

**TOWN OF BOULDER JUNCTION
Vilas County, Wisconsin
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2022**



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VILAS COUNTY, WISCONSIN
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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, 2022, 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, 2022, 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.

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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2023, 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
June 13, 2023

BASIC FINANCIAL STATEMENTS

**TOWN OF BOULDER JUNCTION
VILAS COUNTY, WISCONSIN
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2022**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 6,686,435
LIABILITIES	
Accrued and Other Current Liabilities	2,375
Property Taxes Collected for Subsequent Year	629,158
Unearned Revenues	<u>100,900</u>
Total Liabilities	<u>732,433</u>
NET POSITION	
Restricted:	
Broadband Project	3,859,877
Town Shop	3,960
Unrestricted	<u>2,090,165</u>
Total Net Position	<u><u>\$ 5,954,002</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOULDER JUNCTION
VILAS COUNTY, WISCONSIN
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2022**

Functions/Programs	Expenditures	Program Revenues		Net (Expenditures) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Totals
GOVERNMENTAL ACTIVITIES				
General Government	\$ 201,775	\$ 5,561	\$ -	\$ (196,214)
Public Safety	152,449	19,548	13,559	(119,342)
Public Works	1,684,984	45,570	249,905	(1,389,509)
Health and Human Services	4,760	2,950	-	(1,810)
Culture and Recreation	297,939	3,522	3,730	(290,687)
Conservation and Development	247,419	-	-	(242,612)
Principal and Interest on Long-Term Debt	4,597,992	-	-	(4,597,992)
Total Governmental Activities	<u>\$ 7,187,318</u>	<u>\$ 77,151</u>	<u>\$ 267,194</u>	<u>(6,838,166)</u>
GENERAL REVENUES				
Taxes:				
Property Taxes				1,566,258
Other Taxes				228,894
Federal and State Grants and Other Contributions				
Not Restricted to Specific Functions				236,034
Interest and Investment Earnings				24,300
Miscellaneous				693,524
Proceeds from Long-Term Debt				3,720,000
Total General Revenues				<u>6,469,010</u>
CHANGE IN NET POSITION				(369,156)
Net Position - January 1				<u>6,323,158</u>
NET POSITION - DECEMBER 31				<u>\$ 5,954,002</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, 2022**

ASSETS

Cash and Investments	<u>\$ 6,686,435</u>
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LIABILITIES AND FUND BALANCE

Liabilities:

Accrued and Other Current Liabilities	\$ 2,375
Property Taxes Collected for Subsequent Year	629,158
Unearned Revenues	<u>100,900</u>
Total Liabilities	<u>732,433</u>

Fund Balance:

Restricted	3,863,837
Assigned	1,651,268
Unassigned	<u>438,897</u>
Total Fund Balance	<u>5,954,002</u>

Total Liabilities and Fund Balance	<u>\$ 6,686,435</u>
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**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, 2022**

	<u>General</u>
REVENUES	
Taxes	\$ 1,795,152
Intergovernmental	503,228
Licenses and Permits	8,477
Public Charges for Services	68,674
Miscellaneous	722,631
Total Revenues	<u>3,098,162</u>
EXPENDITURES	
Current:	
General Government	201,775
Public Safety	152,449
Public Works	399,688
Health and Human Services	4,760
Culture and Recreation	297,939
Conservation and Development	247,419
Debt Service:	
Principal	4,328,000
Interest and Fiscal Charges	269,992
Capital Outlay	1,285,296
Total Expenditures	<u>7,187,318</u>
Excess of Revenues Under Expenditures	(4,089,156)
OTHER FINANCING SOURCES	
Long-Term Debt Issued	<u>3,720,000</u>
NET CHANGE IN FUND BALANCE	(369,156)
Fund Balance - January 1	<u>6,323,158</u>
FUND BALANCE - DECEMBER 31	<u><u>\$ 5,954,002</u></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, 2022**

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 1,722,925	\$ 1,722,925	\$ 1,795,152	\$ 72,227
Intergovernmental	357,873	357,873	503,228	145,355
Licenses and Permits	8,250	8,250	8,477	227
Public Charges for Services	81,900	81,900	68,674	(13,226)
Miscellaneous	21,000	21,000	722,631	701,631
Total Revenues	2,191,948	2,191,948	3,098,162	906,214
EXPENDITURES				
Current:				
General Government	205,585	205,585	201,775	3,810
Public Safety	94,350	94,350	152,449	(58,099)
Public Works	368,800	368,800	399,688	(30,888)
Health and Human Services	4,650	4,650	4,760	(110)
Culture and Recreation	138,693	150,971	297,939	(146,968)
Conservation and Development	171,050	171,533	247,419	(75,886)
Debt Service:				
Principal	528,000	528,000	4,328,000	(3,800,000)
Interest and Fiscal Charges	231,452	231,452	269,992	(38,540)
Capital Outlay	4,265,368	4,969,798	1,285,296	3,684,502
Total Expenditures	6,007,948	6,725,139	7,187,318	(462,179)
Excess of Revenues Under Expenditures	(3,816,000)	(4,533,191)	(4,089,156)	444,035
OTHER FINANCING SOURCES				
Long-Term Debt Issued	3,816,000	3,816,000	3,720,000	(96,000)
NET CHANGE IN FUND BALANCE	-	(717,191)	(369,156)	348,035
Fund Balance - January 1	6,323,158	6,323,158	6,323,158	-
FUND BALANCE - DECEMBER 31	<u>\$ 6,323,158</u>	<u>\$ 5,605,967</u>	<u>\$ 5,954,002</u>	<u>\$ 348,035</u>

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, 2022**

	Custodial Fund
ASSETS	
Cash and Investments	\$ 1,213,970
LIABILITIES	
Due to Other Governments	<u>1,213,970</u>
NET POSITION	
Fiduciary Net Position - Held for Others	<u><u>\$ -</u></u>

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, 2022**

	Custodial Fund
ADDITIONS	
Property Tax Collections	\$ 2,947,558
DEDUCTIONS	
Payments to Taxing Jurisdictions	<u>2,947,558</u>
CHANGE IN NET POSITION	-
Net Position - January 1	<u>-</u>
NET POSITION - DECEMBER 31	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOULDER JUNCTION
VILAS COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022**

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, 2022**

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, 2022 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, 2022**

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. 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, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Fund Equity (Continued)

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.

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, 2022.

**TOWN OF BOULDER JUNCTION
VILAS COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022 as follows:

Fund	Excess Expenditures
General Fund:	
General Government:	
Mileage	\$ 268
Elections	1,069
Insurance	504
Dues and Fees	1,484
Public Safety:	
Fire Department	33,093
Ambulance	25,006
Public Works:	
Highway and Street Maintenance	1,102
Shop	13,785
Machinery	49
Street Lighting	1,415
Landfill	8,968
Recycling	5,668
Health and Human Services:	
Cemetery	160
Culture and Recreation:	
Library	31,540
Snowmobile Club	10,064
Parks and Recreation	101,009
Community Center	4,597
Conservation and Development:	
Chamber of Commerce	49,912
Broadband Expansion	250
Bike Trail	31,612
Debt Service:	
Principal	3,800,000
Interest	38,540
Capital Outlay:	
Highway Shop	222,504

**TOWN OF BOULDER JUNCTION
VILAS COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

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 2022 and 2023 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 2022 budget was 0.604%. The actual limit for the Town for the 2023 budget was 0.966%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

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 \$7,900,405 on December 31, 2022 as summarized below:

Petty Cash and Cash on Hand	\$ 250
Deposits with Financial Institutions	<u>7,900,155</u>
Total	<u><u>\$ 7,900,405</u></u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 6,686,435
Fiduciary Fund Statement of Net Position:	
Custodial Fund	<u>1,213,970</u>
Total	<u><u>\$ 7,900,405</u></u>

**TOWN OF BOULDER JUNCTION
VILAS COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Fair Value Measurements

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

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

Custodial Credit Risk

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

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

As of December 31, 2022, \$6,727,326 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits. \$6,727,326 was collateralized with securities held by the pledging financial institution.

**TOWN OF BOULDER JUNCTION
VILAS COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Long-Term Obligations

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2022:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 5,768,000	\$ 3,720,000	\$ 528,000	\$ 8,960,000	\$ 484,000
Notes	3,800,000	-	3,800,000	-	-
Total General Obligation Debt	9,568,000	3,720,000	4,328,000	8,960,000	484,000
Compensated Absences	12,556	-	-	12,556	-
Governmental Activities Long-Term Obligations	<u>\$ 9,580,556</u>	<u>\$ 3,720,000</u>	<u>\$ 4,328,000</u>	<u>\$ 8,972,556</u>	<u>\$ 484,000</u>

Total interest paid during the year on long-term debt totaled \$235,792.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/22
General Obligation Bond	5/1/18	9/1/35	3.25 - 4.00%	\$ 4,975,000	\$ 4,240,000
General Obligation Bond	12/16/20	3/1/33	1.71%	1,199,000	1,170,000
Note Anticipation Note	3/2/22	3/1/42	3.00 - 4.00%	3,720,000	3,550,000
Total Outstanding General Obligation Debt					<u>\$ 8,960,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$8,960,000 on December 31, 2022 are detailed below:

Year Ended	Bonded Debt		
December 31,	Principal	Interest	Total
2023	\$ 484,000	\$ 273,056	\$ 757,056
2024	498,000	257,273	755,273
2025	517,000	240,893	757,893
2026	535,000	223,850	758,850
2027	549,000	206,219	755,219
2028 - 2032	2,287,000	814,052	3,101,052
2033 - 2037	1,970,000	492,503	2,462,503
2038 - 2042	2,120,000	173,166	2,293,166
Total	<u>\$ 8,960,000</u>	<u>\$ 2,681,012</u>	<u>\$ 11,641,012</u>

**TOWN OF BOULDER JUNCTION
VILAS COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Long-Term Obligations (Continued)

Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2022 was \$22,904,935 as follows:

Equalized Valuation of the Town	\$ 637,298,700
Statutory Limitation Percentage	(x) 5%
General Obligation Debt Limitation, Per Section 67.03 of the Wisconsin Statutes	31,864,935
Total Outstanding General Obligation Applicable to Debt Limitation	8,960,000
Legal Margin for New Debt	<u>\$ 22,904,935</u>

C. Pension Plan – WRS

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, expected to work at least 1,200 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 <http://etf.wi.gov/report-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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 occupations, 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.

**TOWN OF BOULDER JUNCTION
VILAS COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Pension Plan – WRS (Continued)

1. Plan Description (Continued)

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. 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, 2022, the WRS recognized \$14,881 in contributions from the Town.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (Including Teachers, Executives, and Elected Officials)	6.75%	6.75%
Protective with Social Security	6.75%	12.00%
Protective without Social Security	6.75%	16.40%

**TOWN OF BOULDER JUNCTION
VILAS COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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, 2022, the Town contributed \$6,527 to the plan, and the Town recognized pension expense of \$6,527.

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, 2022, restricted fund balance was as follows:

General Fund:

 Restricted for:

 Broadband Project

\$ 3,859,877

 Town Shop

3,960

 Total General Fund Restricted Fund Balance

\$ 3,863,837

**TOWN OF BOULDER JUNCTION
VILAS COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022, fund balance was assigned as follows:

General Fund:

Long-Term Bike Trail Maintenance	\$ 79,907
Police	31,712
Fireworks	24,504
Airport	205
Holiday Decorations	18,820
Animal Control	1,253
Legal	5,000
Landfill	2,276
Fire Department	124,455
Cemetery Perpetual Fund	16,187
Parks	36,384
Roads	171,447
Room Tax	459,929
Ambulance	94,100
Fire Department Volunteer Fund	228,853
Library	44,311
Community Building	90,269
North Creek Loop	221,656
Total	<u>\$ 1,651,268</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 2023 General Fund Expenditures	\$ 2,385,903
Minimum Fund Balance %	<u>(x) 20 - 25%</u>
Minimum Fund Balance Amount	<u>\$477,181 - \$596,476</u>

The Town's unassigned general fund balance of \$438,897 is below the minimum fund balance amount. The Town will need to decrease expenses or increase revenues in order to achieve a fund balance above the minimum fund balance amount.

**TOWN OF BOULDER JUNCTION
VILAS COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022, 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, 2022.

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, 2022**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
Taxes:				
General Property	\$ 1,567,925	\$ 1,567,925	\$ 1,573,602	\$ 5,677
Room Tax	155,000	155,000	221,550	66,550
Total Taxes	1,722,925	1,722,925	1,795,152	72,227
Intergovernmental:				
State:				
State Shared Taxes	22,315	22,315	20,388	(1,927)
Fire Insurance Dues	13,000	13,000	13,559	559
Tax Exempt Computer Aid	73	73	-	(73)
Transportation	242,603	242,603	242,604	1
Municipal Services	502	502	527	25
DNR - in Lieu of Taxes	45,000	45,000	150,657	105,657
MFL	130	130	101	(29)
Recycling	7,400	7,400	7,301	(99)
Library	4,100	4,100	3,730	(370)
Other State Aids	22,750	22,750	64,361	41,611
Total Intergovernmental	357,873	357,873	503,228	145,355
Licenses and Permits:				
Licenses:				
Liquor and Malt Beverage	2,800	2,800	2,905	105
Operators, Cigarette, and				
Other Licenses	1,750	1,750	1,769	19
Dog	600	600	789	189
Cemetery	3,000	3,000	2,950	(50)
Permits:				
Other Permits	100	100	64	(36)
Total Licenses and Permits	8,250	8,250	8,477	227

**TOWN OF BOULDER JUNCTION
VILAS COUNTY, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES –
MODIFIED CASH BASIS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
Public Charges for Services:				
Clerk's Fees	\$ 100	\$ 100	\$ 34	\$ (66)
Ambulance Fees	30,000	30,000	19,548	(10,452)
Snow Plowing	15,000	15,000	14,697	(303)
Garbage Bags	28,000	28,000	30,631	2,631
Recycling Fees	300	300	242	(58)
Community Center	1,000	1,000	2,640	1,640
Library Fees	500	500	882	382
Park and Recreation Fees	7,000	7,000	-	(7,000)
Total Public Charges for Services	81,900	81,900	68,674	(13,226)
Miscellaneous:				
Interest Income	500	500	24,300	23,800
Reimbursement	3,500	3,500	242,588	239,088
Snowmobile Club Reimbursement	10,000	10,000	17,808	7,808
Fireworks Fund	4,000	4,000	4,107	107
Donations - Broadband Expansion	-	-	124,124	124,124
Donations - Bike Trail	3,000	3,000	224,684	221,684
Donations - Fire	-	-	45,484	45,484
Donations - Other	-	-	3,750	3,750
Miscellaneous Library	-	-	35,786	35,786
Total Miscellaneous	21,000	21,000	722,631	701,631
Total Revenues	<u>\$ 2,191,948</u>	<u>\$ 2,191,948</u>	<u>\$ 3,098,162</u>	<u>\$ 906,214</u>

**TOWN OF BOULDER JUNCTION
VILAS COUNTY, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES –
MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2022**

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
General Government:				
Town Board	\$ 31,850	\$ 31,850	\$ 31,369	\$ 481
Clerk/Treasurer	83,885	83,885	81,934	1,951
Mileage	1,000	1,000	1,268	(268)
Elections	26,000	26,000	27,069	(1,069)
Assessor	17,750	17,750	17,717	33
Legal Fees	5,000	5,000	330	4,670
Insurance	36,500	36,500	37,004	(504)
Dues and Fees	3,600	3,600	5,084	(1,484)
Total General Government	205,585	205,585	201,775	3,810
Public Safety:				
Fire Department	84,400	84,400	117,493	(33,093)
Ambulance	9,950	9,950	34,956	(25,006)
Total Public Safety	94,350	94,350	152,449	(58,099)
Public Works:				
Highway and Street Maintenance	192,705	192,705	193,807	(1,102)
Shop	38,000	38,000	51,785	(13,785)
Machinery	15,000	15,000	15,049	(49)
Street Lighting	7,500	7,500	8,915	(1,415)
Fire Numbers	500	500	401	99
Landfill	63,885	63,885	72,853	(8,968)
Recycling	51,210	51,210	56,878	(5,668)
Total Public Works	368,800	368,800	399,688	(30,888)
Health and Human Services:				
Animal and Insect Control	50	50	-	50
Cemetery	4,600	4,600	4,760	(160)
Total Health and Human Services	4,650	4,650	4,760	(110)

**TOWN OF BOULDER JUNCTION
VILAS COUNTY, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES –
MODIFIED CASH BASIS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
Culture and Recreation:				
Library	\$ 72,200	\$ 76,478	\$ 108,018	\$ (31,540)
Snowmobile Club	10,000	10,000	20,064	(10,064)
Parks and Recreation	29,933	29,933	130,942	(101,009)
Community Center	26,060	26,060	30,657	(4,597)
Celebrations	500	500	258	242
Fireworks	-	8,000	8,000	-
Total Culture and Recreation	138,693	150,971	297,939	(146,968)
Conservation and Development:				
Chamber of Commerce	116,250	116,250	166,162	(49,912)
Economic Development	1,500	1,500	48	1,452
Broadband Expansion	-	483	733	(250)
Bike Trail	5,000	5,000	36,612	(31,612)
Ais Lake Fund	33,200	33,200	32,539	661
Advertising	15,100	15,100	11,325	3,775
Total Conservation and Development	171,050	171,533	247,419	(75,886)
Debt Service:				
Principal	528,000	528,000	4,328,000	(3,800,000)
Interest	231,452	231,452	269,992	(38,540)
Total Debt Service	759,452	759,452	4,597,992	(3,838,540)
Capital Outlay:				
Roads	400,000	400,000	326,221	73,779
Highway Equipment	49,368	49,368	32,141	17,227
Highway Shop	-	704,430	926,934	(222,504)
Broadband Expansion	3,816,000	3,816,000	-	3,816,000
Total Capital Outlay	4,265,368	4,969,798	1,285,296	3,684,502
Total Expenditures	\$ 6,007,948	\$ 6,725,139	\$ 7,187,318	\$ (462,179)

**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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report dated June 13, 2023.

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 deficiencies described in the accompanying schedule of findings and responses as items 2022-001 and 2022-003 to be material weaknesses.

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 2022-002 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
June 13, 2023

**TOWN OF BOULDER JUNCTION
VILAS COUNTY, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2022**

<i>Internal Control Over Financial Reporting</i>	
FINDING NO.	CONTROL DEFICIENCIES
2022-001	<p>Segregation of Duties - Clerk/Treasurer</p> <p>Repeat of Finding 2021-001</p> <p>Type of Finding: Material Weakness in Internal Control over Financial Reporting</p> <p>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.</p> <p>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.</p> <p>Cause: The lack of segregation of duties is due to the limited number of employees and the size of the Town's operations.</p> <p>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.</p> <p>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.</p> <p>View of Responsible Officials: The Town has implemented the following procedures:</p> <ul style="list-style-type: none"> • 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. • Entire Board reviews all invoice and payments to be made and then voted on at the Regular Town Board Meeting. • All expenses are reviewed by the entire Board and then approved at a regular Town Board meeting prior to payment. • Town Clerk reviews monetary expenses and financial statements with Town Board, daily and monthly at Town Board meetings. • 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. • 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.

**TOWN OF BOULDER JUNCTION
VILAS COUNTY, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

<i>Internal Control Over Financial Reporting (Continued)</i>	
FINDING NO.	CONTROL DEFICIENCIES
2022-002	<p>Preparation of Annual Financial Report</p> <p>Repeat of Finding 2021-002</p> <p>Type of Finding: Significant Deficiency in Internal Control over Financial Reporting</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</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>

**TOWN OF BOULDER JUNCTION
VILAS COUNTY, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

<i>Internal Control Over Financial Reporting (Continued)</i>	
FINDING NO.	CONTROL DEFICIENCIES
2022-003	Adjustments to the Town's Financial Records
Type of Finding:	Material Weakness in Internal Controls
Condition:	As part of our audit, we proposed adjusting journal entries that were material to the Town's financial statements.
Criteria:	Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.
Cause:	While Town staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.
Effect:	Year-end financial records prepared by the Town may contain material misstatements.
Recommendation:	We recommend the Town designate an individual to obtain additional training in order to prepare the adjusting and closing entries. We are available to assist the individual in obtaining the understanding to prepare these entries.
Management Response:	Management will thoroughly review the year-end adjusting and closing entries and will work with CLA to identify opportunities to reduce number and significance of year-end adjusting and closing entries.

