

**TOWN OF BOULDER JUNCTION**  
**Vilas County, Wisconsin**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED DECEMBER 31, 2021**



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**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2021**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>DISTRICT-WIDE FINANCIAL STATEMENTS</b>	
STATEMENT OF NET POSITION – MODIFIED CASH BASIS	6
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS	7
<b>FUND FINANCIAL STATEMENTS</b>	
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS	8
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS	9
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – MODIFIED CASH BASIS – BUDGET AND ACTUAL – GENERAL FUND	10
STATEMENT OF NET POSITION – FIDUCIARY FUND – MODIFIED CASH BASIS	11
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUND – MODIFIED CASH BASIS	12
NOTES TO BASIC FINANCIAL STATEMENTS	13
<b>OTHER INFORMATION</b>	
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) – WISCONSIN RETIREMENT SYSTEM	33
SCHEDULE OF CONTRIBUTIONS – WISCONSIN RETIREMENT SYSTEM	33
<b>SUPPLEMENTARY INFORMATION</b>	
GENERAL FUND – DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES – MODIFIED CASH BASIS	35
GENERAL FUND – DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES – MODIFIED CASH BASIS	37

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2021**

**ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL  
STATEMENTS**

<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>40</b>
<b>SCHEDULE OF FINDINGS AND RESPONSES</b>	<b>42</b>



## INDEPENDENT AUDITORS' REPORT

Town Board  
Town of Boulder Junction  
Vilas County, Wisconsin

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying modified cash basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Boulder Junction, Vilas County, Wisconsin (the Town) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Town as of December 31, 2021, 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 for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter- 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.

### ***Responsibilities of Management 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, and for 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' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

### ***Report on Summarized Comparative Information***

We have previously audited the Town's 2020 financial statements, and our report dated March 15, 2021, expressed unmodified opinions on those respective financial statements of the governmental activities and the major fund, and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The modified cash basis schedules of budgeted revenues collected and budgeted expenditures paid for the general fund are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the modified cash basis schedules of budgeted revenues collected and budgeted expenditures paid for the general fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

### ***Other Information***


Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Proportionate Share of the Net Pension Liability (Asset) – Wisconsin Retirement System and Schedule of Contributions – Wisconsin Retirement System but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

We have previously audited, in accordance with GAAS, the basic financial statements of the Town as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated March 15, 2021, which contained unmodified opinions on the respective financial statements of the governmental activities, the major fund, and the aggregate remaining fund information. The supplementary information for the year ended December 31, 2020 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2020 financial statements. The information was subjected to the audit procedures applied in the audit of the 2020 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those 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 for the year ended December 31, 2020.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2022, 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**

Green Bay, Wisconsin  
May 13, 2022

## **BASIC FINANCIAL STATEMENTS**



**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
STATEMENT OF NET POSITION – MODIFIED CASH BASIS  
DECEMBER 31, 2021  
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020**

	Governmental Activities	
	2021	2020
<b>ASSETS</b>		
Cash and Investments	\$ 6,988,772	\$ 2,310,877
<b>LIABILITIES</b>		
Accrued and Other Current Liabilities	2,494	3,126
Property Taxes Collected for Subsequent Year	612,671	563,525
Unearned Revenues	50,450	-
Total Liabilities	665,615	566,651
<b>NET POSITION</b>		
Restricted		
Broadband Project	3,384,903	34,903
Town Shop	774,510	-
Unrestricted	2,163,744	1,741,040
Total Net Position	\$ 6,323,157	\$ 1,775,943

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2021  
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020**

Functions/Programs	Expenditures	Program Revenues		Net (Expenditures) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Totals	
				2021	2020
<b>GOVERNMENTAL ACTIVITIES</b>					
General Government	\$ 192,567	\$ 4,329	\$ -	\$ (188,238)	\$ (191,734)
Public Safety	110,768	29,517	13,255	(67,996)	(48,700)
Public Works	619,546	42,673	245,218	(331,655)	(112,616)
Health and Human Services	5,890	4,210	-	(1,680)	201
Culture and Recreation	175,623	8,367	3,941	(163,315)	(154,553)
Conservation and Development	249,474	-	-	(249,474)	(109,531)
Principal and Interest on Long-Term Debt	630,008	-	-	(630,008)	(1,783,045)
Total	<u>\$ 1,983,876</u>	<u>\$ 89,096</u>	<u>\$ 262,414</u>	<u>(1,632,366)</u>	<u>(2,399,978)</u>
<b>GENERAL REVENUES</b>					
Taxes:					
Property Taxes				1,378,188	1,375,676
Other Taxes				222,893	140,357
Federal and State Grants and Other Contributions					
Not Restricted to Specific Functions				100,854	87,201
Interest and Investment Earnings				1,563	6,602
Miscellaneous				113,338	140,683
Insurance Proceeds				594,461	-
Proceeds from Long-Term Debt				3,800,000	1,199,000
Total General Revenues				<u>6,211,297</u>	<u>2,949,519</u>
<b>CHANGE IN NET POSITION</b>				4,578,931	549,541
Net Position - January 1				<u>1,744,226</u>	<u>1,226,402</u>
<b>NET POSITION - DECEMBER 31</b>				<u>\$ 6,323,157</u>	<u>\$ 1,775,943</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE – MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021  
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020**

	General	
	2021	2020
<b>ASSETS</b>		
Cash and Investments	<u>\$ 6,988,772</u>	<u>\$ 2,310,877</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accrued and Other Current Liabilities	\$ 2,494	\$ 3,126
Property Taxes Collected for Subsequent Year	612,671	563,525
Unearned Revenues	<u>50,450</u>	<u>-</u>
Total Liabilities	665,615	566,651
Fund Balance:		
Restricted	4,609,413	34,903
Assigned	1,337,303	1,143,216
Unassigned	<u>376,441</u>	<u>597,824</u>
Total Fund Balance	<u>6,323,157</u>	<u>1,775,943</u>
Total Liabilities and Fund Balance	<u>\$ 6,988,772</u>	<u>\$ 2,342,594</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – MODIFIED  
CASH BASIS – GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2021  
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	
	2021	2020
<b>REVENUES</b>		
Taxes	\$ 1,601,081	\$ 1,516,033
Intergovernmental	363,268	362,067
Licenses and Permits	8,504	9,376
Public Charges for Services	80,592	68,843
Miscellaneous	114,901	253,203
Total Revenues	2,168,346	2,209,522
<b>EXPENDITURES</b>		
Current:		
General Government	192,567	197,171
Public Safety	110,768	99,804
Public Works	401,410	358,386
Health and Human Services	5,890	3,749
Culture and Recreation	175,623	228,121
Conservation and Development	249,474	146,381
Debt Service:		
Principal	440,154	364,778
Interest and Fiscal Charges	189,854	259,475
Capital Outlay	218,136	42,324
Total Expenditures	1,983,876	1,700,189
Excess of Revenues Under Expenditures	184,470	509,333
<b>OTHER FINANCING SOURCES (USES)</b>		
Long-Term Debt Issued	3,800,000	1,199,000
Insurance Proceeds	594,461	-
Payment to Advance Refunding Escrow Agent	-	(1,158,792)
Total Other Financing Sources (Uses)	4,394,461	40,208
<b>NET CHANGE IN FUND BALANCE</b>	4,578,931	549,541
Fund Balance - January 1	1,744,226	1,226,402
<b>FUND BALANCE - DECEMBER 31</b>	<u>\$ 6,323,157</u>	<u>\$ 1,775,943</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – MODIFIED  
CASH BASIS  
BUDGET AND ACTUAL – GENERAL FUND  
YEAR ENDED DECEMBER 31, 2021  
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget			Variance Final Budget - Positive (Negative)	2020 Actual
	Original	Final	Actual		
<b>REVENUES</b>					
Taxes	\$ 1,536,928	\$ 1,536,928	\$ 1,601,081	\$ 64,153	\$ 1,516,033
Intergovernmental	352,818	352,818	363,268	10,450	362,067
Licenses and Permits	6,700	6,700	8,504	1,804	9,376
Public Charges for Services	81,565	81,565	80,592	(973)	68,843
Miscellaneous	21,000	21,000	114,901	93,901	253,203
<b>Total Revenues</b>	<b>1,999,011</b>	<b>1,999,011</b>	<b>2,168,346</b>	<b>169,335</b>	<b>2,209,522</b>
<b>EXPENDITURES</b>					
Current:					
General Government	207,813	207,813	192,567	15,246	197,171
Public Safety	94,350	94,350	110,768	(16,418)	99,804
Public Works	388,341	388,341	401,410	(13,069)	358,386
Health and Human Services	4,650	4,650	5,890	(1,240)	3,749
Culture and Recreation	146,893	146,893	175,623	(28,730)	159,053
Conservation and Development	169,800	169,800	249,474	(79,674)	146,381
Debt Service:					
Principal	387,319	387,319	440,154	(52,835)	364,778
Interest and Fiscal Charges	190,989	190,989	189,854	1,135	259,475
Capital Outlay	408,856	506,750	218,136	288,614	111,392
<b>Total Expenditures</b>	<b>1,999,011</b>	<b>2,096,905</b>	<b>1,983,876</b>	<b>113,029</b>	<b>1,700,189</b>
Excess of Revenues Under Expenditures	-	(97,894)	184,470	282,364	509,333
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	-	-	3,800,000	3,800,000	1,199,000
Insurance Proceeds	-	-	594,461	594,461	(31,717)
Payment to Advance Refunding Escrow Agent	-	-	-	-	(1,158,792)
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>4,394,461</b>	<b>4,394,461</b>	<b>8,491</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(97,894)</b>	<b>4,578,931</b>	<b>4,676,825</b>	<b>517,824</b>
Fund Balance - January 1	1,744,226	1,744,226	1,744,226	-	1,226,402
<b>FUND BALANCE - DECEMBER 31</b>	<b>\$ 1,744,226</b>	<b>\$ 1,646,332</b>	<b>\$ 6,323,157</b>	<b>\$ 4,676,825</b>	<b>\$ 1,744,226</b>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
STATEMENT OF NET POSITION  
FIDUCIARY FUND – MODIFIED CASH BASIS  
DECEMBER 31, 2021**

	Custodial Fund
<b>ASSETS</b>	
Cash and Investments	\$ 1,147,885
<b>LIABILITIES</b>	
Due to Other Governments	1,147,885
<b>NET POSITION</b>	
Fiduciary Net Position - Held for Others	\$ -

*See accompanying Notes to Basic Financial Statements.*

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUND – MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2021**

	Custodial Fund
<b>ADDITIONS</b>	
Property Tax Collections	\$ 3,016,186
<b>DEDUCTIONS</b>	
Payments to Taxing Jurisdictions	3,016,186
<b>CHANGE IN NET POSITION</b>	-
Net Position - January 1	-
<b>NET POSITION - DECEMBER 31</b>	<b>\$ -</b>

*See accompanying Notes to Basic Financial Statements.*

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**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.

**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. 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.



**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-Wide and Fund Financial Statements (Continued)**

Additionally, the Town reports the following fund type:

Custodial Fund – The custodial fund accounts for property taxes and special charges collected on behalf of other governments.

**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.

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.

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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, 2021 are reported within a custodial fund as liabilities and paid in the subsequent year as part of the January tax settlement.

**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.

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Position or Fund Balance (Continued)**

**4. Compensated Absences**

It is the Town's policy to permit employees hired prior to January 1, 2020, to have converted accumulated sick days into a termination bank which will be paid out at a converted dollar amount upon termination, separation, or retirement. To receive payment, the employee must have 15 years of service. The payment will be determined based on the number of sick days placed in the termination date as of January 1, 2020, no additional days can be added to the termination bank. Employees hired after January 1, 2020 are not eligible for this benefit. Because the Town uses the modified cash basis of accounting, payments from the termination bank are reported as expenditures in the statement of activities and no liability is reported on the statement of net position.

**5. Pensions**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), 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.

**6. Fund Equity**

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable Fund Balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- **Restricted Fund Balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Position or Fund Balance (Continued)**

**6. Fund Equity (Continued)**

- **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.

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, 2020, from which the summarized information was derived.

**F. Reclassification**

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.

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**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, 2021.

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)**

**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, 2021 as follows:

Fund	Excess Expenditures
General Fund	
General Government:	
Dues and Fees	\$ 1,000
Public Safety:	
Fire Department	18,497
Ambulance	1,421
Public Works:	
Machinery	12,808
Street Lighting	771
Fire Numbers	17
Landfill	11,837
Recycling	9,318
Health and Human Services:	
Cemetery	1,290
Culture and Recreation:	
Library	30,859
Parks and Recreation	682
Christmas Decorations	1,218
Conservation and Development:	
Chamber of Commerce	45,690
Economic Development	26,654
Bike Trail	8,110
Debt Service:	
Principal	52,835
Capital Outlay:	
Highway	382,041

**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 2021 and 2022 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 2021 budget was 1.103%. The actual limit for the Town for the 2022 budget was 0.604%. 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, 2021**

**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 \$8,136,657 on December 31, 2021 as summarized below:

Petty Cash and Cash on Hand	\$ 250
Deposits with Financial Institutions	8,136,407
Total	<u><u>\$ 8,136,657</u></u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 6,988,772
Fiduciary Fund Statement of Net Position:	
Custodial Fund	1,147,885
Total	<u><u>\$ 8,136,657</u></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, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

Custodial Credit Risk (Continued)

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, 2021, \$6,043,852 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits. \$6,043,852 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, 2021:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Debt:					
Bonds	\$ 6,104,000	\$ -	\$ 336,000	\$ 5,768,000	\$ 358,000
Notes	-	3,800,000	-	3,800,000	3,800,000
Notes from Direct Borrowings	104,154	-	104,154	-	-
Total General Obligation Debt	6,208,154	3,800,000	440,154	9,568,000	4,158,000
Compensated Absences	12,556	-	-	12,556	-
Governmental Activities Long-Term Obligations	<u>\$ 6,220,710</u>	<u>\$ 3,800,000</u>	<u>\$ 440,154</u>	<u>\$ 9,580,556</u>	<u>\$ 4,158,000</u>

Total interest paid during the year on long-term debt totaled \$189,854.



**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Long-Term Obligations (Continued)**

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/21</u>
General Obligation Bond	12/3/14	3/1/22	1.00 - 3.90%	\$ 1,745,000	\$ 85,000
General Obligation Bond	5/1/18	9/1/35	3.25 - 4.00%	4,975,000	4,495,000
General Obligation Bond	12/16/20	3/1/33	1.71%	1,199,000	1,188,000
Note Anticipation Note	11/1/21	5/1/22	0.59%	3,800,000	<u>3,800,000</u>
Total Outstanding General Obligation Debt					<u>\$ 9,568,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$9,568,000 on December 31, 2021 are detailed below:

<u>Year Ended December 31,</u>	<u>Bonded Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 4,158,000	\$ 180,276	\$ 4,338,276
2023	364,000	160,914	524,914
2024	378,000	148,730	526,730
2025	392,000	136,026	528,026
2026	405,000	122,808	527,808
2027-2031	2,224,000	405,311	2,629,311
2032-2036	<u>1,647,000</u>	<u>92,171</u>	<u>1,739,171</u>
	<u>\$ 9,568,000</u>	<u>\$ 1,246,236</u>	<u>\$ 10,814,236</u>

Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2021 was \$16,920,345 as follows:

Equalized Valuation of the Town	\$ 529,766,900
Statutory Limitation Percentage	<u>(x) 5%</u>
General Obligation Debt Limitation, Per Section 67.03 of the Wisconsin Statutes	26,488,345
Total Outstanding General Obligation Applicable to Debt Limitation	<u>9,568,000</u>
Legal Margin for New Debt	<u>\$ 16,920,345</u>

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Pension Plan – WRS**

**1. Plan Description**

The Wisconsin Retirement System (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 Annual Comprehensive Financial Report (ACFR), which can be found at <https://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 and 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, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Pension Plan – WRS (Continued)**

**2. Postretirement 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:

<u>Year</u>	<u>Core Fund Adjustment (%)</u>	<u>Variable Fund Adjustment (%)</u>
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	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21

**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.

During the reporting period ending December 31, 2021, the WRS recognized \$15,278 in contributions from the Town.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives, and Elected Officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Pension Plan – WRS (Continued)**

**4. Pension Assets, Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2021, the Town's proportionate share of the net pension asset was \$83,595. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. 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, 2020, the Town's proportion was 0.00133899%, which was an increase of 0.00005234% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Town recognized 2021 employer contributions of \$15,278 as expenditures in its financial statements under the modified cash basis of accounting while the Town's proportionate share of pension expense (revenue) was (\$8,150). The 2021 employer contributions of \$15,278 represent Town contributions subsequent to the measurement date and will be recognized in the determination of the Town's net pension asset for the reporting period ended December 31, 2022.

At December 31, 2021, the Town's proportionate share of the deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 120,985	\$ 26,060
Net Differences Between Projected and Actual Earnings on Pension plan Investments	-	156,941
Changes in Assumptions	1,896	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	921	616
Total	<u>\$ 123,802</u>	<u>\$ 183,617</u>

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Pension Plan – WRS (Continued)**

**4. Pension Assets, Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

The deferred outflows of resources and deferred inflows of resources related to pensions listed above are not recorded on the Town's financial statements due to the Town's financial statements being prepared on the modified cash basis of accounting. The amounts above will be recognized in pension expense as follows:

Year Ended December 31,	Expense
2022	\$ (14,957)
2023	(4,142)
2024	(28,594)
2025	(12,122)
Total	<u>\$ (59,815)</u>

**5. Actuarial Assumptions**

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date:	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
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
Postretirement Adjustments*	1.9%

\* No postretirement 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 postretirement 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. The total pension liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Pension Plan – WRS (Continued)**

**5. Actuarial Assumptions (Continued)**

**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 %
<u>Core Fund Asset Class</u>			
Global Equities	51.0 %	7.2%	4.7%
Fixed Income	25.0	3.2%	0.8%
Inflation Sensitive Assets	16.0	2.0%	-0.4%
Real Estate	8.0	5.6%	3.1%
Private Equity/Debt	11.0	10.2%	7.6%
Multi-Asset	4.0	5.9%	3.3%
Cash	(15.0)	0.9%	N/A
Total Core Fund	<u>100.0 %</u>	6.6%	4.1%
<u>Variable Fund Asset Class</u>			
U.S. Equities	70.0 %	6.6%	4.1%
International Equities	30.0	7.4%	4.9%
Total Variable Fund	<u>100.0 %</u>	7.1%	4.6%

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.4%

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, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Pension Plan – WRS (Continued)**

**5. Actuarial Assumptions (Continued)**

**Single Discount Rate.** A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). 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:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ 79,570	\$ (83,595)	\$ (203,439)

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Pension Plan – WRS (Continued)**

**6. Payables to the Pension Plan**

At December 31, 2021, the Town reported a payable of \$-0- for the outstanding amount of contributions to the pension plan for the year ended December 31, 2021.

**D. Defined Contribution Pension Plan**

The Town contributes to the Service Award Program (SAP), a defined contribution pension plan, for its volunteer firefighters, first responders and emergency medical technicians. SAP is administered by MassMutual.

The Town determines annually the amount it will contribute on behalf of each individual in the program. Participants are fully vested to receive a service award once he or she attains 15 years of service for a municipality and paid a service award upon reaching age of 60. A participant who has discontinued providing eligible service after performing a minimum 10 years of service shall be partially vested and may elect to receive a partial service award at any time after reaching age 53. Nonvested accounts are forfeited if the individual ceases to perform creditable service for a period of 12 months or more and distributed equally among all other open accounts sponsored by the participating municipality at the time of the forfeiture.

For the year ended December 31, 2021, the Town contributed \$6,189 to the plan, and the Town recognized pension expense of \$6,189.

**E. Fund Equity**

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2021, restricted fund balance was as follows:

General Fund	
Restricted for	
Broadband Project	\$ 3,834,903
Town Shop	774,510
Total General Fund Restricted Fund Balance	<u>\$ 4,609,413</u>



**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Fund Equity (Continued)**

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2021, fund balance was assigned as follows:

General Fund

Long-Term Bike Trail Maintenance	\$ 79,907
Police	31,712
Fireworks	28,397
Airport	205
Holiday Decorations	18,820
Animal Control	1,253
Legal	5,000
Landfill	2,276
Fire Department	114,350
Cemetery Perpetual Fund	14,690
Parks	36,384
Roads	171,447
Room Tax	406,109
Ambulance	41,512
Fire Department volunteer fund	217,190
Library	42,620
Community Building	90,269
North Creek Loop	35,162
Total	<u>\$ 1,337,303</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 2022 General Fund Expenditures	\$ 2,191,948
Minimum Fund Balance %	(x) 20 - 25%
Minimum Fund Balance Amount	<u>\$483,390 - \$547,987</u>

The Town's unassigned general fund balance of \$376,441 is below the minimum fund balance amount.

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**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. Settled claims have not exceeded insurance provided by third-party carriers in any of the past three years.

**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, 2021, 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, 2021.

**D. Subsequent Event**

On March 2, 2022 the Town refunded the 2021 Note Anticipation Note with \$3,720,000 of Taxable General Obligation Bonds with interest rate of 3% to 4%.

## **OTHER INFORMATION**

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
WISCONSIN RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll (Plan Year)</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
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%
12/31/19	0.00139133%	(44,862)	218,751	20.51%	102.96%
12/31/20	0.00133899%	(83,595)	216,081	38.69%	105.26%

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll (Fiscal Year)</u>	<u>Contributions as a Percentage of Covered Payroll</u>
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%
12/31/20	14,323	14,323	-	216,081	6.63%
12/31/21	15,278	15,278	-	226,347	6.75%

**NOTES TO OTHER INFORMATION**

**NOTE 1 CHANGES OF BENEFIT TERMS**

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

**NOTE 2 CHANGES OF ASSUMPTIONS**

No significant change in assumptions were noted from the prior year.

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**

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
GENERAL FUND  
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES –  
MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2021  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget			Variance Final Budget - Positive (Negative)	2020 Actual
	Original	Final	Actual		
<b>Taxes</b>					
General Property	\$ 1,381,928	\$ 1,381,928	\$ 1,385,474	\$ 3,546	\$ 1,385,282
Room Tax	155,000	155,000	215,607	60,607	130,751
Total Taxes	1,536,928	1,536,928	1,601,081	64,153	1,516,033
<b>Intergovernmental</b>					
State:					
State Shared Taxes	22,315	22,315	20,387	(1,928)	20,388
Fire Insurance Dues	12,500	12,500	13,255	755	12,762
Tax Exempt Computer Aid	73	73	-	(73)	-
Law Enforcement	-	-	-	-	12,772
Transportation	237,808	237,808	237,808	-	237,808
Municipal Services	742	742	741	(1)	986
DNR - in Lieu of Taxes	45,000	45,000	45,217	217	44,932
MFL	130	130	204	74	101
Recycling	7,400	7,400	7,410	10	7,326
Library	1,300	4,100	3,941	(159)	4,198
Other State Aids	22,750	22,750	34,305	11,555	20,794
County:					
Library	2,800	-	-	-	-
Total Intergovernmental	352,818	352,818	363,268	10,450	362,067
<b>Licenses and Permits</b>					
Licenses:					
Liquor and Malt Beverage Operators, Cigarette, and Other Licenses	2,800	2,800	3,494	694	2,915
Dog	500	500	390	(110)	1,855
Cemetery	800	800	410	(390)	570
	2,500	2,500	4,210	1,710	3,950
Permits:					
Other Permits	100	100	-	(100)	86
Total Licenses and Permits	6,700	6,700	8,504	1,804	9,376

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
GENERAL FUND  
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES –  
MODIFIED CASH BASIS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2021  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget			Variance Final Budget - Positive (Negative)	2020 Actual
	Original	Final	Actual		
Public Charges for Services					
Clerk's Fees	\$ 200	\$ 200	\$ 35	\$ (165)	\$ 11
Ambulance Fees	30,000	30,000	29,517	(483)	25,570
Snow Plowing	20,000	20,000	14,077	(5,923)	15,302
Garbage Bags	21,000	21,000	28,354	7,354	27,460
Recycling Fees	300	300	242	(58)	198
Community Center	1,000	1,000	940	(60)	30
Library Fees	2,200	2,200	447	(1,753)	272
Park And Recreation Fees	6,865	6,865	6,980	115	-
Total Public Charges for Services	81,565	81,565	80,592	(973)	68,843
Miscellaneous					
Interest Income	500	500	1,563	1,063	6,602
Reimbursement	3,500	3,500	9,284	5,784	8,189
Snowmobile Club Reimbursement	10,000	10,000	5,096	(4,904)	10,976
Fireworks Fund	4,000	4,000	4,030	30	3,700
Donations - Broadband Expansion	-	-	-	-	36,850
Donations - Sturm Field	-	-	-	-	69,068
Donations - Bike Trail	3,000	3,000	10,440	7,440	15,841
Donations - Fire	-	-	52,122	52,122	70,787
Donations - Other	-	-	-	-	1,630
Miscellaneous Library	-	-	32,366	32,366	29,560
Total Miscellaneous	21,000	21,000	114,901	93,901	253,203
 Total Revenues	 \$ 1,999,011	 \$ 1,999,011	 \$ 2,168,346	 \$ 169,335	 \$ 2,209,522

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
GENERAL FUND  
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES –  
MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2021  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget			Variance Final Budget - Positive (Negative)	2020 Actual
	Original	Final	Actual		
General Government					
Town Board	\$ 32,100	\$ 32,100	\$ 31,100	\$ 1,000	\$ 31,150
Clerk/Treasurer	77,913	77,913	75,030	2,883	72,539
Mileage	1,000	1,000	587	413	959
Elections	26,500	26,500	17,994	8,506	26,056
Assessor	18,000	18,000	17,685	315	17,685
Legal Fees	5,000	5,000	1,893	3,107	2,175
Insurance	43,500	43,500	43,478	22	41,401
Dues and Fees	3,800	3,800	4,800	(1,000)	5,206
Total General Government	207,813	207,813	192,567	15,246	197,171
Public Safety					
Fire Department	79,400	79,400	97,897	(18,497)	87,966
Ambulance	11,450	11,450	12,871	(1,421)	11,080
Inspection	3,500	3,500	-	3,500	758
Total Public Safety	94,350	94,350	110,768	(16,418)	99,804
Public Works					
Highway And Street Maintenance	211,329	211,329	194,414	16,915	182,293
Shop	40,000	40,000	35,233	4,767	37,252
Machinery	15,000	15,000	27,808	(12,808)	13,825
Street Lighting	7,000	7,000	7,771	(771)	7,641
Fire Numbers	500	500	517	(17)	350
Landfill	60,530	60,530	72,367	(11,837)	67,522
Recycling	53,982	53,982	63,300	(9,318)	49,503
Total Public Works	388,341	388,341	401,410	(13,069)	358,386
Health and Human Services					
Animal and Insect Control	50	50	-	50	-
Cemetery	4,600	4,600	5,890	(1,290)	3,749
Total Health and Human Services	4,650	4,650	5,890	(1,240)	3,749



**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
GENERAL FUND  
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES –  
MODIFIED CASH BASIS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2021  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget			Variance Final Budget - Positive (Negative)	2020 Actual
	Original	Final	Actual		
Culture and Recreation					
Library	\$ 71,300	\$ 71,300	\$ 102,159	\$ (30,859)	\$ 94,594
Snowmobile Club	10,000	10,000	6,455	3,545	12,396
Parks And Recreation	29,933	29,933	30,615	(682)	16,354
Community Center	25,560	25,560	25,257	303	25,590
Celebrations	500	500	319	181	519
Fireworks	8,000	8,000	8,000	-	8,000
Christmas Decorations	1,600	1,600	2,818	(1,218)	1,600
Total Culture and Recreation	146,893	146,893	175,623	(28,730)	159,053
Conservation and Development					
Chamber Of Commerce	116,250	116,250	161,940	(45,690)	99,871
Economic Development	1,500	1,500	28,154	(26,654)	256
Broadband Expansion	-	-	-	-	1,947
Bike Trail	5,000	5,000	13,110	(8,110)	2,312
Ais Lake Fund	31,950	31,950	31,170	780	30,670
Advertising	15,100	15,100	15,100	-	11,325
Total Conservation and Development	169,800	169,800	249,474	(79,674)	146,381
Debt Service					
Principal	387,319	387,319	440,154	(52,835)	364,778
Interest	190,989	190,989	189,854	1,135	259,475
Total Debt Service	578,308	578,308	630,008	(51,700)	624,253
Capital Outlay					
Public Restroom at Sturm Field	-	-	-	-	69,068
Roads	275,000	275,000	218,136	56,864	30,593
Highway Equipment	133,856	231,750	-	231,750	-
Highway Shop	-	-	-	-	11,731
Total Capital Outlay	408,856	506,750	218,136	288,614	111,392
Total Expenditures	\$ 1,999,011	\$ 2,096,905	\$ 1,983,876	\$ 113,029	\$ 1,700,189

**ADDITIONAL INDEPENDENT AUDITORS' REPORT  
FOR BASIC FINANCIAL STATEMENTS**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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 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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report dated May 13, 2022.

***Report on Internal Control Over Financial Reporting***

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we 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 2021-001 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 schedule of findings and responses, as item 2021-002 to be a significant deficiency.

### **Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Town of Boulder Junction, Wisconsin's Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
May 13, 2022

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2021**

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***Section I – Internal Control Over Financial Reporting***

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<b>FINDING NO.</b>	<b>CONTROL DEFICIENCIES</b>
2021-001	<p><b>Segregation of Duties - Clerk/Treasurer</b> Repeat of Finding 2020-001</p>
Type of Finding:	Material Weakness in Internal Control over Financial Reporting
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.
View of Responsible officials:	<p>The Town has implemented the following procedures:</p> <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 ensure procedures are consistently followed.</li> </ul>

**TOWN OF BOULDER JUNCTION  
VILAS COUNTY, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2021**

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***Section I – Internal Control Over Financial Reporting (Continued)***

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<b>FINDING NO.</b>	<b>CONTROL DEFICIENCIES</b>
2021-002	<b>Preparation of Annual Financial Report</b> Repeat of Finding 2020-002
Type of Finding:	Significant Deficiency in Internal Control over Financial Reporting
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.
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 note.
Cause:	Town management has determined that rather than having their existing contracted bookkeeper prepare their annual financial report, for timing and efficiency purposes contracting with CLA to prepare the annual financial report was preferred.
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. 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.
View of Responsible officials:	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.

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***Section II – Compliance and Other Matters***

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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, 2021.