

Bayfield County

Financial Statements and
Supplementary Information

December 31, 2021

Bayfield County

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Bayfield County Administrator

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Mark Abeles-Allison, *County Administrator*
Kristine Kavajecz, *HR Director/Assistant*
Paige Terry, *Clerk III*

Bayfield County Board of Supervisors
Bayfield County, Wisconsin

The FY2021 financial audit of Bayfield County, Wisconsin, for the period ending December 31, 2021 is now complete. This is the first year of a five-year agreement that Bayfield County has worked with Baker Tilly on for the annual audit and financial statements.

This report involved tremendous coordination between the auditing firm, the County Clerk's Office 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. 2020 Census Figures reported an 8% increase with 1204 additional residents over the past decade.

The County has stressed broadband expansion over the past decade. Today, 80% of households have a broadband internet subscription. Over 60% of the county has 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. This is continuing post COVID.

Equalized valuation for the county climbed in double digits in the early 2000's reaching a peak in 2010, dropping and stagnant valuations increases followed between 2007 and 2014. Beginning in 2015 valuations started to climb again in the 1-2% range. In 2021, equalized valuations hit an all-time high with a 7% increase. The County's long-standing peak of \$2.76 Billion set in 2010 was surpassed in 2021 with a jump to \$2.92 billion. 2022 equalized values continue to increase and have reached \$3.3 billion indicating a continuing trend upwards.

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. Forestry in the county is also an important source of employment for area residents. A new forest inventory program (the first county in Wisconsin) adopted in 2018 will improve decision making and long-term productivity of the forest, benefiting the county in the future.

After extensive study by the Forestry Department and Committee the County Board approved long term carbon sequestration contracts, allowing for the sale of county carbon contracts. This process, while involved, complex and lengthy, integrates well with the way county forestry is positioned as it relates to sustainability and certifications. The result will be carbon payments beginning in late 2022.

Bayfield County Business Park: The Bayfield County Business Park is optimally situated just outside the region's major population centre, the City of Ashland. A 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 (the highest volume road in Bayfield County) 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 businesses in the park. Ongoing investigation into a new water and sewer district is underway. At present wells and septic systems are in use. In 2021 Bayfield County leased 10 acres of land as a storage yard to Xcel Energy as a prep site for the Second Transmission Line project. When complete in 2023 the site will be marketed to a future business. Approximately \$100,000 in site prep has occurred at this location. In 2021 KVTECH began construction of their new shop and headquarters.

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. In 2021 the County completed 8 miles of road reconstruction. The County also re-applied for a USDOT RAISE Project in 2021 in support of additional all season roads connecting US Highway 2 and State Highway 27 in SW Bayfield County. Although not approved the county plans to reapply for this critical project.

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. 2021 and 2022 projects include 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. The Health Department will be expanding its' clinic room and office spaces with funds from the Healthcare Infrastructure Capital Grant Program. Resilience is increasingly important as severe weather disrupts energy delivery. Generators have been updated.

A facility masterplan was undertaken in 2022 to inventory county equipment and facilities.

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. In 2022 and 2023 the County will continue its exploration into ground and surface water protection. A focus on American Hazelnuts, a local tree variety is underway in the region under the direction of UW Madison Extension.

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. The County is focused on treatment options in the jail and afterwards including delivery of vivitrol on a voluntary basis through the state Medicated Assisted Treatment program preventing relapses for opioid, heroin and alcohol addictions.

Economic Development: Economic development initiatives throughout the county are utilized to spur new business opportunities. The Bayfield County Economic Development Corporation is supported by Bayfield County and has shown results in recruiting and retaining business. Key focus areas include leveraging the extensive fiber to the home broadband infrastructure and an emphasis on diverse business sectors in our community. This includes light manufacturing and forest processing options in addition to our traditional wood harvest and central tourism industries. CDBG-CV Funding has brought over \$350,000 in business assistance funds for COVID relief in 2021 and 2022.

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 infrastructure to support county government services. The virtual desktop initiative adopted in 2020 and 2021 allowed those with intense computational needs to continue to work from home. Additional laptop purchases in 2021 and 2022 will further the flexibility of county government during pandemic times.

Nursing Home: Bayfield County has committed both ARPA funding and CDBG-CV funding to the county owned but independently operated Nursing Home facility.

FUTURE and ONGOING INITIATIVES:

Bayfield County was awarded a microgrid grant through the Wisconsin Office of Energy Assistance. This project will improve resilience during power outages for the Courthouse and Annex/Jail Complex in 2022.

A feasibility grant was submitted for a micro-grid at the Highway and Forestry Garages, again, providing resilience during power outages.

Bayfield County Economic Development has improved visibility in its social media campaign, aimed at attracting additional business to Bayfield County. Attracting more home-based businesses with high speed internet and Bayfield County's more remote setting is a focus area.

Forest Trail development is strongly embraced by residents and visitors alike. Continued investment on county forest lands will result in enhanced tourism opportunities. New privies were built along the trails. Yurt rental continues to increase with an occupancy rate of about 80% in 2021.

Applications and funding for additional forest lands have resulted in thousands of new acres added to the Bayfield County Forest.

Energy savings opportunities continue for the county. Summer energy usage at the Jail/Sheriff Complex dropped due to recent solar renewable installations 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, and Northern State Bank are all invited to bid. . 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 general, 12-month certificates of deposit are the preferred investment, though there are 6 months-18 months.

Every five years the County seeks proposals on short term interest rates and banking services pegged to financial indicators. The contract has helped increase security and increased county return on idle funds.

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

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 in 2018. This year represents the fourth independent audit of Bayfield County's basic financial statements for the fiscal year ended December 31, 2021 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:

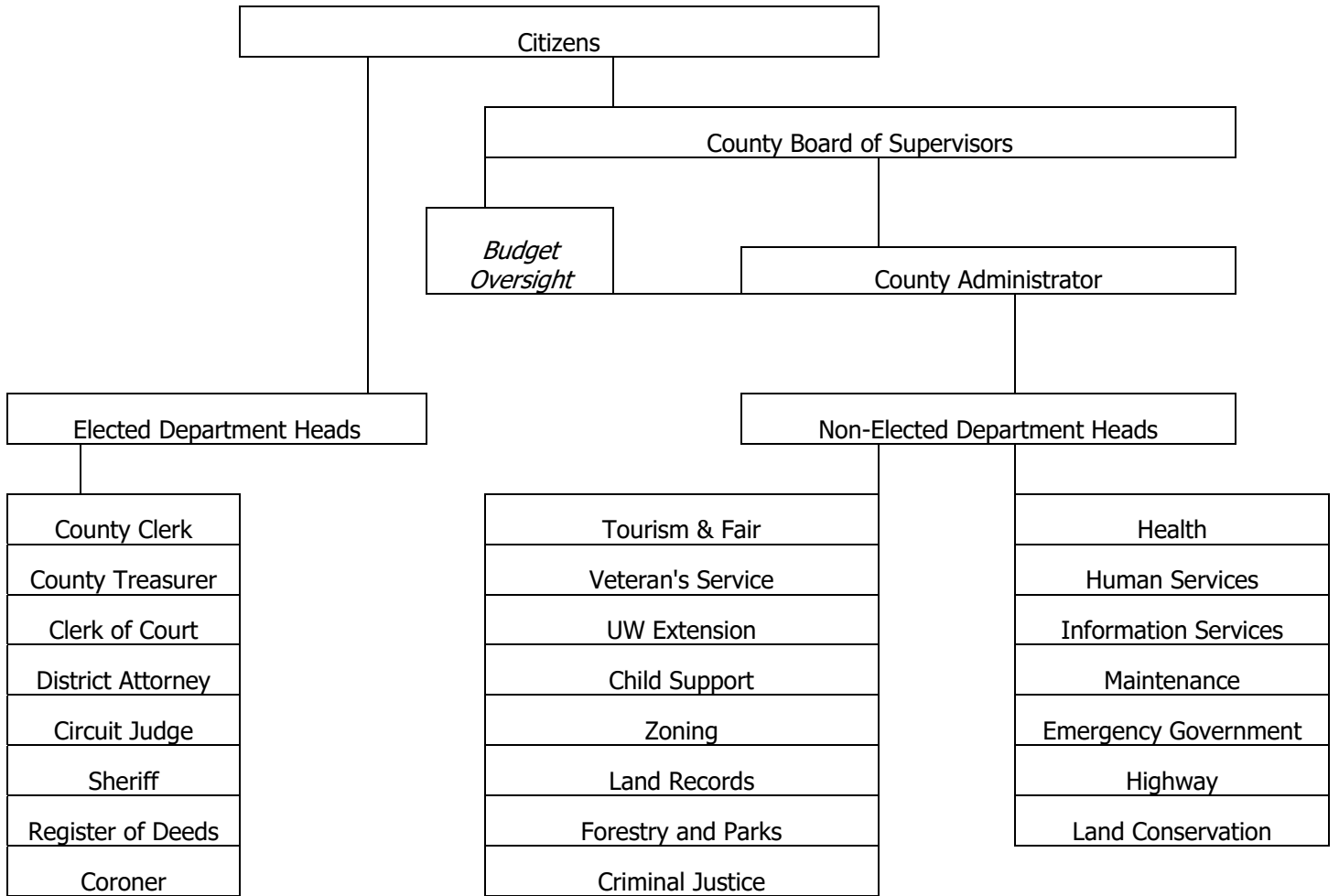
The compilation of this report and audit could not have been possible without the combined cooperation of all County Departments. Special appreciation is extended to Kris Kavajecz in this office as well as the staff in the County Clerk and Treasurer's offices for their dedication to accurate bookkeeping,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

Respectfully Submitted,



Mark Abeles-Allison
Bayfield County Administrator

BAYFIELD COUNTY ORGANIZATIONAL CHART



Independent Auditors' Report

To the Board of Supervisors of
Bayfield County

Report on the Audit of the Financial Statements

Opinions

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 (the County), as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the County as of December 31, 2021 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

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 is the responsibility of management and, 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 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

Management is responsible for the other information included in the financial statements. The other information comprises the introductory section included in the financial statements but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2022 on our consideration of the 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 the 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 the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Eau Claire, Wisconsin
September 22, 2022

Bayfield County, Wisconsin

Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

Attached please find a narrative overview and analysis of the financial activities of Bayfield County for the fiscal year ended December 31, 2021. 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-v 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, the county needs to consider 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 \$68,520,028, an increase of \$2,886,242 from the previous year. This increase in total net position is mainly due to an increase in assets. Of this amount, \$19,688,176 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. This is an increase of 6.65% from the previous year.
- As of the close of the current fiscal year, Bayfield County's governmental funds, reported combined ending fund balances of \$19,172,080 an increase of \$1,993,299 from 2020. **Thirty-Six percent (36%)** of this total amount or \$6,893,386 is available for spending at the government's discretion (unassigned fund balance).
- Bayfield County's total debt **decreased** by \$380,000 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 five individual governmental fund types; General, Special Revenue, Debt Service, Capital Projects, and Proprietary. 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 39-40 of this report.

Proprietary funds

Bayfield County had two types of proprietary funds in 2021. 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 fund is like that used for proprietary funds. The net position for the custodial funds is \$1,119,495. This is down from \$1,495,726 in 2020 due to a decrease in retirement HRAs and Clerk of Court holdings. The basic fiduciary fund financial statements are located on page 10-11.

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 12-38 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 \$68,520,028 at the close of the most recent fiscal year, up from \$65.6 million the previous year.

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

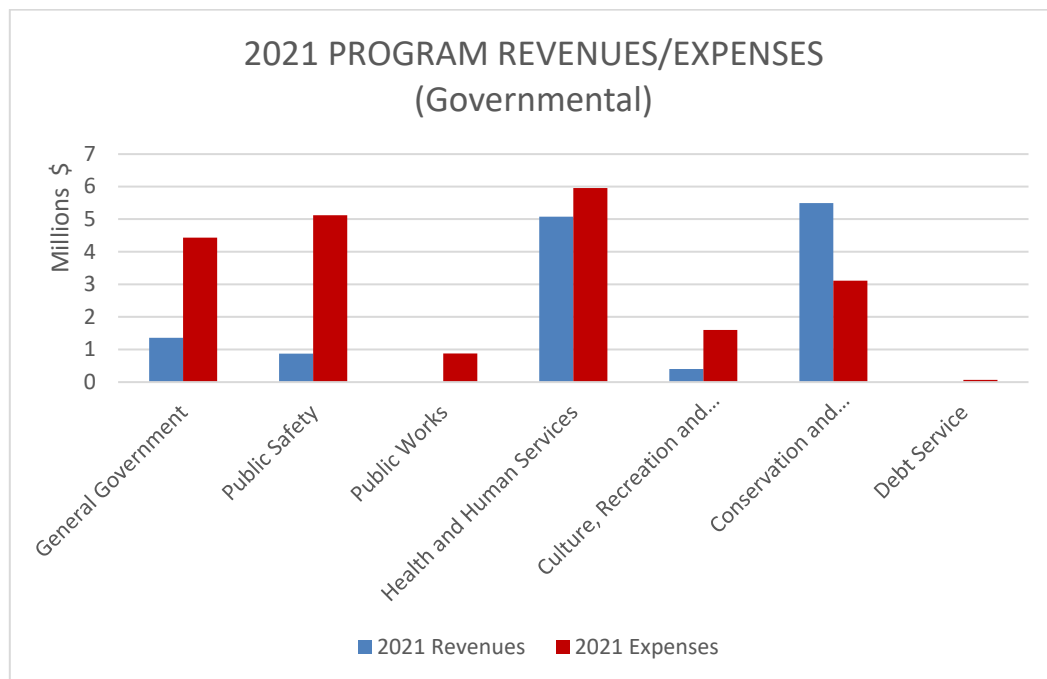
	Governmental Activities		Business Type Activities		Total	Total
	2020	2021	2020	2021	2020	2021
Current and Other Assets	31,570,854	35,472,788	8,317,183	8,891,558	39,888,037	44,364,346
Capital Assets	41,921,629	41,288,916	4,661,651	4,748,193	46,583,280	46,037,109
Total Assets	73,492,483	76,761,704	12,978,834	13,639,751	86,471,317	90,401,455
Deferred Outflows	3,867,868	5,352,774	628,254	858,924	4,496,122	6,211,698
Long-Term Debt	3,572,929	3,110,541	88,922	63,564	3,661,851	3,174,105
Other Liabilities	1,951,094	2,583,849	1,743,196	1,938,840	3,694,290	4,522,689
Total Liabilities	5,524,023	5,694,390	1,832,118	2,002,404	7,356,141	7,696,794
Deferred Inflows	13,672,460	15,763,469	4,305,052	4,632,862	17,977,512	20,396,331
Net Position:						
Invested in Capital Assets	39,018,173	38,770,671	4,661,651	4,748,193	43,679,824	43,518,864
Restricted	3,226,600	4,803,635	266,006	509,353	3,492,606	5,312,988
Unrestricted	15,919,095	17,082,313	2,542,261	2,605,863	18,461,356	19,688,176
Total Net Position	58,163,868	60,656,619	7,469,918	7,863,409	65,633,786	68,520,028

By far the largest portion of Bayfield County's net position, \$43.5 mil or 64% 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. 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
	2020	2021	2020	2021	2020	2021
REVENUES						
Program Revenues						
Charges for Services	5,503,007	6,071,491	2,399,147	1,791,134	7,902,154	7,862,625
Operating Grants and Contributions	7,913,082	7,103,233	967,259	953,405	8,880,341	8,056,638
Capital Grants and Contributions	110,589	26,505	-	-	110,589	26,505
General Revenues						
Property Taxes	7,844,483	7,842,006	3,515,689	3,482,654	11,360,172	11,324,660
Sales Tax	1,419,106	1,678,556	-	-	1,419,106	1,678,556
Other Tax	529,702	560,052	-	-	529,702	560,052
Grants and Contributions not Restricted to a Specific Program	285,101	156,782	-	-	285,101	156,782
Unrestricted Investment Earnings	341,624	141,941	-	-	341,624	141,941
Gain (Loss) on Sale of Assets	500,771	156,986	-	-	500,771	156,986
Other Income	146,771	273,849	-	-	146,771	273,849
TOTAL REVENUES	24,594,236	24,011,401	6,882,095	6,227,193	31,476,331	30,238,594

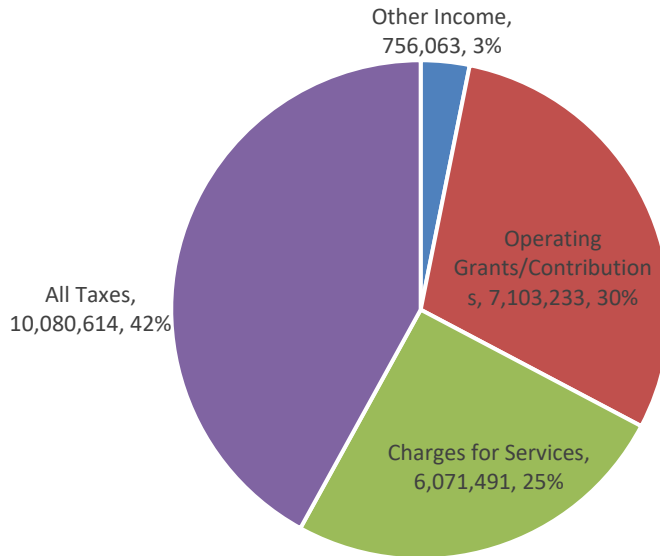
EXPENSES						
General Government	4,684,068	4,433,774	-	-	4,684,068	4,433,774
Public Safety	5,520,705	5,121,809	-	-	5,520,705	5,121,809
Public Works	918,685	879,082	-	-	918,685	879,082
Health and Human Services	7,566,909	5,956,557	-	-	7,566,909	5,956,557
Culture, Recreation and Education	1,224,105	1,596,593	-	-	1,224,105	1,596,593
Conservation and Development	2,908,854	3,112,247	-	-	2,908,854	3,112,247
Interest and Fiscal Charges	77,846	66,705	-	-	77,846	66,705
Highway	-	-	6,800,220	6,185,585	6,800,220	6,185,585
TOTAL EXPENSES	22,901,172	21,166,767	6,800,220	6,185,585	29,701,392	27,352,352
Income (Loss) Before Transfers	1,693,064	2,844,634	81,875	41,608	1,774,939	2,886,242
Transfers In / Out	-500,000	-351,883	500,000	351,883	-	-
CHANGE IN NET POSITION	1,193,064	2,492,751	581,875	393,491	1,774,939	2,886,242
NET POSITION – JANUARY 1	56,970,804	58,163,868	6,888,043	7,469,918	63,858,847	65,633,786
NET POSITION – DECEMBER 31	58,163,868	60,656,619	7,469,918	7,863,409	65,633,786	68,520,028

Governmental Activities: Governmental activities increased Bayfield County’s net position by approximately \$2.5 million. Business type activities increased the County’s net position by \$393,491



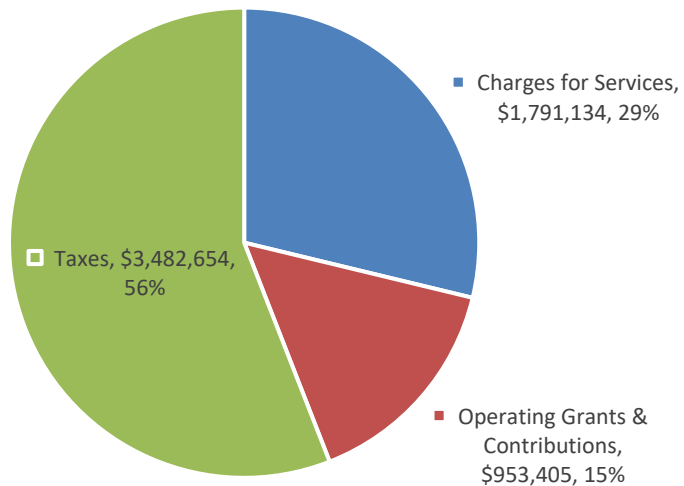
Health and Human Services and Conservation and Development are the top two categories of program revenues. Operating grants and contributions are greatest for Human Services; sale of wood is greatest for Conservation and Development.

2021 REVENUES BY SOURCE (Government Activities)



Business-type activities: Business-type activities accounted for \$7,863,409 or 11% of Bayfield County’s net position in 2021. Tax revenues in business activities decreased 0.9% in 2021. Charges for services decreased from 2020 by 25% and operating grants and contributions decreased by 1%.

2021 Highway Revenue By Source



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 \$19,172,080 an increase of \$1,993,299 from \$17,178,781 in 2020. Approximately 36% of the above fund balance or \$6,893,386 constitutes unassigned fund balance which is available for spending at the government's discretion. Of this, \$4.3 million is set aside by Bayfield County as a 25%, 90 day, working capital fund balance. The remainder of the fund balance is not available for new spending. Long Term Debt Service expenditures in 2021 totalled \$446,043. 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 \$2,605,863 up 2.5% from the 2020 amount of \$2,542,261.

General Fund Budgetary Highlights:

The General Fund was \$731,522 under expenditures estimated. Revenues exceeded projections by \$1,760,577.

Capital Assets and Debt Administration:

Bayfield County's investment in Capital Assets for its governmental activities as of December 31, 2021 amounts to \$38,770,671, a decrease of \$247,502.

Business type activity net capital assets increase of \$86,542 in 2021 from \$4,661,651 in 2020 to \$4,748,193 in 2021.

Long-Term Debt:

At the end of the current fiscal year Bayfield County's total long-term debt decreased by \$380,000 for the Northern Lights Rest Home General Obligation Bond Issues.

State statutes limit the amount of general obligation debt a government entity may issue to five percent of its total equalized valuation. The 2021 debt limitation for Bayfield County is \$146,114,685. At the end of 2021 the county currently had General Obligation Debt in the amount of \$2,500,000 leaving a remainder available for borrowing of \$143,614,685. This is in addition to short term debt in the amount of \$1.65 million the county issued for highway construction projects.

County Initiatives:

- Highway infrastructure remains a priority of the county board. For the 2021 year the Board supported a short-term bonding of \$1.65 million putting the county on a 20-year replacement schedule or approximately 8.6 + 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 application matches in 2021 to improve connectivity countywide.

- The Bayfield County Business Park established in 2013 now has five tenants. Utility extensions including natural gas, broadband, 3-phase electric and telephone are on-site. A new shop and headquarters are under construction and expected for completion in 2022 on a 10-acre parcel on the north end of the parcel. Another 10-acre parcel is occupied until 2023 as a utility project staging area for equipment and materials. A new business has expressed interest in the staging site in 2023.
- 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 and microgrids with long term payoffs. Heating and cooling for county facilities are now carbon neutral. The County is beginning work on two microgrid projects, controlling energy costs and providing reliable backup in case of extended power outages. 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. The continuing goal is to limit jail populations and provide
- County forestry initiatives continue to strive to achieve sustainable yield projections as determined by the DNR on the county's forest. Bayfield County Forestry completed the long goal of repatriation of all tribal lands, a long term goal of both the tribe and county. All county acreage has been transferred to the Tribe as of 2022. Additional forestry focus areas include carbon offset markets. The County has signed agreements and is in the verification and carbon credit sales. This could be a long term source of funds to help lower and maintain mill rates.
- 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

December 31, 2021

	Governmental Activities	Business- Type Activities	Total
Assets			
Cash and investments	\$ 19,042,673	\$ 3,480,401	\$ 22,523,074
Taxes receivable	8,002,161	3,482,654	11,484,815
Delinquent taxes receivable	1,584,433	-	1,584,433
Accounts receivables (net)	2,100,885	569,646	2,670,531
Notes receivable	1,321,569	-	1,321,569
Materials, supplies and prepaid items	183,169	849,504	1,032,673
Restricted assets, net pension asset	3,237,898	509,353	3,747,251
Capital assets:			
Land	5,291,308	161,572	5,452,880
Right of way	6,081,900	-	6,081,900
Construction in progress	314,509	-	314,509
Gravel pits	-	3,934	3,934
Other capital assets, net of depreciation/amortization	29,601,199	4,582,687	34,183,886
Total assets	76,761,704	13,639,751	90,401,455
Deferred Outflows of Resources			
Pension related amounts	5,352,774	858,924	6,211,698
Liabilities			
Accounts payable	915,792	197,372	1,113,164
Accrued liabilities and deposits	534,713	91,468	626,181
Unearned revenues	1,133,344	-	1,133,344
Short-term notes payable	-	1,650,000	1,650,000
Noncurrent liabilities:			
Due within one year	599,531	57,187	656,718
Due in more than one year	2,511,010	6,377	2,517,387
Total liabilities	5,694,390	2,002,404	7,696,794
Deferred Inflows of Resources			
Pension related amounts	7,069,719	1,142,943	8,212,662
Unearned revenues	8,693,750	3,489,919	12,183,669
Total deferred outflows of resources	15,763,469	4,632,862	20,396,331
Net Position			
Net investment in capital assets	38,770,671	4,748,193	43,518,864
Restricted:			
Specialized transportation	150,024	-	150,024
CCOP risk reserve	6,061	-	6,061
Housing rehabilitation	930,103	-	930,103
Jail maintenance and construction	28,705	-	28,705
Veteran's relief	6,618	-	6,618
Education program	15,017	-	15,017
Library levies	429,209	-	429,209
Pension	3,237,898	509,353	3,747,251
Unrestricted	17,082,313	2,605,863	19,688,176
Total net position	\$ 60,656,619	\$ 7,863,409	\$ 68,520,028

See notes to financial statements

Bayfield County

Statement of Activities

Year Ended December 31, 2021

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	Total
Governmental Activities							
General government	\$ 4,433,774	\$ 757,713	\$ 577,725	\$ 24,095	\$ (3,074,241)	\$ -	\$ (3,074,241)
Public safety	5,121,809	264,761	604,028	2,410	(4,250,610)	-	(4,250,610)
Public works	879,082	-	-	-	(879,082)	-	(879,082)
Health and human services	5,956,557	454,037	4,621,509	-	(881,011)	-	(881,011)
Culture, recreation and education	1,596,593	343,472	58,891	-	(1,194,230)	-	(1,194,230)
Conservation and development	3,112,247	4,251,508	1,241,080	-	2,380,341	-	2,380,341
Interest and fiscal charges	66,705	-	-	-	(66,705)	-	(66,705)
Total governmental activities	21,166,767	6,071,491	7,103,233	26,505	(7,965,538)	-	(7,965,538)
Business-Type Activities							
Highway Department	6,185,585	1,791,134	953,405	-	-	(3,441,046)	(3,441,046)
Total business-type activities	6,185,585	1,791,134	953,405	-	-	(3,441,046)	(3,441,046)
Total primary government	\$ 27,352,352	\$ 7,862,625	\$ 8,056,638	\$ 26,505	(7,965,538)	(3,441,046)	(11,406,584)
General Revenues							
Taxes:							
Property taxes, levied for general purposes					7,396,964	3,482,654	10,879,618
Property taxes, levied for debt service					445,042	-	445,042
Sales taxes					1,678,556	-	1,678,556
Other taxes					560,052	-	560,052
Intergovernmental revenues not restricted to specific programs					156,782	-	156,782
Investment income					141,941	-	141,941
Gain on sale of capital assets					156,986	-	156,986
Miscellaneous					273,849	-	273,849
Total general revenues before transfers					10,810,172	3,482,654	14,292,826
Transfers					(351,883)	351,883	-
Change in Net Position					2,492,751	393,491	2,886,242
Net Position, Beginning					58,163,868	7,469,918	65,633,786
Net Position, Ending					\$ 60,656,619	\$ 7,863,409	\$ 68,520,028

See notes to financial statements

Bayfield County

Balance Sheet
 Governmental Funds
 December 31, 2021

	General Fund	Human Services Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 15,246,161	\$ 748,043	\$ 2,586,694	\$ 18,580,898
Receivables, net:				
Taxes	5,725,380	1,817,788	458,993	8,002,161
Delinquent taxes	1,584,433	-	-	1,584,433
Accounts	1,217,361	849,807	33,715	2,100,883
Notes	564,690	-	756,879	1,321,569
Due from other funds	3,699	-	-	3,699
Materials, supplies, and prepaid items	49,030	-	134,139	183,169
Total assets	\$ 24,390,754	\$ 3,415,638	\$ 3,970,420	\$ 31,776,812
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 638,392	\$ 242,315	\$ 30,311	\$ 911,018
Due to other funds	-	-	3,699	3,699
Accrued liabilities	461,327	66,299	1,885	529,511
Unearned revenues	-	-	1,133,344	1,133,344
Total liabilities	1,099,719	308,614	1,169,239	2,577,572
Deferred inflows of Resources				
Unearned revenues	6,297,565	1,819,876	576,309	8,693,750
Unavailable revenues	269,106	283,330	780,974	1,333,410
Total deferred inflows of resources	6,566,671	2,103,206	1,357,283	10,027,160
Fund Balances				
Nonspendable	2,198,153	-	134,139	2,332,292
Restricted	429,209	156,085	227,349	812,643
Committed	79,721	635,000	1,114,633	1,829,354
Assigned	7,091,672	212,733	-	7,304,405
Unassigned (deficit)	6,925,609	-	(32,223)	6,893,386
Total fund balances	16,724,364	1,003,818	1,443,898	19,172,080
Total liabilities, deferred inflows of resources, and fund balances	\$ 24,390,754	\$ 3,415,638	\$ 3,970,420	\$ 31,776,812

See notes to financial statements

Bayfield County

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2021

Total Fund Balance, Governmental Funds \$ 19,172,080

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	\$ 73,818,865	
Accumulated depreciation	<u>(32,529,949)</u>	41,288,916

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 3. 1,333,410

The net pension asset does not relate to current financial resources and is not
reported in the governmental funds. 3,237,898

Deferred outflows of resources related to pensions do not relate to current
financial resources and are not reported in the governmental funds. 5,352,774

Deferred inflows of resources related to pensions do not relate to current
financial resources and are not reported in the governmental funds. (7,069,719)

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 and related debt
which are included elsewhere on this schedule, are included in governmental activities
in the statement of net position. 456,830

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	(2,500,000)
Accrued interest on general obligation debt	(5,029)
Capital lease payable	(18,245)
Vested compensated absences	<u>(592,296)</u>

Total Net Position, Governmental Activities \$ 60,656,619

Bayfield County

Statement of Revenues, Expenditures and Changes in Fund Balances -

Governmental Funds

Year Ended December 31, 2021

	General Fund	Human Services Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 7,791,520	\$ 1,817,788	\$ 459,542	\$ 10,068,850
Intergovernmental	2,972,591	3,724,403	676,561	7,373,555
Licenses and permits	488,705	-	7,191	495,896
Fines, forfeitures and penalties	94,156	-	18,797	112,953
Charges for services	4,775,159	209,922	7,334	4,992,415
Miscellaneous	1,261,588	18,848	84,966	1,365,402
Total revenues	<u>17,383,719</u>	<u>5,770,961</u>	<u>1,254,391</u>	<u>24,409,071</u>
Expenditures				
Current:				
General government	4,025,336	-	280	4,025,616
Public safety	5,173,181	-	16,000	5,189,181
Public works	72,282	-	-	72,282
Health and human services	1,336,889	4,824,748	49,236	6,210,873
Culture, recreation, and education	1,505,631	-	52,807	1,558,438
Conservation and development	3,140,320	-	51,142	3,191,462
Capital outlay	81,795	-	1,229,623	1,311,418
Debt service:				
Principal retirement	-	-	380,000	380,000
Interest and fiscal charges	-	-	66,043	66,043
Total expenditures	<u>15,335,434</u>	<u>4,824,748</u>	<u>1,845,131</u>	<u>22,005,313</u>
Excess (deficiency) of revenues over expenditures	<u>2,048,285</u>	<u>946,213</u>	<u>(590,740)</u>	<u>2,403,758</u>
Other Financing Sources (Uses)				
Property sales	-	-	696	696
Transfer in	723,804	-	796,695	1,520,499
Transfer out	(1,148,578)	(723,804)	(59,272)	(1,931,654)
Total other financing sources (uses)	<u>(424,774)</u>	<u>(723,804)</u>	<u>738,119</u>	<u>(410,459)</u>
Net change in fund balances	1,623,511	222,409	147,379	1,993,299
Fund Balances, Beginning	<u>15,100,853</u>	<u>781,409</u>	<u>1,296,519</u>	<u>17,178,781</u>
Fund Balances, Ending	<u>\$ 16,724,364</u>	<u>\$ 1,003,818</u>	<u>\$ 1,443,898</u>	<u>\$ 19,172,080</u>

See 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
Year Ended December 31, 2021

Net Change in Fund Balances, Total Governmental Funds \$ 1,993,299

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	1,311,418
Some capital outlay is not capitalized in the government-wide statements	(252,823)
Some functional expenditures are capitalized	183,124
Depreciation/amortization is reported in the government-wide statements	(1,710,115)
Book value of capital assets disposed/removed of during the year	(52,188)

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. (404,602)

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	380,000
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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	950
Vested compensated absences	77,177
Net pension asset/liability (and pension related deferred outflows/inflows of resources)	954,478

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. 12,033

Change in Net Position of Governmental Activities \$ 2,492,751

Bayfield County

Statement of Net Position
 Proprietary Funds
 December 31, 2021

	Major Enterprise Fund Highway Department	Governmental Activities Internal Service Funds
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 3,480,401	\$ 461,775
Taxes receivable	3,482,654	-
Accounts receivable, net	569,646	2
Materials, supplies and prepaid items	849,504	-
Total current assets	<u>8,382,205</u>	<u>461,777</u>
Noncurrent Assets		
Restricted assets, net pension asset	509,353	-
Capital assets:		
Land	161,572	-
Construction in progress	-	59,272
Gravel pits	3,934	-
Other capital assets	10,165,568	1,719,791
Accumulated depreciation	<u>(5,582,881)</u>	<u>(1,047,496)</u>
Total noncurrent assets	<u>5,257,546</u>	<u>731,567</u>
Total assets	<u>13,639,751</u>	<u>1,193,344</u>
Deferred Outflows of Resources		
Pension related amounts	<u>858,924</u>	<u>-</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	197,372	4,774
Accrued liabilities	91,468	173
Short-term notes payable	1,650,000	-
Current portion of leases payable	-	5,211
Current portion of vested compensated absences	<u>57,187</u>	<u>-</u>
Total current liabilities	<u>1,996,027</u>	<u>10,158</u>
Noncurrent Liabilities		
Vested compensated absences	6,377	-
Leases payable	<u>-</u>	<u>13,034</u>
Total noncurrent liabilities	<u>6,377</u>	<u>13,034</u>
Total liabilities	<u>2,002,404</u>	<u>23,192</u>
Deferred Inflows of Resources		
Pension related amounts	1,142,943	-
Unearned revenues	<u>3,489,919</u>	<u>-</u>
Total deferred inflows of resources	<u>4,632,862</u>	<u>-</u>
Net Position		
Net investment in capital assets	4,748,193	713,322
Restricted for pension	509,353	-
Unrestricted	<u>2,605,863</u>	<u>456,830</u>
Total net position	<u>\$ 7,863,409</u>	<u>\$ 1,170,152</u>

See notes to financial statements

Bayfield County

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended December 31, 2021

	<u>Major Enterprise Fund Highway Department</u>	<u>Governmental Activities Internal Service Funds</u>
Operating Revenues		
Charges for services	\$ 1,791,134	\$ 406,032
Miscellaneous	-	11,539
Total operating revenues	<u>1,791,134</u>	<u>417,571</u>
Operating Expenses		
Highway expenses	5,614,248	-
County vehicle expenses	-	99,623
County photocopier expenses	-	6,872
Sheriff vehicle expenses	-	145,897
Depreciation and amortization	563,505	224,240
Total operating expenses	<u>6,177,753</u>	<u>476,632</u>
Operating loss	<u>(4,386,619)</u>	<u>(59,061)</u>
Nonoperating Revenues (Expenses)		
Property tax revenue	3,482,654	-
Gain on disposal of capital assets	-	13,434
Intergovernmental aids	953,405	-
Interest and fiscal charges	(7,832)	(1,612)
Total nonoperating revenues (expenses)	<u>4,428,227</u>	<u>11,822</u>
Loss before transfers	<u>41,608</u>	<u>(47,239)</u>
Transfers		
Transfers in	<u>351,883</u>	<u>59,272</u>
Change in net position	393,491	12,033
Net Position, Beginning	<u>7,469,918</u>	<u>1,158,119</u>
Net Position, Ending	<u>\$ 7,863,409</u>	<u>\$ 1,170,152</u>

See notes to financial statements

Bayfield County

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2021

	Major Enterprise Fund Highway Department	Governmental Activities Internal Service Funds
Cash Flows From (Used By) Operating Activities		
Cash received from customers	\$ 2,255,909	\$ 441,562
Cash paid to suppliers for goods and services	(4,282,718)	(97,167)
Cash paid to employees for services	(1,411,902)	(151,927)
	<u>(3,438,711)</u>	<u>192,468</u>
Net cash flows from (used by) operating activities		
Cash Flows From Noncapital Financing Activities		
General property taxes	3,482,654	-
Intergovernmental grants received	953,405	-
Transfer from other funds	351,883	59,272
	<u>4,787,942</u>	<u>59,272</u>
Net cash flows from noncapital financing activities		
Cash Flows From (Used By) Capital and Related Financing Activities		
Proceeds from issuance of debt	1,650,000	-
Debt retired	(1,650,000)	(5,211)
Acquisition and construction of capital assets	(721,558)	(116,549)
Proceeds from sale of capital assets	71,511	17,872
Interest and fiscal charges paid	(7,832)	(1,612)
	<u>(657,879)</u>	<u>(105,500)</u>
Net cash flows from (used by) capital and related financing activities		
Net change in cash and cash equivalents	691,352	146,240
Cash and Cash Equivalents, Beginning	<u>2,789,049</u>	<u>315,535</u>
Cash and Cash Equivalents, Ending	<u>\$ 3,480,401</u>	<u>\$ 461,775</u>
Reconciliation of Operating Loss to Net Cash Flows From (Used By) Operating Activities		
Operating loss	\$ (4,386,619)	\$ (59,061)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation and amortization	563,505	224,240
Change in assets, deferred outflows, liabilities, and deferred inflows		
Accounts receivable	451,370	23,991
Materials, supplies and prepaid items	(109,104)	-
Accounts payable	188,975	3,296
Accrued liabilities	(18,688)	2
Under or over-recovered cost pools	13,406	-
Pension related deferrals and liability/asset	(141,556)	-
	<u>(141,556)</u>	<u>-</u>
Net cash flows from (used by) operating activities	<u>\$ (3,438,711)</u>	<u>\$ 192,468</u>
Noncash Capital, Investing and Financing Activities		
None		

See notes to financial statements

Bayfield County

Statement of Fiduciary Net Position

Custodial Funds

December 31, 2021

	<u>Custodial Funds</u>
Assets	
Cash and investments	\$ 1,200,167
Total assets	<u>1,200,167</u>
Liabilities	
Due to other governments	64,577
Deposits	<u>16,095</u>
Total liabilities	<u>80,672</u>
Net Position	
Restricted for other governments or organizations	<u>\$ 1,119,495</u>

See notes to financial statements

Bayfield County

Statement of Changes in Fiduciary Net Position

Custodial Funds

Year Ended December 31, 2021

	<u>Custodial Funds</u>
Additions	
Property tax collections	\$ 14,476,841
Fees for services collections	1,469,456
Donations	<u>11,710</u>
Total additions	<u>15,958,007</u>
Deductions	
Property tax payments	14,476,841
Remittance of fees for services	1,326,502
Remittance of fines and forfeitures	<u>529,895</u>
Total deductions	<u>16,333,238</u>
Change in fiduciary net position	(375,231)
Net Position, Beginning	<u>1,494,726</u>
Net Position, Ending	<u><u>\$ 1,119,495</u></u>

See notes to financial statements

Bayfield County

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December 31, 2021

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Bayfield County

Notes to Financial Statements
December 31, 2021

1. 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).

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.

Government-Wide and Fund Financial Statements

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This standard was implemented January 1, 2021.

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.

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.

Bayfield County

Notes to Financial Statements
December 31, 2021

The County reports the following major governmental funds:

General Fund

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

Human services special revenue fund is 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

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

The County reports the following nonmajor governmental funds:

Special Revenue Funds

Special revenue funds are 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	Dog License
Jail Assessment	Community Development Block Grant
Veterans' Relief	ARPA Funding
Educational Programs	

Debt Service Fund

Debt service fund is 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

Capital projects fund is 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
December 31, 2021

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

Custodial funds are used to account for and report assets controlled by the County and the assets are for the benefit of individuals, private organizations and/or other governmental units.

- Tax Collections
- Register of Deeds
- Clerk of Courts
- Employee Retirement HRA

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.

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.

Bayfield County

Notes to Financial Statements
December 31, 2021

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 and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

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.

Bayfield County

Notes to Financial Statements
December 31, 2021

- 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.

The County has adopted an investment policy. That policy states that investments shall be limited to those allowed under Wisconsin State Statutes for County Governments. The County also limits the institutions eligible to transact investment business with the County to the Wisconsin Local Government Investment Pool and banking institutions located within Bayfield County and their affiliated branches.

The County's investment policy addresses custodial credit risk by requiring collateral for any deposits with financial institutions in excess of FDIC and NCUA coverage or the State Deposit Guarantee Fund insured amounts. Eligible collateral includes any investment authorized for the County's investment under this policy as well as a letter of credit issued by a Federal Home Loan Bank or other comparable guarantees.

The investment policy addresses credit risk and concentration of credit risk by limiting investments to high quality securities, deposits and financial instruments consistent with this policy and state statutes and requiring diversification of the investment portfolio so the impact of potential losses from any type of security or from any one individual issuer will be minimized, consistent with the prudent person standard.

The policy addresses interest rate risk by requiring the following:

- Striving to maintain a minimum of three months of budgeted operating expenditures in short-term investments to provide enough liquidity for expected disbursements.
- The maximum stated final maturity of individual securities in the portfolio shall be four years.
- Liquidity funds may be held in the State Pool or in money market instruments maturing one year and shorter.
- Longer term/Core funds will be defined as the funds in excess of liquidity requirements. The investments in this portion of the portfolio will have maturities between one day and four years and will be only invested in higher quality and liquid securities.

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 3. 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.

Bayfield County

Notes to Financial Statements
December 31, 2021

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, 2021, 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 3 for further information.

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 - 2021 tax roll:

Lien date and levy date	December 2021
Tax bills mailed	December 2021
Payment in full, or	January 31, 2022
First installment due	January 31, 2022
Second installment due	July 31, 2022
Personal property taxes in full	January 31, 2022
Tax sale, 2021 delinquent real estate taxes	October 2024

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 \$1,584,433, 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, 2021, the County has accrued two months of the subsequent year's collections as receivable.

Bayfield County

Notes to Financial Statements
December 31, 2021

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."

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.

Restricted assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by external parties. Restricted assets of \$3,747,251 have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

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, and overhead. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

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.

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.

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, 2021 are determined on the basis of current salary rates and include salary related amounts.

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, leases payable 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.

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 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 \$12,423,416.

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.

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.

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.

Bayfield County

Notes to Financial Statements
December 31, 2021

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 \$4,322,566 and is included in unassigned General Fund balance.

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.

2. Stewardship, Compliance and Accountability

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 0%. 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.

Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2021, the following individual funds held a deficit fund balance:

Fund	<u>Amount</u>
Community Development Block Grant	\$ 2,587

The deficit is expected to be eliminated with future grant funds.

Bayfield County

Notes to Financial Statements
December 31, 2021

3. Detailed Notes on All Funds

Deposits and Investments

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

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risks</u>
Deposits	\$ 4,038,819	\$ 4,567,000	Custodial credit risk
LGIP	4,033,277	4,033,277	Credit risk
Certificates of deposit	15,650,000	15,650,000	Custodial credit risk
Petty cash	1,145	-	N/A
	<u>\$ 23,723,241</u>	<u>\$ 24,250,277</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 22,523,074		
Per statement of fiduciary net position, custodial funds	<u>1,200,167</u>		
	<u>\$ 23,723,241</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.

At December 31, 2021, the County's bank deposits were secured by a Bremer Investments, Inc pledge agreement in the amount of \$23,307,342.

Bayfield County

Notes to Financial Statements
December 31, 2021

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, 2021, none of the County's deposits 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. The County has investments in the external Wisconsin Local Government Investment Pool, which is not rated.

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

Receivables

All of the receivables on the governmental funds balance sheet are expected to be collected within one year except for \$2,149,123 in the General Fund and \$756,879 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	\$ 8,002,161	\$ -
Accounts receivable	42,772	576,531
Notes receivable	-	756,879
Deposits	529,414	-
Advance grant funds	<u>1,133,344</u>	<u>-</u>
Total unavailable/unearned revenue for governmental funds	<u>\$ 9,827,094</u>	<u>\$ 1,333,410</u>
Unearned revenue included in liabilities	\$ 1,133,344	
Unearned revenue included in deferred inflows	<u>8,693,750</u>	
Total unearned revenue for governmental funds	<u>\$ 9,827,094</u>	

The highway department enterprise fund also reported unearned revenues of \$3,489,919, related to taxes receivable of \$3,482,654 and \$7,265 unrecovered cost pools.

Bayfield County

Notes to Financial Statements
December 31, 2021

Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 5,291,308	\$ -	\$ -	\$ 5,291,308
Right of way	6,081,900	-	-	6,081,900
Construction in progress	700,611	314,509	(700,611)	314,509
Total capital assets not being depreciated	<u>12,073,819</u>	<u>314,509</u>	<u>(700,611)</u>	<u>11,687,717</u>
Capital assets being depreciated:				
Buildings	28,649,012	941,145	-	29,590,157
Machinery and equipment	9,205,210	798,787	(301,031)	9,702,966
Land improvements	574,633	-	-	574,633
Infrastructure	21,959,392	-	-	21,959,392
Intangibles	304,000	-	-	304,000
Total capital assets being depreciated	<u>60,692,247</u>	<u>1,739,932</u>	<u>(301,031)</u>	<u>62,131,148</u>
Total capital assets	<u>72,766,066</u>	<u>2,054,441</u>	<u>(1,001,642)</u>	<u>73,818,865</u>
Less accumulated depreciation/amortization for:				
Buildings	(14,750,675)	(433,102)	-	(15,183,777)
Machinery and equipment	(6,842,571)	(649,956)	248,843	(7,243,684)
Land improvements	(102,757)	(32,332)	-	(135,089)
Infrastructure	(9,117,021)	(806,805)	-	(9,923,826)
Intangibles	(31,413)	(12,160)	-	(43,573)
Total accumulated depreciation/amortization	<u>(30,844,437)</u>	<u>(1,934,355)</u>	<u>248,843</u>	<u>(32,529,949)</u>
Total other capital assets, net of depreciation/amortization	<u>29,847,810</u>	<u>(194,423)</u>	<u>(52,188)</u>	<u>29,601,199</u>
Total governmental activities capital assets, net	<u>\$ 41,921,629</u>	<u>\$ 120,086</u>	<u>\$ (752,799)</u>	<u>\$ 41,288,916</u>

Bayfield County

Notes to Financial Statements
December 31, 2021

Depreciation and amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 539,971
Public safety	410,400
Public works, which includes the depreciation of roads and bridges	806,805
Health and human services	66,664
Culture, recreation and education	41,860
Conservation and development	68,655

Total governmental activities, depreciation and amortization expense	<u>\$ 1,934,355</u>
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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 161,572	\$ -	\$ -	\$ 161,572
Gravel pits	3,934	-	-	3,934
Construction in process	29,947	-	(29,947)	-
Total capital assets not being depreciated	<u>195,453</u>	<u>-</u>	<u>(29,947)</u>	<u>165,506</u>
Capital assets being depreciated:				
Land improvements	32,013	67,579	-	99,592
Buildings	1,875,055	-	-	1,875,055
Machinery and equipment	7,919,297	683,926	(412,302)	8,190,921
Total capital assets being depreciated	<u>9,826,365</u>	<u>751,505</u>	<u>(412,302)</u>	<u>10,165,568</u>
Less accumulated depreciation for:				
Land improvements	(32,013)	(1)	-	(32,014)
Buildings	(1,332,582)	(42,336)	-	(1,374,918)
Machinery and equipment	(3,995,572)	(540,289)	359,912	(4,175,949)
Total accumulated depreciation	<u>(5,360,167)</u>	<u>(582,626)</u>	<u>359,912</u>	<u>5,582,881</u>
Total other capital assets, net of depreciation	<u>4,466,198</u>	<u>168,879</u>	<u>(52,390)</u>	<u>4,582,687</u>
Business-type activities, capital assets, net	<u>\$ 4,661,651</u>	<u>\$ 168,879</u>	<u>(82,337)</u>	<u>4,748,193</u>

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

Bayfield County

Notes to Financial Statements
December 31, 2021

Interfund Receivables/Payables and Transfers

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Community Development Block Grant	General Fund	\$ 2,687
Jail Assessment	General Fund	<u>1,012</u>
Total, fund financial statements		3,699
Less fund eliminations		<u>(3,699)</u>
Total, internal balances, government-wide statement of net position		<u>\$ -</u>

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Capital Projects	General Fund	\$ 784,479	Acquisition of capital assets
Highway Department	General Fund	351,883	Highway projects
General Fund	Human Services	723,804	Return of excess revenues
County Vehicles	ARPA Funding	59,272	Acquisition of capital assets
Educational Programs	General Fund	<u>12,216</u>	Unspent extension money
	Subtotal, fund financial statements	1,931,654	
	Less fund eliminations	<u>(1,579,771)</u>	
	Total government-wide statement of activities	<u>\$ 351,883</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
December 31, 2021

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation bonds:	\$ 2,880,000	\$ -	\$ 380,000	\$ 2,500,000	\$ 390,000
Subtotal	<u>2,880,000</u>	<u>-</u>	<u>380,000</u>	<u>2,500,000</u>	<u>390,000</u>
Other liabilities:					
Vested compensated absences	669,473	-	77,177	592,296	204,320
Capital lease liability	<u>23,456</u>	<u>-</u>	<u>5,211</u>	<u>18,245</u>	<u>5,211</u>
Subtotal	<u>692,929</u>	<u>-</u>	<u>82,388</u>	<u>610,541</u>	<u>209,531</u>
Total governmental activities long-term liabilities	<u>\$ 3,572,929</u>	<u>\$ -</u>	<u>\$ 462,388</u>	<u>\$ 3,110,541</u>	<u>\$ 599,531</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities					
Other liabilities:					
Vested compensated absences	\$ 88,922	\$ -	\$ 25,357	\$ 63,564	\$ 57,187
Total other liabilities	<u>88,922</u>	<u>-</u>	<u>25,357</u>	<u>63,564</u>	<u>57,187</u>
Total business-type activities long-term liabilities	<u>\$ 88,922</u>	<u>\$ -</u>	<u>\$ 25,357</u>	<u>\$ 63,564</u>	<u>\$ 57,187</u>

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, 2021 was \$146,114,685. Total general obligation debt outstanding at year-end was \$2,500,000.

Bayfield County

Notes to Financial Statements
December 31, 2021

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, 2021, consists of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2021</u>
Governmental Activities					
G.O. refunding bonds	08/15/17	06/01/27	1.75-3.0 %	\$ 3,925,000	\$ 2,500,000
Total governmental activities					\$ 2,500,000

Debt service requirements to maturity are as follows:

	Governmental Activities General Obligation Debt	
	<u>Principal</u>	<u>Interest</u>
Years ending December 31:		
2022	\$ 390,000	\$ 54,493
2023	400,000	42,643
2024	415,000	30,418
2025	425,000	20,474
2026	430,000	12,778
2027	440,000	4,400
Total	\$ 2,500,000	\$ 165,206

Other Debt Information

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

Short-Term Debt

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 1.78% and matures on March 1, 2022.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Promissory note, direct placement	\$ 1,650,000	\$ 1,650,000	\$ 1,650,000	\$ 1,650,000

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 through October 15, 2017.

Bayfield County

Notes to Financial Statements
December 31, 2021

Rent increased 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, 2021 of \$385,200. The minimum future lease income payments on the above lease are as follows:

<u>Years</u>	<u>Principal</u>
2022	\$ 240,000
2023	240,000
2024	240,000
2025	240,000
2026	240,000
2027-2031	1,200,000
2032-2036	1,200,000
2037-2041	1,200,000
2042-2046	1,200,000
2047	240,000
Total	<u>\$ 6,240,000</u>

Lessee - Capital Leases

The County entered into a lease agreement with Enterprise Fleet Management to lease a police vehicle on February 28, 2020. The gross amount of this asset under capital lease is \$26,201, which is included in the machinery and equipment asset category of capital assets, less accumulated depreciation. A corresponding liability is recorded in the internal service funds and the government-wide statement of net position.

A schedule of future lease payments as of December 31, 2021, are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 5,211	\$ 962
2023	5,211	962
2024	5,211	962
2025	2,612	481
Total	<u>\$ 18,245</u>	<u>\$ 3,367</u>

Net Position/Fund Balances

Net position reported on the government wide statement of net position at December 31, 2021 includes the following:

Governmental Activities

Net investment in capital assets:

Land (including right of way)	\$ 11,373,208
Construction in progress	314,509
Other capital assets, net of accumulated depreciation	29,601,199
Less related long-term debt outstanding	<u>(2,518,245)</u>
Total net investment in capital assets	<u>\$ 38,770,671</u>

Bayfield County

Notes to Financial Statements
December 31, 2021

Governmental Funds

Governmental fund balances at December 31, 2021 include the following:

	General Fund	Human Services	Nonmajor Governmental Funds	Total
Fund Balances				
Nonspendable:				
Tax certificates	\$ 1,263,889	\$ -	\$ -	\$ 1,263,889
Tax deeds	320,544	-	-	320,544
Materials, supplies and prepaid items	49,030	-	134,139	183,169
Notes receivable	564,690	-	-	564,690
Restricted for:				
Elderly and handicapped transportation	-	150,024	-	150,024
CCOP risk reserve	-	6,061	-	6,061
Housing rehabilitation	-	-	173,224	173,224
Jail maintenance and construction	-	-	28,705	28,705
Educational programs	-	-	15,017	15,017
Veterans services	-	-	6,618	6,618
Debt service	-	-	3,785	3,785
Library levies	429,209	-	-	429,209
Committed to:				
Highway projects	-	-	-	-
Town bridges	79,721	-	-	79,721
Animal control	-	-	3,973	3,973
Human services "reserve" balance	-	635,000	-	635,000
Capital projects	-	-	1,215,163	1,215,163
Assigned to:				
Subsequent year's budget	1,106,251	-	-	1,106,251
ADRC consortium	-	120,640	-	120,640
IDP program funds	-	92,093	-	92,093
Employee wellness	400,489	-	-	400,489
Five-year highway plan	2,000,000	-	-	2,000,000
County highway restoration	905,949	-	-	905,949
Compensated balances	750,000	-	-	750,000
Building roof repairs	1,500,000	-	-	1,500,000
Grand view garage	100,000	-	-	100,000
Nonlapsing funds:				
Future forestry expenditures	235,285	-	-	235,285
Future health department expenditures	58,468	-	-	58,468
Future business park expenditures	35,230	-	-	35,230
Unassigned (deficit)	6,925,609	-	(32,223)	6,893,386
Total fund balances	<u>\$ 16,724,364</u>	<u>\$ 1,003,818</u>	<u>\$ 1,443,898</u>	<u>\$ 19,172,080</u>

4. Other Information

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 Annual Comprehensive Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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.

Bayfield County

Notes to Financial Statements
December 31, 2021

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.

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:

<u>Year</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
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
2019	0.0	(10.0)
2020	1.7	21.0

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 \$701,043 in contributions from the County.

Contribution rates for the plan year reported as of December 31, 2021 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (executives and elected officials)	6.75 %	6.75 %
Protective with social security	6.75 %	11.65 %
Protective without social security	6.75 %	16.25 %

Bayfield County

Notes to Financial Statements
December 31, 2021

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

At December 31, 2021, the County reported an asset of \$3,747,251 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the County's proportion was 0.06002192%, which was an increase of 0.00044865% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2021, the County recognized pension expense of \$(396,769).

At December 31, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,423,423	1,168,195
Changes of actuarial assumptions	84,995	-
Net difference between projected and actual earnings on pension plan investments	-	7,035,159
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,405	9,308
Employer contributions subsequent to the measurement date	685,875	-
Total	<u>\$ 6,211,698</u>	<u>\$ 8,212,662</u>

\$685,875 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. 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>Years ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2022	\$ (692,302)
2023	(187,294)
2024	(1,270,848)
2025	(536,395)

Bayfield County

Notes to Financial Statements
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Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2019
Measurement date of net pension liability (asset)	December 31, 2020
Actuarial cost method	Entry age normal
Asset valuation method	Fair value
Long-term expected rate of return	7.0%
Discount rate	7.0%
Salary increases:	
Inflation	3.0%
Seniority/merit	0.1%-5.6%
Mortality	Wisconsin 2019 mortality table
Post-retirement adjustments*	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2019 that covered a three-year period from January 1, 2016 to December 31, 2018. The Total Pension Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

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:

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Rate of Return %	Long-Term Expected Real Rate of Return %
Global equities	51 %	7.2 %	4.7 %
Fixed income	25	3.2	0.8
Inflation sensitive assets	16	2.0	(0.4)
Real estate	8	5.6	3.3
Private equity/debt	11	10.2	7.6
Multi-asset	4	5.8	3.3
Total core fund	115	6.6	4.1
Variable Fund Asset Class			
U.S. equities	70	6.6	4.1
International equities	30	7.4	4.9
Total variable fund	100	7.1	4.6

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.4%

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

Bayfield County

Notes to Financial Statements
December 31, 2021

Single Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan 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 municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.00%, 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%) or 1-percentage-point higher (8.00%) 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	\$ 3,566,864	\$ (3,747,251)	\$ (9,119,415)

Pension Plan Fiduciary Net Position

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

At December 31, 2021, the County reported a payable to the pension plan, which represents contractually required contributions outstanding as of the end of the year.

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.

Bayfield County

Notes to Financial Statements
December 31, 2021

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, 2021 can be obtained directly from WCMIC's offices.

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 active construction projects as of December 31, 2021. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. The County has approximately \$2.4 million of open contracts at year end.

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.

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 nonvoting members of the board of Northern Lights Services, Inc. The County's accountability for these organizations does not extend beyond making the appointments.

Effect of New Accounting Standards on Current-Period Financial Statements

The GASB has approved the following statements:

- Statement No. 87, *Leases*
- 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*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections, an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

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

SUPPLEMENTARY INFORMATION

Bayfield County

Budgetary Comparison Schedule

General Fund

Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 7,315,912	\$ 7,315,912	\$ 7,791,520	\$ 475,608
Intergovernmental	2,206,473	3,006,675	2,972,591	(34,084)
Licenses and permits	386,650	386,650	488,705	102,055
Fines, forfeitures and penalties	72,000	72,000	94,156	22,156
Charges for services	3,830,588	3,948,659	4,775,159	826,500
Miscellaneous	905,686	893,246	1,261,588	368,342
Total revenues	<u>14,717,309</u>	<u>15,623,142</u>	<u>17,383,719</u>	<u>1,760,577</u>
Expenditures				
Current:				
General government	4,376,313	4,282,191	4,025,336	256,855
Public safety	5,350,107	5,404,702	5,173,181	231,521
Public works	115,314	134,920	72,282	62,638
Health and human services	1,163,793	1,534,592	1,336,889	197,703
Culture, recreation and education	1,480,113	1,512,846	1,505,631	7,215
Conservation and development	2,719,221	3,189,543	3,140,320	49,223
Capital outlay	-	8,162	81,795	(73,633)
Total expenditures	<u>15,204,861</u>	<u>16,066,956</u>	<u>15,335,434</u>	<u>731,522</u>
Excess (deficiency) of revenues over expenditures	<u>(487,552)</u>	<u>(443,814)</u>	<u>2,048,285</u>	<u>2,492,099</u>
Other Financing Sources (Uses)				
Transfer in	-	-	723,804	723,804
Transfer out	(679,149)	(1,098,578)	(1,148,578)	(50,000)
Total other financing sources (uses)	<u>(679,149)</u>	<u>(1,098,578)</u>	<u>(424,774)</u>	<u>673,804</u>
Net change in fund balance	<u>\$ (1,166,701)</u>	<u>\$ (1,542,392)</u>	1,623,511	<u>\$ 3,165,903</u>
Fund Balance, Beginning			<u>15,100,853</u>	
Fund Balance, Ending			<u>\$ 16,724,364</u>	

See notes to required supplementary information

Bayfield County

Budgetary Comparison Schedule
Human Services Special Revenue Fund
Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,817,788	\$ 1,817,788	\$ 1,817,788	\$ -
Intergovernmental	3,558,818	3,558,818	3,724,403	165,585
Charges for services	209,830	209,830	209,922	92
Miscellaneous revenue	1,000	1,000	18,848	17,848
	<u>5,587,436</u>	<u>5,587,436</u>	<u>5,770,961</u>	<u>183,525</u>
Total revenues				
Expenditures				
Current:				
Health and human services	<u>5,696,686</u>	<u>5,696,686</u>	<u>4,824,748</u>	<u>871,938</u>
Total expenditures	<u>5,696,686</u>	<u>5,696,686</u>	<u>4,824,748</u>	<u>871,938</u>
Excess (deficiency) of revenues over expenditures	<u>(109,250)</u>	<u>(109,250)</u>	<u>946,213</u>	<u>1,055,463</u>
Other Financing Sources (Uses)				
Transfer out	<u>-</u>	<u>-</u>	<u>(723,804)</u>	<u>(723,804)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(723,804)</u>	<u>(723,804)</u>
Net change in fund balance	<u>\$ (109,250)</u>	<u>\$ (109,250)</u>	<u>222,409</u>	<u>\$ 331,659</u>
Fund Balance, Beginning			<u>781,409</u>	
Fund Balance, Ending			<u>\$ 1,003,818</u>	

See notes to required supplementary information

Bayfield County

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)

Wisconsin Retirement System (WRS)

Year Ended December 31, 2021

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
December 31, 2020	0.06002192 %	\$ (3,747,251)	\$ 9,438,222	39.70 %	105.26 %
December 31, 2019	0.05957327 %	(1,920,914)	8,622,240	22.28 %	102.96 %
December 31, 2018	0.05970471 %	2,124,106	8,392,171	25.31 %	96.45 %
December 31, 2017	0.05928433 %	(1,760,222)	8,186,909	21.50 %	102.93 %
December 31, 2016	0.05845522 %	481,810	8,036,059	6.00 %	99.12 %
December 31, 2015	0.05806999 %	943,626	7,766,753	12.15 %	98.20 %
December 31, 2014	0.05895609 %	(1,448,123)	7,716,343	18.77 %	102.74 %

Schedule of Employer Contributions

Wisconsin Retirement System (WRS)

Year Ended December 31, 2021

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
December 30, 2021	\$ 685,875	\$ 685,875	\$ -	\$ 9,262,596	7.40 %
December 30, 2020	699,265	699,265	-	9,438,223	7.41 %
December 31, 2019	613,277	613,277	-	8,622,231	7.11 %
December 31, 2018	609,362	609,362	-	8,392,171	7.26 %
December 31, 2017	616,843	616,843	-	8,186,909	7.53 %
December 31, 2016	561,329	561,329	-	8,036,059	6.99 %
December 31, 2015	558,852	558,852	-	7,766,753	7.20 %

See notes to required supplementary information

Bayfield County

Notes to Required Supplementary Information
December 31, 2021

1. 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 1.

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 executive 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 3. The budget is adopted at the department level of expenditure.

2. 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. No significant changes in assumptions were noted from the prior year.

REQUIRED SUPPLEMENTARY INFORMATION

Bayfield County

Detailed Budgetary Comparison Schedule

General Fund

Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes:				
General property taxes	\$ 5,552,912	\$ 5,552,912	\$ 5,552,912	\$ -
In lieu of taxes	66,000	66,000	63,969	(2,031)
Forest cropland taxes	41,000	41,000	58,270	17,270
Sales tax	1,316,000	1,316,000	1,678,556	362,556
Real estate transfer tax	65,000	65,000	120,396	55,396
Interest and penalty on taxes	275,000	275,000	317,417	42,417
Total taxes	7,315,912	7,315,912	7,791,520	475,608
Intergovernmental:				
Shared revenue from state	109,778	109,778	132,035	22,257
Tax exempt computers	-	-	1,036	1,036
Federal and state grants	2,096,695	2,896,897	2,839,520	(57,377)
Total intergovernmental	2,206,473	3,006,675	2,972,591	(34,084)
Licenses and permits:				
Environmental health	140,000	140,000	155,723	15,723
Zoning permits and fees	244,000	244,000	329,314	85,314
Vehicle registrations	2,000	2,000	1,018	(982)
Alarm permits	150	150	300	150
Forestry permits	500	500	2,350	1,850
Total licenses and permits	386,650	386,650	488,705	102,055
Fines, forfeitures and penalties:				
County ordinance forfeitures	49,000	49,000	70,370	21,370
County share state fines and forfeitures	23,000	23,000	23,786	786
Total fines, forfeitures and penalties	72,000	72,000	94,156	22,156
Charges for services:				
General government:				
Mediation services	1,500	1,500	2,795	1,295
County clerk fees	2,450	2,450	2,968	518
Court fees	91,500	91,500	106,250	14,750
Register of deeds' fees	110,000	116,560	153,666	37,106
Abstract fees	7,000	7,000	5,650	(1,350)
Survey review fees	8,500	8,500	12,988	4,488
Child support fees	1,700	1,700	934	(766)
Coroner	5,750	5,750	6,363	613
WLIP fees	36,000	36,000	52,176	16,176
CODY services	53,728	53,728	54,728	1,000
Municipal fees on voter registration	8,500	29,372	29,147	(225)
Total general government	326,628	354,060	427,665	73,605

Bayfield County

Detailed Budgetary Comparison Schedule

General Fund

Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Charges for services: (cont.)				
Public safety:				
Sheriff and jail fees	\$ 150,700	\$ 150,700	\$ 87,762	\$ (62,938)
Fire number/address fees	5,000	14,000	14,351	351
Total public safety	<u>155,700</u>	<u>164,700</u>	<u>102,113</u>	<u>(62,587)</u>
Health and human services:				
Health department	87,700	81,610	81,201	(409)
Culture, recreation and education:				
Parks	155,000	155,000	194,394	39,394
Fair	100,000	100,000	91,954	(8,046)
Extension	3,660	3,660	3,245	(415)
Total culture, recreation and education	<u>258,660</u>	<u>258,660</u>	<u>289,593</u>	<u>30,933</u>
Conservation and development:				
Sale of wood	3,000,000	3,085,229	3,852,290	767,061
Zoning plan review fees	900	900	1,969	1,069
Total conservation and development	<u>3,001,900</u>	<u>3,089,629</u>	<u>3,874,587</u>	<u>784,958</u>
Total charges for services	<u>3,830,588</u>	<u>3,948,659</u>	<u>4,775,159</u>	<u>826,500</u>
Miscellaneous:				
Interest	217,440	217,440	241,474	24,034
Rentals	355,371	355,371	386,933	31,562
Profit on tax deed sales	50,000	50,000	143,552	93,552
Sale of maps and plats	15,075	15,075	3,312	(11,763)
Donations	44,800	32,360	49,257	16,897
Inmate canteen	75,000	75,000	45,751	(29,249)
HRA - county retained funds	31,000	31,000	53,555	22,555
FSA - county retained funds	1,000	1,000	3,423	2,423
Advertising	34,950	34,950	34,379	(571)
Property sales	10,000	10,000	-	(10,000)
Other	71,050	71,050	299,952	228,902
Total miscellaneous	<u>905,686</u>	<u>893,246</u>	<u>1,261,588</u>	<u>368,342</u>
Total revenues	<u>14,717,309</u>	<u>15,623,142</u>	<u>17,383,719</u>	<u>1,760,577</u>

Bayfield County

Detailed Budgetary Comparison Schedule

General Fund

Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Expenditures				
General government:				
County board	\$ 82,789	\$ 82,789	\$ 93,710	\$ (10,921)
Circuit court	374,062	374,062	360,182	13,880
Probate	32,061	32,061	31,100	961
Judge	43,100	43,100	42,804	296
Family court commissioner	24,900	24,900	25,020	(120)
Coroner	30,473	30,473	29,739	734
District attorney	112,608	112,608	113,154	(546)
Corporation counsel	10,005	10,005	13,880	(3,875)
Child support	251,010	251,010	216,038	34,972
County clerk	385,971	386,372	363,898	22,474
County administrator	303,160	318,820	318,066	754
Elections	10,115	30,987	29,740	1,247
Data processing	21,429	21,429	22,328	(899)
Information services	594,699	548,074	526,917	21,157
Auditing	60,500	60,500	60,900	(400)
Cost allocation plan	5,250	5,250	5,225	25
Assessment of property	75,585	75,585	67,605	7,980
Treasurer	177,711	177,711	175,677	2,034
Courthouse	481,816	481,816	484,084	(2,268)
Register of deeds	190,806	197,366	179,303	18,063
Public land survey system	17,000	17,000	28,299	(11,299)
Tax deeds	83,530	83,530	88,994	(5,464)
Land records	445,946	445,946	432,222	13,724
Property and liability insurance	111,500	111,500	133,646	(22,146)
Workers compensation	159,866	159,866	139,692	20,174
Flex benefits administrative charge	11,000	11,000	7,334	3,666
Highway work for county	46,000	26,000	32,071	(6,071)
Contingency	173,421	102,431	500	101,931
Health insurance reserve	60,000	60,000	2,477	57,523
Other miscellaneous expense	-	-	731	(731)
Total general government	4,376,313	4,282,191	4,025,336	256,855
Public safety:				
Sheriff	2,471,742	2,471,742	2,440,132	31,610
Crime victim witness program	66,984	66,984	66,466	518
Emergency government	305,278	350,873	326,893	23,980
Jail	1,733,908	1,733,908	1,621,224	112,684
DARE	1,800	1,800	1,482	318
Dispatch	469,309	469,309	448,561	20,748
Ambulance	2,000	11,000	10,500	500
Criminal justice	299,086	299,086	257,923	41,163
Total public safety	5,350,107	5,404,702	5,173,181	231,521

Bayfield County

Detailed Budgetary Comparison Schedule

General Fund

Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Public works:				
Bridge aid to town	\$ 79,624	\$ 99,230	\$ 36,042	\$ 63,188
Public transportation	8,750	8,750	9,300	(550)
Operation clean sweep	8,440	8,440	8,440	-
Airport funds	18,500	18,500	18,500	-
Total public works	115,314	134,920	72,282	62,638
Health and human services:				
Health department	1,039,002	1,409,801	1,221,923	187,878
Veteran services	124,791	124,791	114,966	9,825
Total health and human services	1,163,793	1,534,592	1,336,889	197,703
Culture, recreation and education:				
Northern waters library	37,581	37,581	37,580	1
Library commission	354,491	389,440	389,440	-
Superior days	1,000	1,000	-	1,000
Northern great lakes visitor center	9,000	9,000	9,000	-
Historical society	500	500	500	-
Tourism	188,363	188,363	186,312	2,051
Fair	213,310	213,310	188,644	24,666
Parks and trails	386,836	386,836	418,950	(32,114)
UWEX	289,032	286,816	275,205	11,611
Total culture, recreation and education	1,480,113	1,512,846	1,505,631	7,215
Conservation and development:				
Land conservation	540,757	573,703	564,586	9,117
Zoning	470,804	470,804	496,647	(25,843)
Economic development	79,500	329,500	329,500	-
Business park	4,000	4,000	-	4,000
Tri county corridor	6,000	16,000	16,000	-
Forestry	1,589,042	1,766,418	1,704,439	61,979
Regional planning commission	26,118	26,118	26,118	-
Dams	3,000	3,000	3,030	(30)
Total conservation and development	2,719,221	3,189,543	3,140,320	49,223
Capital outlay:				
Capital improvements	-	8,162	81,795	(73,633)
Total capital outlay	-	8,162	81,795	(73,633)
Total expenditures	15,204,861	16,066,956	15,335,434	731,522
Excess (deficiency) of revenues over expenditures	(487,552)	(443,814)	2,048,285	2,492,099
Other financing sources (uses):				
Transfer in	-	-	723,804	723,804
Transfer out	(679,149)	(1,098,578)	(1,148,578)	(50,000)
Total other financing sources (uses)	(679,149)	(1,098,578)	(424,774)	673,804
Net change in fund balance	\$ (1,166,701)	\$ (1,542,392)	1,623,511	\$ 3,165,903
Fund Balance, Beginning			15,100,853	
Fund Balance, Ending			<u>\$ 16,724,364</u>	

Bayfield County

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2021

	<u>Special Revenue</u>				
	<u>Housing Rehab Grant</u>	<u>Jail Assessment</u>	<u>Veterans' Relief</u>	<u>Educational Programs</u>	<u>Dog License</u>
Assets					
Cash and investments	\$ 173,224	\$ 28,347	\$ 6,618	\$ 8,243	\$ 12,240
Receivables, net					
Taxes receivable	-	-	1,500	-	13,000
Accounts receivable	-	1,370	-	6,773	810
Notes receivable	756,879	-	-	-	-
Materials, supplies, and prepaid items	-	-	-	-	-
Total assets	<u>\$ 930,103</u>	<u>\$ 29,717</u>	<u>\$ 8,118</u>	<u>\$ 15,016</u>	<u>\$ 26,050</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 9,077
Due to other funds	-	1,012	-	-	-
Accrued liabilities	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Total liabilities	<u>-</u>	<u>1,012</u>	<u>-</u>	<u>-</u>	<u>9,077</u>
Deferred Inflows of Resources					
Unearned revenues	-	-	1,500	-	13,000
Unavailable revenues	756,879	-	-	-	-
Total deferred inflows of resources	<u>756,879</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>13,000</u>
Fund Balances (Deficit)					
Nonspendable	-	-	-	-	-
Restricted	173,224	28,705	6,618	15,016	-
Committed	-	-	-	-	3,973
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	<u>173,224</u>	<u>28,705</u>	<u>6,618</u>	<u>15,016</u>	<u>3,973</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 930,103</u>	<u>\$ 29,717</u>	<u>\$ 8,118</u>	<u>\$ 15,016</u>	<u>\$ 26,050</u>

Special Revenue				
Community Development Block Grant	ARPA Funding	Debt Service	Capital Projects	Total Nonmajor Funds
\$ 100	\$ 1,107,128	\$ 3,786	\$ 1,247,008	\$ 2,586,694
-	-	444,493	-	458,993
-	-	-	24,762	33,715
-	-	-	-	756,879
-	29,636	-	104,503	134,139
<u>\$ 100</u>	<u>\$ 1,136,764</u>	<u>\$ 448,279</u>	<u>\$ 1,376,273</u>	<u>\$ 3,970,420</u>
\$ -	\$ 1,535	\$ -	\$ 19,699	\$ 30,311
2,687	-	-	-	3,699
-	1,885	-	-	1,885
-	1,133,344	-	-	1,133,344
<u>2,687</u>	<u>1,136,764</u>	<u>-</u>	<u>19,699</u>	<u>1,169,239</u>
-	-	444,493	117,316	576,309
-	-	-	24,095	780,974
-	-	444,493	141,411	1,357,283
-	29,636	-	104,503	134,139
-	-	3,786	-	227,349
-	-	-	1,110,660	1,114,633
(2,587)	(29,636)	-	-	(32,223)
<u>(2,587)</u>	<u>-</u>	<u>3,786</u>	<u>1,215,163</u>	<u>1,443,898</u>
<u>\$ 100</u>	<u>\$ 1,136,764</u>	<u>\$ 448,279</u>	<u>\$ 1,376,273</u>	<u>\$ 3,970,420</u>

Bayfield County

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended December 31, 2021

	Special Revenue				
	Housing Rehab Grant	Jail Assessment	Veterans' Relief	Educational Programs	Dog License
Revenues					
Taxes	\$ -	\$ -	\$ 1,500	\$ -	\$ 13,000
Intergovernmental	-	-	-	35,980	-
Licenses and permits	-	-	-	-	7,191
Fines, forfeitures and penalties	-	18,797	-	-	-
Charges for services	-	-	-	7,334	-
Miscellaneous	39,544	3	-	95	1,200
Total revenues	39,544	18,800	1,500	43,409	21,391
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	16,000	-	-	-
Health and human services	-	-	1,738	-	21,147
Culture, recreation and education	-	-	-	52,807	-
Conservation and development	7,199	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	7,199	16,000	1,738	52,807	21,147
Excess (deficiency) of revenues over expenditures	32,345	2,800	(238)	(9,398)	244
Other Financing Sources (Uses)					
Property sales	-	-	-	-	-
Transfers in	-	-	-	12,216	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	12,216	-
Net change in fund balances	32,345	2,800	(238)	2,818	244
Fund Balances, Beginning	140,879	25,905	6,856	12,198	3,729
Fund Balances (Deficit), Ending	\$ 173,224	\$ 28,705	\$ 6,618	\$ 15,016	\$ 3,973

Special Revenue				
Community Development Block Grant	ARPA Funding	Debt Service	Capital Projects	Total Nonmajor Funds
\$ -	\$ -	\$ 445,042	\$ -	\$ 459,542
41,356	326,939	-	272,286	676,561
-	-	-	-	7,191
-	-	-	-	18,797
-	-	-	-	7,334
-	-	72	44,052	84,966
<u>41,356</u>	<u>326,939</u>	<u>445,114</u>	<u>316,338</u>	<u>1,254,391</u>
-	280	-	-	280
-	-	-	-	16,000
-	26,351	-	-	49,236
-	-	-	-	52,807
43,943	-	-	-	51,142
-	241,036	-	988,587	1,229,623
-	-	380,000	-	380,000
-	-	66,043	-	66,043
<u>43,943</u>	<u>267,667</u>	<u>446,043</u>	<u>988,587</u>	<u>1,845,131</u>
<u>(2,587)</u>	<u>59,272</u>	<u>(929)</u>	<u>(672,249)</u>	<u>(590,740)</u>
-	-	-	696	696
-	-	-	784,479	796,695
-	(59,272)	-	-	(59,272)
-	(59,272)	-	785,175	738,119
(2,587)	-	(929)	112,926	147,379
-	-	4,715	1,102,237	1,296,519
<u>\$ (2,587)</u>	<u>\$ -</u>	<u>\$ 3,786</u>	<u>\$ 1,215,163</u>	<u>\$ 1,443,898</u>

Bayfield County

Combining Statement of Net Position

Internal Service Funds

December 31, 2021

	<u>County Vehicles</u>	<u>County Photocopiers</u>	<u>Sheriff Vehicles</u>	<u>Total</u>
Assets				
Current assets:				
Cash and investments	\$ 171,597	\$ 13,921	\$ 276,257	\$ 461,775
Accounts receivable, net	-	-	2	2
Total current assets	<u>171,597</u>	<u>13,921</u>	<u>276,259</u>	<u>461,777</u>
Noncurrent assets:				
Construction in progress	59,272	-	-	59,272
Other capital assets	813,117	35,613	871,061	1,719,791
Accumulated depreciation	<u>(411,727)</u>	<u>(20,068)</u>	<u>(615,701)</u>	<u>(1,047,496)</u>
Total noncurrent assets	<u>460,662</u>	<u>15,545</u>	<u>255,360</u>	<u>731,567</u>
Total assets	<u>632,259</u>	<u>29,466</u>	<u>531,619</u>	<u>1,193,344</u>
Liabilities				
Current liabilities:				
Accounts payable	2,412	5	2,357	4,774
Current portion of leases payable	-	-	5,211	5,211
Accrued liabilities	<u>173</u>	<u>-</u>	<u>-</u>	<u>173</u>
Total current liabilities	<u>2,585</u>	<u>5</u>	<u>7,568</u>	<u>10,158</u>
Noncurrent liabilities				
Leases payable	<u>-</u>	<u>-</u>	<u>13,034</u>	<u>13,034</u>
Total liabilities	<u>2,585</u>	<u>5</u>	<u>20,602</u>	<u>23,192</u>
Net position				
Net investment in capital assets	460,662	15,545	237,115	713,322
Unrestricted	<u>169,012</u>	<u>13,916</u>	<u>273,902</u>	<u>456,830</u>
Total net position	<u>\$ 629,674</u>	<u>\$ 29,461</u>	<u>\$ 511,017</u>	<u>\$ 1,170,152</u>

Bayfield County

Combining Statement of Revenues, Expenses
and Changes in Net Position
Internal Service Funds
Year Ended December 31, 2021

	<u>County Vehicles</u>	<u>County Photocopiers</u>	<u>Sheriff Vehicles</u>	<u>Total</u>
Operating Revenues				
Charges for services	\$ 170,758	\$ 9,889	\$ 225,385	\$ 406,032
Miscellaneous	2,114	-	9,425	11,539
Total operating revenues	<u>172,872</u>	<u>9,889</u>	<u>234,810</u>	<u>417,571</u>
Operating Expenses				
County vehicles expenses	99,623	-	-	99,623
County photocopier expenses	-	6,872	-	6,872
Sheriff vehicles expenses	-	-	145,897	145,897
Depreciation	90,120	6,192	127,928	224,240
Total operating expenses	<u>189,743</u>	<u>13,064</u>	<u>273,825</u>	<u>476,632</u>
Operating income (loss)	<u>(16,871)</u>	<u>(3,175)</u>	<u>(39,015)</u>	<u>(59,061)</u>
Nonoperating Revenues (Expenses)				
Gain on disposal of capital assets	13,432	-	2	13,434
Interest and fiscal charges	-	-	(1,612)	(1,612)
Total nonoperating revenues (expenses)	<u>13,432</u>	<u>-</u>	<u>(1,610)</u>	<u>11,822</u>
Income (loss) before transfers	<u>(3,439)</u>	<u>(3,175)</u>	<u>(40,625)</u>	<u>(47,239)</u>
Other Financing Sources				
Transfers in	<u>59,272</u>	<u>-</u>	<u>-</u>	<u>59,272</u>
Change in net position	55,833	(3,175)	(40,625)	12,033
Net Position, Beginning	<u>573,841</u>	<u>32,636</u>	<u>551,642</u>	<u>1,158,119</u>
Net Position, Ending	<u>\$ 629,674</u>	<u>\$ 29,461</u>	<u>\$ 511,017</u>	<u>\$ 1,170,152</u>

Bayfield County

Combining Statement of Cash Flows

Internal Service Funds

Year Ended December 31, 2021

	County Vehicles	County Photocopiers	Sheriff Vehicles	Total
Cash Flows From Operating Activities				
Cash received from customers	\$ 172,872	\$ 9,889	\$ 258,801	\$ 441,562
Cash paid to suppliers for goods and services	(90,102)	(7,065)	-	(97,167)
Cash paid to employees for services	(8,368)	-	(143,559)	(151,927)
Net cash flows from operating activities	74,402	2,824	115,242	192,468
Cash Flows From Noncapital Financing Activities				
Transfers from other funds	59,272	-	-	59,272
Net cash flows from noncapital financing activities	59,272	-	-	59,272
Cash Flows From (Used By) Capital and Related Financing Activities				
Debt retired	-	-	(5,211)	(5,211)
Acquisition and construction of capital assets	(116,549)	-	-	(116,549)
Proceeds from sale of capital assets	17,870	-	2	17,872
Interest and fiscal charges paid	-	-	(1,612)	(1,612)
Net cash flows from (used by) capital and related financing activities	(98,679)	-	(6,821)	(105,500)
Net change in cash and cash equivalents	34,995	2,824	108,421	146,240
Cash and Cash Equivalents, Beginning	136,602	11,097	167,836	315,535
Cash and Cash Equivalents, Ending	<u>\$ 171,597</u>	<u>\$ 13,921</u>	<u>\$ 276,257</u>	<u>\$ 461,775</u>
Reconciliation of Operating Income (Loss) to Cash Flows From Operating Activities				
Operating income (loss)	\$ (16,871)	\$ (3,175)	\$ (39,015)	\$ (59,061)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	90,120	6,192	127,928	224,240
Change in assets and liabilities:				
Accounts receivable	-	-	23,991	23,991
Accounts payable	1,151	(193)	2,338	3,296
Accrued liabilities	2	-	-	2
Net cash flows from operating activities	<u>\$ 74,402</u>	<u>\$ 2,824</u>	<u>\$ 115,242</u>	<u>\$ 192,468</u>
Noncash Capital, Investing and Financing Activities				
None				

Bayfield County

Combining Statement of Fiduciary Net Position

Custodial Funds

December 31, 2021

	Tax Collections	Register of Deeds	Clerk of Courts	Employee Retirement HRA	Total
Assets					
Cash and investments	\$ -	\$ 34,075	\$ 342,235	\$ 823,857	\$ 1,200,167
Liabilities					
Due to other governments	-	34,075	30,502	-	64,577
Deposits	-	-	16,095	-	16,095
Total liabilities	-	34,075	46,597	-	80,672
Net Position					
Restricted for other governments or organizations	\$ -	\$ -	\$ 295,638	\$ 823,857	\$ 1,119,495

Bayfield County

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

Year Ended December 31, 2021

	Tax Collections	Register of Deeds	Clerk of Courts	Employee Retirement HRA	Total Custodial Funds
Additions					
Property tax collections	\$ 14,476,841	\$ -	\$ -	\$ -	\$ 14,476,841
Fees for services collections	-	529,895	939,561	-	1,469,456
Donations	-	-	-	11,710	11,710
Total additions	<u>14,476,841</u>	<u>529,895</u>	<u>939,561</u>	<u>11,710</u>	<u>15,958,007</u>
Deductions					
Property tax payments	14,476,841	-	-	-	14,476,841
Remittance of fees for services	-	-	1,257,375	69,127	1,326,502
Remittance of fines and forfeitures	-	529,895	-	-	529,895
Total deductions	<u>14,476,841</u>	<u>529,895</u>	<u>1,257,375</u>	<u>69,127</u>	<u>16,333,238</u>
Change in fiduciary net position	-	-	(317,814)	(57,417)	(375,231)
Net Position, Beginning	<u>-</u>	<u>-</u>	<u>613,452</u>	<u>881,274</u>	<u>1,494,726</u>
Net Position, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 295,638</u>	<u>\$ 823,857</u>	<u>\$ 1,119,495</u>