

BAYFIELD COUNTY FUND BALANCES AND UTILIZATIONS 2021

When revenues exceed expenditures at the end of the year, the remainder goes to Fund Balance accounts. These balances are used as savings for expenditures in future years. Fund Balance is also held to ensure the county has adequate resources for schools and municipalities when taxes go unpaid. The County serves as the guarantor. County financial policies specify 25% of the General Fund expenditures to be kept in Fund Balance.

With multiple funds, each fund has its own fund balance. The County General Fund is the primary fund with the largest balance and largest tax amount. Balances are used to support and buffer finances between years, special projects and crisis situations. Balances are also used to fund large capital projects, purchases or service contracts in addition to providing cushion for unexpected events.

Bayfield County uses fund surpluses from one year to support capital purchases in the next. To do this Bayfield County uses transfers from the General Fund to the Highway and Capital Improvement Funds. As these are one-time funds, once spent these funds are exhausted unless replenished by revenues over expenditures in future years. It is also dependent upon surpluses being available from one year to the next.

The 2021 Budget proposes the following Fund Balance Utilization:

- General Fund: \$1,106,701 is budgeted in 2021 (down from \$1,275,086 In 2020 and \$2,199,571 budgeted in 2019)
 - 250,000 Transfer to Highway
 - \$65,000 Non-Lapsing Forestry Reforestation Funds
 - \$422,076 to Capital Improvement
 - \$79,625 Bridge Aide
- Health Reserve Fund Balance: \$60,000
- UWEX Program fund, \$3,309
- Squad Fund, \$9,000
- Dog License Fund: \$3000
- Human Services: \$109,250
 - \$78,000 Risk Reserve
 - \$31,250 DOT Trust Fund balance
- Capital Improvement: \$300,000
- Highway: \$849,950

TOTAL BUDGETED FUND BALANCE: \$2,441,210

County Fund Balances reached a peak in 2016 with a planned decline beginning in 2017 as highway projects were prioritized and state funding decreased creating a need for increased county expenditures on highway projects.

While budgeted figures may show transfers, end of year balancing often lessens the impact. For instance, the 2019 Audit shows a reduction in the General Fund Balance of \$1,251,972 after taking into account Human Services Transfers back to the General Fund, the net decrease was \$372,862. In comparison the 2018 change in fund balances for Governmental Funds was a

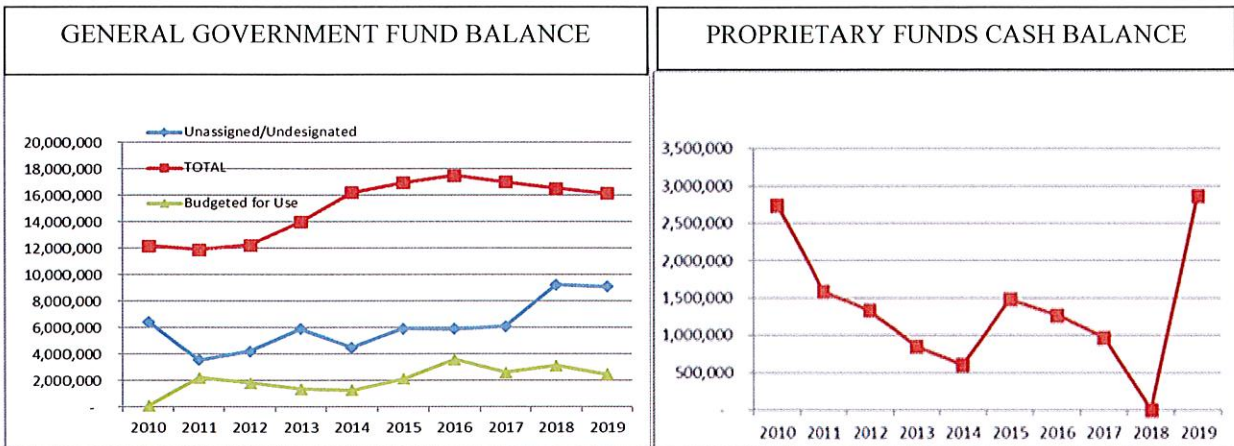
decrease of \$524,211. (Audit book page 5). While this is a substantial decrease, nearly \$1.5 million in fund balance was budgeted in 2019. Roughly 1/3 of the total budgeted balance was actually used in 2019. A large part of this reduced utilization is due to the unfinished jail project budgeted in 2019 but not fully expended until 2020.

CHANGES OCCURRING

Interest and forestry earnings in addition to sales tax are key revenue generators for the county accounting for over 30% of the Bayfield County Levy. In 2021, Treasury interest earnings are estimated to drop 25%. Sales tax is projected to remain at the 2020 level. Forestry earnings are projected to drop by 10% (from 2020 to 2021) according to budgeted figures but in comparison with 2019 actuals the drop will be 24%. (\$3.7 million in 2021 projected revenues versus \$4.8 million in actual revenues in 2019).

The County actively tracks fund balances to ensure a cushion is available in difficult financial times. Those times are here now, sufficient balances are on hand. Continued monitoring is critical.

The following charts show the overall fund balance trend, assigned status and budgeted for use in each year, as well as the Proprietary Fund (Highway) balances. In 2019 we are slightly below where we were in 2014.



FUND BALANCE										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Non-Spendable		3,321,167	3,617,866	3,597,402	3,587,182	2,868,939	2,897,470	2,379,848	2,610,581	2,999,298
Restricted		77,735	87,343	110,119	110,172	109,195	112,994	118,019	187,782	309,692
Committed/Reserved	4,127,017	4,387,924	3,818,803	3,967,380	7,616,000	7,663,475	8,297,217	7,509,611	1,370,027	1,682,423
Assigned/Designated	1,659,113	580,736	526,866	442,887	408,482	402,467	339,177	935,568	3,153,796	2,081,246
Unassigned/Undesignated	6,428,154	3,563,437	4,221,569	5,889,911	4,505,741	5,929,070	5,886,817	6,082,334	9,224,583	9,101,248
TOTAL	12,214,284	11,930,999	12,272,447	14,007,699	16,227,577	16,973,146	17,533,675	17,025,380	16,546,769	16,173,907
<i>Budgeted for Use</i>	89,450	2,205,681	1,823,588	1,359,196	1,260,265	2,115,062	3,576,359	2,617,882	3,123,224	2,459,826
Proprietary Funds Cash Balance	2,747,151	1,589,747	1,332,414	850,833	609,628	1,482,279	1,271,101	972,722	-	2,870,029
<i>Business Type Activities</i>										