)
Accounts Receivable	\$ 4,231	\$ 18,052	\$ 22,283

Accounts receivable arise primarily from utility services (water and garbage) provided by the Town of Wausau, Florida and utility franchise fees. The Town grants credit to customers, substantially all of whom are local residents.

Town of Wausau, Florida
Notes to Financial Statements
September 30, 2023

NOTE 5 – DUE FROM OTHER GOVERNMENTS

Due from other governments consists of funds earned as of September 30, 2023 but not yet received by the Town. The majority of these amounts were received in October and November 2023.

NOTE 6 – CAPITAL ASSETS

Governmental asset activity for the year ending September 30, 2023 was as follows:

	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Deletions</u>	<u>Balances</u>
Governmental Activities:				
Capital assets not being depreciated				
Land and improvements	\$ 347,504	\$ -	\$ -	\$ 347,504
Construction in process	<u>592,308</u>	<u>112,731</u>	<u>-</u>	<u>705,039</u>
Capital assets, not being depreciated	<u>939,812</u>	<u>112,731</u>	<u>-</u>	<u>1,052,543</u>
Capital assets, being depreciated:				
Buildings and improvements	2,063,123	-	-	2,063,123
Infrastructure	498,005	-	-	498,005
Equipment	<u>706,091</u>	<u>-</u>	<u>-</u>	<u>706,091</u>
Total capital assets being depreciated:	<u>3,267,219</u>	<u>-</u>	<u>-</u>	<u>3,267,219</u>
Buildings	(755,647)	(66,313)	-	(821,960)
Improvements other than buildings	(176,507)	(33,200)	-	(209,707)
Equipment	<u>(530,135)</u>	<u>(28,466)</u>	<u>-</u>	<u>(558,601)</u>
Total accumulated depreciation	<u>(1,462,289)</u>	<u>(127,979)</u>	<u>-</u>	<u>(1,590,268)</u>
Total Governmental Capital Assets	<u>\$ 2,744,742</u>	<u>\$ (15,248)</u>	<u>\$ -</u>	<u>\$ 2,729,494</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 71,707
Public Safety	48,978
Culture/Recreation	<u>7,294</u>
Total governmental depreciation expense	<u>\$ 127,979</u>

Town of Wausau, Florida
Notes to Financial Statements
September 30, 2023

NOTE 6 – CAPITAL ASSETS - Continued

Business Type asset activity for the year ending September 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Deletions</u>	<u>Ending Balances</u>
Business Type Activities:				
Capital assets, being depreciated:				
Buildings and improvements	106,051			106,051
Water system	3,100,919			3,100,919
Equipment	<u>119,021</u>	-	-	<u>119,021</u>
 Total capital assets being depreciated:	 <u>3,325,991</u>	 -	 -	 <u>3,325,991</u>
 Less accumulated depreciation:	 <u>(1,411,694)</u>	 <u>(111,397)</u>	 -	 <u>(1,523,091)</u>
 Total Business-Type Capital Assets	 <u>\$ 1,914,297</u>	 <u>\$ (111,397)</u>	 <u>\$ -</u>	 <u>\$ 1,802,900</u>

NOTE 7 – LONG-TERM DEBT

Business-type activities

Revenue Bonds:

Water Revenue Bond - Series 2011 (Series 2011 Bonds)

Authorized and issued \$359,000, interest at 2.90%, principal and interest payable annually on September 1st, with principal payments beginning in 20211, collateralized by net revenues of the system. \$ 287,000

Notes Payable

Capital City Bank - Payable in monthly amounts of \$1,225 with interest at 5.148% per annum. Secured by Kubota tractor. 52,056

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. 1,116

Total business-type activities \$ 340,172

Town of Wausau, Florida
Notes to Financial Statements
September 30, 2023

NOTE 7 – LONG-TERM DEBT - Continued

Governmental Activities
Notes Payable

Capital City Bank - Loan obtained in January 2017 for land acquisition. A note payable in monthly installments of \$896 with interest at 3.85% per annum. Repayment of the loan is structured on a 2 year amortization with a maturity in July 2027. The loan is secured by the land acquired with the loan proceeds. \$ 38,728

PeopleSouth Bank - Payable in monthly amounts of \$446 with interest at 3.10% per annum year. Securited by the full faith and credit of the Town of Wausu. 9,522

Peoplesouth Bank - USDA loan is payable in annual amounts of \$5,956 with interst at 2.25% per annum year. The loan is secured by a first lean on the County Fire Protection revenue and revisions and/or replacement thereto in the amount of \$52,800. 48,033

Total Governmental Activities \$ 96,283

The following is the debt service requirements for the business type activities revenue bonds at September 30, 2023:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 21,428	\$ 9,574	\$ 31,002
2025	20,962	8,717	29,679
2026	21,644	7,835	29,479
2027	21,138	8,141	29,279
2028	8,000	6,375	14,375
2029-2033	45,000	28,625	73,625
2034-2038	51,000	22,750	73,750
2039-2043	58,000	16,050	74,050
2044-2048	65,000	8,475	73,475
2049-2053	28,000	1,050	29,050
	<u>\$ 340,172</u>	<u>\$ 117,592</u>	<u>\$ 457,764</u>

Town of Wausau, Florida
Notes to Financial Statements
September 30, 2023

The following is the debt service requirements for the governmental activities revenue bonds at September 30, 2023:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 19,266	\$ 2,551	\$ 21,817
2025	19,011	1,919	20,930
2026	15,103	1,368	16,471
2027	15,040	869	15,909
2028	5,329	627	5,956
2029-2033	22,534	507	23,041
	<u>\$ 96,283</u>	<u>\$ 7,841</u>	<u>\$ 104,124</u>

Long-term debt activity of the Town at September 30, 2023, is as follows:

	<u>Beginning</u>			<u>Ending</u>	<u>Amounts</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u>	<u>Due Within</u>
					<u>One Year</u>
GOVERNMENTAL ACTIVITIES					
Notes Payable	\$ 137,644	\$ 75,821	\$ 117,182	\$ 96,283	\$ 19,266
Compensated absences	5,652	2,400	2,400	5,652	5,652
Total Governmental Activities	<u>\$ 143,296</u>	<u>\$ 78,221</u>	<u>\$ 119,582</u>	<u>\$ 101,935</u>	<u>\$ 24,918</u>
BUSINESS TYPE ACTIVITIES					
Revenue bonds	\$ 294,000	\$ -	\$ 7,000	\$ 287,000	\$ 8,000
Notes Payable	69,332	-	16,160	53,172	13,428
Total Business Type Activities	<u>\$ 363,332</u>	<u>\$ -</u>	<u>\$ 23,160</u>	<u>\$ 340,172</u>	<u>\$ 21,428</u>

NOTE 8 - PENSION PLANS

General Information about the Pension Plan

Plan Description

The Town of Wausau participates in the Florida Retirement System (FRS), a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report and other relevant information, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

Town of Wausau, Florida
Notes to Financial Statements
September 30, 2023

NOTE 8 - PENSION PLAN - Continued

The Florida Retirement System (FRS) Pension plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under Section 121.053 and 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist eligible retirees and surviving beneficiaries of the state-administered retirement systems in paying their health insurance costs. Per Chapter 2023-193, Laws of Florida, the level of monthly benefits increased from \$5 times years of service to \$7.50, with an increased minimum of \$45 and maximum of \$225. This change applies to all years of service for both members currently in pay and members not yet in pay. To be eligible to receive a HIS benefits, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which may include Medicare.

Benefits

For employees initially enrolled before July 1, 2011, normal retirement benefits are available to regular class employees who retire with at least 6 years of service and have reached age 62; the age after 62 the member becomes vested; or with 30 years of service at any age. Special risk class employees may receive normal retirement benefits with at least 6 years of special risk service after reaching age 55; to age after 55 the member becomes vested; after 25 years of service, consisting of both special risk service and up to four year of wartime military service, and age 52; after 25 years special risk service regardless of age; or with 30 years any creditable service regardless of age.

For employees enrolled after July 1, 2011, regular class employees receive benefits with eight years of service and age 65 or 33 years of service, regardless of age. Special risk class employees are vested with eight years of special risk service and age 60; 30 years of service, consisting of both special risk service and up to four years of wartime military service, and age 57; 30 years of special risk service, regardless of age; or 33 years of any creditable service, regardless of age.

Service retirement benefits are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For employees initially enrolled prior to July 1, 2011 benefits, the average final compensation is the average of the five highest fiscal years' earnings; for employees initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the employee belonged when the service credit was earned.

Town of Wausau, Florida
Notes to Financial Statements
September 30, 2023

NOTE 8 - PENSION PLAN - Continued

The System provides for several benefit options, disability benefits and survivor benefits.

The cost-of-living adjustment for retirements effective before August 1, 2011 is 3% per year. The cost-of-living adjustment formula for retirees with an effective retirement date on or after August 1, 2011, will be the sum of the pre-July 2011 service credit divided by the total service credit earned multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions

The Town is required to contribute at an actuarially determined rate. The contributions requirements of plan members and the Town are established and may be amended by the Florida Legislature.

Applicable rates effective at September 30, 2023 were:

	Employee Contribution	Employer Contribution	Total Contribution
Regular	3.00%	13.57%	16.57%
Special Risk	3.00%	32.67%	35.67%
Senior Management	3.00%	34.52%	37.52%
DROP	N/A	21.13%	21.13%

The above rates do not include a 1.66% health insurance subsidy contribution and .06% administrative assessment.

Total payroll for the Town’s employees covered by the System was \$104,950 for the year ended September 30, 2023.

The Town’s contributions for the year ended September 30, 2023 were \$8,507 to the FRS and \$1,786 to the HIS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of resources Related to Pensions

At September 30, 2023, the Town reported a liability for its proportionate shares of the net pension liability. The net pension liability for the FRS Pension Plan and HIS program was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated June 30, 2023. The Town’s Proportions of the net pension liabilities was based on the Town’s share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

Town of Wausau, Florida
Notes to Financial Statements
September 30, 2023

NOTE 8 - PENSION PLAN - Continued

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Net pension liability at September 30, 2023	<u>\$ 70,465</u>	<u>\$ 43,127</u>	<u>\$ 113,592</u>
Proportion at:			
June 30, 2023	0.000194861%	0.000283885%	
June 30, 2022	0.000176840%	0.000271558%	
Pension expense (benefit), year ended September 30, 2023	<u>\$ 14,262</u>	<u>\$ 19,079</u>	<u>\$ 33,341</u>

At September 30, 2023 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,616	\$ -	\$ 631	\$ 101
Changes of assumption	4,593	-	1,134	3,737
Net difference between projected and actual earnings on pension plan investments	2,943	-	22	-
Changes in proportion and differences between City contributions and proportionate share of contributions	3,657	18,725	10,160	1,771
City contributions subsequent to the measurement date	<u>2,355</u>	<u>-</u>	<u>524</u>	<u>-</u>
Total	<u>\$ 20,164</u>	<u>\$ 18,725</u>	<u>\$ 12,471</u>	<u>\$ 5,609</u>

Town of Wausau, Florida
Notes to Financial Statements
September 30, 2023

NOTE 8 - PENSION PLAN - Continued

Deferred outflows of resources related to pensions included \$ 2,355 for FRS and \$524 for HIS resulting from contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	<u>FRS</u>	<u>HIS</u>
2024	\$(11,699)	\$(4,587)
2025	(18,051)	(4,737)
2026	(6,949)	(5,524)
2027	(6,549)	(3,936)
2028	(1,317)	(1,667)
Thereafter	-	(220)

Actuarial Methods and Assumptions

The Florida Retirement System (FRS) Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan's GASB 67 valuation is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans as assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investment is 6.70%. The plan's fiduciary net position was projected to be available to make all projected 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.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.54% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both the FRS Pension Plan and the HIS Program was based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The following changes in actuarial assumptions occurred in 2023:

- HIS: The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates.

Town of Wausau, Florida
Notes to Financial Statements
September 30, 2023

NOTE 8 - PENSION PLAN - Continued

- HIS: Chapter 2023-193, Laws of Florida (Senate Bill 7024), increased the level of monthly benefits from \$5 times year of service to \$7.50, with an increased minimum of \$45 and maximum of \$445. This change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits.

The long-term expected rate of return assumption of 6.70% consists of two building block components: 1) a inferred real (in excess of inflation) return of 4.20%, which is consistent with the 4.48% real return from the capital market outlook model developed by the FRS consulting actuary, Milliman; and 2) a long-term average annual inflation assumption of 2.40% as adopted in October 2023 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary both components and the overall 6.70% return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.70% reported investment return assumption in the same as the investment return assumption chosen by the 2022 FRS Actuarial Assumption Conference for funding policy purposes.

The table below summarizes the key assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target allocation. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumptions. These assumptions are not based on historical return, but instead are based on a forward-looking capital market model.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real Estate	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments	3.8%	6.3%	6.1%	7.7%

Town of Wausau, Florida
Notes to Financial Statements
September 30, 2023

NOTE 8 - PENSION PLAN - Continued

Pension Liability Sensitivity

The following table demonstrates the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the Town proportionate share of the net pension liability if the discount rate was 1% higher or 1% lower than the current discount rate:

	FRS			HIS		
	Current			Current		
	1% Decrease	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase
	<u>5.70%</u>	<u>6.70%</u>	<u>7.70%</u>	<u>2.65%</u>	<u>3.65%</u>	<u>4.65%</u>
Town's proportionate share of net pension liability	<u>\$120,369</u>	<u>\$70,465</u>	<u>\$ 28,715</u>	<u>\$9,201</u>	<u>\$43,127</u>	<u>\$38,092</u>

Pension Plan Fiduciary Net Position

Detailed information about the FRS Plan's fiduciary net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. The report may be obtained through the Florida Department of Management Services website: <http://www.dms.myflorida.com>.

NOTE 9 – FUND BALANCE

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

Spendable fund balances are classified based on a hierarchy of the Town's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ended September 30, 2023, the Town reports net assets as committed and unassigned. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws, or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Assigned net assets have constraints placed on the use of resources by the Town's intent to use the resources for a specific purpose. Unassigned fund balances have not been restricted, committed, or assigned to specific purposes within the general fund.

Town of Wausau, Florida
Notes to Financial Statements
September 30, 2023

NOTE 9 – FUND BALANCE - Continued

Spendable fund balances are classified based on a hierarchy of the Town’s ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ended September 30, 2023, the Town reports net assets as unassigned. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Assigned net assets have constraints placed on the use of resources by the Town’s intent to use the resources for a specific purpose. Unassigned fund balances have not been restricted, committed, or assigned to specific purposes within the general fund. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned and unassigned.

NOTE 10 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to sorts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others; and natural disasters for which the town carries commercial insurance. Insurance against losses are provided for the following types of risk:

- Workers’ compensation and employer’s liability
- General and automobile liability
- Real and personal property damage

The Town’s coverage for workers’ compensation is under a retrospectively rated policy. Premiums are accrued based on the ultimate cost-to-date of the Town experience for this type of risk.

NOTE 11 – LITIGATION AND CONTINGENT LIABILITIES

The Town had no litigation ongoing at year end.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
Town of Wausau, Florida
Budgetary Comparison Schedule
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts
	<u>Original</u>	<u>Final</u>	<u>(GAAP Basis)</u>
REVENUES			
Taxes	\$ 40,520	\$ 40,520	\$ 41,813
Intergovernmental Revenues	563,265	563,265	365,151
Charges for Services	51,140	51,140	1,957
Fines and Forfeitures	5,000	5,000	117
Miscellaneous Revenues	-	-	6,692
Total Revenues	<u>659,925</u>	<u>659,925</u>	<u>415,730</u>
EXPENDITURES			
Current:			
General Government	204,735	204,735	224,375
Public Safety	51,140	51,140	31,678
Culture/Recreation	28,400	28,400	4,722
Debt Service			
Principal	100,000	100,000	111,227
Interest	-	-	6,323
Capital Outlay	<u>275,650</u>	<u>275,650</u>	<u>118,686</u>
Total Expenditures	<u>659,925</u>	<u>659,925</u>	<u>497,011</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(81,281)</u>
OTHER FINANCING SOURCES (USES)			
Transfer In	-	-	14,124
Debt Proceeds	<u>-</u>	<u>-</u>	<u>75,821</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>89,945</u>
Net Change in Fund Balances	-	-	8,664
Fund Balances - beginning	<u>26,731</u>	<u>26,731</u>	<u>26,731</u>
Fund Balances - ending	<u>\$ 26,731</u>	<u>\$ 26,731</u>	<u>\$ 35,395</u>

Note: This schedule is prepared on the modified accrual basis of accounting.

The notes to the financial statements are an integral part of this statement.

Schedule of the Town of Wausau, Florida's Share of the Net Pension Liability
Florida Retirement System and Health Insurance Subsidy Program*
For the Year Ended September 30, 2023

FLORIDA RETIREMENT SYSTEM									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the Net Pension Liability	0.000177%	0.000195%	0.000233%	0.000283%	0.000269%	0.000250%	0.000098%	0.000112%	0.000151%
City's proportionate share of Net Pension Liability	\$70,465	\$72,777	\$17,585	\$122,848	\$92,886	\$75,574	\$29,053	\$28,331	\$19,487
City's Covered Employee Payroll	\$104,950	\$112,638	\$74,913	\$71,548	\$50,748	\$59,983	\$30,030	\$20,582	\$41,416
City's proportionate share of Net Pension Liability as a percentage of its covered-employee payroll	67.14%	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	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%
HEALTH INSURANCE SUBSIDY PROGRAM									
	<u>2023</u>	<u>2021</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the Net Pension Liability	0.000284%	0.000284%	0.000210%	0.000202%	0.000155%	0.000137%	0.000076%	0.000076%	0.000131%
City's proportionate share of Net Pension Liability	\$43,127	\$30,068	\$26,016	\$24,629	\$17,306	\$18,357	\$8,095	\$8,878	\$13,356
City's Covered Employee Payroll	\$104,950	\$112,638	\$74,913	\$71,548	\$50,748	\$59,983	\$30,030	\$20,582	\$41,416
City's proportionate share of Net Pension Liability as a percentage of its covered-employee payroll	41.09%	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	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

* Last nine fiscal years.

Schedule of the Town of Wausau, Florida's Contributions
 Florida Retirement System and Health Insurance Subsidy Program*
 For the Year Ended September 30, 2023

FLORIDA RETIREMENT SYSTEM

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 8,507	\$ 13,136	\$ 8,719	\$ 9,417	\$ 8,363	\$ 9,368	\$ 3,747	\$ 2,289	\$ 3,783
Contributions in Relation to the Contractually Required Contribution	<u>(8,507)</u>	<u>(13,136)</u>	<u>(8,719)</u>	<u>(9,417)</u>	<u>(8,363)</u>	<u>(9,368)</u>	<u>(3,747)</u>	<u>(2,289)</u>	<u>(3,783)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered-Employee Payroll	\$104,950	\$115,674	\$81,482	\$ 72,001	57,296	60,456	28,123	19,166	35,394
Contributions as a Percentage of Covered-Employee Payroll	8.11%	11.36%	10.70%	13.08%	14.60%	15.50%	13.32%	11.94%	10.69%

HEALTH INSURANCE SUBSIDY PROGRAM

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 1,786	\$ 1,774	\$ 1,348	\$ 1,162	\$ 951	\$ 1,004	\$ 457	\$ 318	\$ 588
Contributions in Relation to the Contractually Required Contribution	<u>(1,786)</u>	<u>(1,774)</u>	<u>(1,348)</u>	<u>(1,162)</u>	<u>(951)</u>	<u>(1,004)</u>	<u>(457)</u>	<u>(318)</u>	<u>(588)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered-Employee Payroll	\$104,950	\$115,674	\$81,482	\$ 72,001	57,296	60,456	28,123	19,166	35,394
Contributions as a Percentage of Covered-Employee Payroll	1.70%	1.53%	1.65%	1.61%	1.66%	1.66%	1.63%	1.66%	1.66%

* Last nine fiscal years.

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OWEN W. GRIMSLEY, C.P.A.

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

Honorable Mayor and Town Council
Town of Wausau
Wausau, Florida

We have examined Town of Wausau, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2023. Management is responsible for Town of Wausau, Florida's compliance with those requirements. Our responsibility is to express an opinion on Town of Wausau, Florida'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 of Wausau, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town of Wausau, Florida 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 our examination provides a reasonable basis for our opinion.

Our examination does not provide a legal determination on Town of Wausau, Florida's compliance with specified requirements.

In our opinion, Town of Wausau, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

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.

Grimsley & Associates

Marianna, Florida
February 26, 2025

Grimsley and Associates, P.A.
Certified Public Accountants

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OWEN W. GRIMSLEY, C.P.A.

INDEPENDENT AUDITOR'S 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 Town Council
Town of Wausau
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 audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wausau, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Wausau, Florida's basic financial statements and have issued our report thereon dated February 26, 2025.

Report on Internal Control over Financial Reporting

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

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

Honorable Mayor and Town Council
Town of Wausau
Wausau, Florida

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 deficiencies in internal control, described in the accompanying schedule of findings as items 2023-001 and 2023-002 that we consider to be a material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Wausau, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Wausau, Florida's response to the findings identified in our audit and described in the accompanying Schedule of Findings. The Town of Wausau, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Grimsley & Associates

Marianna, Florida
February 26, 2025

Grimsley and Associates, P.A.
Certified Public Accountants

Town of Wausau, Florida
Schedule of Findings
For the Year Ended September 30, 2023

2023-001: Material Audit Adjustments

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting and presenting financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Condition: Multiple accounts and financial statement line items required adjustment or reclassification in order for the financial statements to be presented in accordance with U.S. GAAP. Such adjustments included proper presentation of cash, accounts receivable, accounts payable, payroll liabilities, fund balance, and revenues.

Cause: Internal processes and controls were not sufficient (either non-existent or ineffective) to detect certain misstatements of the financial statements.

Effect: Daily financial accounting information is not reliable.

Recommendation: Management should focus on strengthening internal controls surrounding financial reporting and the proper presentation of financial statements in accordance with U.S. GAAP, including implementing a formal review process of account reconciliations.

Management Response: Management will work to strengthen internal control surrounding financial reporting with increased mayor and council involvement in the financial reporting process.

Town of Wausau, Florida
Schedule of Findings
For the Year Ended September 30, 2023

2023-002: Segregation of Duties (Repeat of 2022-001)

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 control is the appropriate separation of duties.

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.

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 the lack of adequate staffing, optimum segregation of duties is not obtainable. However, we strongly recommend the mayor and/or council monitor daily activities and money report.

Management Response: The Town's size precludes optimum segregation of duties, the Town will increase mayor and council involvement in daily operation to strengthen internal controls.

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OWEN W. GRIMSLEY, C.P.A.

INDEPENDENT AUDITOR'S REPORT TO TOWN MANAGEMENT

Honorable Mayor and Town Council
Town of Wausau
Wausau, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Wausau, Florida, Florida as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated February 26, 2025.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 26, 2025, should be considered in conjunction with this management letter.

Honorable Mayor and Town Council
Town of Wausau
Wausau, Florida

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 financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted under the heading Prior Year Findings and Recommendations.

Prior Year Findings and Recommendations

The management letter items are as follows:

None

The schedule of findings items are as follows:

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2021-22 FY Finding #	2020-21 FY Finding #
2023-001	2022-001	2021-001
2023-002	N/A	N/A

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town of Wausau, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the Town of Wausau, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Honorable Mayor and Town Council
Town of Wausau
Wausau, Florida

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 of Wausau, Florida. It is management's responsibility to monitor the Town of Wausau, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

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

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

Grimsley & Associates

Marianna, Florida
February 26, 2025

Grimsley and Associates, P.A.
Certified Public Accountants