

Town of Boulder Junction  
Vilas County, Wisconsin  
ANNUAL FINANCIAL REPORT

December 31, 2019



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CONSULTING

# Town of Boulder Junction Vilas County, Wisconsin

DECEMBER 31, 2019

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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, the major fund, and the remaining fund information of the Town of Boulder Junction, Vilas County, Wisconsin (the "Town") as of and for the year ended December 31, 2019, 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, the major fund, and the remaining fund information of the Town as of December 31, 2019, 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.

## **EMPHASIS OF MATTER**

As described in Note 1.B., during 2019, the Town adopted new accounting guidance, Statement No. 84, Fiduciary Activities. As a result, the Town established a custodial fund for taxes and specials collected for other governments. In prior years, these amounts were reported in the general fund. Our opinions are not modified with respect to this matter.

## **Prior Year Summarized Financial Information**

We have previously audited the Town's 2018 financial statements, and our report dated April 10, 2019, expressed unmodified opinions on those respective financial statements of the governmental activities and the major fund. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **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 25, 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.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the Town's financial statements for the year ended December 31, 2018, which are not presented with the accompanying financial statements and expressed an unmodified opinion on the financial statements of the governmental activities and the major fund. That audit was conducted for the purpose of forming an opinion on the financial statements. The 2018 actual amounts in the Detailed Comparison of Budgeted and Actual Revenues and Expenditures is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the 2018 actual amounts in the Detailed Comparison of Budgeted and Actual Revenues and Expenditures were fairly stated in all material respects in relation to the financial statements from which they have been derived.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2020, 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.

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

**CliftonLarsonAllen LLP**

Wausau, Wisconsin  
March 18, 2020

BASIC FINANCIAL STATEMENTS

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# Town of Boulder Junction

## Vilas County, Wisconsin

### STATEMENT OF NET POSITION - MODIFIED CASH BASIS DECEMBER 31, 2019 WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2018

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash and investments	\$ 1,778,444	\$ 5,084,304
<b>LIABILITIES</b>		
Accrued and other current liabilities	3,661	6,417
Due to other governments	-	1,118,982
Property taxes collected for subsequent year	548,381	422,748
Total liabilities	552,042	1,548,147
<b>NET POSITION</b>		
Restricted	-	2,155,949
Unrestricted	1,226,402	1,380,208
Total net position	<u>\$ 1,226,402</u>	<u>\$ 3,536,157</u>

*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, 2019

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenditures	Program Revenues		Net (Expenditures) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Totals	
				2019	2018
GOVERNMENTAL ACTIVITIES					
General government	\$ 211,005	\$ 4,411	\$ -	\$ (206,594)	\$ (209,204)
Public safety	158,996	36,506	12,262	(110,228)	(153,705)
Public works	3,325,682	38,952	535,031	(2,751,699)	(3,209,780)
Health and human services	7,119	1,100	-	(6,019)	(2,746)
Culture and recreation	196,518	9,530	4,147	(182,841)	(180,931)
Conservation and development	171,883	-	-	(171,883)	(160,996)
Principal and interest on long-term debt	532,725	-	-	(532,725)	(5,396,091)
Total	<u>\$ 4,603,928</u>	<u>\$ 90,499</u>	<u>\$ 551,440</u>	<u>(3,961,989)</u>	<u>(9,313,453)</u>
General revenues					
Taxes					
Property taxes				1,058,633	870,938
Other taxes				160,013	163,888
Federal and state grants and other contributions not restricted to specific functions				78,484	85,329
Interest and investment earnings				40,150	63,879
Miscellaneous				160,954	132,998
Proceeds from long-term debt				154,000	9,975,000
Premium on debt issued				-	177,384
Total general revenues				1,652,234	11,469,416
Change in net position				(2,309,755)	2,155,963
Net position - January 1				3,536,157	1,380,194
Net position - December 31				\$ 1,226,402	\$ 3,536,157

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, 2019**  
**WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2018**

	<b>General</b>	
	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash and investments	<u>\$ 1,778,444</u>	<u>\$ 5,084,304</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accrued and other current liabilities	\$ 3,661	\$ 6,417
Due to other governments	-	1,118,982
Property taxes collected for subsequent year	<u>548,381</u>	<u>422,748</u>
Total liabilities	<u>552,042</u>	<u>1,548,147</u>
Fund balance		
Restricted	-	2,155,949
Assigned	999,307	1,147,374
Unassigned	<u>227,095</u>	<u>232,834</u>
Total fund balance	<u>1,226,402</u>	<u>3,536,157</u>
Total liabilities and fund balance	<u>\$ 1,778,444</u>	<u>\$ 5,084,304</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, 2019**  
**WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>General</b>	
	<b>2019</b>	<b>2018</b>
<b>REVENUES</b>		
Taxes	\$ 1,218,646	\$ 1,034,826
Intergovernmental	629,924	324,611
Licenses and permits	5,392	7,844
Fines and forfeits	37	45
Public charges for services	85,070	78,645
Miscellaneous	201,104	196,877
Total revenues	<u>2,140,173</u>	<u>1,642,848</u>
<b>EXPENDITURES</b>		
Current		
General government	229,345	215,456
Public safety	158,996	195,561
Public works	418,994	368,725
Health and human services	7,119	4,496
Culture and recreation	178,178	195,620
Conservation and development	171,883	160,996
Debt service		
Principal	247,905	5,195,323
Interest and fiscal charges	284,820	200,768
Capital outlay	<u>2,906,688</u>	<u>3,102,324</u>
Total expenditures	<u>4,603,928</u>	<u>9,639,269</u>
Excess of revenues under expenditures	<u>(2,463,755)</u>	<u>(7,996,421)</u>
<b>OTHER FINANCING SOURCES</b>		
Long-term debt issued	154,000	9,975,000
Premium on debt issued	-	177,384
Total other financing sources	<u>154,000</u>	<u>10,152,384</u>
<b>Net change in fund balance</b>	<u>(2,309,755)</u>	<u>2,155,963</u>
<b>Fund balance - January 1</b>	<u>3,536,157</u>	<u>1,380,194</u>
<b>Fund balance - December 31</b>	<u><u>\$ 1,226,402</u></u>	<u><u>\$ 3,536,157</u></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  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019  
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Budget</b>			<b>Variance Final Budget - Positive (Negative)</b>	<b>2018 Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
<b>REVENUES</b>					
Taxes	\$ 1,208,794	\$ 1,208,794	\$ 1,218,646	\$ 9,852	\$ 1,034,826
Intergovernmental	650,318	650,318	629,924	(20,394)	324,611
Licenses and permits	5,496	5,496	5,392	(104)	7,844
Fines and forfeits	40	40	37	(3)	45
Public charges for services	80,525	80,525	85,070	4,545	78,645
Miscellaneous	26,613	26,613	201,104	174,491	196,877
Total revenues	<u>1,971,786</u>	<u>1,971,786</u>	<u>2,140,173</u>	<u>168,387</u>	<u>1,642,848</u>
<b>EXPENDITURES</b>					
Current					
General government	218,435	223,685	229,345	(5,660)	215,456
Public safety	88,000	88,000	158,996	(70,996)	195,561
Public works	594,550	594,550	418,994	175,556	368,725
Health and human services	4,650	4,650	7,119	(2,469)	4,496
Culture and recreation	140,130	140,130	178,178	(38,048)	195,620
Conservation and development	170,555	170,555	171,883	(1,328)	160,996
Debt service					
Principal	247,906	247,906	247,905	1	5,195,323
Interest and fiscal charges	285,395	285,395	284,820	575	200,768
Capital outlay	2,300,012	2,300,012	2,906,688	(606,676)	3,102,324
Total expenditures	<u>4,049,633</u>	<u>4,054,883</u>	<u>4,603,928</u>	<u>(549,045)</u>	<u>9,639,269</u>
Excess of revenues under expenditures	<u>(2,077,847)</u>	<u>(2,083,097)</u>	<u>(2,463,755)</u>	<u>(380,658)</u>	<u>(7,996,421)</u>
<b>OTHER FINANCING SOURCES</b>					
Long-term debt issued	157,000	157,000	154,000	(3,000)	9,975,000
Premium on debt issued	-	-	-	-	177,384
Total other financing sources	<u>157,000</u>	<u>157,000</u>	<u>154,000</u>	<u>(3,000)</u>	<u>10,152,384</u>
<b>Net change in fund balance</b>	<u>(1,920,847)</u>	<u>(1,926,097)</u>	<u>(2,309,755)</u>	<u>(383,658)</u>	<u>2,155,963</u>
<b>Fund balance - January 1</b>	<u>3,536,157</u>	<u>3,536,157</u>	<u>3,536,157</u>	<u>-</u>	<u>1,380,194</u>
<b>Fund balance - December 31</b>	<u>\$ 1,615,310</u>	<u>\$ 1,610,060</u>	<u>\$ 1,226,402</u>	<u>\$ (383,658)</u>	<u>\$ 3,536,157</u>

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

Town of Boulder Junction  
Vilas County, Wisconsin

STATEMENT OF NET POSITION  
FIDUCIARY FUND - MODIFIED CASH BASIS  
DECEMBER 31, 2019

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	<u>Custodial Fund</u>
<b>ASSETS</b>	
Cash and investments	<u>\$    1,214,069</u>
<b>LIABILITIES</b>	
Due to other governments	<u>\$    1,214,069</u>

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

# Town of Boulder Junction

## Vilas County, Wisconsin

### STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUND - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2019

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	<b>Custodial Fund</b>
<b>ADDITIONS</b>	
Property tax collections	<u>\$ 2,101,289</u>
<b>DEDUCTIONS</b>	
Payments to taxing jurisdictions	<u>2,101,289</u>
Change in net position	-
<b>Net position - January 1</b>	<u>-</u>
<b>Net position - December 31</b>	<u><u>\$ -</u></u>

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

# Town of Boulder Junction Vilas County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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### 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 Town.

Additionally, the Town reports the following fund type:

- The custodial fund accounts for property taxes and specials collected on behalf of other governments. These amounts were recorded in the general fund in prior years. Due to the implementation of GASB 84, Fiduciary Activities, they are now recorded in a custodial fund.

#### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide, governmental fund, and fiduciary 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.

# Town of Boulder Junction Vilas County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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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.B.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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, 2019 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, 2019

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### 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, 2019

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### *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, 2018, 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, 2019.

# Town of Boulder Junction

## Vilas County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS

#### DECEMBER 31, 2019

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#### **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, 2019 as follows:

Fund	Excess Expenditures
General Fund	
General Government	
Mileage	\$ 332
Elections	2,939
Assessor	340
Insurance	8,376
Dues and fees	2,306
Public Safety	
Police	86
Fire department	46,683
Ambulance	20,047
Inspection	4,180
Public Works	
Shop	6,279
Machinery	11,630
Street lighting	1,572
Fire numbers	159
Health and Human Services	
Cemetery	2,519
Culture and Recreation	
Library	35,473
Snowmobile club	1,055
Parks and recreation	63
Community Center	502
Celebrations	955
Conservation and Development	
Chamber of commerce	4,952
Advertising	3,775
Capital Outlay	
General building	1,350
Highway equipment	1,895
Highway	603,431

#### **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 2019 and 2020 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 2019 budget was 0.76%. The actual limit for the Town for the 2020 budget was 1.00%. 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, 2019

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### 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 \$2,992,513 on December 31, 2019 as summarized below:

Petty cash and cash on hand	\$ 250
Deposits with financial institutions	2,992,263
	<u>\$ 2,992,513</u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 1,778,444
Fiduciary Fund Statement of Net Position	
Custodial fund	1,214,069
	<u>\$ 2,992,513</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.

# Town of Boulder Junction

## Vilas County, Wisconsin

### NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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, 2019, \$1,835,240 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits. \$1,835,240 was collateralized with securities held by the pledging financial institution.

#### B. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2019:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General Obligation Debt					
Bonds	\$ 6,405,000	\$ -	\$ 130,000	\$ 6,275,000	\$ 265,000
Notes from Direct Borrowings	169,313	154,000	117,905	205,408	101,254
Long-term obligations	<u>\$ 6,574,313</u>	<u>\$ 154,000</u>	<u>\$ 247,905</u>	<u>\$ 6,480,408</u>	<u>\$ 366,254</u>

Total interest paid during the year on long-term debt totaled \$285,395.

The Town has outstanding notes from direct borrowings related to governmental activities of \$205,408 which contain a provision that in an event of default, the unpaid balance shall, at the option of the lender, without notice, mature and become immediately payable.

#### General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/19
General obligation bond	12/3/14	3/1/33	1.00 - 3.90%	\$ 1,745,000	\$ 1,350,000
General obligation note	10/1/15	4/1/20	2.45%	96,000	11,285
General obligation note	5/12/18	5/1/20	2.25%	307,385	40,123
General obligation bond	5/1/18	9/1/35	3.25 - 4.00%	4,975,000	4,925,000
General obligation note	11/1/19	11/1/22	2.89%	154,000	154,000
Total outstanding general obligation debt					<u>\$ 6,480,408</u>

# Town of Boulder Junction Vilas County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Annual principal and interest maturities of the outstanding general obligation debt of \$6,480,408 on December 31, 2019 are detailed below:

Year Ended December 31,	Bonded Debt		Notes from Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2020	\$ 265,000	\$ 215,868	\$ 101,254	\$ 4,747	\$ 586,869
2021	325,000	205,668	51,319	2,679	584,666
2022	340,000	193,848	52,835	1,164	587,847
2023	350,000	181,408	-	-	531,408
2024	365,000	168,328	-	-	533,328
2025 - 2029	2,050,000	620,045	-	-	2,670,045
2030 - 2034	2,240,000	232,994	-	-	2,472,994
2035	340,000	5,525	-	-	345,525
	<u>\$ 6,275,000</u>	<u>\$ 1,823,684</u>	<u>\$ 205,408</u>	<u>\$ 8,590</u>	<u>\$ 8,312,682</u>

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

### Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2019 was \$17,973,137 as follows:

Equalized valuation of the Town	\$ 489,070,900
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	24,453,545
Total outstanding general obligation applicable to debt limitation	6,480,408
Legal margin for new debt	<u>\$ 17,973,137</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.

# Town of Boulder Junction Vilas County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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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.

### 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
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	4
2018	2.4	17

### 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, 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.

# Town of Boulder Junction Vilas County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

During the reporting period ending December 31, 2019, the WRS recognized \$14,328 in contributions from the Town.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2019, the Town reported a liability of \$47,871 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the Town's proportion was 0.00134559%, which was a decrease of 0.00007248% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Town recognized pension expense of \$34,100.

At December 31, 2019, 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	\$ 37,284	\$ 65,906
Net differences between projected and actual earnings on pension plan investments	69,914	-
Changes in assumptions	8,069	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,479	-
Total	<u>\$ 118,746</u>	<u>\$ 65,906</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
2020	\$ 19,296
2021	5,623
2022	8,526
2023	19,395
2024	-
Total	<u>\$ 52,840</u>

# Town of Boulder Junction Vilas County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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### 5. Actuarial Assumptions

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

\* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.



# Town of Boulder Junction Vilas County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

**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:

	<b>Current Asset Allocation %</b>	<b>Long-term Expected Nominal Rate of Return %</b>	<b>Long-term Expected Real Rate of Return %</b>
<u>Core Fund Asset Class</u>			
Global equities	49%	8.1%	5.5%
Fixed income	24.5%	4.0%	1.5%
Inflation sensitive assets	15.5%	3.8%	1.3%
Real estate	9%	6.5%	3.9%
Private equity/debt	8%	9.4%	6.7%
Multi-asset	4%	6.7%	4.1%
Total Core Fund	110%	7.3%	4.7%
<u>Variable Fund Asset Class</u>			
U.S. equities	70%	7.6%	5.0%
International equities	30%	8.5%	5.9%
Total Variable Fund	100%	8.0%	5.4%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

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

**Single Discount Rate.** A single discount rate of 7.00% was used to measure the total pension liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long-term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 municipal bond 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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<b>1% Decrease to Discount Rate (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase to Discount Rate (8.00%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 190,247	\$ 47,871	\$ (57,995)

# Town of Boulder Junction Vilas County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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**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, 2019, the Town reported a payable of \$0 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2019.

### 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, 2019, fund balance was assigned as follows:

General Fund	
Long-term Bike Trail Maintenance	\$ 76,471
Police	31,712
Fireworks	23,288
Airport	205
Holiday Decorations	20,820
Animal Control	1,253
Legal	5,000
Landfill	2,276
Fire Department	89,352
Cemetery Perpetual Fund	14,346
Parks	29,884
Roads	69,947
Room Tax	345,063
Ambulance	16,932
Fire Department volunteer fund	120,732
Library	33,192
Community Building	90,269
North Creek Loop	28,565
	<u>\$ 999,307</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 2020 general fund expenditures	\$ 2,022,752
Minimum fund balance %	(x) 20 - 25%
Minimum fund balance amount	<u>\$ 404,550 - \$ 505,688</u>

The Town's unassigned general fund balance of \$227,095 is below the minimum fund balance amount.

# Town of Boulder Junction

## Vilas County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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### **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, 2019, 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, 2019.

#### **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.

OTHER INFORMATION

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# 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%
12/31/18	0.00134559%	47,871	209,118	22.89%	96.45%

### 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%
12/31/19	14,328	14,328	-	218,751	6.55%

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

*Changes of benefit terms.* There were no changes of benefit terms for any participating employer in WRS.

*Changes of assumptions.* Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

The Town 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

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# 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, 2019

#### WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget			Variance Final Budget - Positive (Negative)	2018 Actual
	Original	Final	Actual		
<b>Taxes</b>					
General property	\$ 1,060,794	\$ 1,060,794	\$ 1,063,699	\$ 2,905	\$ 874,306
Room tax	148,000	148,000	154,947	6,947	160,520
Total taxes	1,208,794	1,208,794	1,218,646	9,852	1,034,826
<b>Intergovernmental</b>					
State					
State shared taxes	22,315	22,315	20,316	(1,999)	22,316
Fire insurance dues	12,000	12,000	12,262	262	11,419
Tax exempt computer aid	71	71	73	2	71
Transportation	216,180	216,180	216,181	1	216,181
Local road improvement project	311,403	311,403	311,404	1	-
Municipal services	9,000	9,000	1,884	(7,116)	5,216
DNR - in lieu of taxes	45,000	45,000	42,812	(2,188)	40,536
MFL	-	-	101	101	105
Recycling	7,300	7,300	7,446	146	7,315
Library	1,300	1,300	4,147	2,847	1,367
Other State aids	22,749	22,749	13,298	(9,451)	17,085
County					
Library	3,000	3,000	-	(3,000)	3,000
Total intergovernmental	650,318	650,318	629,924	(20,394)	324,611
<b>Licenses and permits</b>					
Licenses					
Liquor and malt beverage	2,800	2,800	2,917	117	2,810
Operators, cigarette and other licenses	300	300	222	(78)	2,222
Dog	800	800	810	10	998
Cemetery	1,500	1,500	1,100	(400)	1,750
Permits					
Other permits	96	96	343	247	64
Total licenses and permits	5,496	5,496	5,392	(104)	7,844
<b>Fines and forfeits</b>					
Court fines and penalties	40	40	37	(3)	45

# 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, 2019

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget			Variance Final Budget - Positive (Negative)	2018 Actual
	Original	Final	Actual		
Public charges for services					
Clerk's fees	200	200	82	(118)	113
Ambulance fees	30,000	30,000	34,612	4,612	30,407
Snow plowing	19,000	19,000	17,082	(1,918)	17,763
Garbage bags	21,000	21,000	21,562	562	19,592
Fire protection	-	-	1,894	1,894	30
Recycling fees	350	350	308	(42)	418
Community center	2,000	2,000	1,915	(85)	2,090
Library fees	2,000	2,000	1,628	(372)	2,394
Park and recreation fees	5,975	5,975	5,987	12	5,838
Total public charges for services	80,525	80,525	85,070	4,545	78,645
Miscellaneous					
Interest income	6,300	6,300	40,150	33,850	63,879
Reimbursement	1,800	1,800	20,536	18,736	35,056
Snowmobile club reimbursement	10,000	10,000	6,712	(3,288)	10,324
Fireworks fund	4,000	4,000	3,165	(835)	2,856
Benefit repayment	1,513	1,513	1,513	-	8,037
Donations - bike trail	3,000	3,000	33,187	30,187	6,005
Donations - fire	-	-	59,524	59,524	45,057
Donations - other	-	-	-	-	131
Miscellaneous library	-	-	36,317	36,317	25,532
Total miscellaneous	26,613	26,613	201,104	174,491	196,877
<b>Total revenues</b>	<b>\$ 1,971,786</b>	<b>\$ 1,971,786</b>	<b>\$ 2,140,173</b>	<b>\$ 168,387</b>	<b>\$ 1,642,848</b>



# 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, 2019

### WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget			Variance	
	Original	Final	Actual	Final Budget - Positive (Negative)	2018 Actual
General government					
Town Board	\$ 32,600	\$ 32,600	\$ 31,490	\$ 1,110	\$ 31,990
Clerk/Treasurer	89,735	102,785	97,452	5,333	89,148
Mileage	1,500	1,500	1,832	(332)	1,446
Elections	22,000	22,000	24,939	(2,939)	23,920
Assessor	18,000	18,000	18,340	(340)	17,550
Legal fees	5,000	5,000	2,810	2,190	4,099
Insurance	38,500	38,500	46,876	(8,376)	42,668
Dues and fees	11,100	3,300	5,606	(2,306)	4,635
Total general government	218,435	223,685	229,345	(5,660)	215,456
Public safety					
Police	-	-	86	(86)	-
Fire department	79,050	79,050	125,733	(46,683)	183,403
Ambulance	5,950	5,950	25,997	(20,047)	8,915
Inspection	3,000	3,000	7,180	(4,180)	3,243
Total public safety	88,000	88,000	158,996	(70,996)	195,561
Public works					
Highway and street maintenance	362,550	362,550	174,441	188,109	168,873
Shop	38,000	38,000	44,279	(6,279)	42,300
Machinery	87,500	87,500	99,130	(11,630)	39,531
Street lighting	6,000	6,000	7,572	(1,572)	7,397
Fire numbers	500	500	659	(159)	796
Landfill	58,480	58,480	56,078	2,402	70,419
Recycling	41,520	41,520	36,835	4,685	39,409
Total public works	594,550	594,550	418,994	175,556	368,725
Health and human services					
Animal and insect control	50	50	-	50	126
Cemetery	4,600	4,600	7,119	(2,519)	4,370
Total health and human services	4,650	4,650	7,119	(2,469)	4,496

# 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, 2019

### WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget			Variance	
	Original	Final	Actual	Final Budget - Positive (Negative)	2018 Actual
Culture and recreation					
Library	71,300	71,300	106,773	(35,473)	105,886
Snowmobile club	10,000	10,000	11,055	(1,055)	11,527
Parks and recreation	25,080	25,080	25,143	(63)	40,590
Community center	25,000	25,000	25,502	(502)	26,210
Celebrations	750	750	1,705	(955)	997
Fireworks	8,000	8,000	8,000	-	8,000
Christmas decorations	-	-	-	-	2,410
Total culture and recreation	140,130	140,130	178,178	(38,048)	195,620
Conservation and development					
Chamber of Commerce	111,000	111,000	115,952	(4,952)	120,165
Economic development	2,500	2,500	553	1,947	798
Bike trail	10,005	10,005	8,973	1,032	6,105
AIS Lake fund	31,950	31,950	27,530	4,420	22,603
Advertising	15,100	15,100	18,875	(3,775)	11,325
Total conservation and development	170,555	170,555	171,883	(1,328)	160,996
Debt Service					
Principal	247,906	247,906	247,905	1	5,195,323
Interest	285,395	285,395	284,820	575	200,768
Total debt service	533,301	533,301	532,725	576	5,396,091
Capital outlay					
General building	-	-	1,350	(1,350)	-
Highway equipment	177,000	177,000	178,895	(1,895)	3,395
Highway	2,123,012	2,123,012	2,726,443	(603,431)	3,098,929
Total capital outlay	2,300,012	2,300,012	2,906,688	(606,676)	3,102,324
<b>Total expenditures</b>	<b>\$ 4,049,633</b>	<b>\$ 4,054,883</b>	<b>\$ 4,603,928</b>	<b>\$ (549,045)</b>	<b>\$ 9,639,269</b>

ADDITIONAL INDEPENDENT AUDITORS' REPORT  
FOR BASIC FINANCIAL STATEMENTS

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## Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

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, the major fund, and the remaining fund information of the Town of Boulder Junction, Vilas County, Wisconsin (the "Town"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report dated March 18, 2020.

### **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 2019-001 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 2019-002 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 black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Wausau, Wisconsin  
March 18, 2020

# Town of Boulder Junction

## Vilas County, Wisconsin

### SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2019

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#### SECTION I. INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING NO.	CONTROL DEFICIENCIES
2019-001	<b>Segregation of Duties - Clerk/Treasurer</b> Repeat of Finding 2018-001
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.
Context:	While performing audit procedures, it was noted that the Town does not have proper segregation of duties at the Town.
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:	The Town has implemented the following procedures: <ul style="list-style-type: none"> <li>• ACH and commercial banking requires TWO signatures and electronic approval before payment is made by Town Clerk and Town Chairman on ALL invoices. Dual authorization is required on all payments made by Town.</li> <li>• Entire Board reviews all invoice and payments to be made and then voted on at the Regular Town Board Meeting.</li> <li>• All expenses are reviewed by the entire Board and then approved at a regular Town Board meeting prior to payment.</li> <li>• Town Clerk reviews monetary expenses and financial statements with Town Board, daily and monthly at Town Board meetings.</li> <li>• The Town of Boulder Junction also contacts with Peterson Metz on a weekly basis regarding financial statements and quarterly reports filed with the Department of Revenue.</li> <li>• The Town Board voted to have one of the Town Supervisors reconcile and review the Town accounts with the clerk as a dual effort to insure procedures are consistently followed.</li> </ul>

# Town of Boulder Junction

## Vilas County, Wisconsin

### SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2019

FINDING NO.	CONTROL DEFICIENCIES
2019-002	<b>Preparation of Annual Financial Report</b> Repeat of Finding 2018-002
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.
Context:	While performing audit procedures, it was noted that management does not have internal controls in place to provide reasonable assurance that financial statements are prepared in accordance with the modified cash basis of accounting.
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:	<p>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.</p> <p>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.</p>

## 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, 2019.

