

Town of Boulder Junction
Vilas County, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2017

Town of Boulder Junction Vilas County, Wisconsin

DECEMBER 31, 2017

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Independent auditors' report

To the Town Board
Town of Boulder Junction
Vilas County, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying cash basis financial statements of the governmental activities and the major fund of the Town of Boulder Junction, Vilas County, Wisconsin (the "Town") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and the major fund of the Town as of December 31, 2017, and the respective changes in cash basis financial position and the budgetary comparison for the General Fund for the year then ended in accordance with the cash basis of accounting described in Note 1.

BASIS OF ACCOUNTING

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions on page 23 be presented to supplement the basic financial statements. Such information, although not 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

REPORT ON SUMMARIZED FINANCIAL INFORMATION

We have previously audited the Town's 2016 financial statements, and our report dated April 17, 2017, expressed unmodified opinions on those respective financial statements of the governmental activities and the major fund. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2018, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.



Certified Public Accountants

Wausau, Wisconsin
April 23, 2018

BASIC FINANCIAL STATEMENTS

Town of Boulder Junction

Vilas County, Wisconsin

STATEMENT OF NET POSITION - CASH BASIS DECEMBER 31, 2017 WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2016

	Governmental Activities	
	2017	2016
ASSETS		
Cash and investments	\$ 2,984,971	\$ 2,923,009
LIABILITIES		
Accrued and other current liabilities	8,381	4,970
Due to other governments	1,218,434	1,073,935
Total liabilities	1,226,815	1,078,905
DEFERRED INFLOWS OF RESOURCES		
Property taxes collected for subsequent year	377,962	343,032
NET POSITION		
Unrestricted	1,380,194	1,501,072
Total net position	\$ 1,380,194	\$ 1,501,072

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

Town of Boulder Junction

Vilas County, Wisconsin

STATEMENT OF ACTIVITIES - CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2017

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Expenditures	Program Revenues		Net (Expenditures) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Totals	
				2017	2016
GOVERNMENTAL ACTIVITIES					
General government	\$ 235,562	\$ 4,234	\$ -	\$ (231,328)	\$ (214,913)
Public safety	298,250	23,804	12,088	(262,358)	(76,699)
Public works	597,133	39,258	206,490	(351,385)	(211,092)
Health and human services	8,079	2,000	-	(6,079)	(4,465)
Culture and recreation	164,651	9,236	4,250	(151,165)	(143,354)
Conservation and development	146,250	-	-	(146,250)	(173,971)
Principal and interest on long-term debt	312,137	-	70,909	(241,228)	(422,729)
Total governmental activities	<u>\$ 1,762,062</u>	<u>\$ 78,532</u>	<u>\$ 293,737</u>	<u>(1,389,793)</u>	<u>(1,247,223)</u>
General revenues					
Taxes					
Property taxes				924,796	925,545
Other taxes				141,623	118,945
Federal and state grants and other contributions not restricted to specific functions				76,594	70,667
Interest and investment earnings				2,710	2,600
Miscellaneous				123,192	138,971
Proceeds from long-term debt				-	307,385
Total general revenues				<u>1,268,915</u>	<u>1,564,113</u>
Change in net position				(120,878)	316,890
Net position - January 1				<u>1,501,072</u>	<u>1,184,182</u>
Net position - December 31				<u>\$ 1,380,194</u>	<u>\$ 1,501,072</u>

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

Town of Boulder Junction

Vilas County, Wisconsin

STATEMENT OF ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE - CASH BASIS
GOVERNMENTAL FUND
DECEMBER 31, 2017
WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2016

	General	
	2017	2016
ASSETS		
Cash and investments	\$ 2,984,971	\$ 2,923,009
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities		
Accrued and other current liabilities	\$ 8,381	\$ 4,970
Due to other governments	1,218,434	1,073,935
Total liabilities	1,226,815	1,078,905
Deferred inflows of resources		
Property taxes collected for subsequent year	377,962	343,032
Fund balance		
Assigned	1,102,124	1,169,818
Unassigned	278,070	331,254
Total fund balance	1,380,194	1,501,072
Total liabilities, deferred inflows of resources, and fund balance	\$ 2,984,971	\$ 2,923,009

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

Town of Boulder Junction

Vilas County, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CASH BASIS
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	General	
	2017	2016
REVENUES		
Taxes	\$ 1,066,419	\$ 1,044,490
Intergovernmental	299,422	439,153
Licenses and permits	6,117	5,129
Public charges for services	72,415	76,969
Miscellaneous	196,811	156,314
Total revenues	1,641,184	1,722,055
EXPENDITURES		
Current		
General government	210,382	220,325
Public safety	109,742	117,701
Public works	572,516	399,760
Health and human services	8,079	4,465
Culture and recreation	164,651	203,035
Conservation and development	146,250	173,971
Debt service		
Principal	256,100	372,509
Interest and fiscal charges	56,037	64,963
Capital outlay	238,305	155,821
Total expenditures	1,762,062	1,712,550
Excess of revenues over (under) expenditures	(120,878)	9,505
OTHER FINANCING SOURCES		
Long-term debt issued	-	307,385
Net change in fund balance	(120,878)	316,890
Fund balance - January 1	1,501,072	1,184,182
Fund balance - December 31	\$ 1,380,194	\$ 1,501,072

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

Town of Boulder Junction

Vilas County, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CASH BASIS
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget			Variance Final Budget - Positive (Negative)	2016 Actual
	Original	Final	Actual		
REVENUES					
Taxes	\$ 1,059,272	\$ 1,059,272	\$ 1,066,419	\$ 7,147	\$ 1,044,490
Intergovernmental	353,511	353,511	299,422	(54,089)	439,153
Licenses and permits	4,150	4,150	6,117	1,967	5,129
Fines and forfeits	40	40	-	(40)	-
Public charges for services	80,100	80,100	72,415	(7,685)	76,969
Miscellaneous	52,070	52,070	196,811	144,741	156,314
Total revenues	1,549,143	1,549,143	1,641,184	92,041	1,722,055
EXPENDITURES					
Current					
General government	200,218	206,729	210,382	(3,653)	220,325
Public safety	124,532	124,532	109,742	14,790	117,701
Public works	638,187	638,187	572,516	65,671	399,760
Health and human services	4,750	6,400	8,079	(1,679)	4,465
Culture and recreation	167,272	167,272	164,651	2,621	203,035
Conservation and development	172,956	172,956	146,250	26,706	173,971
Debt service					
Principal	186,819	186,819	256,100	(69,281)	372,509
Interest and fiscal charges	54,409	54,409	56,037	(1,628)	64,963
Capital outlay	-	232,008	238,305	(6,297)	155,821
Total expenditures	1,549,143	1,789,312	1,762,062	27,250	1,712,550
Excess of revenues over (under) expenditures	-	(240,169)	(120,878)	119,291	9,505
OTHER FINANCING SOURCES					
Long-term debt issued	-	-	-	-	307,385
Net change in fund balance	-	(240,169)	(120,878)	119,291	316,890
Fund balance - January 1	1,501,072	1,501,072	1,501,072	-	1,184,182
Fund balance - December 31	<u>\$ 1,501,072</u>	<u>\$ 1,260,903</u>	<u>\$ 1,380,194</u>	<u>\$ 119,291</u>	<u>\$ 1,501,072</u>

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

Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Boulder Junction, Vilas County, Wisconsin (the "Town"), have been prepared on a cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Under this basis of accounting, assets, liabilities, deferred outflows/inflows of resources, net position/fund equity, revenues, and expenditures are recognized when they result from cash transactions. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Town are described below:

A. REPORTING ENTITY

The Town is a municipal corporation governed by an elected three member board. In accordance with GAAP, the basic financial statements are required to include the Town and any separate component units that have a significant operational or financial relationship with the Town. The Town has not identified any component units that are required to be included in the basic financial statements in accordance with standards established in GASB Statement No. 61.

B. 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 Town. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. The Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function 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. Governmental funds include the general fund. The Town has no proprietary funds. The major individual governmental fund is reported as a separate column in the fund financial statements.

The Town reports the following major governmental fund:

General Fund

This is the Town's primary operating fund. It accounts for all financial resources of the general government.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by its measurement focus. The government-wide and fund financial statements of the Town are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the financial statements. Operating statements of this fund present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in cash.

Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

The cash basis of accounting is used by the governmental activities and the governmental funds. This basis recognizes assets, liabilities, deferred outflows/inflows of resources, net position/fund equity, revenues, and expenditures when they result from cash transactions with no provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. In addition, long-term debt payable in future years is not recorded. Additional information on outstanding long-term debt is shown in Note 3.B.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes. Tax collections for 2018 received prior to year-end are reported as deferred inflows of resources.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources, as they are needed.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

2. Property Taxes and Special Charges

Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against Town properties. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the Town. Special charges not paid by January 31 are held in trust by the County and remitted to the Town, including interest, when collected by the County.

In addition to its levy, the Town also levies and collects taxes for the Lakeland Union High School District, School District of North Lakeland, Vilas County, Nicolet Technical College and the State of Wisconsin.

3. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

4. Long-term Obligations

In the fund financial statements, governmental funds 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Because the Town uses the cash basis of accounting, principal payments are reported as expenditures in the statement of activities and no liability is reported on the statement of net position.

5. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. 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.

Under the cash basis of accounting, the Town continues to recognize pension costs when funded rather than as employment services are provided.

6. Fund Equity

Governmental Fund Financial Statements

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 following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- ▶ **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- ▶ **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- ▶ **Committed fund balance.** Amounts that are constrained for specific purposes by action of the Town Board. These constraints can only be removed or changed by the Town Board using the same action that was used to create them.
- ▶ **Assigned fund balance.** Amounts that are constrained for specific purposes by action of Town management. The Town Board has not authorized a Town position to assign fund balance.
- ▶ **Unassigned fund balance.** Amounts that are available for any purpose.

The Town has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Government-Wide Fund Statements

Equity is classified as net position and displayed in two components:

- ▶ **Restricted net position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- ▶ **Unrestricted net position.** Net position that is not classified as restricted.

E. PRIOR YEAR INFORMATION

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the Town's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

F. RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

NOTE 2: STEWARDSHIP AND COMPLIANCE

A. BUDGETS AND BUDGETARY ACCOUNTING

The Town follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. During November, the Town Board and officials prepare a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Town Board action.
2. Budgets are adopted on a basis consistent with the cash basis of accounting for the general fund. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the general fund.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Town. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Town Board.
5. Encumbrance accounting is not used by the Town to record commitments related to unperformed contracts for goods or services.

The Town did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2017.

Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

B. EXCESS OF EXPENDITURES OVER BUDGET APPROPRIATIONS

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2017 as follows:

Fund	Excess Expenditures
General Fund	
General Government	
Legal fees	\$ 4,386
Insurance	4,991
Public Safety	
Fire department	18,137
Ambulance	249
Inspection	1,385
Public Works	
Street lighting	1,265
Fire numbers	452
Landfill	4,420
Recycling	2,596
Health and Human Services	
Cemetery	1,829
Culture and Recreation	
Library	23,262
Parks and recreation	5,963
Celebrations	547
Conservation and Development	
Chamber of commerce	4,340
Advertising	3,775
Debt Service	
Principal	69,281
Interest	1,628
Capital Outlay	
General building	5,967
Ambulance	330

C. PROPERTY TAX LEVY LIMIT

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2017 and 2018 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the Town's January 1 equalized value as a result of net new construction. The actual limit for the Town for the 2017 budget was 0.48%. The actual limit for the Town for the 2018 budget was 0.92%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

The Town maintains various cash and investment accounts, which are displayed on the financial statements as "Cash and investments".

Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the Town's cash and investments totaled \$2,984,971 on December 31, 2017 as summarized below:

Petty cash and cash on hand	\$ 250
Deposits with financial institutions	2,984,721
	<u>\$ 2,984,971</u>

Fair Value Measurements

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The Town currently has no investments that are subject to fair value measurement.

Deposits and investments of the Town are subject to various risks. Presented below is a discussion of the Town's deposits and investments and the related risks.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have an additional custodial credit policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2017, \$2,004,007 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits. \$2,004,007 was collateralized with securities held by the pledging financial institution.

Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

B. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2017:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$1,585,000	\$ -	\$ 75,000	\$1,510,000	\$ 80,000
Notes	465,736	-	181,100	284,636	115,326
Governmental activities					
Long-term obligations	<u>\$2,050,736</u>	<u>\$ -</u>	<u>\$ 256,100</u>	<u>\$1,794,636</u>	<u>\$ 195,326</u>

Total interest paid during the year on long-term debt totaled \$56,037.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/17
General obligation notes	5/15/14	5/1/19	2.25%	\$ 83,994	\$ 34,624
General obligation bonds	12/3/14	3/1/33	1.00 - 3.90%	1,745,000	1,510,000
General obligation notes	10/1/15	4/1/20	2.45%	96,000	54,691
General obligation notes	5/12/16	5/1/20	2.25%	307,385	195,321
Total Outstanding General Obligation Debt					<u>\$ 1,794,636</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$1,794,636 on December 31, 2017 are detailed below:

Year Ended December 31,	Governmental Activities		Total
	Principal	Interest	
2018	\$ 195,326	\$ 49,927	\$ 245,253
2019	197,904	46,045	243,949
2020	131,406	41,902	173,308
2021	80,000	39,705	119,705
2022	85,000	37,885	122,885
2023 - 2027	455,000	154,135	609,135
2028-2032	535,000	73,620	608,620
2033	115,000	4,485	119,485
	<u>\$ 1,794,636</u>	<u>\$ 447,704</u>	<u>\$ 2,242,340</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2017 was \$20,485,029 as follows:

Equalized valuation of the Town	\$ 445,593,300
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	22,279,665
Outstanding general obligation debt applicable to debt limitation	1,794,636
Legal margin for new debt	<u>\$ 20,485,029</u>

C. PENSION PLAN

1. Plan Description

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are 1) final average earnings, 2) years of creditable service, and 3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

2. Post-Retirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

3. Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period ending December 31, 2016, the WRS recognized \$11,643 in contributions from the Town.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including teachers)	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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

At December 31, 2017, the Town reported a liability (asset) of \$12,491 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town's proportion of the net pension liability (asset) was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the Town's proportion was 0.00151546%, which was a decrease of 0.00016607% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Town recognized pension expense of \$33,250.

At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,763	\$ 39,283
Net differences between projected and actual earnings on pension plan investments	62,176	-
Changes in assumptions	13,060	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,468	-
Total	<u>\$ 83,467</u>	<u>\$ 39,283</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Expense
2017	\$ 17,672
2018	17,672
2019	12,077
2020	(3,281)
2021	44
Total	<u>\$ 44,184</u>

5. Actuarial Assumptions

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

5. Actuarial Assumptions

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

Long-term Expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Current Asset Allocation %	Destination Target Asset Allocation %	Long-term Expected Nominal Rate of Return %	Long-term Expected Real Rate of Return %
Core Fund Asset Class				
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5%	37%	4.2%	1.4%
Inflation Sensitive Assets	15.5%	20%	4.3%	1.5%
Real Estate	8%	7%	6.5%	3.6%
Private Equity/Debt	8%	7%	9.4%	6.5%
Multi-asset	4%	4%	6.6%	3.7%
Total Core Fund	110%	120%	7.4%	4.5%
Variable Fund Asset Class				
U.S. Equities	70%	70%	7.6%	4.7%
International Equities	30%	30%	8.5%	5.6%
Total Variable Fund	100%	100%	7.9%	5%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Single Discount Rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.2 percent, as well as what the Town's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Town's proportionate share of the net pension liability (asset)	\$ 164,327	\$ 12,491	\$ (104,430)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

6. Payables to the Pension Plan

At December 31, 2017, the Town reported a payable of \$0 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2017.

Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

D. FUND EQUITY

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2017, fund balance was assigned as follows:

General Fund	
Room tax	\$ 267,170
Roads	246,290
Fire department volunteer fund	145,779
Fire department	101,085
Community building	91,318
Long-term bike trail maintenance	76,239
Parks	37,421
Library	34,114
Police	31,712
Fireworks	21,718
Holiday decorations	20,820
Cemetery perpetual fund	14,062
Human resources	5,250
Legal	5,000
Landfill	2,276
Animal control	1,253
Ambulance	412
Airport	205
Total	<u>\$ 1,102,124</u>

Minimum General Fund Balance Policy

The Town has also adopted a minimum fund balance policy of 20-25% of subsequent year budgeted expenditures for the general fund. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Budgeted 2018 General Fund Expenditures	\$ 1,459,024
Minimum Fund Balance %	(x) 20 - 25%
Minimum Fund Balance Amount	<u>\$ 291,805 - \$ 364,756</u>

The Town's unassigned general fund balance of \$278,070 is below the minimum fund balance amount.

NOTE 4: OTHER INFORMATION

A. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Town completes an annual review of its insurance coverage to ensure adequate coverage.

B. CONTINGENCIES

From time to time, the Town is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the Town Attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Town's financial position or results of operations.

Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

C. SUBSEQUENT EVENTS

On September 8, 2016, the Town Board met in closed session and authorized payment of accumulated sick leave and vacation of \$9,550. In 2017, the payment was determined to be against Town policy and on November 17, 2017, the Vilas County Circuit Court Judge ruled that the closed session was illegal and any action taken was void. In April of 2018, the Town Board entered into an agreement to recover the funds.

The Town issued a \$5,000,000 Note Anticipation Note on March 20, 2018. This issue will provide financing for road infrastructure improvements.

D. UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The Town is currently evaluating the impact this standard will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Boulder Junction

Vilas County, Wisconsin

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll (plan year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.00172344%	\$ (42,332)	\$ 219,671	19.27%	102.74%
12/31/16	0.00168153%	27,325	213,206	12.82%	98.20%
12/31/17	0.00151546%	12,491	176,410	7.08%	99.12%

SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll (fiscal year)	Contributions as a Percentage of Covered-Employee Payroll
12/31/15	\$ 15,274	\$ 15,274	\$ -	\$ 213,206	7.16%
12/31/16	11,643	11,643	-	176,410	6.60%
12/31/17	14,633	14,633	-	215,185	6.80%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

There were no changes of benefit terms or assumptions for any participating employer in the WRS.

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The Town of Boulder Junction is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

SUPPLEMENTARY INFORMATION

Town of Boulder Junction

Vilas County, Wisconsin

GENERAL FUND

DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES - CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget			Variance Final Budget - Positive (Negative)	2016 Actual
	Original	Final	Actual		
Taxes					
General property	\$ 924,272	\$ 924,272	\$ 925,567	\$ 1,295	\$ 926,340
Room tax	135,000	135,000	140,852	5,852	118,150
Total taxes	1,059,272	1,059,272	1,066,419	7,147	1,044,490
Intergovernmental					
State					
State shared taxes	22,315	22,315	20,316	(1,999)	20,316
Fire insurance dues	10,000	10,000	12,088	2,088	12,167
Tax exempt computer aid	80	80	70	(10)	78
Transportation	199,259	199,259	199,259	-	199,259
Local road improvement project	60,000	60,000	-	(60,000)	98,496
Municipal services	5,057	5,057	8,006	2,949	9,011
DNR - in lieu of taxes	42,000	42,000	41,057	(943)	40,968
MFL	-	-	1,175	1,175	294
Recycling	7,200	7,200	7,231	31	7,157
Library	1,400	1,400	1,450	50	1,443
Other State aids	3,400	3,400	5,970	2,570	-
County					
Library	2,800	2,800	2,800	-	49,964
Total intergovernmental	353,511	353,511	299,422	(54,089)	439,153
Licenses and permits					
Licenses					
Liquor and malt beverage	2,800	2,800	2,815	15	2,824
Operators, cigarette and other licenses	200	200	463	263	2,041
Dog	600	600	775	175	200
Cemetery	350	350	2,000	1,650	-
Permits					
Other permits	200	200	64	(136)	64
Total licenses and permits	4,150	4,150	6,117	1,967	5,129
Fines and forfeits					
Court fines and penalties	40	40	-	(40)	-

Town of Boulder Junction

Vilas County, Wisconsin

GENERAL FUND

DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES - CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget			Variance Final Budget - Positive (Negative)	2016 Actual
	Original	Final	Actual		
Public charges for services					
Clerk's fees	200	200	117	(83)	198
Ambulance fees	30,000	30,000	23,804	(6,196)	28,835
Snow plowing	19,000	19,000	17,803	(1,197)	17,967
Garbage bags	21,000	21,000	20,971	(29)	21,255
Recycling gees	300	300	484	184	440
Community center	2,500	2,500	1,805	(695)	2,085
Library fees	1,600	1,600	2,096	496	1,852
Park and recreation fees	5,500	5,500	5,335	(165)	4,337
Total public charges for services	80,100	80,100	72,415	(7,685)	76,969
Miscellaneous					
Interest income	2,520	2,520	2,710	190	2,600
Reimbursement	10,557	10,557	6,320	(4,237)	14,507
Snowmobile Club reimbursement	30,993	30,993	76,242	45,249	17,648
Fireworks fund	4,500	4,500	4,178	(322)	3,870
Donations - bike trail	3,000	3,000	2,407	(593)	2,923
Donations - fire	-	-	74,565	74,565	47,677
Donations - other	500	500	245	(255)	42,769
Miscellaneous library	-	-	30,144	30,144	24,320
Total miscellaneous	52,070	52,070	196,811	144,741	156,314
Total revenues	\$ 1,549,143	\$ 1,549,143	\$ 1,641,184	\$ 92,041	\$ 1,722,055

Town of Boulder Junction

Vilas County, Wisconsin

GENERAL FUND

DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES - CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget			Variance Final Budget - Positive (Negative)	2016 Actual
	Original	Final	Actual		
General Government					
Town Board	\$ 32,600	\$ 32,600	\$ 32,399	\$ 201	\$ 31,230
Clerk/Treasurer	86,013	92,524	90,051	2,473	90,804
Mileage	1,500	1,500	1,172	328	2,131
Elections	21,150	21,150	19,810	1,340	34,949
Assessor	18,000	18,000	17,549	451	17,548
Legal fees	1,200	1,200	5,586	(4,386)	450
Insurance	35,305	35,305	40,296	(4,991)	39,044
Dues and fees	4,450	4,450	3,519	931	4,169
Total general government	200,218	206,729	210,382	(3,653)	220,325
Public Safety					
Police department	35,000	35,000	439	34,561	-
Fire department	74,032	74,032	92,169	(18,137)	103,002
Ambulance	13,000	13,000	13,249	(249)	11,362
Inspection	2,500	2,500	3,885	(1,385)	3,337
Total public safety	124,532	124,532	109,742	14,790	117,701
Public Works					
Highway and street maintenance	420,200	420,200	370,893	49,307	180,964
Shop	56,000	56,000	33,902	22,098	27,172
Machinery	33,272	33,272	30,273	2,999	76,218
Street lighting	15,000	15,000	16,265	(1,265)	10,633
Fire numbers	250	250	702	(452)	519
Airport	-	-	-	-	71
Landfill	63,395	63,395	67,815	(4,420)	62,712
Recycling	50,070	50,070	52,666	(2,596)	41,471
Total public works	638,187	638,187	572,516	65,671	399,760
Health and Human Services					
Animal and insect control	150	150	-	150	250
Cemetery	4,600	6,250	8,079	(1,829)	4,215
Total health and human services	4,750	6,400	8,079	(1,679)	4,465

Town of Boulder Junction

Vilas County, Wisconsin

GENERAL FUND

DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES - CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget			Variance Final Budget - Positive (Negative)	2016 Actual
	Original	Final	Actual		
Culture and Recreation					
Library	68,528	68,528	91,790	(23,262)	93,782
Snowmobile club	32,494	32,494	6,458	26,036	3,634
Parks and recreation	22,400	22,400	28,363	(5,963)	62,821
Community center	25,000	25,000	23,698	1,302	23,406
Celebrations	850	850	1,397	(547)	2,024
Fireworks	9,000	9,000	8,006	994	10,900
Christmas decorations	9,000	9,000	4,939	4,061	6,468
Total culture and recreation	167,272	167,272	164,651	2,621	203,035
Conservation and Development					
Chamber of Commerce	101,250	101,250	105,590	(4,340)	87,025
Economic development	38,750	38,750	6,096	32,654	727
Bike trail	8,856	8,856	6,689	2,167	64,099
AIS Lake fund	9,000	9,000	9,000	-	7,000
Advertising	15,100	15,100	18,875	(3,775)	15,120
Total conservation and development	172,956	172,956	146,250	26,706	173,971
Debt Service					
Principal	186,819	186,819	256,100	(69,281)	372,509
Interest	54,409	54,409	56,037	(1,628)	64,963
Total Debt Service	241,228	241,228	312,137	(70,909)	437,472
Capital Outlay					
General building	-	18,500	24,467	(5,967)	18,575
Ambulance	-	188,178	188,508	(330)	-
Land purchase	-	25,330	25,330	-	-
Highway	-	-	-	-	137,246
Total Capital Outlay	-	232,008	238,305	(6,297)	155,821
Total expenditures	\$ 1,549,143	\$ 1,789,312	\$ 1,762,062	\$ 27,250	\$ 1,712,550

ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS

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*

To the Town Board
Town of Boulder Junction
Vilas County, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Town of Boulder Junction, Vilas County, Wisconsin (the "Town"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated April 23, 2018.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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 Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2017-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2017-002 to be a significant deficiency.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Town'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 OF BOULDER JUNCTION, WISCONSIN'S RESPONSE TO FINDINGS

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. 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 result of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants

Wausau, Wisconsin

April 23, 2018

Town of Boulder Junction Vilas County, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION I. INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING NO.	CONTROL DEFICIENCIES
2017-001	Segregation of Duties - Clerk/Treasurer Repeat of Finding 2016-001
Condition:	The Town has a combined clerk/treasurer position to essentially complete all financial and recordkeeping duties of the general Town's operations. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.
Criteria:	Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.
Cause:	The lack of segregation of duties is due to the limited number of employees and the size of the Town's operations.
Effect:	Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.
Recommendation:	We recommend the Town perform a risk assessment of its operations and current procedures to identify and implement mitigating controls to reduce the risk of errors and intentional fraud. The Town should review its processes to ensure that there is adequate segregation of duties in regards to initiating, authorizing, and approving transactions. As part of this risk assessment, the Town should review its processes to identify tasks that could be reassigned to other Town personnel. We also recommend the Town Board continue to monitor the transactions and the financial records of the Town.
Management Response:	Management believes that the cost of segregating cash receipts and cash disbursement duties from the related recording functions outweigh the benefits to be received.

Town of Boulder Junction Vilas County, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2017

FINDING NO.	CONTROL DEFICIENCIES
2017-002	Preparation of Annual Financial Report Repeat of Finding 2016-002
Condition:	Current Town staff maintains accounting records which reflect the Town's financial transactions; however, preparing the Town's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The Town contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner.
Criteria:	The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required State Financial reports.
Cause:	Town management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect:	Without our involvement, the Town may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Recommendation:	We recommend the Town continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the Town is necessary to obtain a complete and adequate understanding of the Town's annual financial report.
Management Response:	We are aware of internal control issues due to our size. We will continue to review financial information monthly with our Town Board and as needed with our auditor to improve our understanding.

SECTION II. COMPLIANCE AND OTHER MATTERS

There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2017.