

Town of Boulder Junction
Vilas County, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2018

Town of Boulder Junction Vilas County, Wisconsin

DECEMBER 31, 2018

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CliftonLarsonAllen LLP
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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 modified 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, 2018, 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 modified cash basis of accounting described in Note 1; this includes determining that the modified 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 modified cash basis financial position of the governmental activities and the major fund of the Town as of December 31, 2018, and the respective changes in modified cash basis financial position and the budgetary comparison for the General Fund for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

BASIS OF ACCOUNTING

We draw attention to Note 1.C. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified 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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Town's basic financial statements. The pension information on page 22, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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.

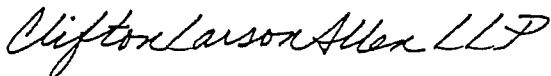
The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial 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.

Prior Year Summarized Financial Information

The 2017 financial statements were audited by Schenck SC, whose practice became part of CliftonLarsonAllen LLP as of January 1, 2019, and whose report dated April 10, 2019, expressed unmodified opinions on those respective financial statements of the governmental activities and the major fund from which the prior year summarized financial information was derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Wausau, Wisconsin
April 10, 2019

BASIC FINANCIAL STATEMENTS

Town of Boulder Junction Vilas County, Wisconsin

STATEMENT OF NET POSITION - MODIFIED CASH BASIS DECEMBER 31, 2018 WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2017

	Governmental Activities	
	2018	2017
ASSETS		
Cash and investments	\$ 5,084,304	\$ 2,984,971
LIABILITIES		
Accrued and other current liabilities	6,417	8,381
Due to other governments	1,118,982	1,218,434
Property taxes collected for subsequent year	422,748	377,962
Total liabilities	1,548,147	1,604,777
NET POSITION		
Restricted	2,155,949	-
Unrestricted	1,380,208	1,380,194
Total net position	\$ 3,536,157	\$ 1,380,194

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

Town of Boulder Junction

Vilas County, Wisconsin

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Expenditures	Program Revenues		Net (Expenditures) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Totals	
				2018	2017
GOVERNMENTAL ACTIVITIES					
General government	\$ 215,456	\$ 6,252	\$ -	\$ (209,204)	\$ (231,328)
Public safety	195,561	30,437	11,419	(153,705)	(262,358)
Public works	3,471,049	37,773	223,496	(3,209,780)	(351,385)
Health and human services	4,496	1,750	-	(2,746)	(6,079)
Culture and recreation	195,620	10,322	4,367	(180,931)	(151,165)
Conservation and development	160,996	-	-	(160,996)	(146,250)
Principal and interest on long-term debt	5,396,091	-	-	(5,396,091)	(241,228)
Total	\$ 9,639,269	\$ 86,534	\$ 239,282	(9,313,453)	(1,389,793)
General revenues					
Taxes					
Property taxes				870,938	924,796
Other taxes				163,888	141,623
Federal and state grants and other contributions					
not restricted to specific functions				85,329	76,594
Interest and investment earnings				63,879	2,710
Miscellaneous				132,998	123,192
Proceeds from long-term debt				9,975,000	-
Premium on debt issued				177,384	-
Total general revenues				11,469,416	1,268,915
Change in net position				2,155,963	(120,878)
Net position - January 1				1,380,194	1,501,072
Net position - December 31				\$ 3,536,157	\$ 1,380,194

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 AND FUND BALANCE - MODIFIED CASH BASIS GOVERNMENTAL FUND DECEMBER 31, 2018 WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2017

	General	
	2018	2017
ASSETS		
Cash and investments	<u>\$ 5,084,304</u>	<u>\$ 2,984,971</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accrued and other current liabilities	\$ 6,417	\$ 8,381
Due to other governments	1,118,982	1,218,434
Property taxes collected for subsequent year	<u>422,748</u>	<u>377,962</u>
Total liabilities	<u>1,548,147</u>	<u>1,604,777</u>
Fund balance		
Restricted	2,155,949	-
Assigned	1,147,374	1,102,124
Unassigned	<u>232,834</u>	<u>278,070</u>
Total fund balance	<u>3,536,157</u>	<u>1,380,194</u>
Total liabilities and fund balance	<u>\$ 5,084,304</u>	<u>\$ 2,984,971</u>

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 - MODIFIED CASH BASIS
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017

	General	
	2018	2017
REVENUES		
Taxes	\$ 1,034,826	\$ 1,066,419
Intergovernmental	324,611	299,422
Licenses and permits	7,844	6,117
Fines and forfeits	45	-
Public charges for services	78,645	72,415
Miscellaneous	196,877	196,811
Total revenues	1,642,848	1,641,184
EXPENDITURES		
Current		
General government	215,456	210,382
Public safety	195,561	109,742
Public works	372,120	572,516
Health and human services	4,496	8,079
Culture and recreation	195,620	164,651
Conservation and development	160,996	146,250
Debt service		
Principal	5,195,323	256,081
Interest and fiscal charges	200,768	56,056
Capital outlay	3,098,929	238,305
Total expenditures	9,639,269	1,762,062
Excess of revenues under expenditures	(7,996,421)	(120,878)
OTHER FINANCING SOURCES		
Long-term debt issued	9,975,000	-
Premium on debt issued	177,384	-
Total other financing sources	10,152,384	-
Net change in fund balance	2,155,963	(120,878)
Fund balance - January 1	1,380,194	1,501,072
Fund balance - December 31	\$ 3,536,157	\$ 1,380,194

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 - MODIFIED CASH BASIS
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget			Variance Final Budget - Positive (Negative)	2017 Actual
	Original	Final	Actual		
REVENUES					
Taxes	\$ 1,005,977	\$ 1,005,977	\$ 1,034,826	\$ 28,849	\$ 1,066,419
Intergovernmental	318,966	318,966	324,611	5,645	299,422
Licenses and permits	5,996	5,996	7,844	1,848	6,117
Fines and forfeits	40	40	45	5	-
Public charges for services	80,525	80,525	78,645	(1,880)	72,415
Miscellaneous	47,520	47,520	196,877	149,357	196,811
Total revenues	1,459,024	1,459,024	1,642,848	183,824	1,641,184
EXPENDITURES					
Current					
General government	210,518	210,518	215,456	(4,938)	210,382
Public safety	85,182	85,182	195,561	(110,379)	109,742
Public works	639,765	639,765	372,120	267,645	572,516
Health and human services	4,650	4,650	4,496	154	8,079
Culture and recreation	136,300	136,300	195,620	(59,320)	164,651
Conservation and development	137,355	137,355	160,996	(23,641)	146,250
Debt service					
Principal	195,327	195,327	5,195,323	(4,999,996)	256,081
Interest and fiscal charges	49,927	202,311	200,768	1,543	56,056
Capital outlay	-	5,000,000	3,098,929	1,901,071	238,305
Total expenditures	1,459,024	6,611,408	9,639,269	(3,027,861)	1,762,062
Excess of revenues under expenditures	-	(5,152,384)	(7,996,421)	(2,844,037)	(120,878)
OTHER FINANCING SOURCES					
Long-term debt issued	-	4,975,000	9,975,000	5,000,000	-
Premium on debt issued	-	177,384	177,384	-	-
Total other financing sources	-	5,152,384	10,152,384	5,000,000	-
Net change in fund balance	-	-	2,155,963	2,155,963	(120,878)
Fund balance - January 1	1,380,194	1,380,194	1,380,194	-	1,501,072
Fund balance - December 31	\$ 1,380,194	\$ 1,380,194	\$ 3,536,157	\$ 2,155,963	\$ 1,380,194

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, 2018

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 the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).

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 government-wide and governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified cash basis of accounting*. The modified cash basis recognizes assets, liabilities, net position/fund balance, revenues, and expenditures when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Under the modified cash basis of accounting, the Town recognizes revenues when received. As a result, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) *are not recorded* in the Town's basic financial statements. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues when received if all eligibility requirements imposed by the provider have been met. Property taxes and grants received in advance of being earned or meeting eligibility requirements are reported as liabilities. Debt proceeds are recognized as other financing sources and general revenue when received. Additionally, capital assets such as property, equipment, and infrastructure are not capitalized or reported in the government-wide financial statements.

Under the modified cash basis of accounting, the Town generally records expenditures when paid, except for certain payroll withholdings. As a result, 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 the Town's basic financial statements. Additionally, long-term liabilities such as debt payable and compensated absences are not reported. Additional information on outstanding long-term debt is shown in Note 3.C.

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.

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, 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 and Nicolet Technical College. Property taxes and special charges collected on behalf of other taxing entities of December 31, 2018 are reported as liabilities and paid in the subsequent year as part of the January tax settlement.

Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

3. 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 modified 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.

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

5. 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, 2018

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, 2017, 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, 2018.

Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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, 2018 as follows:

Fund	Excess Expenditures
General Fund	
General Government	
Insurance	\$ 6,863
Dues and fees	1,635
Public Safety	
Fire department	107,921
Ambulance	1,715
Inspection	743
Public Works	
Fire numbers	396
Landfill	7,524
Health and Human Services	
Animal and insect control	76
Culture and Recreation	
Library	34,986
Snowmobile club	1,527
Parks and recreation	18,940
Community Center	1,210
Celebrations	247
Christmas decorations	2,410
Conservation and Development	
Chamber of commerce	18,915
Bike trail	1,100
AIS lake fund	9,103
Debt Service	
Principal	4,999,996

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 2018 and 2019 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 2018 budget was 0.92%. The actual limit for the Town for the 2019 budget was 0.76%. 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.

Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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".

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 \$5,084,304 on December 31, 2018 as summarized below:

Petty cash and cash on hand	\$ 250
Deposits with financial institutions	5,084,054
	<u>\$ 5,084,304</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, 2018, \$2,852,099 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits. \$2,852,098 was collateralized with securities held by the pledging financial institution.

Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

B. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2018:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$1,510,000	\$4,975,000	\$ 80,000	\$ 6,405,000	\$ 117,905
Notes	284,636	-	115,323	169,313	130,000
Total General Obligation Debt	<u>1,794,636</u>	<u>4,975,000</u>	<u>195,323</u>	<u>6,574,313</u>	<u>247,905</u>
Note anticipation notes	-	5,000,000	5,000,000	-	-
Governmental activities Long-term obligations	<u>\$1,794,636</u>	<u>\$9,975,000</u>	<u>\$ 5,195,323</u>	<u>\$ 6,574,313</u>	<u>\$ 247,905</u>

Total interest paid during the year on long-term debt totaled \$82,180.

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 bond	12/3/14	3/1/33	1.00 - 3.90%	\$ 1,745,000	\$ 1,430,000
General obligation note	5/15/14	5/1/19	2.25	83,994	17,455
General obligation note	10/1/15	4/1/20	2.45%	96,000	33,257
General obligation note	5/12/18	5/1/20	2.25%	307,385	118,601
General obligation bond	5/1/18	9/1/35	3.25 - 4.00%	4,975,000	4,975,000

Total Outstanding General Obligation Debt \$ 6,574,313

Annual principal and interest maturities of the outstanding general obligation debt of \$6,574,313 on December 31, 2018 are detailed below:

Year Ended December 31,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 247,905	\$ 285,395	\$ 533,300
2020	316,408	216,465	532,873
2021	325,000	205,668	530,668
2022	340,000	193,848	533,848
2023	350,000	181,408	531,408
2024 - 2028	1,975,000	696,300	2,671,300
2029 - 2033	2,355,000	306,494	2,661,494
2034 - 2035	665,000	24,099	689,099
	<u>\$ 6,574,313</u>	<u>\$ 2,109,677</u>	<u>\$ 8,683,990</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, 2018

Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2018 was \$18,388,891 as follows:

Equalized valuation of the Town		\$ 456,145,100
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		22,807,255
Total outstanding general obligation debt	\$ 6,574,313	
Less: Amounts available for financing general obligation debt		
Unspent proceeds	2,155,949	
Net outstanding general obligation applicable to debt limitation		4,418,364
Legal margin for new debt		<u>\$ 18,388,891</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 executive service retirement plan participants, if hired on or before December 31, 2016 are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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)
2017	2	4

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, 2018, the WRS recognized \$14,632 in contributions from the Town.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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

At December 31, 2018, the Town reported an asset of \$42,104 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 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, 2017, the Town's proportion was 0.00141807%, which was a decrease of 0.00009739% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Town recognized pension expense of \$19,781.

At December 31, 2018, 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	\$ 53,494	\$ 25,022
Net differences between projected and actual earnings on pension plan investments	-	57,869
Changes in assumptions	8,318	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,003	-
Total	<u>\$ 65,815</u>	<u>\$ 82,891</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
2019	\$ 6,074
2020	817
2021	(13,575)
2022	(10,493)
2023	101
Total	<u>\$ (17,076)</u>

Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

5. Actuarial Assumptions

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset):	December 31, 2017
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market 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, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 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 %	Long-term Expected Nominal Rate of Return %	Long-term Expected Real Rate of Return %
Core Fund Asset Class			
Global equities	50%	8.2%	5.3%
Fixed income	24.5%	4.2%	1.4%
Inflation sensitive assets	15.5%	3.8%	1.0%
Real estate	8%	6.5%	3.6%
Private equity/debt	8%	9.4%	6.5%
Multi-asset	4%	6.5%	3.6%
Total Core Fund	110%	7.3%	4.4%
Variable Fund Asset Class			
U.S. equities	70%	7.5%	4.6%
International equities	30%	7.8%	4.9%
Total Variable Fund	100%	7.9%	5.0%

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, 2018

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 3.31%. 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)	\$ 108,937	\$ (42,104)	\$ (156,900)

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, 2018, the Town reported a payable of \$0 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2018.

Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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, 2018, fund balance was assigned as follows:

General Fund	
Long-term Bike Trail Maintenance	\$ 76,471
Police	31,712
Fireworks	21,743
Airport	205
Holiday Decorations	20,820
Animal Control	1,253
Legal	5,000
Human Resources	5,250
Landfill	2,276
Fire Department	75,966
Cemetery Perpetual Fund	14,062
Parks	29,884
Roads	241,447
Room Tax	307,301
Ambulance	16,456
Fire Department volunteer fund	166,068
Library	36,508
Community Building	91,318
North Creek Loop	3,634
	<u>\$ 1,147,374</u>

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for a specific purpose. At December 31, 2018, restricted fund balance was as follows:

General Fund	
Restricted for	
Road Improvement Project	<u>\$ 2,155,949</u>

Net Position

The Town reports restricted net position at December 31, 2018 as follows:

Governmental Activities	
Restricted for	
Road Improvement Project	<u>\$ 2,155,949</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 2019 General Fund Expenditures	\$ 1,939,108
Minimum Fund Balance %	(x) 20 - 25%
Minimum Fund Balance Amount	<u>\$ 387,822 - \$ 484,777</u>

The Town's unassigned general fund balance of \$232,834 is below the minimum fund balance amount.

Town of Boulder Junction Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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.

C. LANDFILL VENTURE GROUP

Effective May 1, 1988, the Town of Boulder Junction and thirteen other municipalities entered into an agreement to form the Landfill Venture Group ("the Landfill") for purposes of operating a landfill. The Landfill is a separate commission with distinct corporate powers from the member municipalities, none of which are required to make any payments outside of fees for service to the Landfill. If revenues from user charges are insufficient to meet the annual costs, including debt service, of the Landfill, each member municipality shall pay a proportionate share of the deficiency. As of December 31, 2018, the Town's share of any deficiency is 6.97%. The Landfill has not required any payments related to deficiencies in the year ended December 31, 2018.

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.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after June 15, 2018. The Town is currently evaluating the impact this standard will have on the financial statements when adopted.

OTHER 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 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)
12/31/14	0.00172344%	\$ (42,332)	\$ 219,671	19.27%	102.74%
12/31/15	0.00168153%	27,325	213,206	12.82%	98.20%
12/31/16	0.00151546%	12,491	176,410	7.08%	99.12%
12/31/17	0.00141807%	(42,104)	215,185	19.57%	102.93%

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 Payroll (fiscal year)	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 17,030	\$ 17,030	\$ -	\$ 213,206	7.99%
12/31/16	15,274	15,274	-	176,410	8.66%
12/31/17	11,643	11,643	-	215,185	5.41%
12/31/18	14,632	14,632	-	209,118	7.00%

NOTES TO OTHER 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 - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2018

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget			Variance Final Budget - Positive (Negative)	2017 Actual
	Original	Final	Actual		
Taxes					
General property	\$ 870,977	\$ 870,977	\$ 874,306	\$ 3,329	\$ 925,567
Room tax	135,000	135,000	160,520	25,520	140,852
Total taxes	<u>1,005,977</u>	<u>1,005,977</u>	<u>1,034,826</u>	<u>28,849</u>	<u>1,066,419</u>
Intergovernmental					
State					
State shared taxes	22,315	22,315	22,316	1	20,316
Fire insurance dues	12,000	12,000	11,419	(581)	12,088
Tax exempt computer aid	71	71	71	-	70
Transportation	216,180	216,180	216,181	1	199,259
Municipal services	8,700	8,700	5,216	(3,484)	8,006
DNR - in lieu of taxes	45,000	45,000	40,536	(4,464)	41,057
MFL	-	-	105	105	1,175
Recycling	7,200	7,200	7,315	115	7,231
Library	1,300	1,300	1,367	67	1,450
Other State aids	3,400	3,400	17,085	13,685	5,970
County					
Library	2,800	2,800	3,000	200	2,800
Total intergovernmental	<u>318,966</u>	<u>318,966</u>	<u>324,611</u>	<u>5,645</u>	<u>299,422</u>
Licenses and permits					
Licenses					
Liquor and malt beverage	2,800	2,800	2,810	10	2,815
Operators, cigarette and other licenses	2,000	2,000	2,222	222	463
Dog	600	600	998	398	775
Cemetery	500	500	1,750	1,250	2,000
Permits					
Other permits	96	96	64	(32)	64
Total licenses and permits	<u>5,996</u>	<u>5,996</u>	<u>7,844</u>	<u>1,848</u>	<u>6,117</u>
Fines and forfeits					
Court fines and penalties	<u>40</u>	<u>40</u>	<u>45</u>	<u>5</u>	<u>-</u>

Town of Boulder Junction

Vilas County, Wisconsin

GENERAL FUND

DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2018

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget			Variance Final Budget - Positive (Negative)	2017 Actual
	Original	Final	Actual		
Public charges for services					
Clerk's fees	200	200	113	(87)	117
Ambulance fees	30,000	30,000	30,407	407	23,804
Snow plowing	19,000	19,000	17,763	(1,237)	17,803
Garbage bags	21,000	21,000	19,592	(1,408)	20,971
Fire protection	-	-	30	30	-
Recycling gees	350	350	418	68	484
Community center	2,500	2,500	2,090	(410)	1,805
Library fees	1,800	1,800	2,394	594	2,096
Park and recreation fees	5,675	5,675	5,838	163	5,335
Total public charges for services	80,525	80,525	78,645	(1,880)	72,415
Miscellaneous					
Interest income	2,520	2,520	63,879	61,359	2,710
Reimbursement	10,657	10,657	35,056	24,399	6,320
Snowmobile Club reimbursement	5,600	5,600	10,324	4,724	76,242
Fireworks fund	4,000	4,000	2,856	(1,144)	4,178
Benefit repayment	-	-	8,037	8,037	-
Donations - bike trail	3,000	3,000	6,005	3,005	2,407
Donations - fire	-	-	45,057	45,057	74,565
Donations - other	600	600	131	(469)	245
Miscellaneous library	21,143	21,143	25,532	4,389	30,144
Total miscellaneous	47,520	47,520	196,877	149,357	196,811
Total revenues	\$ 1,459,024	\$ 1,459,024	\$ 1,642,848	\$ 183,824	\$ 1,641,184

Town of Boulder Junction

Vilas County, Wisconsin

GENERAL FUND

DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2018

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget		Actual	Variance Final Budget - Positive (Negative)	2017 Actual
	Original	Final			
General Government					
Town Board	\$ 32,600	\$ 32,600	\$ 31,990	\$ 610	\$ 32,399
Clerk/Treasurer	90,113	90,113	89,148	965	90,048
Mileage	1,500	1,500	1,446	54	1,172
Elections	24,500	24,500	23,920	580	19,810
Assessor	18,000	18,000	17,550	450	17,549
Legal fees	5,000	5,000	4,099	901	5,589
Insurance	35,805	35,805	42,668	(6,863)	40,296
Dues and fees	3,000	3,000	4,635	(1,635)	3,519
Total general government	210,518	210,518	215,456	(4,938)	210,382
Public Safety					
Police department	-	-	-	-	439
Fire department	75,482	75,482	183,403	(107,921)	92,169
Ambulance	7,200	7,200	8,915	(1,715)	13,249
Inspection	2,500	2,500	3,243	(743)	3,885
Total public safety	85,182	85,182	195,561	(110,379)	109,742
Public Works					
Highway and street maintenance	419,000	419,000	168,873	250,127	370,893
Shop	45,000	45,000	42,300	2,700	33,902
Machinery	50,500	50,500	42,926	7,574	30,273
Street lighting	14,000	14,000	7,397	6,603	16,265
Fire numbers	400	400	796	(396)	702
Landfill	62,895	62,895	70,419	(7,524)	67,815
Recycling	47,970	47,970	39,409	8,561	52,666
Total public works	639,765	639,765	372,120	267,645	572,516
Health and Human Services					
Animal and insect control	50	50	126	(76)	-
Cemetery	4,600	4,600	4,370	230	8,079
Total health and human services	4,650	4,650	4,496	154	8,079

Town of Boulder Junction Vilas County, Wisconsin

GENERAL FUND

DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2018

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget			Variance Final Budget - Positive (Negative)	2017 Actual
	Original	Final	Actual		
Culture and Recreation					
Library	70,900	70,900	105,886	(34,986)	91,790
Snowmobile club	10,000	10,000	11,527	(1,527)	6,458
Parks and recreation	21,650	21,650	40,590	(18,940)	28,363
Community center	25,000	25,000	26,210	(1,210)	23,698
Celebrations	750	750	997	(247)	1,397
Fireworks	8,000	8,000	8,000	-	8,006
Christmas decorations	-	-	2,410	(2,410)	4,939
Total culture and recreation	136,300	136,300	195,620	(59,320)	164,651
Conservation and Development					
Chamber of Commerce	101,250	101,250	120,165	(18,915)	105,590
Economic development	2,500	2,500	798	1,702	6,096
Bike trail	5,005	5,005	6,105	(1,100)	6,689
AIS Lake Fund	13,500	13,500	22,603	(9,103)	9,000
Advertising	15,100	15,100	11,325	3,775	18,875
Total conservation and development	137,355	137,355	160,996	(23,641)	146,250
Debt Service					
Principal	195,327	195,327	5,195,323	(4,999,996)	256,081
Interest	49,927	202,311	200,768	1,543	56,056
Total Debt Service	245,254	397,638	5,396,091	(4,998,453)	312,137
Capital Outlay					
General building	-	-	-	-	24,467
Ambulance	-	-	-	-	188,508
Land purchase	-	-	-	-	25,330
Highway	-	5,000,000	3,098,929	1,901,071	-
Total Capital Outlay	-	5,000,000	3,098,929	1,901,071	238,305
Total expenditures	\$ 1,459,024	\$ 6,611,408	\$ 9,639,269	\$ (3,027,861)	\$ 1,762,062

ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS



CliftonLarsonAllen LLP
CLAconnect.com

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, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 2 dated April 10, 2019.

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 have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify 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 2018-001 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 2018-002 to be a significant deficiency.

COMPLIANCE AND OTHER MATTERS

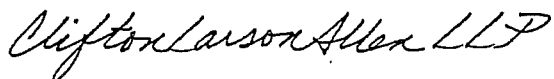
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 results 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Wausau, Wisconsin

April 10, 2019

Town of Boulder Junction Vilas County, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION I. INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING NO.	CONTROL DEFICIENCIES
2018-001	Segregation of Duties - Clerk/Treasurer Repeat of Finding 2017-001
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 continue to identify and implement mitigating controls to reduce the risk of errors and intentional fraud. The Town should review its processes to identify tasks that could be reassigned to other Town personnel and include other mitigating controls that would help improve internal controls. 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 receipts and cash disbursement duties from the related recording functions outweigh the benefits to be received. The Town has implemented the following procedures regarding ACH Automatic Transfers Procedure and for Road Improvement Payment Requests. <u>ACH Automatic Transfers Procedures</u> Step No. 1: Accounting authorization request for ACH transfer form relating to Bank transfer(s) is prepared by the Clerk/Treasurer and presented to the Town Chairman for review and approval which is documented by the Town Chairman's signature. Step No. 2: All related subject matter is electronically filed with the Town's bank (Huntington Bank) by the Clerk/Treasurer. Step No. 3: The Town Chairman goes online separately to confirm total transaction(s). Step No. 4: After confirmation of payments and transfers have been checked and confirmed, the chairman must separately approve before any transfer is completed. Step No 5: Transaction(s) are not completed until Town Chairman and Clerk/Treasurer have both signed off.

Town of Boulder Junction Vilas County, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2018

Procedure for Road Improvement Payment Request

Step No.1:

Invoice(s) for road reconstruction and road improvements submitted by general contractors are sent to Town & Country Engineering for review.

Step No.2:

After the review by Town & Country Engineering, at a scheduled road improvement meeting on an agenda item, payment requests are presented in detail to the road committee, including actual request and extra's (if any), balance of retainage.

The committee by majority vote, recommends to the Town Board that payment be approved. This Road Improvement Committee meeting is set for the Monday before the regularly scheduled Town Board meeting.

Step No. 3:

At the regular Town Board meeting, the monthly expenditures, by majority vote, are voted on including the road payment request.

Each Town Board Member reviews all invoices for disbursement for that month prior to the Regular Town Board meeting agenda item for approval.

Step No. 4:

The following day the payment request is logged in by the Clerk/Treasurer and are signed off by the Town Chairman and sent to American Deposit Management (A.D.M.) for payment.

Step No. 5:

Payments are made by A.D.M.

Reports showing totals are then sent by A.D.M. in a monthly statement to the Town of Boulder Junction Clerk/Treasurer for confirmation.

Town of Boulder Junction Vilas County, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2018

FINDING NO.	CONTROL DEFICIENCIES
2018-002	Preparation of Annual Financial Report Repeat of Finding 2017-002
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 the Town Board and as needed with our auditor to improve our understanding The Town of Boulder Junction also contracts with Peterson Metz on a monthly basis regarding financial statements and quarterly reports filed with the Department of Revenue.

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, 2018.

Town of Boulder Junction
Vilas County, Wisconsin
MANAGEMENT COMMUNICATIONS

December 31, 2018

Town of Boulder Junction Vilas County, Wisconsin

DECEMBER 31, 2018

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To the Town Board
Boulder Junction, Wisconsin

We have audited the financial statements of the governmental activities and the major fund information of the Town of Boulder Junction, Vilas County, Wisconsin (the "Town") as of and for the year ended December 31, 2018. The Town's financial statements, including our report thereon dated April 10, 2019, are presented in a separate audit report document. Professional standards require that we provide you with the following information related to our audit.

OUR RESPONSIBILITIES UNDER U.S. GENERALLY ACCEPTED AUDITING STANDARDS AND GOVERNMENT AUDITING STANDARDS

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters.

SIGNIFICANT AUDIT FINDINGS

Consideration of Internal Control

FINANCIAL STATEMENTS

In planning and performing our audit of the financial statements of the governmental activities and the major fund information of the Town as of and for the year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Town'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control. Our report on internal control over financial reporting and on compliance and other matters is presented on pages 27 - 28 of the annual report.

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 discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be 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 following deficiency in internal control to be a material weakness:

Finding 2018-001 Segregation of Duties - Clerk/Treasurer

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 following deficiency in the Town's internal control to be a significant deficiency:

Finding 2018-002 Preparation of Annual Financial Report

These findings are described in detail in the schedule of findings and responses on pages 29 - 31 of the annual report.

The Town's written response to the significant deficiency and material weakness identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. To the best of our knowledge, all significant transactions have been recognized in the financial statements in the proper period.

As described in 1.C, the Town prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. As a result, 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.

We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. To the best of our knowledge, all significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. The following estimate was considered the only particularly sensitive accounting estimate used by management in the preparation of the financial statements and related disclosures:

- Management's estimate of the net pension liability (asset) and related deferred outflows/inflows of resources is based on information received from the Wisconsin Retirement System. We evaluated the key factors and assumptions used to develop the net pension liability (asset) and related deferred outflows/inflows of resources in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 10, 2019. The management representation letter follows this communication.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants. We were informed by management that there were no consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town's auditors. However, these discussions occurred in the normal course of our professional relationship and, to the best of our knowledge, our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the schedules relating to pensions which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated April 10, 2019.

Restriction on Use

This information is intended solely for the information and use of the Town Board, and management of Town of Boulder Junction and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Wausau, Wisconsin
April 10, 2019

Summary of Financial Information

TOWN GENERAL FUND

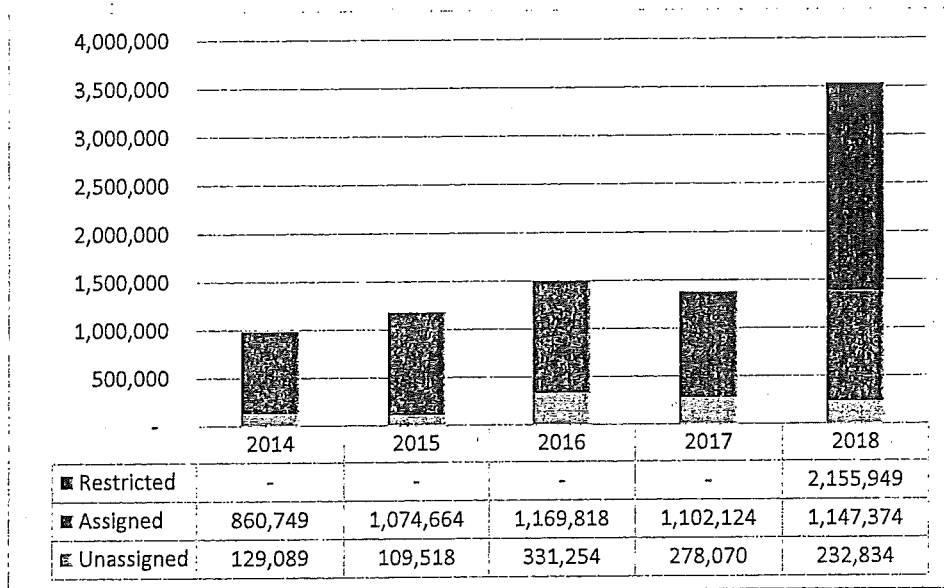
Presented below is a summary of the Town's general fund balances on December 31, 2018, including a comparison to December 31, 2017. This information is provided for assisting management in assessing financial results for 2018 and for indicating financial resources available at the start of the 2019 budget year.

	<u>12/31/18</u>	<u>12/31/17</u>
General Fund		
Restricted for		
Road improvement project	\$ 2,155,949	\$ -
Assigned		
Community building	91,318	91,318
Fire department	75,966	101,085
Fire department volunteer fund	166,068	145,779
Cemetery perpetual fund	14,062	14,062
Parks	29,884	37,421
Fireworks	21,743	21,718
Library	36,508	34,114
Roads	241,447	246,290
Room tax	307,301	267,170
Ambulance	16,456	412
Long-term bike trail maintenance	76,471	76,239
Holiday decorations	20,820	20,820
Police	31,712	31,712
Animal control	1,253	1,253
Legal	5,000	5,000
Human resources	5,250	5,250
Airport	205	205
Landfill	2,276	2,276
North Creek Loop	3,634	-
Unassigned		
General Fund	232,834	278,070
Total General Fund Balance	<u>\$ 3,536,157</u>	<u>\$ 1,380,194</u>

GENERAL FUND ANALYSIS

Presented below is a fund balance analysis of the General Fund for fiscal years 2014 - 2018. This information is presented to assist Town management in assessing fund balance levels at the end of fiscal year 2018 and the trend over the past four years.

General Fund Balance

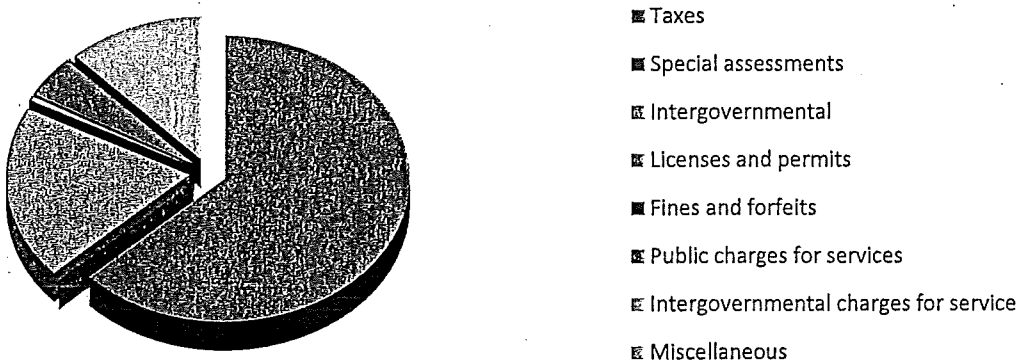


GENERAL FUND REVENUE AND EXPENDITURE ANALYSIS

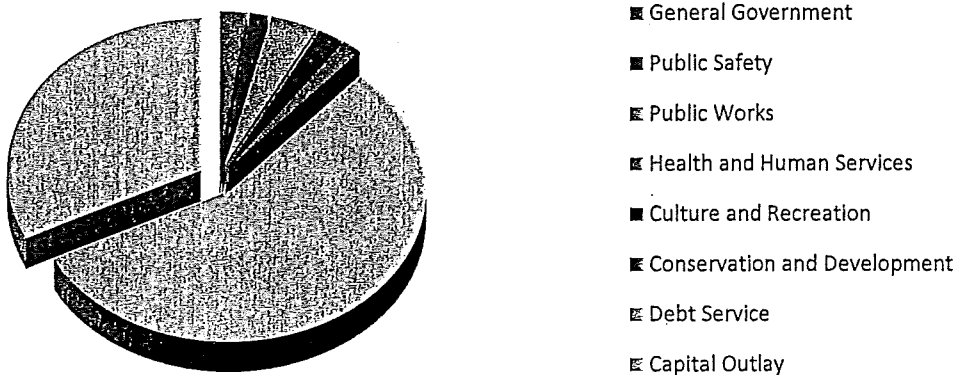
Presented below is a revenue and expenditure analysis of the General Fund for fiscal year 2018, including a comparison to 2017. This information is presented to assist Town management in assessing the financial position of the Town.

	12/31/18	12/31/17
General Fund Revenues		
Taxes	\$ 1,034,826	\$ 1,066,419
Intergovernmental	324,611	299,422
Licenses and permits	7,844	6,117
Fines and forfeits	45	-
Public charges for services	78,645	72,415
Miscellaneous	196,877	196,811
Total General Fund Revenues	\$ 1,642,848	\$ 1,641,184
General Fund Expenditures		
Current		
General government	\$ 215,456	\$ 210,382
Public safety	195,561	109,742
Public works	372,120	572,516
Health and human services	4,496	8,079
Culture and recreation	195,620	164,651
Conservation and development	160,996	146,250
Debt service		
Principal	5,195,323	256,100
Interest and fiscal charges	200,768	56,037
Capital outlay	3,098,929	238,305
Total General Fund Expenditures	\$ 9,639,269	\$ 1,762,062

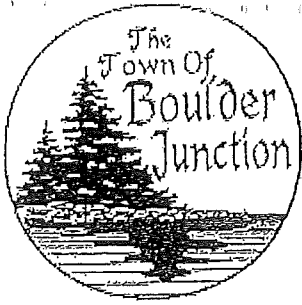
General Fund Revenue



General Fund Expenditures



APPENDIX



Post Office Box 616
Boulder Junction, WI 54512-0616
Phone (715) 385-2220
Fax (715) 385-9128

April 10, 2019

CliftonLarsonAllen LLP
311 Financial Way, Suite 100
Wausau, WI 54401

This representation letter is provided in connection with your audit of the financial statements of the Town of Boulder Junction, Vilas County, Wisconsin, which comprise the respective financial position of the governmental activities and the major fund as of December 31, 2018, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, on the modified cash basis of accounting which differs from accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of April 10, 2019, the following representations made to you during your audit of the financial statements as of and for the year ended December 31, 2018.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 14, 2018, for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
2. We acknowledge and have fulfilled our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates are reasonable.
5. Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.

6. Related party relationships and transactions, including, but not limited to, revenues, expenditures, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of the modified cash basis of accounting.
7. No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
8. We have not identified or been notified of any uncorrected financial statement misstatements.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed in accordance with U.S. GAAP.
11. The fact that the amount of "uncollateralized" deposits or "uninsured, unregistered securities held by the counterparty, or by its trust department or agent but not in the entity's name" during the period significantly exceeded the amounts in those categories as of the financial statement date was properly disclosed in the financial statements.
12. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.
13. We do not intend to compensate for the elimination of postretirement benefits by granting an increase in pension benefits.
14. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.

Information Provided

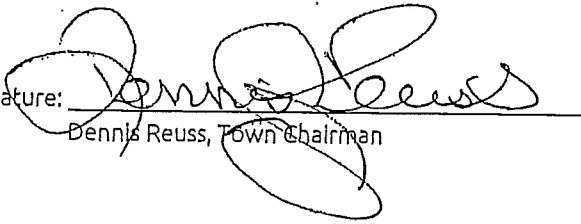
1. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
2. All transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

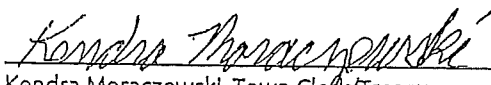
4. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others when the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others.
6. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or abuse whose effects should be considered when preparing financial statements.
7. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or abuse whose effects should be considered when preparing financial statements.
8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with the modified cash basis of accounting.
9. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
10. The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.
11. We have a process to track the status of audit findings and recommendations.
12. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
13. We have provided our views on reported findings, conclusions, and recommendations, for the report.
14. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Town of Boulder Junction, Vilas County, Wisconsin, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
15. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

16. The entity has complied with all aspects of contractual or grant agreements that would have a material effect on the financial statements in the event of noncompliance.
17. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
18. We are responsible for determining whether we have received, expended, or otherwise been the beneficiary of any federal awards during the period of this audit. No federal award, received directly from federal agencies or indirectly as a subrecipient, was expended in an amount that cumulatively totals from all sources \$750,000 or more. For this representation, "award" means financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, user grants, or contracts used to buy goods or services from vendors.
19. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
20. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations, and other related organizations.
21. The financial statements properly classify all funds and activities.
22. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
23. Components of net position (restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
24. Expenditures have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
25. Revenues are appropriately classified in the statement of activities within program revenues or general revenues.
26. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.
27. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
28. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

29. We acknowledge our responsibility for presenting the detailed comparison of budget and actual activity (the supplementary information) in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.
30. As part of your audit, you prepared the draft financial statements and related notes. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements and related notes, state financial report, and Public Service Commission annual report.
31. We agree with the findings of specialists in evaluating the pension benefits and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialist.

Signature:


Dennis Reuss, Town Chairman


Kendra Moraczewski, Town Clerk/Treasurer