

BAYFIELD COUNTY

Washburn, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

BAYFIELD COUNTY

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BAYFIELD COUNTY

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Bayfield County Administrator

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Mark Abeles-Allison, *County Administrator*
Kristine Kavajecz, *Assistant*

Bayfield County Board of Supervisors
Bayfield County, Wisconsin

The FY2019 financial audit of Bayfield County, Wisconsin, for the period ending December 31, 2019 is now complete. This is the second year of a five-year agreement that Bayfield County has worked with Baker Tilly on for the annual audit and financial statements. This year's work was complicated due to COVID-19 this Spring.

This report involved tremendous coordination between the auditing firm and respective departments and offices within the county. Bayfield County has strived to accurately represent the financial position of the county as well as individual departments and funds details.

ECONOMIC CONDITION AND OUTLOOK

Bayfield County has a population of 15,014 according to the 2010 census. The Wisconsin Demographic Services Center reports an estimate of 15,334 (2.1% increase) in 2020 with a five-year average increase of 1.83%.

The County has stressed broadband expansion over the past decade. Today, 78.4% of households have a broadband internet subscription. Over half of the county have fiber to the home.

Bayfield County is the second largest county geographically in the State of Wisconsin encompassing 1500 square miles; including 966 inland lakes and 90 miles of Lake Superior Shoreline. Over 70% of the County is forested with 50% of the lands in public forest ownership (National, County and State). Approximately 50% of homes are owned by out of county residents.

Tourism and Forestry are the top industries in Bayfield County. Outdoor recreational opportunities have historically made Bayfield County a destination for many. During COVID-19 the search for remote outdoor adventure has increased with lodging and rental establishments noting an increase in business.

Equalized valuation for the county climbed in double digits in the early 2000's. Dropping and stagnant valuations increases followed between 2007 and 2014. Beginning in 2015 valuations started to climb again in the 1-2% range. The County anticipates that this will continue to increase as a boom in construction permitting occurred the first half of 2020.

MAJOR COUNTY INITIATIVES

Forestry: The County manages over 171,000 acres of county forest. Bayfield County holds two forest certifications. The county maintains and follows the sustainable harvest levels determined by the Wisconsin Department of Natural Resources. Timber sales in 2015 and 2016 reached all-time highs as industry prices climbed. Forestry remains a *critical* source of funding for Bayfield County reducing the county tax levy by over 20% in 2020. Regional wood plant closures and COVID-19 have impacted bids negatively in early 2020 and are anticipated to have a significant impact on revenues for the short term. Forestry in the county is also an important source of employment for area residents. A new intensive inventory program adopted in 2018 will improve decision making and long-term productivity of the forest, benefiting the county in the future.

Bayfield County Business Park: The new Bayfield County Business Park is optimally situated just outside the region's major population centre, the City of Ashland. A new 3000 linear foot business park road was constructed in 2018 providing improved access to 80 acres for future development. The parcel is sandwiched between US Highway 2 on the north and State Highway 137 on the south. The parcel is two miles west of the City of Ashland and seven miles south of the City of Washburn. At present there are five business in the park. Ongoing investigation into a new water and sewer district is underway. At present wells and septic systems are in use.

Infrastructure: Attention to highway infrastructure is a priority for Bayfield County. The County has a highway infrastructure funding plan in place following a 20-year replacement schedule equating to approximately nine miles of reconstruction annually. This aggressive plan benefits business and residents alike.

County facilities include the courthouse and sheriff's complex, a forestry barn and six highway garages. An emphasis on repair and maintenance of all county facilities is a priority of the county. 2019 projects include phone system replacement, engineering for jail holding cell expansion engineering, Information Technology Department network switch upgrades and a variety of courthouse wide security, ADA and HVAC upgrades. Continued focus on energy conservation and renewable and alternate energies saves the county over \$50,000.

Farming: A strong agricultural tradition continues to provide a base for the community whether it is in the historic farming districts or along the fruit loop in the Bayfield Peninsula. An emphasis on resource protection in coordination with local farming continues with manure management through barnyard improvement projects, erosion control and bluff stabilization. Water quality, both surface and ground, remain a top priority for Bayfield County. A recent Hydrologic Atlas was completed, this will provide better information for land use decisions.

Criminal Justice: The Courts, Law Enforcement, Prosecution and the Sheriff's Office are a major expense component of the county accounting for nearly 50% of the annual county levy. Focused criminal justice efforts utilizing Evidenced Based Decision Making (EBDM) techniques are being implemented at all levels to provide offender programming and alternatives that result in reduced recidivism and prolonged life of the county jail. Bayfield County is an active member of the State Criminal Justice Council. Active programs include being a recipient of the State TAD and Jail Re-Entry programs.

Economic Development: Economic development initiatives throughout the county are utilized to spur new business opportunities. The Bayfield County Economic Development Corporation is supported heavily by Bayfield County and has shown impressive results. Key focus areas include leveraging the extensive fiber to the home broadband infrastructure and an emphasis on diversity in our economy. This includes light manufacturing and forest processing options in addition to our traditional wood harvest and tourism industries.

Information Technology Services: Bayfield County has embraced and heavily financed information technology services. This technology allowed Bayfield County to mobilize employees rapidly during the COVID-19 Crisis while providing citizens seamless services. Continued investments in redundant fiber, UPS enhancements and server room maintenance projects have created a solid support network for county departments. New projects in the coming year include a virtual desktop initiative for foresters who may need to work remote.

FUTURE and ONGOING INITIATIVES:

Backup power solutions. A new 400KW backup generator is proposed for the Bayfield County Jail / Sheriff and Health Complex to ensure emergency backup. The current unit is undersized and nearly 20 years old. Plans are for this unit to be moved to Highway.

Bayfield County Economic Development is stepping up its social media campaign, aimed at attracting additional business to Bayfield County.

Forest Trail development is strongly embraced by residents and visitors alike. Continued investment on county forest lands will result in enhanced tourism opportunities.

Energy savings opportunities continue for the county. Summer energy usage at the Jail/Sheriff Complex dropped by 60% due to recent solar and conservation efforts.

FINANCIAL INFORMATION

Internal Control:

The County Clerk is responsible for establishing and maintaining internal control designed to ensure that the assets of the County are protected from loss, theft or misuse and to provide that adequate accounting data can be compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. One key component to the County's internal controls is the separation of duties between the County Clerk and the County Treasurer. The County Clerk enters vouchers, cuts checks and prepares financial statements. The Treasurer signs all checks, receipts revenues, and records expenditures separately. The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met.

Budgeting Controls:

In addition to internal accounting controls, the County maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County Board. Activities of all the governmental and proprietary funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is exercised at the departmental level for all funds. As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

Cash Management:

Cash temporarily idle during the year was invested using a competitive bid procedure with five local banks as authorized by the Board of Supervisors. Chippewa Valley Bank, Bremer Bank, Security State Bank, Northern State Bank and the State Bank of Drummond were all invited to bid. In general, 90-day certificates of deposit were the preferred investment. Additional investments were made in the State of Wisconsin Local Government Investment Pool. The advantage of the Investment Pool is that monies may be invested or withdrawn at any time, without penalty.

In 2005, 2009, and 2015 the County bid out short term interest rates and banking services pegged to financial indicators. The contract has helped increase security and increased county return on idle funds. The current contract was extended through the end of 2021 with Bremer. In 2011, the County began investing through the Bremer Trust Department in municipal bonds and other AA and AAA rated instruments to raise yields. In 2012, the county increased this amount to \$3 million not to exceed a three-year average term. Based on interest rates and higher returns with Certificates of Deposit, current county deposits are focused with CDs. As bonds mature now they are returned to the County Bank Account.

Risk Management:

Bayfield County is a Member of the Wisconsin Counties Association (WCA). Bayfield County utilizes the WCA Services group for liability coverage. Argent, a division of West Bend Mutual provides Workers Compensation while Security Health is the County's Health Insurer. The County currently uses the Wisconsin County Association's County Mutual Property and Liability Insurance provider.

Debt Management:

Bayfield County refinanced the Northern Lights Debt in 2017. After receiving an upgraded rating by Moody's the County received a 1.69% average interest rate for 10 years. Bayfield County is working closely with Northern Lights to ensure continue elder, physical therapy and assisted living services in the county. Very low Medicaid reimbursements are causing cash flow issues for Northern Lights. Bayfield County is working with the organization now to provide assistance and restructuring of lease payment obligations to ensure its continued operation for years to come.

Beginning in 2019, Bayfield County borrowed \$1.65 million in the form of a short-term borrowing for County Roads. This put the County on a 20-year road reconstruction cycle.

Other Information

Independent Audit: Bayfield County retained the firm of Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause LLP) in 2018. This year represents the second independent audit of Bayfield County's basic financial statements for the fiscal year ended December 31, 2019 that they have provided. The auditor's report on the basic financial statements is conducted in accordance with generally accepted auditing standards and Government Auditing Standards as issued by the Comptroller General of the United States. The opinion of Baker Tilly US, LLP is included in the financial section of this report.

Acknowledgment:

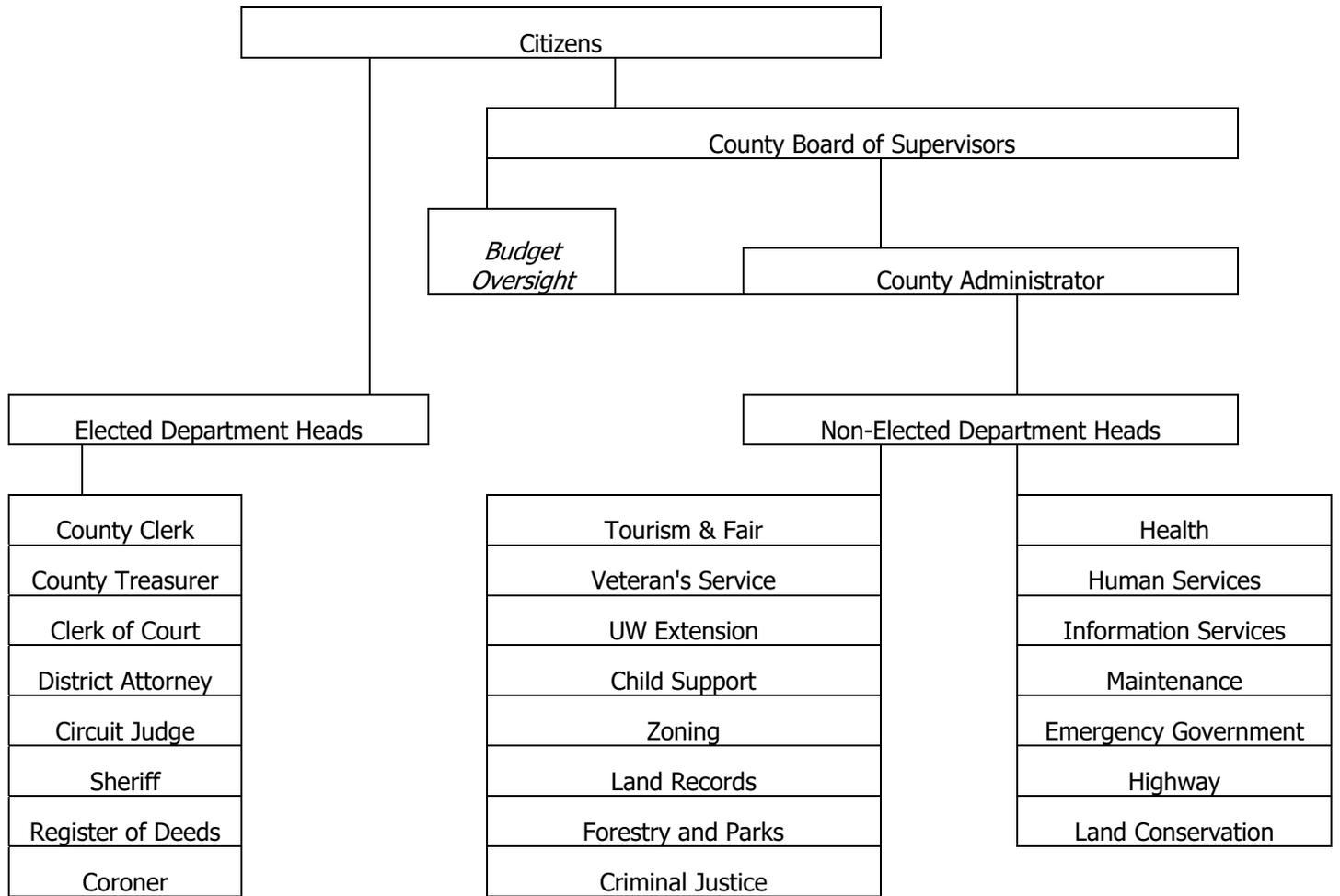
The compilation of this report and audit could not have been possible without the combined cooperation of all County Departments. Special appreciation is extended to the County Clerk Accountant, Kim Mattson and all other staff in the County Clerk, Administrator and Treasurer's offices for their dedication to accurate bookkeeping, financial statements and analysis.

Respectfully Submitted,



Mark Abeles-Allison
Bayfield County Administrator

BAYFIELD COUNTY ORGANIZATIONAL CHART



INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Bayfield County
Washburn, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bayfield County, Wisconsin, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Bayfield County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bayfield County, Wisconsin, as of December 31, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bayfield County's basic financial statements. The supplementary information as listed in the table of contents 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 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bayfield County's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2020 on our consideration of Bayfield County'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 Bayfield County'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 Bayfield County's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)
Eau Claire, Wisconsin
September 22, 2020

**Bayfield County, Wisconsin
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(UNAUDITED)**

Attached please find a narrative overview and analysis of the financial activities of Bayfield County for the fiscal year ended December 31, 2019. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on pages i-iv of this report.

Financial Highlights

When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. You can think of this relationship between revenues and expenses as the County's operating results.

The County's net position is measured in the Statement of Net Position and is an indicator of whether Bayfield County's financial health is improving or deteriorating.

The County's goal is to provide services that improve the quality of life for residents, not to generate profits as companies do. For this reason, we will need to consider many other non-financial factors, such as the condition of our roads and service levels in our various departments in assessing the overall health of our County.

- The assets and deferred outflows of Bayfield County exceeded liabilities and deferred inflows at the close of the most recent fiscal year by \$63,858,847 an increase of \$997,107 from the previous year. Of this amount, \$19,638,083 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. This is an increase of 4% over the previous year.
- The government's total net position increased by \$997,107 in 2019.
- As of the close of the current fiscal year, Bayfield County's governmental funds, reported combined ending fund balances of \$16,173,907 down \$372,862 in 2019. **Fifty six percent (56%)** of this total amount or \$9,101,248 is available for spending at the government's discretion (unassigned fund balance). The county plans on dedicating \$500,000 per year or \$2.5 million over the next five years to the county highway program.
- Bayfield County's total debt **decreased** by \$355,000 during the current fiscal year due to scheduled principal payments.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Bayfield County's basic financial statements. Bayfield County's basic financial statements comprise three components: 1) government wide financial statements, 2) fund financial statements, 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements, found on pages 1-2, are designed to provide readers with a broad overview of Bayfield County's finances, in a manner like a private-sector business.

The statement of net position presents information on all of Bayfield County's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Bayfield County is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Bayfield County that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Bayfield County include General Government, Public Safety, Health and Human Services, Culture, Recreation and Education, Conservation and Development, Debt Service, and Public Works. The business-type activities of Bayfield County include Highway Operations.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Bayfield County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of Bayfield County can be divided into two categories: governmental funds and business type funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Governmental fund statements are located on pages 3-6.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Bayfield County maintains four individual governmental fund types. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Human Services Fund, which are considered to be major funds.

Bayfield County adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for the General Fund and Human Services Fund to demonstrate compliance with this budget. The budgetary comparison statements can be found on pages 44-45 of this report.

Proprietary funds

Bayfield County had two types of proprietary funds in 2019. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. Bayfield County uses an enterprise fund to account for its Highway Operations. Internal service funds are an accounting device used to accumulate and allocate cost internally amongst Bayfield County's various functions.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Highway Operations. Proprietary fund financial statements are located in pages 7-9.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside Bayfield County. Fiduciary funds are not reflected in the government-wide financial statements. The accounting used for the fiduciary funds is similar to that used for proprietary funds. The basic fiduciary fund financial statement is located on page 10.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-43 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Bayfield County, assets and deferred outflows exceeded liabilities and deferred inflows by \$63,858,847 at the close of the most recent fiscal year.

The following table represents a summary of the County's net position at December 31:

	Governmental Activities		Business Type Activities		Total	Total
	2018	2019	2018	2019	2018	2019
Current and Other Assets	31,124,955	29,904,101	4,750,756	7,897,358	35,875,711	37,801,459
Capital Assets	40,308,565	42,028,049	4,612,721	4,426,600	44,921,286	46,454,649
Total Assets	71,433,520	71,932,150	9,363,477	12,323,958	80,796,997	84,256,108
Deferred Outflows	2,762,082	4,930,739	451,607	806,055	3,213,689	5,736,794
Long-Term Debt	4,334,741	5,773,347	102,835	383,884	4,437,576	6,157,231
Other Liabilities	2,420,953	2,751,725	171,751	1,863,057	2,592,704	4,614,782
Total Liabilities	6,755,694	8,525,072	274,586	2,246,941	7,030,280	10,772,013
Deferred Inflows	11,796,089	11,367,013	2,322,577	3,995,029	14,118,666	15,362,042
Net Position:						
Invested in Capital Assets	36,596,636	38,703,257	4,612,721	4,426,600	41,209,357	43,129,857
Restricted	2,583,082	1,090,907	248,490	---	2,831,572	1,090,907
Unrestricted	16,464,101	17,176,640	2,356,710	2,461,443	18,820,811	19,638,083
Total Net Position	55,643,819	56,970,804	7,217,921	6,888,043	62,861,740	63,858,847

By far the largest portion of Bayfield County's net position, 68% (\$43.1 million) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure). Bayfield County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Unrestricted net position at the end of 2019 was \$19.6 million, up from \$18.8 million in 2018. As a percent of overall net position unrestricted net position represents 31% in 2019, up from 30% in 2018.

The following table represents a summary of revenues, expenses and changes in net position for the year ended December 31:

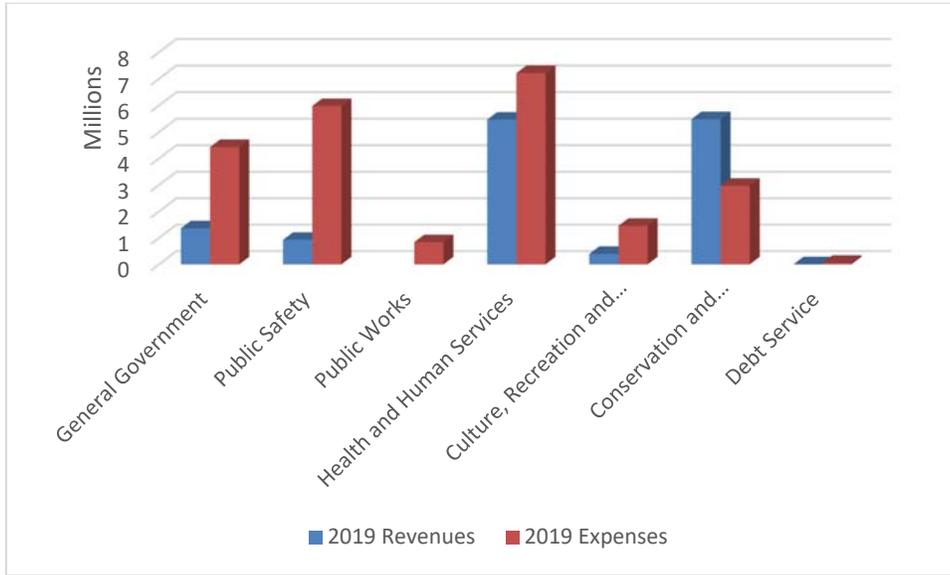
	Governmental Activities		Business Type Activities		Total	Total
	2018	2019	2018	2019	2018	2019
REVENUES						
Program Revenues						
Charges for Services	6,642,758	6,141,945	2,395,678	1,656,653	9,038,436	7,798,598
Operating Grants and Contributions	7,658,676	7,395,555	2,079,027	1,054,127	9,737,703	8,449,682
Capital Grants and Contributions	23,707	86,578	-	-	23,707	86,578
General Revenues						
Property Taxes	7,712,576	7,783,152	2,017,265	1,832,654	9,729,841	9,615,806
Sales Tax	1,207,693	1,295,197	-	-	1,207,693	1,295,197
Other Tax	451,625	466,544	-	-	451,625	466,544
Grants and Contributions not Restricted to a Specific Program	97,067	96,964	-	-	97,067	96,964
Unrestricted Investment Earnings	440,138	493,732	-	-	440,138	493,732
Gain (Loss) on Sale of Assets	33,380	55,551	-	-	33,380	55,551
Other Income	97,521	76,549	-	-	97,521	76,549
TOTAL REVENUES	24,365,141	23,891,767	6,491,970	4,543,434	30,857,111	28,435,201
EXPENSES						
General Government	4,533,024	4,431,346	-	-	4,533,024	4,431,346
Public Safety	5,451,071	5,974,906	-	-	5,451,071	5,974,906
Public Works	729,091	836,793	-	-	729,091	836,793
Health and Human Services	7,632,092	7,213,335	-	-	7,632,092	7,213,335
Culture, Recreation and Education	1,629,112	1,454,823	-	-	1,629,112	1,454,823
Conservation and Development	3,105,892	2,968,179	-	-	3,105,892	2,968,179
Interest and Fiscal Charges	43,241	54,992	-	-	43,241	54,992
Highway	-	-	5,432,482	4,503,720	5,432,482	4,503,720
TOTAL EXPENSES	23,123,523	22,934,374	5,432,482	4,503,720	28,556,005	27,438,094
Income (Loss) Before Transfers	1,241,618	957,393	1,059,488	39,714	2,301,106	997,107
Transfers In / Out	217,900	369,592	(217,900)	(369,592)	-	-
CHANGE IN NET POSITION	1,459,518	1,326,985	841,588	(329,878)	2,301,106	997,107
NET POSITION – JANUARY 1	54,184,301	55,643,819	6,376,333	7,217,921	60,560,634	62,861,740
NET POSITION – DECEMBER 31	55,643,819	56,970,804	7,217,921	6,888,043	62,861,740	63,858,847

Total Assets Chart

Positive balances are recorded in all three categories of net position for the county government as a whole as well as for its separate governmental and business type activities. The government's net position increased by approximately \$1 million in 2019.

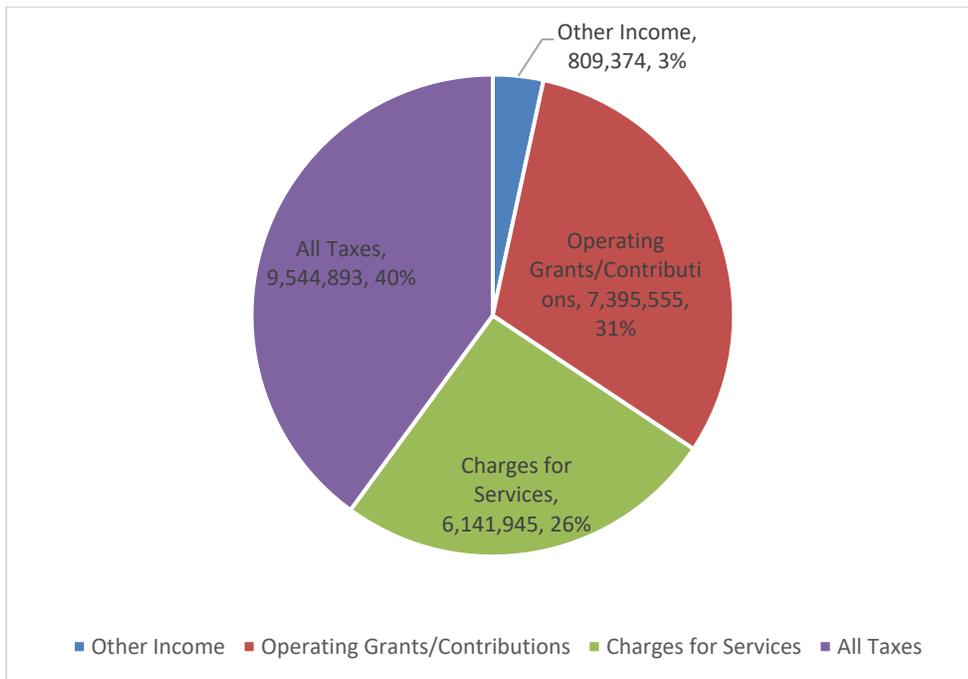
Governmental Activities: Governmental activities increased Bayfield County's net position by \$1.3 million. Business type activities decreased the County's net position by \$329,878 in 2019. Key General Government activity components are shown in the following table.

PROGRAM REVENUES/EXPENSES
(not including Highway)

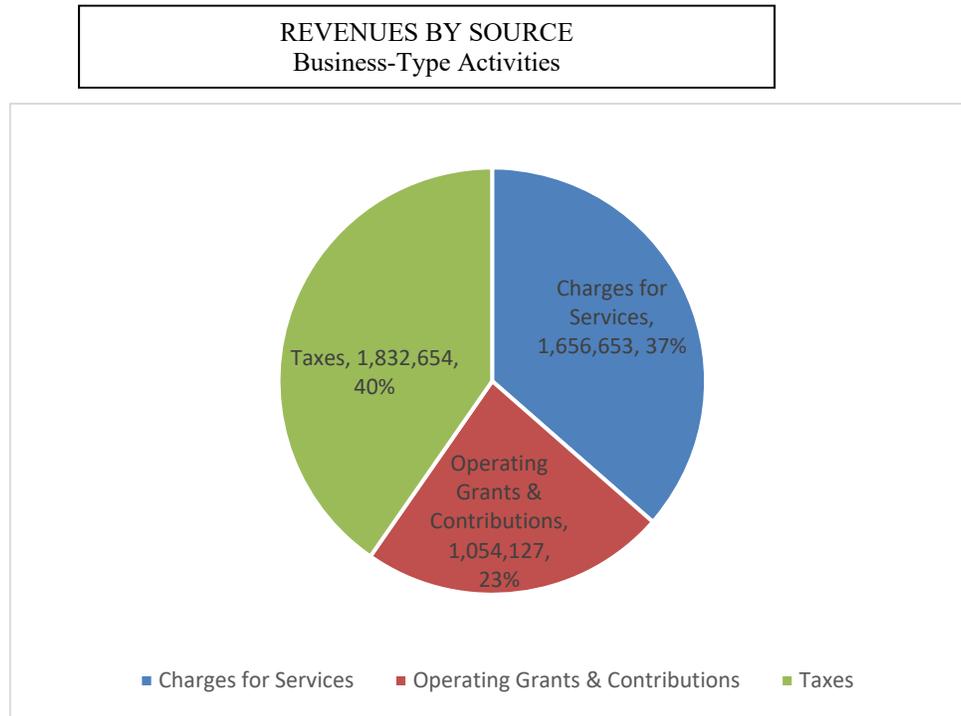


Health, Human Services and Conservation and Development are the top two categories of program revenues. Operating grants and contributions are greatest for Human Services; sale of wood is greatest for Conservation and Development.

REVENUES BY SOURCE (not including Highway)



Business-type activities: Business-type activities accounted for \$6,888,043 or 11% of Bayfield County’s net position in 2019. Tax revenues in business activities decreased 9% in 2019. Charges for services and operating grants decreased from 2018 by 31% and 49% respectively.



Financial Analysis of the Government’s Funds:

Bayfield County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of Bayfield County’s governmental funds is to provide information on near-term inflows, outflows and balance of spendable resources. Such information is useful in assessing the County’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of governments net resources available for spending at the end of a fiscal year.

At the end of the current fiscal year, Bayfield County’s governmental funds reported combined ending fund balances of \$16,173,907 a decrease of \$372,862 from \$16,546,769 in 2018. Approximately 56% of the above fund balance or \$9,101,248 constitutes unassigned fund balance which is available for spending at the government’s discretion. The remainder of the fund balance is not available for new spending.

Long Term Debt Service expenditures in 2019 totalled \$443,017. Debt service payments are made by using County property tax levy.

Proprietary Funds:

Bayfield County's proprietary fund at the end of the year had unrestricted net position of \$2,461,443 up from the 2018 net position of \$2,356,710.

General Fund Budgetary Highlights:

The General Fund was \$595,535 under expenditures estimated. Revenues exceeded projections by \$1,011,289.

Capital Assets and Debt Administration:

Bayfield County's investment in Capital Assets for its governmental activities as of December 31, 2019 amounts to \$38,703,257 an increase of \$2,106,621 or 6% from 2018. The major increase in this area is due to infrastructure capital asset additions for road projects.

Business type activity net capital assets decrease of \$186,121 in 2019 from \$4,612,721 in 2018 to \$4,426,600 in 2019.

Long-Term Debt:

At the end of the current fiscal year Bayfield County's total long-term debt decreased by \$355,000 for the Northern Lights Rest Home General Obligation Bond Issues.

State statues limit the amount of general obligation debt a government entity may issue to five percent of its total equalized valuation. The 2019 debt limitation for Bayfield County is \$135,742,465. At the end of 2019 the county currently had General Obligation Debt in the amount of \$3,245,000 leaving a remainder available for borrowing of \$132,497,465.

County Initiatives:

- Highway infrastructure remains a priority of the county board. The Board has accomplished its five-year goal of six plus miles of reconstruction per year in 2019. For the 2020 year the Board supported a short-term bonding of \$1.65 million putting the county on a 20-year replacement schedule or approximately 9 + miles per year.
- High speed broadband and cell coverage are a continued focus area for Bayfield County. Cooperative agreements with wireless and fixed line telecom providers were approved in addition to new PSC grant applications to improve connectivity countywide.
- The Bayfield County Business Park established in 2013 now has five tenants. Utility extensions including natural gas, fiber, 3-phase electric and telephone are on-site. The county completed a new access road through the middle of the Business Park in 2019.
- Continued emphasis on employee wellness includes a county fitness room for employees, premium discounts for wellness program participation and education luncheons as a way to contain health insurance costs.

- Energy management efforts continue with large investments in renewable energies with 25 year paybacks. The County just completed a major energy efficiency project. Savings through conservation and energy generation now exceed over \$50,000 per year.
- Criminal Justice Coordinating Council efforts continue to utilize evidenced based practices across departments with a focus on reducing recidivism and alternatives to incarceration. Focused Jail Re-entry efforts are underway with documented reductions in recidivism.
- County forestry initiatives continue to strive to achieve sustainable yield projections as determined by the DNR on the county's forest. The County entered over 3,000 acres into the County Forest Block in 2018. Bayfield County Forestry continues to work with the Red Cliff Band of Lake Superior Chippewa on the re-patriation of lands. In the last 5 years over 400 acres was transferred into tribal ownership. Approximately 1,000 acres remains in county ownership within the reservation.
- Trail development initiatives are underway utilizing county lands. The County has successfully leveraged land acquisition, county lands and state stewardship funds to create new opportunities for county residents.
- COVID-19 has made the County more adept at working in diverse places and situations. The Information Technology Departments' advances now enable employees to utilize technology in many more ways.
- Sales tax figures are significantly impacted by tourism's growth in the county. Continued increases in the 5-10% range are occurring annually.
- The County's diversified revenue stream, interest earnings, tourism/sales tax and forest revenues have helped reduce county taxes and buffer periods of economic hardship.

Request for Information:

This financial report is designed to provide a general overview of Bayfield County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the County Administrator, 715 373-6181, Bayfield County, P.O. Box 878, Washburn, WI 54891.

BAYFIELD COUNTY

STATEMENT OF NET POSITION

As of December 31, 2019

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 15,939,817	\$ 2,870,029	\$ 18,809,846
Taxes receivable	7,834,648	3,515,689	11,350,337
Delinquent taxes receivable	1,928,379	-	1,928,379
Accounts receivables (net)	2,321,492	721,500	3,042,992
Notes receivable	1,449,945	-	1,449,945
Materials, supplies and prepaid items	229,820	790,140	1,019,960
Other assets	200,000	-	200,000
Capital Assets			
Land	5,190,388	161,572	5,351,960
Right of way	6,081,900	-	6,081,900
Construction in progress	44,992	63,902	108,894
Gravel pits	-	3,934	3,934
Other capital assets, net of depreciation/amortization	30,710,769	4,197,192	34,907,961
Total Assets	<u>71,932,150</u>	<u>12,323,958</u>	<u>84,256,108</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	<u>4,930,739</u>	<u>806,055</u>	<u>5,736,794</u>
LIABILITIES			
Accounts payable	1,547,271	87,757	1,635,028
Accrued liabilities and deposits	1,204,454	125,300	1,329,754
Short-term notes payable	-	1,650,000	1,650,000
Noncurrent Liabilities			
Due within one year	582,117	38,951	621,068
Due in more than one year	5,191,230	344,933	5,536,163
Total Liabilities	<u>8,525,072</u>	<u>2,246,941</u>	<u>10,772,013</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	2,513,658	422,743	2,936,401
Unearned revenues	8,853,355	3,572,286	12,425,641
Total Deferred Outflows of Resources	<u>11,367,013</u>	<u>3,995,029</u>	<u>15,362,042</u>
NET POSITION			
Net investment in capital assets	38,703,257	4,426,600	43,129,857
Restricted			
Specialized transportation	127,406	-	127,406
Housing rehabilitation	930,456	-	930,456
Jail maintenance and construction	17,364	-	17,364
Veteran's relief	6,161	-	6,161
Debt service	7,137	-	7,137
Education program	2,383	-	2,383
Unrestricted	<u>17,176,640</u>	<u>2,461,443</u>	<u>19,638,083</u>
TOTAL NET POSITION	<u>\$ 56,970,804</u>	<u>\$ 6,888,043</u>	<u>\$ 63,858,847</u>

See accompanying notes to financial statements.

BAYFIELD COUNTY

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental Activities							
General government	\$ 4,431,346	\$ 503,546	\$ 780,405	\$ 78,014	\$ (3,069,381)	\$ -	\$ (3,069,381)
Public safety	5,974,906	406,681	510,001	8,564	(5,049,660)	-	(5,049,660)
Public works	836,793	-	-	-	(836,793)	-	(836,793)
Health and human services	7,213,335	466,367	4,997,017	-	(1,749,951)	-	(1,749,951)
Culture, recreation and education	1,454,823	323,071	72,086	-	(1,059,666)	-	(1,059,666)
Conservation and development	2,968,179	4,442,280	1,036,046	-	2,510,147	-	2,510,147
Interest and fiscal charges	54,992	-	-	-	(54,992)	-	(54,992)
Total Governmental Activities	<u>22,934,374</u>	<u>6,141,945</u>	<u>7,395,555</u>	<u>86,578</u>	<u>(9,310,296)</u>	<u>-</u>	<u>(9,310,296)</u>
Business-type Activities							
Highway Department	<u>4,503,720</u>	<u>1,656,653</u>	<u>1,054,127</u>	<u>-</u>	<u>-</u>	<u>(1,792,940)</u>	<u>(1,792,940)</u>
Total Primary Government	<u>\$ 27,438,094</u>	<u>\$ 7,798,598</u>	<u>\$ 8,449,682</u>	<u>\$ 86,578</u>	<u>(9,310,296)</u>	<u>(1,792,940)</u>	<u>(11,103,236)</u>
General Revenues							
Taxes							
Property taxes, levied for general purposes					7,340,135	1,832,654	9,172,789
Property taxes, levied for debt service					443,017	-	443,017
Sales taxes					1,295,197	-	1,295,197
Other taxes					466,544	-	466,544
Intergovernmental revenues not restricted to specific programs					96,964	-	96,964
Investment income					493,732	-	493,732
Gain on sale of capital assets					55,551	-	55,551
Miscellaneous					76,549	-	76,549
Total General Revenues before Transfers					<u>10,267,689</u>	<u>1,832,654</u>	<u>12,100,343</u>
Transfers					<u>369,592</u>	<u>(369,592)</u>	<u>-</u>
Change in Net Position					<u>1,326,985</u>	<u>(329,878)</u>	<u>997,107</u>
NET POSITION - Beginning of Year					<u>55,643,819</u>	<u>7,217,921</u>	<u>62,861,740</u>
NET POSITION - END OF YEAR					<u>\$ 56,970,804</u>	<u>\$ 6,888,043</u>	<u>\$ 63,858,847</u>

See accompanying notes to financial statements.

BAYFIELD COUNTY

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2019

	General Fund	Human Services Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 13,333,609	\$ 961,826	\$ 1,357,919	\$ 15,653,354
Receivables, net				
Taxes	5,564,643	1,817,788	452,217	7,834,648
Delinquent taxes	1,928,379	-	-	1,928,379
Accounts	1,338,287	872,709	104,846	2,315,842
Notes	667,840	-	782,105	1,449,945
Due from other funds	3,623	-	-	3,623
Materials, supplies, and prepaid items	203,079	-	-	203,079
Other assets	200,000	-	-	200,000
TOTAL ASSETS	<u>\$ 23,239,460</u>	<u>\$ 3,652,323</u>	<u>\$ 2,697,087</u>	<u>\$ 29,588,870</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 895,831	\$ 526,629	\$ 120,465	\$ 1,542,925
Deposits	123,116	-	-	123,116
Accrued liabilities	974,302	99,714	-	1,074,016
Due to other funds	-	-	3,623	3,623
Total Liabilities	<u>1,993,249</u>	<u>626,343</u>	<u>124,088</u>	<u>2,743,680</u>
Deferred inflows of resources				
Unearned revenues	6,521,959	1,879,179	452,217	8,853,355
Unavailable revenues	594,937	427,805	795,186	1,817,928
Total Deferred Inflows of Resources	<u>7,116,896</u>	<u>2,306,984</u>	<u>1,247,403</u>	<u>10,671,283</u>
Fund Balances				
Nonspendable	2,999,298	-	-	2,999,298
Restricted	-	127,406	182,286	309,692
Committed	104,113	435,000	1,143,310	1,682,423
Assigned	1,924,656	156,590	-	2,081,246
Unassigned	9,101,248	-	-	9,101,248
Total Fund Balances	<u>14,129,315</u>	<u>718,996</u>	<u>1,325,596</u>	<u>16,173,907</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 23,239,460</u>	<u>\$ 3,652,323</u>	<u>\$ 2,697,087</u>	<u>\$ 29,588,870</u>

See accompanying notes to financial statements.

BAYFIELD COUNTY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

As of December 31, 2019

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS		\$ 16,173,907
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Capital assets at year-end consist of:		
Capital assets	\$ 71,187,494	
Accumulated depreciation	<u>(29,159,445)</u>	42,028,049
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the net effect of these differences:		
Premium on debt		(79,792)
Notes receivable and accounts receivable are reported as unavailable revenue in the fund financial statements and are recognized as revenue when earned in the government-wide financial statements. See Note III.B.		
		1,817,928
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		
		4,930,739
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		
		(2,513,658)
Internal service funds are used by management to charge the costs of photocopiers and county and sheriff vehicles to individual funds. The assets and liabilities of the internal service funds, exclusive of capital assets, which are included above, are included in governmental activities in the statement of net position.		
		314,077
Long-term liabilities, including bonds and notes payable, are not due in the current period and, therefore, are not reported in the fund statements.		
Long-term liabilities at year-end consist of:		
General obligation debt		(3,245,000)
Accrued interest on general obligation debt		(6,891)
Net pension liability		(1,831,460)
Vested compensated absences		<u>(617,095)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 56,970,804</u>

See accompanying notes to financial statements.

BAYFIELD COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

	General Fund	Human Services Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 7,257,289	\$ 1,817,788	\$ 457,517	\$ 9,532,594
Intergovernmental	2,391,649	4,446,293	129,562	6,967,504
Licenses and permits	394,112	-	7,963	402,075
Fines, forfeitures and penalties	74,940	-	18,216	93,156
Charges for services	5,021,106	242,939	13,659	5,277,704
Miscellaneous	1,294,801	4,227	103,850	1,402,878
Total Revenues	16,433,897	6,511,247	730,767	23,675,911
EXPENDITURES				
Current				
General government	3,807,810	-	-	3,807,810
Public safety	5,440,692	-	7,322	5,448,014
Public works	70,071	-	-	70,071
Health and human services	1,105,781	5,865,523	21,620	6,992,924
Culture, recreation, and education	1,351,644	-	56,607	1,408,251
Conservation and development	2,836,018	-	1,123	2,837,141
Capital Outlay	26,253	-	1,015,291	1,041,544
Debt Service				
Principal retirement	-	-	355,000	355,000
Interest and fiscal charges	-	-	88,018	88,018
Total Expenditures	14,638,269	5,865,523	1,544,981	22,048,773
Excess (deficiency) of revenues over expenditures	1,795,628	645,724	(814,214)	1,627,138
OTHER FINANCING SOURCES (USES)				
Transfer in	640,889	-	1,688,489	2,329,378
Transfer out	(3,688,489)	(640,889)	-	(4,329,378)
Total Other Financing Sources (Uses)	(3,047,600)	(640,889)	1,688,489	(2,000,000)
Net Change in Fund Balances	(1,251,972)	4,835	874,275	(372,862)
FUND BALANCES - Beginning of Year	15,381,287	714,161	451,321	16,546,769
FUND BALANCES - END OF YEAR	\$ 14,129,315	\$ 718,996	\$ 1,325,596	\$ 16,173,907

See accompanying notes to financial statements.

BAYFIELD COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (372,862)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The following differ in their presentation in the two statements (excluding governmental activities capital assets recorded in internal service funds):

Capital outlay is capitalized in the government-wide statements	1,041,544
Some capital outlay is not capitalized in the government-wide statements	(113,980)
Some functional expenditures are capitalized	146,876
Transfer in from business-type activities - infrastructure financed by highway fund	2,369,592
Depreciation/amortization is reported in the government-wide statements	(1,508,552)
Book value of capital assets disposed/removed of during the year	(86,392)

Certain receivables are reported as unavailable revenue in the fund financial statements because they are not available. They are recognized as revenue when earned in the government-wide financial statements. This is the net effect of these unavailable revenues.

183,859

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments	355,000
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The increases and decreases in certain liabilities are recorded as expenses or reductions of expenses in the government-wide financial statements. These changes are not recorded in the governmental funds because they do not provide or use current financial resources. These amounts are the changes in the following liabilities:

Accrued interest	889
Vested compensated absences	5,717
Net pension asset/liability (and pension related deferred outflows/inflows of resources)	(707,663)

Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

This amount is the net effect of these differences:

Amortization of premium	32,137
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Internal service funds are used by management to charge the costs of photocopiers and county and sheriff vehicles to individual funds. The net revenue of internal service funds is reported with governmental activities.

(19,180)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 1,326,985

See accompanying notes to financial statements.

BAYFIELD COUNTY

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2019

	Major Enterprise Fund	Governmental Activities
	Highway Department	Internal Service Funds
ASSETS		
CURRENT ASSETS		
Cash and investments	\$ 2,870,029	\$ 286,463
Taxes receivable	3,515,689	-
Accounts receivable, net	721,500	5,650
Materials, supplies, and prepaid items	790,140	26,741
Total Current Assets	7,897,358	318,854
NONCURRENT ASSETS		
Capital Assets		
Land	161,572	-
Construction in progress	63,902	-
Gravel pits	3,934	-
Other capital assets	9,497,613	1,619,041
Accumulated depreciation	(5,300,421)	(761,294)
Total Noncurrent Assets	4,426,600	857,747
Total Assets	12,323,958	1,176,601
DEFERRED OUTFLOWS OF RESOURCES		
Pension related amounts	806,055	-
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	87,757	4,346
Accrued liabilities	125,300	431
Short-term notes payable	1,650,000	-
Current portion of vested compensated absences	38,951	-
Total Current Liabilities	1,902,008	4,777
NONCURRENT LIABILITIES		
Vested compensated absences	52,287	-
Net pension liability	292,646	-
Total Noncurrent Liabilities	344,933	-
Total Liabilities	2,246,941	4,777
DEFERRED INFLOWS OF RESOURCES		
Pension related amounts	422,743	-
Unearned revenues	3,572,286	-
Total Deferred Inflows of Resources	3,995,029	-
NET POSITION		
Net investment in capital assets	4,426,600	857,747
Unrestricted	2,461,443	314,077
TOTAL NET POSITION	\$ 6,888,043	\$ 1,171,824

See accompanying notes to financial statements.

BAYFIELD COUNTY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2019

	Major Enterprise Fund	Governmental Activities
	Highway Department	Internal Service Funds
OPERATING REVENUES		
Charges for services	\$ 1,614,877	\$ 415,897
Miscellaneous	<u>41,776</u>	<u>10,603</u>
Total Operating Revenues	<u>1,656,653</u>	<u>426,500</u>
OPERATING EXPENSES		
Highway expenses	3,953,913	-
County vehicle expenses	-	97,340
County photocopier expenses	-	14,861
Sheriff vehicle expenses	-	126,950
Depreciation and amortization	<u>549,787</u>	<u>226,862</u>
Total Operating Expenses	<u>4,503,700</u>	<u>466,013</u>
Operating Loss	<u>(2,847,047)</u>	<u>(39,513)</u>
NONOPERATING REVENUES (EXPENSES)		
Property tax revenue	1,832,654	-
Infrastructure construction expense for governmental activities	(2,369,592)	-
Gain (loss) on disposal of capital assets	(20)	20,333
Intergovernmental aids	<u>1,054,127</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>517,169</u>	<u>20,333</u>
Loss Before Transfers	<u>(2,329,878)</u>	<u>(19,180)</u>
TRANSFERS		
Transfers in	<u>2,000,000</u>	<u>-</u>
Change in Net Position	(329,878)	(19,180)
NET POSITION – Beginning of Year	<u>7,217,921</u>	<u>1,191,004</u>
NET POSITION – END OF YEAR	<u>\$ 6,888,043</u>	<u>\$ 1,171,824</u>

See accompanying notes to financial statements.

BAYFIELD COUNTY

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2019

	Major Enterprise Fund	Governmental Activities
	Highway Department	Internal Service Funds
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES		
Cash received from customers	\$ 2,941,563	\$ 428,819
Cash paid to suppliers for goods and services	(2,496,868)	(229,479)
Cash paid to employees for services	(1,355,033)	(7,679)
Net Cash Flows From (Used By) Operating Activities	(910,338)	191,661
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
General property taxes	1,832,654	-
Intergovernmental grants received	1,054,127	-
Transfer from other funds	2,000,000	-
Net Cash Flows From Noncapital Financing Activities	4,886,781	-
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from issuance of short-term notes payable	1,650,000	-
Acquisition and construction of capital assets	(580,768)	(97,257)
Proceeds from sale of capital assets	193,896	20,333
Infrastructure construction expense for governmental activities	(2,369,592)	-
Net Cash Flows From (Used By) Capital and Related Financing Activities	(1,106,464)	(76,924)
Net Change in Cash and Cash Equivalents	2,869,979	114,737
CASH AND CASH EQUIVALENTS - Beginning of Year	50	171,726
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,870,029	\$ 286,463
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES		
Operating loss	\$ (2,847,047)	\$ (39,513)
Adjustments to Reconcile Operating Loss to Net Cash Flows		
From (Used By) Operating Activities		
Depreciation and amortization	549,787	226,862
Depletion	23,186	-
Change in assets, deferred outflows, liabilities, and deferred inflows		
Accounts receivable	1,240,858	2,319
Materials, supplies and prepaid items	121,633	6,287
Accounts payable	29,386	(4,315)
Accrued liabilities	(147,649)	21
Pension related deferrals and liability/asset	119,508	-
NET CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES	\$ (910,338)	\$ 191,661
NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES		
None		

See accompanying notes to financial statements.

BAYFIELD COUNTY

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
As of December 31, 2019

	Agency Funds
ASSETS	
Cash and investments	<u>\$ 863,771</u>
LIABILITIES	
Deposits	<u>\$ 863,771</u>

See accompanying notes to financial statements.

BAYFIELD COUNTY

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BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Bayfield County, Wisconsin (the “County”) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the County. The reporting entity for the County consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if: (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax-exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of three methods, discrete presentation, blending or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Blended Component Unit

The Industrial Development Agency (IDA) serves all the citizens of the government and is governed by a Board comprised of five members including two County Board members and the County Treasurer. The IDA is reported in the General Fund. The IDA does not issue separate financial statements.

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In March 2018, the GASB issued statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The County does not allocate indirect expenses to functions in the statement of activities. 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 or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditure/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental fund or enterprise fund that the County believes is particularly important to financial statement users may be reported as a major fund.

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

- General Fund – accounts for the County’s primary operating activities. It is used to account for and report all financial resources except those required to be accounted for in another fund.
- Human Services Special Revenue Fund – used to account for and report resources legally restricted or committed to supporting expenditures for the Human Services Department.

The County reports the following major enterprise fund:

- Highway Department – used to account for and report operations of the highway department.

The County reports the following nonmajor governmental funds:

Special Revenue Funds – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

- Housing Rehab Grant
- Jail Assessment
- Veterans’ Relief
- Educational Programs
- Dog License

Debt Service Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the payment of general long-term debt principal, interest, and related costs.

- Debt Service

Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

- Capital Projects

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

In addition, the County reports the following fund types:

Internal Service funds are used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governmental units, on a cost-reimbursement basis.

- County Vehicles
- County Photocopiers
- Sheriff Vehicles

Agency funds are used to account for and report assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and other governmental units.

- Funds Held in Trust
- Employee Retirement HRA

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenues when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County's highway department and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Sales taxes are recognized as revenues in the year in which the underlying sales relating to it take place.

Intergovernmental aids and grants are recognized as revenues in the period the County is entitled to the resources and the amounts are available. Amounts owed to the County which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Highway Department are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the County considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of County funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any County, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

As of December 31, 2019, the County had not adopted an investment policy. An investment policy was approved on May 14, 2020.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note III.A. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of County funds is allocated to the General Fund. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2019, the fair value of the County's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III.A. for further information.

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

2. Receivables

Taxes

Property taxes are levied in December on the assessed value as of the prior January 1. Property taxes are due, in the year subsequent to levy, on the last day of January, and collected by local treasurers through that date, at which time unpaid taxes are assigned to the County and appropriate receivables and payables are recorded. Tax collections become the responsibility of the County and taxes receivable include unpaid taxes levied for all taxing entities within the County. The County makes restitution to local districts in August for payables recorded at the settlement date without regard to collected funds. A lien is placed on all properties for which a portion of the current tax levy remains unpaid as of September 1.

Property tax calendar – 2019 tax roll:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale – 2019 delinquent real estate taxes	October 2022

Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection thereof. No allowance for uncollectible delinquent taxes has been provided because of the County's demonstrated ability to recover any losses through the sale of the applicable property.

Tax certificates represent a lien and conditional transfer of title to property on which delinquent taxes have not been paid. Certificates are valued at the amount of the unpaid tax assessed the property owner. The property owner has a period of three years from date of certificate in which to redeem the certificates prior to foreclosure of the lien.

The County reports a nonspendable fund balance in the General Fund in the amount of \$1,928,379, the total of tax certificates and tax deeds as of year-end.

The County has a 0.5% sales tax which is collected by the State of Wisconsin and remitted to the County monthly. Sales tax is accrued as a receivable when the underlying sale relating to it takes place. At December 31, 2019, the County has accrued two months of the subsequent year's collections as receivable.

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

All Funds

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

3. Materials, Supplies and Prepaid Items

Governmental fund materials and supplies, if material, are recorded at cost based on the first-in first-out (FIFO) method using the consumption method of accounting. Highway materials and supplies are generally used for construction and operation and maintenance work. They are not for resale. They are recorded at the lower of cost, based on the first-in first-out (FIFO) method, or market and charged to public works or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. General capital assets are defined by the government as assets with an initial cost of more than \$250 and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost, if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities. Accumulated depreciation is reflected in the statement of net position. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Land Improvements	15 years
Buildings	25-50 years
Machinery and Equipment	5-10 years
Infrastructure	25-100 years
Intangibles	25 years

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

4. Capital Assets (cont.)

Government-Wide Statements (cont.)

Depreciation on highway capital assets is computed using the straight-line method over the estimated useful lives as recommended by the Wisconsin Department of Transportation.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

5. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

6. Compensated Absences

Under terms of employment, employees are granted sick leave and vacation in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2019 are determined on the basis of current salary rates and include salary related amounts.

7. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of bonds payable, net pension liabilities and vested compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

7. Long-Term Obligations (cont.)

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year-end is shown as an increase or decrease in the liability section of the statement of net position.

The county has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the county. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is \$7,941,274.

8. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

9. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either 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.
- c. Unrestricted net position – All other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

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

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.) Fund Statements

9. Equity Classifications (cont.)

Government-Wide Statements (cont.)

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either 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.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the County Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the County Board that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. The County Board and County Administrator have the authority to assign amounts to be used for specific purposes. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide financial statements.

The County considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the County would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The County has a formal minimum fund balance policy. That policy is to maintain a working capital fund balance of 25% of budgeted General Fund expenditures for the subsequent year. The balance at year-end was \$4,199,453 and is included in unassigned General Fund balance.

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

10. Pension

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

Fund	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Excess Expenditures over Budget and Other Financing Uses
Housing rehab grant	\$ -	\$ 1,123	\$ 1,123

The County controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the county's year-end budget to actual report.

B. LIMITATIONS ON THE COUNTY'S TAX LEVY

Wisconsin law limits that County's future tax levies. Generally, the County is limited to its prior tax levy dollar amount, increased by the greater of the percentage change in the County's equalized value due to new construction, or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The County is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The County's cash and investments at year-end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Deposits	\$ 4,754,104	\$ 5,075,975	Custodial credit risk
LGIP	21,755	21,755	Credit risk
Certificates of deposit	13,511,579	13,501,360	Custodial credit risk
			Custodial credit risk, credit risk, interest rate risk, concentration of credit risk
U.S. agencies - implicitly guaranteed	1,384,734	1,384,734	
Petty cash and cash on hand	1,445	-	N/A
Total Cash and Investments	<u>\$ 19,673,617</u>	<u>\$ 19,983,824</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 18,809,846		
Per statement of assets and liabilities			
- Agency funds	863,771		
Total Cash and Investments	<u>\$ 19,673,617</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit amounts (interest-bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits. Deposits in the credit union are insured by the National Credit Union Administration in the amount of \$250,000 for all share draft accounts and \$250,000 for all share certificate and regular share accounts.

Bank and credit union accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government). SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$250,000 may be in cash.

At December 31, 2019, the County's bank deposits were secured by a Federal Home Loan Bank letter of credit in the amount of \$16,000,000.

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Investments

The County's investments at December 31, 2019 were comprised entirely of U.S. agencies implicitly guaranteed. The County 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 other observable inputs; Level 3 inputs are significant unobservable inputs.

The market approach is used to value the County's investments. The County's investments are categorized as follows:

Investment Type	Level 1	Level 2	Level 3	Total
U.S. agencies - implicitly guaranteed	\$ -	\$ 1,384,734	\$ -	\$ 1,384,734

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to the County. As of December 31, 2019, none of the County's deposits or investments were exposed to custodial credit risk

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2019, the County's investments were rated as follows:

Investment Type	Moody's Rating	S&P Rating
U.S. agencies – implicitly guaranteed	Aaa	AA+

The County also had investments in the external Wisconsin Local Government Investment Pool, which is not rated.

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2019, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
FNMA	U.S. agencies – implicitly guaranteed	34%
FHLMC	U.S. agencies – implicitly guaranteed	39%
FFCBS	U.S. agencies – implicitly guaranteed	19%
FHLB	U.S. agencies – implicitly guaranteed	5%

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2019, the County's investments were as follows:

Investment Type	Total Fair Value	Investment Maturities (in years)		
		Less than 1	1 - 4	Greater than 4
U.S. agencies - implicitly guaranteed	\$ 1,384,734	\$ 99,992	\$ 1,284,742	\$ -

See Note I.D.1. for further information on deposit and investment policies.

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES

All of the receivables on the governmental funds balance sheet are expected to be collected within one year except for \$2,596,219 in the General Fund and \$782,105 in the Housing Rehab Grant Fund.

Governmental funds report unavailable or unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Taxes receivable	\$ 7,832,451	\$ -
Accounts receivable	61,150	1,035,823
Notes receivable	-	782,105
Deposits	898,363	-
Advance grant funds	<u>61,391</u>	<u>-</u>
Total Unavailable/Unearned Revenue For Governmental Funds	<u>\$ 8,853,355</u>	<u>\$ 1,817,928</u>

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/ amortized				
Land	\$ 5,041,446	\$ 148,942	\$ -	\$ 5,190,388
Right of way	6,042,100	39,800	-	6,081,900
Construction in progress	32,806	44,992	(32,806)	44,992
Total Capital Assets Not Being Depreciated	11,116,352	233,734	(32,806)	11,317,280
Other capital assets being depreciated/ amortized				
Buildings	27,848,883	581,316	-	28,430,199
Machinery and equipment	8,847,292	430,830	(676,132)	8,601,990
Land improvements	547,674	26,959	-	574,633
Infrastructure	19,738,400	2,329,792	(108,800)	21,959,392
Intangibles	304,000	-	-	304,000
Total Capital Assets Being Depreciated/ Amortized	57,286,249	3,368,897	(784,932)	59,870,214
Less: Accumulated depreciation/ amortization for				
Buildings	(13,971,871)	(362,541)	-	(14,334,412)
Machinery and equipment	(6,424,096)	(594,059)	593,024	(6,425,131)
Land improvements	(38,672)	(31,751)	-	(70,423)
Infrastructure	(7,652,304)	(734,902)	76,980	(8,310,226)
Intangibles	(7,093)	(12,160)	-	(19,253)
Total Accumulated Depreciation/ Amortization	(28,094,036)	(1,735,413)	670,004	(29,159,445)
Total Other Capital Assets, Net of Depreciation/ Amortization	29,192,213	1,633,484	(114,928)	30,710,769
Total Governmental Activities Capital Assets, Net	\$ 40,308,565	\$ 1,867,218	\$ (147,734)	\$ 42,028,049

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS (cont.)

Depreciation and amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 476,107
Public safety	335,275
Public works, which includes the depreciation of roads and bridges	734,902
Health and human services	69,370
Culture, recreation and education	61,340
Conservation and development	58,419

Total Governmental Activities Depreciation and Amortization Expense \$ 1,735,413

Business-type Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 161,572	\$ -	\$ -	\$ 161,572
Gravel pits	166,320	-	(162,386)	3,934
Construction in progress	-	63,902	-	63,902
Total Capital Assets Not Being Depreciated	327,892	63,902	(162,386)	229,408
Other capital assets being depreciated				
Land improvements	32,013	-	-	32,013
Buildings	1,808,226	10,322	-	1,818,548
Machinery and equipment	7,576,478	506,545	(435,971)	7,647,052
Total Capital Assets Being Depreciated	9,416,717	516,867	(435,971)	9,497,613
Less: Accumulated depreciation for				
Land improvements	(32,013)	-	-	(32,013)
Buildings	(1,238,222)	(48,943)	-	(1,287,165)
Machinery and equipment	(3,861,653)	(479,010)	359,420	(3,981,243)
Total Accumulated Depreciation	(5,131,888)	(527,953)	359,420	(5,300,421)
Total Other Capital Assets, Net of Depreciation	4,284,829	(11,086)	(76,551)	4,197,192
Business-type Activities, Capital Assets, Net	\$ 4,612,721	\$ 52,816	\$ (238,937)	4,426,600

All of the business-type activities depreciation expense was charged to the Highway Department.

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Educational Programs	\$ 3,623
Subtotal - Fund Financial Statements		
Less: Fund eliminations		<u>(3,623)</u>
Total - Government-Wide Statement of Net Position		<u>\$ -</u>

The purpose of these interfunds is to cover overdrafts in pooled cash. All amounts are due within one year.

Transfers

The following is a schedule of interfund transfers:

<u>Transferred To</u>	<u>Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Capital Projects	General Fund	\$ 1,688,489	Acquisition of various capital assets
Highway Department	General Fund	2,000,000	Highway projects
General Fund	Human Services	<u>640,889</u>	Return of excess revenues
Subtotal – Fund Financial Statements		4,329,378	
Less: Fund eliminations		(2,329,378)	
Less: Contribution of infrastructure from business-type activities		<u>(2,369,592)</u>	
Total – Government-Wide Statement of Activities		<u>\$ (369,592)</u>	

Generally, transfers are used to: (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation bonds	\$ 3,600,000	\$ -	\$ 355,000	\$ 3,245,000	\$ 365,000
Add: Premiums	111,929	-	32,137	79,792	-
Sub-totals	3,711,929	-	387,137	3,324,792	365,000
Other Liabilities					
Vested compensated absences	622,812	-	5,717	617,095	217,117
Net pension liability	-	1,831,460	-	1,831,460	-
Sub-totals	622,812	1,831,460	5,717	2,448,555	217,117
Total Governmental Activities					
Long-Term Liabilities	\$ 4,334,741	\$ 1,831,460	\$ 392,854	\$ 5,773,347	\$ 582,117
Business-type Activities					
Other Liabilities					
Vested compensated absences	\$ 102,835	\$ -	\$ 11,597	\$ 91,238	\$ 38,951
Net pension liability	-	292,646	-	292,646	-
Total Other Liabilities	102,835	292,646	11,597	383,884	38,951
Total Business-type Activities					
Long-Term Liabilities	\$ 102,835	\$ 292,646	\$ 11,597	\$ 383,884	\$ 38,951

In accordance with Wisconsin Statutes, total general obligation indebtedness of the County may not exceed 5% of the equalized value of taxable property within the County's jurisdiction. The debt limit as of December 31, 2019 was \$135,742,465 Total general obligation debt outstanding at year-end was \$3,245,000.

General Obligation Debt

All general obligation notes and bonds are backed by the full faith and credit of the County. Bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund.

General obligation debt payable for the County at December 31, 2019, consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12-31-19
Governmental Activities					
G.O. Refunding Bonds	8/15/17	06/01/27	1.75-3.0%	\$ 3,925,000	\$ 3,245,000
Total Governmental Activities					\$ 3,245,000

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities General Obligation Debt	
	Principal	Interest
2020	\$ 365,000	\$ 77,218
2021	380,000	66,043
2022	390,000	54,493
2023	400,000	42,643
2024	415,000	30,418
2024 – 2027	1,295,000	37,652
Totals	\$ 3,245,000	\$ 308,467

Other Debt Information

Estimated payments of vested compensated absences are not included in the debt service requirement schedules. The vested compensated absences and net pension liability attributable to governmental activities will be liquidated primarily by the General Fund.

F. SHORT-TERM DEBT ACTIVITY

The County issued a short-term promissory note in the amount of \$1,650,000 to be used for highway projects. The note has an interest rate of 2.96% and matures on March 1, 2020.

	Beginning Balance	Increases	Decreases	Ending Balance
2019 Promissory Note – Direct placement	\$ -	\$ 1,650,000	\$ -	\$ 1,650,000

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

G. LEASE DISCLOSURES

Lessor – Operating Leases

The County entered into a lease agreement with Northern Lights Services to rent the nursing home facility to Northern Lights Services. The lease began September 14, 2017 and is in effect until December 31, 2047. Minimum basic rent was \$10,000 per month beginning October 15, 2017. Rent will increase to \$20,000 per month beginning January 15, 2020. The cost of the nursing home facility, which is being capitalized and depreciated in the government-wide financial statements is \$4,280,000 with accumulated depreciation at December 31, 2019 of \$214,000. The minimum future lease income payments on the above lease are as follows:

<u>Years</u>	<u>Principal</u>
2020	\$ 240,000
2021	240,000
2022	240,000
2023	240,000
2024	240,000
2025 – 2029	1,200,000
2030 – 2034	1,200,000
2035 – 2039	1,200,000
2040 – 2044	1,200,000
2045 – 2047	720,000
Totals	<u>\$ 6,720,000</u>

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2019 includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land (including right of way)	\$ 11,272,288
Construction in progress	44,992
Other capital assets, net of accumulated depreciation	30,710,769
Less: Related long-term debt outstanding	<u>(3,324,792)</u>
Total Net Investment in Capital Assets	<u>\$ 38,703,257</u>

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances at December 31, 2019 include the following:

	General Fund	Human Services	Nonmajor Governmental Funds	Totals
FUND BALANCES				
Nonspendable:				
Tax Certificates	\$ 1,597,943	\$ -	\$ -	\$ 1,597,943
Tax Deeds	330,436	-	-	330,436
Materials, Supplies and Prepaid Items	203,079	-	-	203,079
Notes Receivable and Incubator Investment	867,840	-	-	867,840
Restricted for:				
Elderly and Handicapped Transportation	-	121,490	-	121,490
CCOP Risk Reserve	-	5,916	-	5,916
Housing Rehabilitation	-	-	148,352	148,352
Jail Maintenance and Construction	-	-	17,364	17,364
Educational Programs	-	-	2,383	2,383
Veterans Services	-	-	6,161	6,161
Debt service	-	-	8,026	8,026
Committed to:				
Highway Projects				
Town Bridges	104,113	-	-	104,113
Animal Control	-	-	5,362	5,362
Human Services "Reserve" Balance	-	435,000	-	435,000
Capital Projects	-	-	1,137,948	1,137,948
Assigned to:				
Subsequent Year's Budget	1,267,799	-	-	1,267,799
ADRC Consortium	-	88,672	-	88,672
IDP Program Funds	-	67,918	-	67,918
Employee Wellness	407,298	-	-	407,298
Nonlapsing Funds:				
Future Forestry Expenditures	226,292	-	-	226,292
Future Sanitarian Expenditures	23,267	-	-	23,267
Unassigned:				
	9,101,248	-	-	9,101,248
Total Fund Balances	\$ 14,129,315	\$ 718,996	\$ 1,325,596	\$ 16,173,907

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

Vesting. 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.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before December 31, 2016) are entitled to receive a retirement benefit based on a formula factor, their average earnings and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant receives 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 age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity 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.

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2009	(2.1)%	(42.0)%
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

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 and Executives and Elected Officials. Starting January 1, 2016, the Executives and Elected Officials category 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, the WRS recognized \$609,361 in contributions from the County.

Contribution rates for the plan year reported as of December 31, 2019 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the County reported a liability of \$2,124,106 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the County's proportion was .05970471%, which was an increase of .00042038% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2019, the County recognized pension expense of \$1,436,533.

At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 1,654,357	\$ 2,924,308
Changes of actuarial assumptions	358,046	-
Net differences between projected and actual earnings on pension plan investments	3,102,112	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,002	12,093
Employer contributions subsequent to the measurement date	<u>613,277</u>	<u>-</u>
Totals	<u>\$ 5,736,794</u>	<u>\$ 2,936,401</u>

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont.)

\$613,277 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u>
2020	\$ 796,609
2021	196,944
2022	345,611
2023	847,952

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

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset)	December 31, 2018
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
Post-retirement Adjustments*:	1.9%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont.)

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, morality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

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:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49%	8.1%	5.5%
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
 <u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

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

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

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Pension Asset, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont.)

Single discount rate. A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long-term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the County's proportionate share of the net pension 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%)
County's proportionate share of the net pension (asset) liability	\$ 8,441,421	\$ 2,124,106	\$ (2,573,307)

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

At December 31, 2019, the County reported a payable to the pension plan, which represents contractually required contributions outstanding as of the end of the year.

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The County purchases commercial insurance to provide coverage for losses for health. It purchases coverage from the Local Government Property Insurance Fund for theft and property damage. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Public Entity Risk Pool

Fifty-five Wisconsin counties jointly participate in the Wisconsin County Mutual Insurance Corporation (WCMIC) for general, property and automobile liability insurance. The creation of the County Mutual requires the establishment of capital reserves with each of the participating counties depositing amounts as specified in projected rates. This company began operation on January 1, 1988.

The governing body is made up of nineteen directors elected by the participating counties. The governing body has authority to adopt its own budget and control the financial affairs of the corporation.

Summary financial information of WCMIC as of December 31, 2019 can be obtained directly from WCMIC's offices.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental fund types if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

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

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

D. RELATED ORGANIZATIONS

The County's officials are responsible for appointing four of the sixteen board members of the Bayfield County Economic Development Corporation and three non-voting members of the board of Northern Lights Services, Inc. The County's accountability for these organizations does not extend beyond making the appointments.

BAYFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

E. SUBSEQUENT EVENT

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including to areas impacting the County. As of the audit opinion date, the County's evaluation of the effects of these events is ongoing; however, based on current information we believe this situation will cause a decline in revenues, such as sales tax, investment income and charges for services, and increase in certain costs, and an increase in delinquencies or uncollectible accounts.

The extent of the impact of COVID-19 on the County's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following statements:

- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 87, *Leases*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests*
- > Statement No. 91, *Conduit Debt Obligations*
- > Statement No. 92, *Omnibus*
- > Statement No. 93, *Replacement of Interbank Offered Rates*
- > Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- > Statement No. 96, *Subscription-Based Information Technology Arrangements*
- > Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87, which was postponed by one and a half years.

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BAYFIELD COUNTY

BUDGETARY COMPARISON SCHEDULE GENERAL FUND For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 7,145,597	\$ 7,153,297	\$ 7,257,289	\$ 103,992
Intergovernmental	2,119,378	2,304,268	2,391,649	87,381
Licenses and permits	347,650	352,890	394,112	41,222
Fines, forfeitures and penalties	75,500	75,500	74,940	(560)
Charges for services	4,178,520	4,326,806	5,021,106	694,300
Miscellaneous	1,182,285	1,209,847	1,294,801	84,954
Total Revenues	<u>15,048,930</u>	<u>15,422,608</u>	<u>16,433,897</u>	<u>1,011,289</u>
EXPENDITURES				
Current				
General government	4,347,580	4,131,972	3,807,810	324,162
Public safety	5,372,850	5,476,863	5,440,692	36,171
Public works	118,975	118,975	70,071	48,904
Health and human services	1,067,174	1,114,346	1,105,781	8,565
Culture, recreation, and education	1,351,161	1,364,161	1,351,644	12,517
Conservation and development	2,799,458	3,001,602	2,836,018	165,584
Capital outlay	2,500	25,885	26,253	(368)
Total Expenditures	<u>15,059,698</u>	<u>15,233,804</u>	<u>14,638,269</u>	<u>595,535</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(10,768)</u>	<u>188,804</u>	<u>1,795,628</u>	<u>1,606,824</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	50,000	50,000	640,889	590,889
Transfer out	<u>(2,315,003)</u>	<u>(4,884,039)</u>	<u>(3,688,489)</u>	<u>1,195,550</u>
Total Other Financing Sources (Uses)	<u>(2,265,003)</u>	<u>(4,834,039)</u>	<u>(3,047,600)</u>	<u>1,786,439</u>
Net Change in Fund Balance	<u>\$ (2,275,771)</u>	<u>\$ (4,645,235)</u>	(1,251,972)	<u>\$ 3,393,263</u>
FUND BALANCE - Beginning of Year			<u>15,381,287</u>	
FUND BALANCE - END OF YEAR			<u>\$ 14,129,315</u>	

See accompanying notes to required supplementary information and independent auditors' report.

BAYFIELD COUNTY

BUDGETARY COMPARISON SCHEDULE HUMAN SERVICES SPECIAL REVENUE FUND For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,817,788	\$ 1,817,788	\$ 1,817,788	\$ -
Intergovernmental	4,699,438	4,963,838	4,446,293	(517,545)
Charges for services	217,505	267,505	242,939	(24,566)
Miscellaneous revenue	56,200	86,014	4,227	(81,787)
Total Revenues	<u>6,790,931</u>	<u>7,135,145</u>	<u>6,511,247</u>	<u>(623,898)</u>
EXPENDITURES				
Current				
Health and human services	<u>6,790,931</u>	<u>7,155,331</u>	<u>5,865,523</u>	<u>1,289,808</u>
Total Expenditures	<u>6,790,931</u>	<u>7,155,331</u>	<u>5,865,523</u>	<u>1,289,808</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(20,186)</u>	<u>645,724</u>	<u>665,910</u>
OTHER FINANCING USES				
Transfer out	<u>-</u>	<u>-</u>	<u>(640,889)</u>	<u>(640,889)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (20,186)</u>	<u>4,835</u>	<u>\$ 25,021</u>
FUND BALANCE - Beginning of Year			<u>714,161</u>	
FUND BALANCE - END OF YEAR			<u>\$ 718,996</u>	

See accompanying notes to required supplementary information and independent auditors' report.

BAYFIELD COUNTY

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) WISCONSIN RETIREMENT SYSTEM (WRS) For the Year Ended December 31, 2019

WRS Fiscal Year End Date (Measurement Date)	County's Proportion of the Net Pension (Asset)/Liability	County's Proportionate Share of the Net Pension (Asset)/Liability	County's Covered Payroll	County's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/18	0.05970471%	\$ 2,124,106	\$ 8,392,171	25.31%	96.45%
12/31/17	0.05928433%	(1,760,222)	8,186,909	21.50%	102.93%
12/31/16	0.05845522%	481,810	8,036,059	6.00%	99.12%
12/31/15	0.05806999%	943,626	7,766,753	12.15%	98.20%
12/31/14	0.05895609%	(1,448,123)	7,716,343	18.77%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM (WRS) For the Year Ended December 31, 2019

County Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/19	\$ 613,277	\$ 613,277	\$ -	8,622,231	7.11%
12/31/18	609,362	609,362	-	8,392,171	7.26%
12/31/17	616,843	616,843	-	8,186,909	7.53%
12/31/16	561,329	561,329	-	8,036,059	6.99%
12/31/15	558,852	558,852	-	7,766,753	7.20%

See accompanying notes to required supplementary information and independent auditors' report.

BAYFIELD COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

The budgeted amounts presented include any amendments made. Transfers between departments and changes to the overall budget must be approved by the County Board. Transfers within departments must be approved by the department's standing committee or the finance committee.

Appropriations lapse at year-end unless specifically carried over. Carryovers to the following year (including nonlapsing funds) are included as a portion of assigned fund balances in Note III. H. The budget is adopted at the department level of expenditure.

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The County 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.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

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

SUPPLEMENTARY INFORMATION

BAYFIELD COUNTY

DETAILED BUDGETARY COMPARISON SCHEDULE GENERAL FUND For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
General property taxes	\$ 5,495,548	\$ 5,495,548	\$ 5,495,548	\$ -
In lieu of taxes	66,000	66,000	60,409	(5,591)
Forest cropland taxes	41,000	41,000	50,725	9,725
Sales tax	1,173,049	1,173,049	1,295,197	122,148
Real estate transfer tax	60,000	67,700	70,479	2,779
Interest and penalty on taxes	310,000	310,000	284,931	(25,069)
Total Taxes	<u>7,145,597</u>	<u>7,153,297</u>	<u>7,257,289</u>	<u>103,992</u>
INTERGOVERNMENTAL				
Shared revenue from state	106,591	106,591	108,227	1,636
Tax exempt computers	1,011	1,011	1,036	25
Federal and state grants	2,011,776	2,196,666	2,282,386	85,720
Total Intergovernmental	<u>2,119,378</u>	<u>2,304,268</u>	<u>2,391,649</u>	<u>87,381</u>
LICENSES AND PERMITS				
Environmental health	131,000	136,240	136,241	1
Zoning permits and fees	214,050	214,050	253,949	39,899
Vehicle registrations	1,500	1,500	2,072	572
Alarm permits	100	100	100	-
Forestry permits	1,000	1,000	1,750	750
Total Licenses and Permits	<u>347,650</u>	<u>352,890</u>	<u>394,112</u>	<u>41,222</u>
FINES, FORFEITURES AND PENALTIES				
County ordinance forfeitures	51,500	51,500	48,493	(3,007)
County share state fines and forfeitures	24,000	24,000	26,447	2,447
Total Fines, Forfeitures and Penalties	<u>75,500</u>	<u>75,500</u>	<u>74,940</u>	<u>(560)</u>
CHARGES FOR SERVICES				
General Government				
Mediation services	2,500	2,500	2,720	220
County clerk fees	3,000	3,000	2,815	(185)
Court fees	101,000	101,000	94,414	(6,586)
Register of deeds' fees	107,000	107,000	112,871	5,871
Abstract fees	7,000	7,000	6,460	(540)
Survey review fees	8,000	8,000	7,420	(580)
Child support fees	1,950	1,950	1,713	(237)
Coroner	6,500	6,500	5,191	(1,309)
WLIP fees	40,000	40,000	36,360	(3,640)
CODY services	6,900	6,900	11,880	4,980
Municipal fees on voter registration	8,275	8,275	8,275	-
Total General Government	<u>292,125</u>	<u>292,125</u>	<u>290,119</u>	<u>(2,006)</u>

BAYFIELD COUNTY

DETAILED BUDGETARY COMPARISON SCHEDULE GENERAL FUND For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CHARGES FOR SERVICES (cont.)				
Public Safety				
Sheriff and jail fees	\$ 228,300	\$ 303,914	\$ 207,874	\$ (96,040)
Fire number/address fees	4,000	4,000	6,834	2,834
Total Public Safety	<u>232,300</u>	<u>307,914</u>	<u>214,708</u>	<u>(93,206)</u>
Health and Human Services				
Health department	<u>95,835</u>	<u>83,840</u>	<u>79,656</u>	<u>(4,184)</u>
Culture, Recreation and Education				
Parks	129,000	129,000	157,808	28,808
Fair	99,800	99,800	102,548	2,748
Extension	3,660	3,660	3,067	(593)
Total Culture, Recreation and Education	<u>232,460</u>	<u>232,460</u>	<u>263,423</u>	<u>30,963</u>
Conservation and Development				
Sale of wood	3,325,000	3,409,667	4,171,667	762,000
Zoning plan review fees	800	800	1,533	733
Sale of land	-	-	-	-
Total Conservation and Development	<u>3,325,800</u>	<u>3,410,467</u>	<u>4,173,200</u>	<u>762,733</u>
Total Charges for Services	<u>4,178,520</u>	<u>4,326,806</u>	<u>5,021,106</u>	<u>694,300</u>
MISCELLANEOUS				
Interest	347,855	347,855	422,022	74,167
Rentals	225,880	225,880	249,086	23,206
Profit on tax deed sales	45,000	45,000	55,551	10,551
Sale of maps and plats	8,150	8,150	4,993	(3,157)
Donations	30,200	41,070	65,141	24,071
Inmate canteen	94,000	94,000	82,140	(11,860)
HRA - county retained funds	275,000	275,000	255,027	(19,973)
FSA - county retained funds	1,000	1,000	1,979	979
Advertising	37,000	37,000	36,319	(681)
Property sales	20,000	20,000	-	(20,000)
Other	98,200	114,892	122,543	7,651
Total Miscellaneous	<u>1,182,285</u>	<u>1,209,847</u>	<u>1,294,801</u>	<u>84,954</u>
Total Revenues	<u>15,048,930</u>	<u>15,422,608</u>	<u>16,433,897</u>	<u>1,011,289</u>

BAYFIELD COUNTY

DETAILED BUDGETARY COMPARISON SCHEDULE GENERAL FUND For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
GENERAL GOVERNMENT				
County board	\$ 93,612	\$ 91,612	\$ 76,971	\$ 14,641
Circuit court	358,655	358,655	351,421	7,234
Probate	35,807	35,807	30,766	5,041
Judge	40,999	40,999	41,397	(398)
Family court commissioner	25,250	25,250	26,473	(1,223)
Coroner	30,554	30,892	30,893	(1)
District attorney	113,559	113,559	110,584	2,975
Corporation counsel	11,200	11,200	6,467	4,733
Child support	246,368	246,368	237,100	9,268
County clerk	357,866	357,866	359,041	(1,175)
County administrator	277,405	278,855	278,768	87
Elections	13,915	13,915	8,355	5,560
Data processing	17,200	17,200	19,420	(2,220)
Information services	523,077	523,077	487,077	36,000
Auditing	37,445	37,445	47,343	(9,898)
Cost allocation plan	5,250	5,250	5,225	25
Assessment of property	74,959	74,959	81,321	(6,362)
Treasurer	185,019	185,019	177,671	7,348
Courthouse	470,202	472,762	472,379	383
Register of deeds	164,240	171,940	171,137	803
Public land survey system	13,950	13,950	21,599	(7,649)
Tax deeds	87,402	87,402	90,373	(2,971)
Land records	405,801	405,801	341,685	64,116
Property and liability insurance	111,355	111,355	103,585	7,770
Workers compensation	223,390	223,390	176,983	46,407
Flex benefits administrative charge	10,000	10,000	13,135	(3,135)
Highway work for county	35,000	35,000	25,745	9,255
Contingency	299,700	74,044	8,000	66,044
Health insurance reserve	76,200	76,200	4,006	72,194
Other miscellaneous expense	2,200	2,200	2,559	(359)
Total General Government	<u>4,347,580</u>	<u>4,131,972</u>	<u>3,807,810</u>	<u>324,162</u>
PUBLIC SAFETY				
Sheriff	2,417,519	2,470,748	2,444,990	25,758
Crime victim witness program	76,497	76,497	63,567	12,930
Emergency government	325,515	325,515	308,978	16,537
Jail	1,770,411	1,803,795	1,841,942	(38,147)
DARE	1,500	1,500	1,745	(245)
Dispatch	486,354	486,354	473,722	12,632
Criminal justice	295,054	312,454	305,748	6,706
Total Public Safety	<u>5,372,850</u>	<u>5,476,863</u>	<u>5,440,692</u>	<u>36,171</u>
PUBLIC WORKS				
Bridge aid to town	79,285	79,285	27,631	51,654
Public transportation	12,750	12,750	15,500	(2,750)
Operation clean sweep	8,440	8,440	8,440	-
Airport funds	18,500	18,500	18,500	-
Total Public Works	<u>118,975</u>	<u>118,975</u>	<u>70,071</u>	<u>48,904</u>

BAYFIELD COUNTY

DETAILED BUDGETARY COMPARISON SCHEDULE GENERAL FUND For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
HEALTH AND HUMAN SERVICES				
Health department	\$ 935,268	\$ 982,440	\$ 986,882	\$ (4,442)
Veteran services	131,906	131,906	118,899	13,007
Total Health and Human Services	<u>1,067,174</u>	<u>1,114,346</u>	<u>1,105,781</u>	<u>8,565</u>
CULTURE, RECREATION AND EDUCATION				
Northern waters library	37,208	37,208	37,208	-
Library commission	313,515	313,515	307,554	5,961
Superior days	1,500	1,500	-	1,500
Northern great lakes visitor center	9,000	9,000	9,000	-
Historical society	500	500	500	-
Tourism	183,399	196,399	196,088	311
Fair	211,526	211,526	201,060	10,466
Parks and trails	305,787	305,787	319,263	(13,476)
UWEX	288,726	288,726	280,971	7,755
Total Culture, Recreation and Education	<u>1,351,161</u>	<u>1,364,161</u>	<u>1,351,644</u>	<u>12,517</u>
CONSERVATION AND DEVELOPMENT				
Land conservation	620,303	648,275	587,906	60,369
Zoning	449,752	449,752	442,146	7,606
Economic development	79,500	79,500	79,500	-
Business park	5,000	5,000	50	4,950
Tri county corridor	5,143	5,143	5,143	-
Forestry	1,610,717	1,784,889	1,690,424	94,465
Regional planning commission	26,043	26,043	26,043	-
Dams	3,000	3,000	4,806	(1,806)
Total Conservation and Development	<u>2,799,458</u>	<u>3,001,602</u>	<u>2,836,018</u>	<u>165,584</u>
CAPITAL OUTLAY				
Capital improvements	2,500	25,885	26,253	(368)
Total Capital Outlay	<u>2,500</u>	<u>25,885</u>	<u>26,253</u>	<u>(368)</u>
Total Expenditures				
	<u>15,059,698</u>	<u>15,233,804</u>	<u>14,638,269</u>	<u>595,535</u>
Excess (Deficiency) of Revenues Over Expenditures				
	<u>(10,768)</u>	<u>188,804</u>	<u>1,795,628</u>	<u>1,606,824</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	50,000	50,000	640,889	590,889
Transfer out	(2,315,003)	(4,884,039)	(3,688,489)	1,195,550
Total Other Financing Sources (Uses)	<u>(2,265,003)</u>	<u>(4,834,039)</u>	<u>(3,047,600)</u>	<u>1,786,439</u>
Net Change in Fund Balance				
	<u>\$ (2,275,771)</u>	<u>\$ (4,645,235)</u>	<u>(1,251,972)</u>	<u>\$ 3,393,263</u>
FUND BALANCES - Beginning of Year			<u>15,381,287</u>	
FUND BALANCE - END OF YEAR			<u>\$ 14,129,315</u>	

BAYFIELD COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2019

	Special Revenue				
	Housing Rehab Grant	Jail Assessment	Veterans' Relief	Educational Programs	Dog License
ASSETS					
Cash and investments	\$ 148,352	\$ 22,853	\$ 6,161	\$ -	\$ 8,000
Taxes receivable	-	-	1,500	-	13,000
Accounts receivable, net	-	1,578	-	23,386	373
Notes receivable	782,105	-	-	-	-
TOTAL ASSETS	\$ 930,457	\$ 24,431	\$ 7,661	\$ 23,386	\$ 21,373
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ 7,067	\$ -	\$ 4,299	\$ 3,011
Due to other funds	-	-	-	3,623	-
Total Liabilities	-	7,067	-	7,922	3,011
Deferred Inflows of Resources					
Unearned revenues	-	-	1,500	-	13,000
Unavailable revenues	782,105	-	-	13,081	-
Total Deferred Inflows of Resources	782,105	-	1,500	13,081	13,000
Fund Balances					
Restricted	148,352	17,364	6,161	2,383	-
Committed	-	-	-	-	5,362
Total Fund Balances	148,352	17,364	6,161	2,383	5,362
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 930,457	\$ 24,431	\$ 7,661	\$ 23,386	\$ 21,373

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>
\$ 8,026	\$ 1,164,527	\$ 1,357,919
437,717	-	452,217
-	79,509	104,846
-	-	782,105
<u>\$ 445,743</u>	<u>\$ 1,244,036</u>	<u>\$ 2,697,087</u>

\$ -	\$ 106,088	\$ 120,465
-	-	3,623
-	106,088	124,088

437,717	-	452,217
-	-	795,186
<u>437,717</u>	<u>-</u>	<u>1,247,403</u>

8,026	-	182,286
-	1,137,948	1,143,310
<u>8,026</u>	<u>1,137,948</u>	<u>1,325,596</u>

<u>\$ 445,743</u>	<u>\$ 1,244,036</u>	<u>\$ 2,697,087</u>
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BAYFIELD COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	Special Revenue				
	Housing Rehab Grant	Jail Assessment	Veterans' Relief	Educational Programs	Dog License
REVENUES					
Taxes	\$ -	\$ -	\$ 1,500	\$ -	\$ 13,000
Intergovernmental	-	-	-	42,984	-
Licenses and permits	-	-	-	-	7,963
Fines, forfeitures and penalties	-	18,216	-	-	-
Charges for services	-	-	-	13,659	-
Miscellaneous	96,500	13	840	3,003	-
Total Revenues	<u>96,500</u>	<u>18,229</u>	<u>2,340</u>	<u>59,646</u>	<u>20,963</u>
EXPENDITURES					
Current					
Public safety	-	7,322	-	-	-
Health and human services	-	-	1,623	-	19,997
Culture, recreation and education	-	-	-	56,607	-
Conservation and development	1,123	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>1,123</u>	<u>7,322</u>	<u>1,623</u>	<u>56,607</u>	<u>19,997</u>
Excess (deficiency) of revenues over expenditures	<u>95,377</u>	<u>10,907</u>	<u>717</u>	<u>3,039</u>	<u>966</u>
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	-
Net Change in Fund Balances	95,377	10,907	717	3,039	966
FUND BALANCES (DEFICIT) - Beginning of Year	<u>52,975</u>	<u>6,457</u>	<u>5,444</u>	<u>(656)</u>	<u>4,396</u>
FUND BALANCES - END OF YEAR	<u>\$ 148,352</u>	<u>\$ 17,364</u>	<u>\$ 6,161</u>	<u>\$ 2,383</u>	<u>\$ 5,362</u>

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>
\$ 443,017	\$ -	\$ 457,517
-	86,578	129,562
-	-	7,963
-	-	18,216
-	-	13,659
<u>3,494</u>	<u>-</u>	<u>103,850</u>
<u>446,511</u>	<u>86,578</u>	<u>730,767</u>
-	-	7,322
-	-	21,620
-	-	56,607
-	-	1,123
-	1,015,291	1,015,291
355,000	-	355,000
<u>88,018</u>	<u>-</u>	<u>88,018</u>
<u>443,018</u>	<u>1,015,291</u>	<u>1,544,981</u>
<u>3,493</u>	<u>(928,713)</u>	<u>(814,214)</u>
<u>-</u>	<u>1,688,489</u>	<u>1,688,489</u>
3,493	759,776	874,275
<u>4,533</u>	<u>378,172</u>	<u>451,321</u>
<u>\$ 8,026</u>	<u>\$ 1,137,948</u>	<u>\$ 1,325,596</u>

BAYFIELD COUNTY

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2019

	County Vehicles	County Photocopiers	Sheriff Vehicles	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 113,075	\$ 16,288	\$ 157,100	\$ 286,463
Accounts receivable, net	5,650	-	-	5,650
Prepaid items	14,713	-	12,028	26,741
Total Current Assets	<u>133,438</u>	<u>16,288</u>	<u>169,128</u>	<u>318,854</u>
Noncurrent Assets				
Other capital assets	723,201	74,395	821,445	1,619,041
Accumulated depreciation	<u>(255,302)</u>	<u>(52,713)</u>	<u>(453,279)</u>	<u>(761,294)</u>
Total Noncurrent Assets	<u>467,899</u>	<u>21,682</u>	<u>368,166</u>	<u>857,747</u>
Total Assets	<u>601,337</u>	<u>37,970</u>	<u>537,294</u>	<u>1,176,601</u>
LIABILITIES				
Current Liabilities				
Accounts payable	2,014	670	1,662	4,346
Accrued liabilities	<u>431</u>	<u>-</u>	<u>-</u>	<u>431</u>
Total Liabilities	<u>2,445</u>	<u>670</u>	<u>1,662</u>	<u>4,777</u>
NET POSITION				
Net investment in capital assets	467,899	21,682	368,166	857,747
Unrestricted	<u>130,993</u>	<u>15,618</u>	<u>167,466</u>	<u>314,077</u>
TOTAL NET POSITION	<u>\$ 598,892</u>	<u>\$ 37,300</u>	<u>\$ 535,632</u>	<u>\$ 1,171,824</u>

BAYFIELD COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2019

	County Vehicles	County Photocopiers	Sheriff Vehicles	Totals
OPERATING REVENUES				
Charges for services	\$ 187,289	\$ 18,359	\$ 210,249	\$ 415,897
Miscellaneous	3,152	-	7,451	10,603
Total Operating Revenues	<u>190,441</u>	<u>18,359</u>	<u>217,700</u>	<u>426,500</u>
OPERATING EXPENSES				
County vehicles expenses	97,340	-	-	97,340
County photocopier expenses	-	14,861	-	14,861
Sheriff vehicles expenses	-	-	126,950	126,950
Depreciation	96,961	7,196	122,705	226,862
Total Operating Expenses	<u>194,301</u>	<u>22,057</u>	<u>249,655</u>	<u>466,013</u>
Operating Income (Loss)	<u>(3,860)</u>	<u>(3,698)</u>	<u>(31,955)</u>	<u>(39,513)</u>
NONOPERATING REVENUES				
Gain on disposal of capital assets	<u>13,439</u>	<u>-</u>	<u>6,894</u>	<u>20,333</u>
Change in Net Position	9,579	(3,698)	(25,061)	(19,180)
NET POSITION - Beginning of Year	<u>589,313</u>	<u>40,998</u>	<u>560,693</u>	<u>1,191,004</u>
NET POSITION - END OF YEAR	<u>\$ 598,892</u>	<u>\$ 37,300</u>	<u>\$ 535,632</u>	<u>\$ 1,171,824</u>

BAYFIELD COUNTY

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2019

	County Vehicles	County Photocopiers	Sheriff Vehicles	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 191,945	\$ 18,359	\$ 218,515	\$ 428,819
Cash paid to suppliers for goods and services	(86,887)	(16,802)	(125,790)	(229,479)
Cash paid to employees for services	(7,679)	-	-	(7,679)
Net Cash Flows From Operating Activities	<u>97,379</u>	<u>1,557</u>	<u>92,725</u>	<u>191,661</u>
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(79,137)	(18,120)	-	(97,257)
Proceeds from sale of capital assets	13,439	-	6,894	20,333
Net Cash Flows From (Used By) Capital and Related Financing Activities	<u>(65,698)</u>	<u>(18,120)</u>	<u>6,894</u>	<u>(76,924)</u>
Net change in cash and cash equivalents	31,681	(16,563)	99,619	114,737
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>81,394</u>	<u>32,851</u>	<u>57,481</u>	<u>171,726</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 113,075</u>	<u>\$ 16,288</u>	<u>\$ 157,100</u>	<u>\$ 286,463</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (3,860)	\$ (3,698)	\$ (31,955)	\$ (39,513)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Depreciation	96,961	7,196	122,705	226,862
Change in assets and liabilities				
Accounts receivable	1,504	-	815	2,319
Prepaid items	1,425	-	4,862	6,287
Accounts payable	1,328	(1,941)	(3,702)	(4,315)
Accrued liabilities	21	-	-	21
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 97,379</u>	<u>\$ 1,557</u>	<u>\$ 92,725</u>	<u>\$ 191,661</u>

BAYFIELD COUNTY

COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
As of December 31, 2019

	<u>Funds Held in Trust</u>	<u>Employee Retirement HRA</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 21,482	\$ 842,289	\$ 863,771
LIABILITIES			
Deposits	\$ 21,482	\$ 842,289	\$ 863,771