

**BAYFIELD COUNTY, WISCONSIN**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

BAYFIELD COUNTY, WISCONSIN

FINANCIAL STATEMENTS  
For the Year Ended December 31, 2017

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## Bayfield County Administrator

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

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Bayfield County Board of Supervisors  
Bayfield County, Wisconsin

The FY2017 financial audit of Bayfield County, Wisconsin, for the period ending December 31, 2017 is now complete.

This report requires tremendous coordination between the representatives of the auditing entity and respective departments and offices within the county. Bayfield County has strived to accurately represent the financial position of the county as a whole as well as each individual department and fund.

### ECONOMIC CONDITION AND OUTLOOK

Bayfield County has a census population of 15,014 according to the 2010 census. The Wisconsin Demographic Services Center shows a 1.91% increase in population between 2010 and 2017 with a population of 15,301 in 2017. This includes a 2.9% growth in those of voting age in 2017 in comparison with 2010. Bayfield County is the second largest County in the State of Wisconsin encompassing 1500 square miles; including 966 inland lakes and 80 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). Tourism and Forestry are the top industries in Bayfield County. The County is located on the great divide with 70% of the County in the Lake Superior Watershed with the remaining draining to the St. Croix River.

Equalized valuation for the county climbed in double digits until 2007. A steady decline since then has resulted in a 10% + drop over the past several years. Valuations in 2015 climbed 2% then levelled off at zero in 2016 and 2017. In 2018 valuations increased 2% with net new construction at .65%. The County anticipates steady growth in the years ahead as the economy blossoms. At 3.75 mills in 2017 the Bayfield County levy is .65 mills below the state average.

### MAJOR INITIATIVES

**Forestry:** The County manages over 171,000 acres of county forest. The county is at a sustainable harvest level. Timber sales in 2015 and 2016 reached all time highs, lower prices in 2017 and 2018 will lead to lower revenues in 2019 but still a *critical* source of funding for Bayfield County accounting for one third of the annual county tax levy.

**Bayfield County Business Park:** A new 3000 linear foot business park road in this 150-acre parcel was constructed in 2018. This opens 80 acres for development. The parcel sits on US Highway 2 the most heavily travelled road in NW Wisconsin and is bordered on the south by State Highway 137. The parcel is two miles west of the City of Ashland and seven miles south of the City of Washburn. At present there are five business in the park.

**Infrastructure:** Attention to highway infrastructure is a priority for Bayfield County. The County has exceeded its goal of six miles of highway reconstruction annually for the past three years. An emphasis on repair and maintenance of all county facilities continues. 2017 projects included board room upgrades, courthouse wide security improvements, courthouse dome repairs and recoating, Communication tower communications for law enforcement and community cellular services.

**Farming:** A strong agricultural tradition continues to provide a base for the community whether it is in the core farming districts or the fruit farms in the northern part of the county. An emphasis on resource protection in cooperation with local farming continues with focus on ground and surface water analysis to obtain better information for land use decisions continues.

**Criminal Justice:** The Courts, Law Enforcement, Prosecution and the Jail are a major expense component of county levy and expenses. Focused criminal justice efforts utilizing Evidenced Based Decision Making (EBDM) techniques are utilized to provide offender programming that will reduce recidivism and prolong the life of the county jail. Bayfield County is an active member of the State Criminal Justice Council. Active programs include being a recipient of the State TAD and Jail Re-Entry programs.

**Economic Development:** Economic development initiatives throughout the county are utilized to spur new business opportunities. The Bayfield County Economic Development Corporation is supported heavily by Bayfield County and has shown impressive results.

**Information Services:** The importance of technological investments is valued and emphasized by the organization with emphasis on expanding and supporting broadband and fiber opportunities county wide. Multiple new projects have occurred throughout the county over the past 12 months.

#### **FUTURE and ONGOING INITIATIVES:**

Development at the Bayfield County Business Park is an ongoing venture with a new road constructed in the park in 2018.

Trail development continues on county forest lands with large returns in forest appreciation and tourism opportunities.

Fiber expansion will continue in 2018 with several new projects in the Bayfield and Barnes areas.

A new emergency communication and cell tower was completed in 2018.

Bayfield County was able to exceed its goal of 6 miles of highway reconstruction a year in 2017.

New Large-Scale Livestock operation regulations are under consideration to balance the farm, business, tourism and quality of life so essential to our region.

## **FINANCIAL INFORMATION**

### **Internal Control:**

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

### **Budgeting Controls:**

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

### **Cash Management:**

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

In 2005, 2009, and 2015 the County bid out short term interest rates and banking services pegged to financial indicators. The contract has helped increase security and increased county return on idle funds. The current contract was extended through the end of 2018 with Bremer Bank and will be bid out again for 2019-2021. In 2011 the County began investing through the Bremer Trust Department in municipal bonds and other AA and AAA rated instruments to raise yields. In 2012 the county increased this amount to \$3 million not to exceed a three-year average term. Based on interest rates and higher returns with Certificates of Deposit, current county deposits are focused with CDs. As bonds mature now they are returned to the County Bank Account.

### **Risk Management:**

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

Debt Management:

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

**Other Information**

Independent Audit: The firm of Maitland, Singler & VanVlack, S.C., Certified Public Accountants, has conducted an independent audit of Bayfield County's basic financial statements for the fiscal year ended December 31, 2017. 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 Maitland, Singler & VanVlack, S.C. is included in the financial section of this report.

Acknowledgment:

The compilation of this report could not have been possible without the combined cooperation of each department in the county. 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.

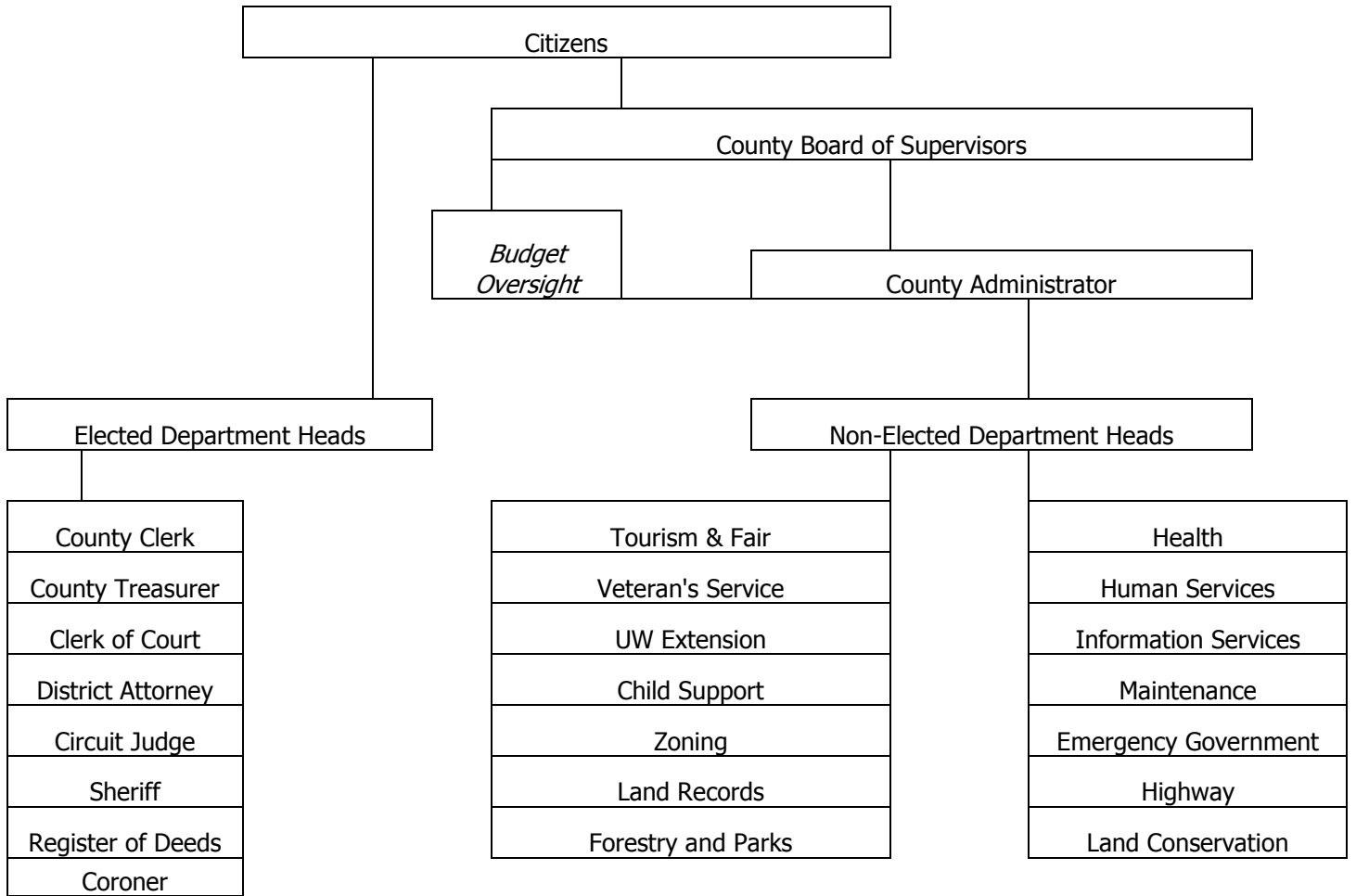
Respectfully Submitted,



Mark Abeles-Allison  
Bayfield County Administrator

*With the assistance of* Kristine Kavajecz, Assistant to the County Administrator

# BAYFIELD COUNTY ORGANIZATIONAL CHART





# ***Maitland, Singler & Van Vlack, S.C.***

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## **Independent Auditor's Report**

To the Board of Supervisors  
Bayfield County, Wisconsin  
Washburn, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for Bayfield County, Wisconsin, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bayfield County, Wisconsin, as of December 31, 2017, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 8-15, the analysis and budgetary comparison information on pages 48-50, and the schedules related to pensions on page 51 be presented to supplement the basic financial statements. Such information, although not 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 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bayfield County's basic financial statements. The financial information listed in the table of contents as supplementary information and schedule of expenditures of federal and state awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State of Wisconsin Single Audit Guidelines*, and the introductory section are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information and schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 and schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of transmittal and Bayfield County organizational chart have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated September 28, 2018 on our consideration of Bayfield County, Wisconsin'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Bayfield County, Wisconsin's internal control over financial reporting and compliance.

*Maitland, Singler & Van Vlack, S.C.*

September 28, 2018

**Bayfield County, Wisconsin  
Management's Discussion and Analysis  
For The Year Ended December 31, 2017**

Attached please find a narrative overview and analysis of the financial activities of Bayfield County for the fiscal year ended December 31, 2017. 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 1-4 of this report.

**Financial Highlights**

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

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

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

- The assets and deferred outflows of Bayfield County exceeded liabilities and deferred inflows at the close of the most recent fiscal year by \$42,624,618 a decrease of \$388,065 from the previous year. Of this amount, \$16,334,314 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$388,065 in 2017.
- As of the close of the current fiscal year, Bayfield County's governmental funds, reported combined ending fund balances of \$17,070,980 up \$547,274 in 2017. **Thirty-six percent (36%)** of this total amount or \$6,127,934 is available for spending at the government's discretion (unassigned fund balance).
- Bayfield County's total debt **decreased** by \$355,000 during the current fiscal year due to Northern Lights Bond Issue payments and refunding.

**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 16-17, are designed to provide readers with a broad overview of Bayfield County's finances, in a manner similar to 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 Vacation and Sick Leave. The business-type activities of Bayfield County include Highway Operations and the Agricultural Station.

## **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 18-21.

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

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

Bayfield County adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for the General Fund and Human Services Fund to demonstrate compliance with this budget. The budgetary comparison statements can be found on pages 48-50 of this report.

### Proprietary funds

Bayfield County maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. Bayfield County uses enterprise funds to account for its Highway Operations and the Agricultural Station. 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 and the Agricultural Station. Proprietary fund financial statements are located in pages 22-24.

### 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 because the resources of those funds are not available to support the County's programs. The accounting used for the fiduciary funds is similar to that used for proprietary funds. The basic fiduciary fund financial statement is located on pages 25-26.

### 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 27-47 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 \$42,624,618 at the close of the most recent fiscal year.

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

	Governmental Activities		Business Type Activities		Total	Total
	2016	2017	2016	2017	2016	2017
Current and Other Assets	26,562,126	21,189,040	2,687,874	2,172,052	29,250,000	23,361,092
Capital Assets	16,453,739	21,823,255	4,275,881	4,349,030	20,729,620	26,172,285
Total Assets	43,015,865	43,012,295	6,963,755	6,521,082	49,979,620	49,533,377
Deferred Outflows	4,499,472	3,608,264	791,442	592,979	5,290,914	4,201,243
Long-Term Debt	4,931,492	4,643,173	133,467	120,765	5,064,959	4,763,938
Other Liabilities	4,787,554	4,014,161	419,493	335,131	5,207,047	4,349,292
Total Liabilities	9,719,046	8,657,334	552,960	455,896	10,272,006	9,113,230
Deferred Inflows	1,688,792	1,714,940	297,053	281,832	1,985,845	1,996,772
Net Position:						
Invested in Capital Assets	16,453,739	21,823,255	4,275,881	4,349,030	20,729,620	26,172,285
Restricted	112,994	118,019	-	-	112,994	118,019
Restricted - Pension	2,008,206	-	353,237	-	2,361,443	-
Unrestricted	17,532,560	14,307,011	2,276,066	2,027,303	19,808,626	16,334,314
<b>Total Net Position</b>	<b>36,107,499</b>	<b>36,248,285</b>	<b>6,905,184</b>	<b>6,376,333</b>	<b>43,012,683</b>	<b>42,624,618</b>

By far the largest portion of Bayfield County's net position, 61% (\$26.2 million) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment). Bayfield County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Unrestricted assets at the end of 2017 were \$16.3 million, down from \$19.8 in 2016. As a percent of overall assets unrestricted assets represent 38% in 2017 down from 46% in 2016.

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

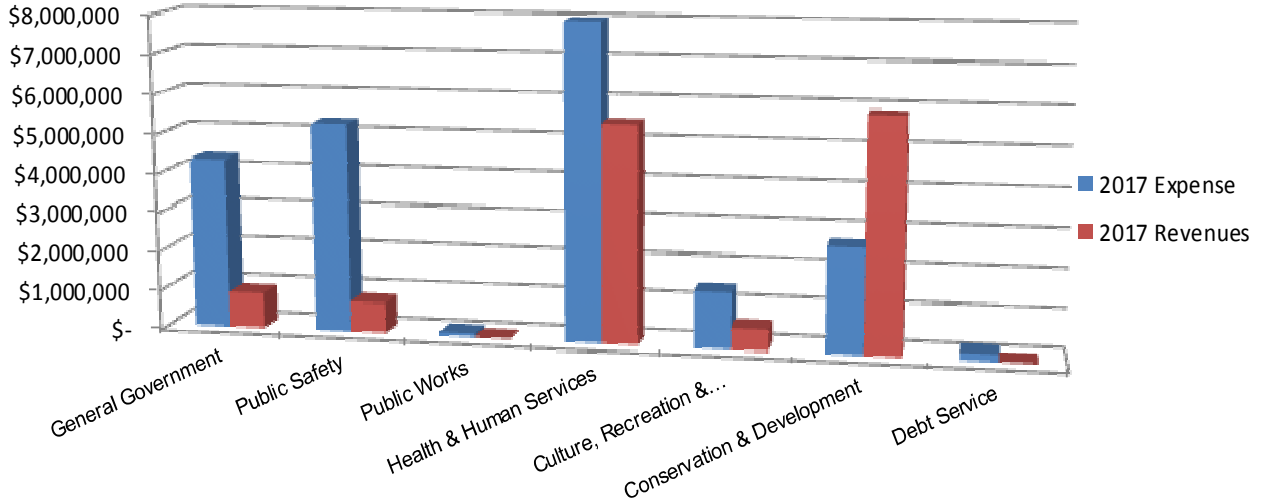
	Governmental Activities		Business Type Activities		Total	Total
	2016	2017	2016	2017	2016	2017
<b>REVENUES</b>						
Program Revenues						
Charges for Services	6,923,199	7,139,344	1,793,362	1,407,580	8,716,561	8,546,924
Operating Grants and Contributions	6,841,906	6,401,872	580,717	771,923	7,422,623	7,173,795
General Revenues						
Property Taxes	7,242,501	7,715,956	2,306,109	1,832,654	9,548,610	9,548,610
Sales Tax	1,060,363	1,119,348	-	-	1,060,363	1,119,348
Other Tax	471,504	514,988	-	-	471,504	514,988
Grants and Contributions not Restricted to a Specific Program	93,624	91,202	-	-	93,624	91,202
Unrestricted Investment Earnings	94,968	238,621	-	-	94,968	238,621
Gain (Loss) on Sale of Assets	(8,341)	32,074	-	-	(8,341)	32,074
Profit on Tax Deed Sales	117,551	25,240	-	-	117,551	25,240
Leases	33,419	100,289	-	-	33,419	100,289
Other Income	710,260	410,485	-	-	710,260	410,485
<b>TOTAL REVENUES</b>	<b>23,580,954</b>	<b>23,789,419</b>	<b>4,680,188</b>	<b>4,012,157</b>	<b>28,261,142</b>	<b>27,801,576</b>
<b>EXPENSES</b>						
General Government	4,482,913	4,316,731	-	-	4,482,913	4,316,731
Public Safety	5,230,230	5,292,937	-	-	5,230,230	5,292,937
Public Works	113,784	76,881	-	-	113,784	76,881
Health and Human Services	7,583,924	7,966,497	-	-	7,583,924	7,966,497
Culture, Recreation and Education	1,618,172	1,402,911	-	-	1,618,172	1,402,911
Conservation and Development	2,731,083	2,647,536	-	-	2,731,083	2,647,536
Debt Service	183,755	173,966	-	-	183,755	173,966
Highway	-	-	5,992,154	6,312,182	5,992,154	6,312,182
<b>TOTAL EXPENSES</b>	<b>21,943,861</b>	<b>21,877,459</b>	<b>5,992,154</b>	<b>6,312,182</b>	<b>27,936,015</b>	<b>28,189,641</b>
<b>Income (Loss) Before Transfers</b>	<b>1,637,093</b>	<b>1,911,960</b>	<b>(1,311,966)</b>	<b>(2,300,025)</b>	<b>325,127</b>	<b>(388,065)</b>
<b>Transfers In / Out</b>	<b>(1,078,291)</b>	<b>(1,771,174)</b>	<b>1,078,291</b>	<b>1,771,174</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>558,802</b>	<b>140,786</b>	<b>(233,675)</b>	<b>(528,851)</b>	<b>325,127</b>	<b>(388,065)</b>
<b>NET POSITION – JANUARY 1</b>	<b>35,548,697</b>	<b>36,107,499</b>	<b>7,138,859</b>	<b>6,905,184</b>	<b>42,687,556</b>	<b>34,012,683</b>
<b>NET POSITION – DECEMBER 31</b>	<b>36,107,499</b>	<b>36,248,285</b>	<b>6,905,184</b>	<b>6,376,333</b>	<b>43,012,683</b>	<b>42,624,618</b>

## TOTAL ASSETS CHART

Positive balances are recorded in all three categories of net position for the county government as a whole as well as for its separate governmental and business type activities. The government's net position decreased by \$388,065 in 2017.

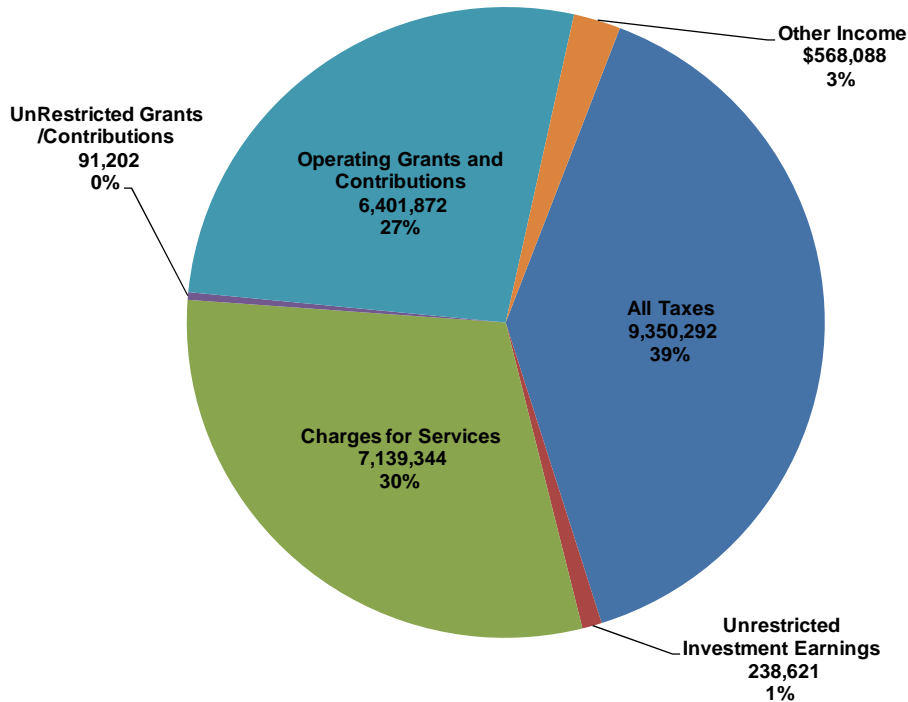
**Governmental Activities:** Governmental activities increased Bayfield County's net position by \$140,786. Business type asset activities decreased by \$528,851 in 2017. Key General Government activity components are shown below.

**PROGRAM REVENUES/EXPENSES**

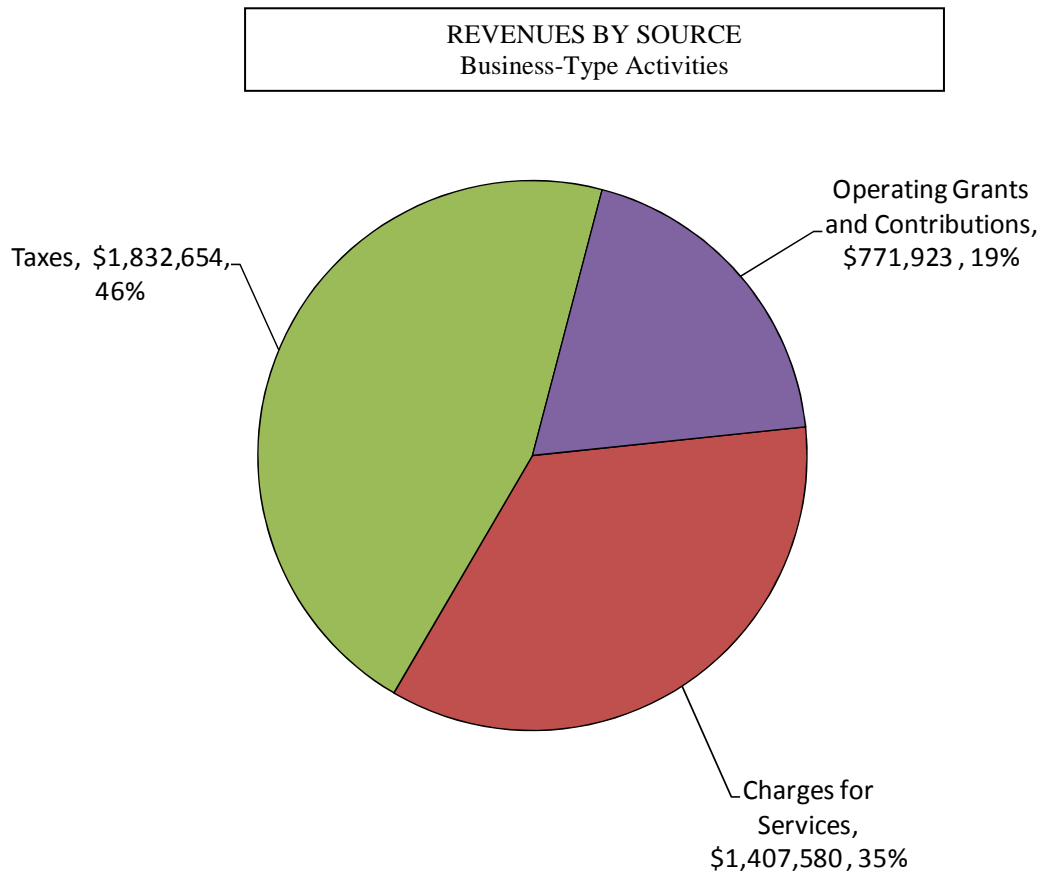


Health Human Services and Conservation and Development are the top two categories of program revenues. Operating grants and contributions are greatest for Human Services, Sale of wood is greatest for Conservation and Development.

**REVENUES BY SOURCE (not including Highway)**



**Business-type activities:** Business-type activities accounted for \$6,376,333 or 15% of Bayfield County’s net position in 2017. The role taxes and transfers play in business type activity revenues remained constant in 2017. In 2017 less property taxes were allocated to Highway, resulting in a larger transfer of funds from the General Fund.



**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 spend-able resources. Such information is useful in assessing the County’s financing requirements. In particular, unreserved 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 \$17,070,980 a decrease of \$547,274 from \$17,618,254 in 2016. Approximately 36% of the above fund balance or \$6,127,934 constitutes undesignated fund balance which is available for spending at the government’s discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for governmental operations.



Long Term Debt Service expenditures in 2017 totalled \$4,449,338. Debt service payments are made by using County property tax levy. The County did a current debt refunding in 2017 reducing the outstanding debt obligation from \$4,280,000 to \$3,925,000. The County also entered into a new long term lease agreement with Northern Lights to pay this debt back.

**Proprietary Funds:** Bayfield County's proprietary fund at the end of the year had unrestricted net assets of \$2,027,303 down from 2016 net assets of \$2,276,066.

### **General Fund Budgetary Highlights:**

The General Fund was \$196,082 under expenditures estimated. Revenues exceeded projections by \$2,193,611. Strong forestry sales accounted for most of this.

### **Capital Assets and Debt Administration:**

Bayfield County's investment in Capital Assets for its governmental activities as of December 31, 2017 amounts to \$21,823,255 an increase from \$16,453,739 in 2016 or \$5,369,516 more. The major increase in this area is due to the addition of the Northern Lights property as a capital asset.

Business type activity net capital assets increased \$73,149 in 2017 from \$4,275,881 in 2016 to \$4,349,030 in 2017. Major capital asset events during the current fiscal year included highway garage additions and equipment purchases.

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

State statutes limit the amount of general obligation debt a government entity may issue to five percent of its total equalized valuation. The 2017 debt limitation for Bayfield County is \$127,801,785. At the end of 2017 the county currently had General Obligation Debt in the amount of \$3,925,000 leaving a remainder available for borrowing of \$123,876,785.

### **County Initiatives:**

- Highway infrastructure remains a priority of the county board. The Board has committed to six miles of reconstruction per year.
- High speed broadband and cell coverage are a continued focus area for Bayfield County. The County completed agreements with the City of Washburn and Verizon to bring increased cell coverage to the Washburn area with a new emergency communications tower constructed in 2017.
- The Bayfield County Business Park established in 2013 now has five tenants. Utility extensions including natural gas, fiber, 3-phase electric and telephone are on site. The county completed an access road through the center of the park.
- Continued emphasis on employee wellness includes a county fitness room for employees, premium discounts for wellness program participation and education luncheons.

- Energy management efforts continue with alternate energy and conservation practices. These activities have helped maintain level utility rates over the past decade year.
- Criminal Justice Coordinating Council efforts continue to utilize evidenced based practices across departments with a focus on reducing recidivism. Relatively low jail populations continue to be an example of the efforts allowing adjacent county boarding revenues to grow.
- County forestry initiatives continue to strive to achieve sustainable yield projections as determined by the DNR on the county's 171,000-acre county forest. The County continues to acquire additional forested lands adjacent to county lands to improve blocking and reduce transactions costs.
- Trail development initiatives are underway utilizing county forest lands.
- County investment plans switched to a Federal Home Loan Bank letter of credit plan as interest earnings climb. Existing bond and agency holdings will be phased out over time as CD rates climb.
- Active community tourism efforts continue to be a critical component of our region's economic development plan.

**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.

**Government-Wide Financial Statements**

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BAYFIELD COUNTY, WISCONSIN  
STATEMENT OF NET POSITION  
DECEMBER 31, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 17,415,763	\$ 972,772	\$ 18,388,535
Accounts Receivable	1,716,102	374,969	2,091,071
Notes Receivable	239,835	-	239,835
Prepaid Items	25,438	75,974	101,412
Inventories	-	748,337	748,337
Tax Certificates	1,591,902	-	1,591,902
Other Investments	200,000	-	200,000
Land	5,368,378	193,585	5,561,963
Construction in Progress	123,460	-	123,460
Fixed Assets, Net	<u>16,331,417</u>	<u>4,155,445</u>	<u>20,486,862</u>
 Total Assets	 <u>43,012,295</u>	 <u>6,521,082</u>	 <u>49,533,377</u>
<b>Deferred Outflows of Resources</b>			
Related to Pensions - WRS	<u>3,608,264</u>	<u>592,979</u>	<u>4,201,243</u>
<b>Liabilities</b>			
Vouchers Payable	1,297,180	203,399	1,500,579
Accrued Wages	279,011	61,287	340,298
Fringe and Withholding Payable	795,015	2,441	797,456
Interest Payable	30,504	-	30,504
Unearned Revenue	1,198,645	-	1,198,645
Net Pension Liability - WRS	413,806	68,004	481,810
Long Term Obligations			
Due Within One Year	325,000	-	325,000
Due in More Than One Year	<u>4,318,173</u>	<u>120,765</u>	<u>4,438,938</u>
 Total Liabilities	 <u>8,657,334</u>	 <u>455,896</u>	 <u>9,113,230</u>
<b>Deferred Inflows of Resources</b>			
Related to Pensions - WRS	<u>1,714,940</u>	<u>281,832</u>	<u>1,996,772</u>
<b>Net Position</b>			
Invested in Capital Assets	21,823,255	4,349,030	26,172,285
Restricted	118,019	-	118,019
Unrestricted	<u>14,307,011</u>	<u>2,027,303</u>	<u>16,334,314</u>
 Total Net Position	 <u>\$ 36,248,285</u>	 <u>\$ 6,376,333</u>	 <u>\$ 42,624,618</u>

The accompanying notes to the financial statements  
are an integral part of these statements.

BAYFIELD COUNTY, WISCONSIN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Revenues			Net (Expense), Revenue and Change in Net Assets		
	Expenses	Operating		Primary Government		
		Charges for Services	Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government						
Governmental Activities						
General Government	\$ 4,316,731	\$ 442,008	\$ 439,224	\$ (3,435,499)	\$ -	\$ (3,435,499)
Public Safety	5,292,937	564,167	211,916	(4,516,854)	-	(4,516,854)
Public Works	76,881	-	-	(76,881)	-	(76,881)
Health and Human Services	7,966,497	481,288	4,999,308	(2,485,901)	-	(2,485,901)
Culture, Recreation and Education	1,402,911	295,221	241,242	(866,448)	-	(866,448)
Conservation and Development	2,647,536	5,356,660	510,182	3,219,306	-	3,219,306
Debt Service	173,966	-	-	(173,966)	-	(173,966)
Total Governmental Activities	<u>21,877,459</u>	<u>7,139,344</u>	<u>6,401,872</u>	<u>(8,336,243)</u>	<u>-</u>	<u>(8,336,243)</u>
Business-Type Activities						
Enterprise Funds	<u>6,312,182</u>	<u>1,407,580</u>	<u>771,923</u>	<u>-</u>	<u>(4,132,679)</u>	<u>(4,132,679)</u>
Total Primary Government	<u>\$28,189,641</u>	<u>\$8,546,924</u>	<u>\$ 7,173,795</u>	<u>\$ (8,336,243)</u>	<u>\$ (4,132,679)</u>	<u>\$(12,468,922)</u>
General Revenues and Transfers:						
General Revenues:						
Taxes:						
Property Taxes				\$ 7,715,956	\$ 1,832,654	\$ 9,548,610
Sales Tax				1,119,348	-	1,119,348
Other Tax				514,988	-	514,988
Grants and Contributions not						
Restricted to a Specific Program				91,202	-	91,202
Unrestricted Investment Earnings				238,621	-	238,621
Gain on Sale of Assets				32,074	-	32,074
Profit on Tax Deed Sales				25,240	-	25,240
Leases				100,289	-	100,289
Other Income				410,485	-	410,485
Transfers In (Out)				<u>(1,771,174)</u>	<u>1,771,174</u>	<u>-</u>
Total General Revenues and Transfers				<u>8,477,029</u>	<u>3,603,828</u>	<u>12,080,857</u>
Change in Net Position				<u>140,786</u>	<u>(528,851)</u>	<u>(388,065)</u>
Net Position - Beginning of Year				<u>36,107,499</u>	<u>6,905,184</u>	<u>43,012,683</u>
Net Position - End of Year				<u>\$ 36,248,285</u>	<u>\$ 6,376,333</u>	<u>\$ 42,624,618</u>

The accompanying notes to the financial statements  
are an integral part of these statements.

## **Fund Financial Statements**

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BAYFIELD COUNTY, WISCONSIN  
BALANCE SHEET – GOVERNMENTAL FUNDS  
DECEMBER 31, 2017

	General	Human Services	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 15,518,202	\$ 793,969	\$ 1,908	\$ 734,312	\$ 17,048,391
Accounts Receivable	887,710	820,694	-	7,398	1,715,802
Notes Receivable	239,835	-	-	-	239,835
Prepaid Items	25,438	-	-	-	25,438
Tax Certificates	1,591,902	-	-	-	1,591,902
Tax Deeds	326,932	-	-	-	326,932
Other Investments	200,000	-	-	-	200,000
	<u>18,790,019</u>	<u>1,614,663</u>	<u>1,908</u>	<u>741,710</u>	<u>21,148,300</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 18,790,019</u></b>	<b><u>\$ 1,614,663</u></b>	<b><u>\$ 1,908</u></b>	<b><u>\$ 741,710</u></b>	<b><u>\$ 21,148,300</u></b>
<b>LIABILITIES</b>					
Vouchers Payable	\$ 872,017	\$ 332,758	\$ -	\$ 88,335	\$ 1,293,110
Accrued Wages Payable	220,938	57,823	-	-	278,761
Fringe and Withholding Payable	793,766	1,249	-	-	795,015
Unearned Revenue	960,629	234,231	-	3,785	1,198,645
	<u>2,847,350</u>	<u>626,061</u>	<u>-</u>	<u>92,120</u>	<u>3,565,531</u>
<b>TOTAL LIABILITIES</b>	<b><u>2,847,350</u></b>	<b><u>626,061</u></b>	<b><u>-</u></b>	<b><u>92,120</u></b>	<b><u>3,565,531</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue	212,804	298,409	-	576	511,789
	<u>212,804</u>	<u>298,409</u>	<u>-</u>	<u>576</u>	<u>511,789</u>
<b>FUND BALANCES</b>					
Non-Spendable	2,379,848	-	-	-	2,379,848
Restricted	-	116,111	1,908	-	118,019
Committed	6,888,149	435,000	-	186,463	7,509,612
Assigned	333,934	139,082	-	462,551	935,567
Unassigned	6,127,934	-	-	-	6,127,934
	<u>15,729,865</u>	<u>690,193</u>	<u>1,908</u>	<u>649,014</u>	<u>17,070,980</u>
<b>TOTAL FUND BALANCES</b>	<b><u>15,729,865</u></b>	<b><u>690,193</u></b>	<b><u>1,908</u></b>	<b><u>649,014</u></b>	<b><u>17,070,980</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
	<b><u>\$ 18,790,019</u></b>	<b><u>\$ 1,614,663</u></b>	<b><u>\$ 1,908</u></b>	<b><u>\$ 741,710</u></b>	<b><u>\$ 21,148,300</u></b>

The accompanying notes to the financial statements  
are an integral part of these statements.

BAYFIELD COUNTY, WISCONSIN  
RECONCILIATION OF FUND BALANCE TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2017

Total Fund Balance per Governmental Funds Balance Sheet		\$ 17,070,980
Fixed Assets, Net, Governmental Activities		16,331,417
Construction in Progress, Governmental Activities		123,460
Land, Governmental Activities	5,368,378	
Less: Tax Deeds - Governmental Funds	<u>(326,932)</u>	
		5,041,446
Accounts Receivable not currently available reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned on the government-wide statements.		511,789
The net pension liability and deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the statement of net position:		
Deferred outflows of resources related to pensions	3,608,264	
Net pension liability	(413,806)	
Deferred inflows of resources related to pensions	<u>(1,714,940)</u>	
		1,479,518
Fund Balance Internal Service Funds	1,102,294	
Less: Internal Service Funds Net Fixed Assets included in Fixed Assets above	<u>(738,942)</u>	
		363,352
Long-Term Debt not due or payable in the current period, and, therefore, are not reported in the governmental funds		(4,643,173)
Interest Payable on long-term debt		<u>(30,504)</u>
Governmental Activities Net Position		<u>\$ 36,248,285</u>

The accompanying notes to the financial statements  
are an integral part of these statements.



BAYFIELD COUNTY, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	General	Human Services	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 7,120,563	\$ 1,807,788	\$ 408,441	\$ 13,500	\$ 9,350,292
Intergovernmental	1,900,070	4,690,565	-	125,079	6,715,714
Licenses and Permits	365,144	-	-	8,286	373,430
Fines and Forfeitures	82,772	-	-	19,306	102,078
Charges for Services	6,210,927	227,623	-	21,277	6,459,827
Miscellaneous	913,379	32,284	176	16,494	962,333
<b>TOTAL REVENUE</b>	<b>16,592,855</b>	<b>6,758,260</b>	<b>408,617</b>	<b>203,942</b>	<b>23,963,674</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
General Government	3,602,656	-	-	2,413	3,605,069
Public Safety	4,863,761	-	-	24,433	4,888,194
Public Works	78,979	-	-	-	78,979
Health and Human Services	1,086,046	6,794,537	-	29,726	7,910,309
Culture, Recreation and Education	1,237,775	-	-	49,248	1,287,023
Conservation and Development	3,003,734	-	-	-	3,003,734
Capital Outlay	-	-	-	1,423,358	1,423,358
<b>Debt Service</b>					
Principal	-	-	4,280,000	-	4,280,000
Interest and Fiscal Charges	-	-	143,462	-	143,462
Bond Issuance Costs	-	-	75,876	-	75,876
<b>TOTAL EXPENDITURES</b>	<b>13,872,951</b>	<b>6,794,537</b>	<b>4,499,338</b>	<b>1,529,178</b>	<b>26,696,004</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,719,904</b>	<b>(36,277)</b>	<b>(4,090,721)</b>	<b>(1,325,236)</b>	<b>(2,732,330)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond Issuance	-	-	3,925,000	-	3,925,000
Bond Premiums	-	-	166,230	-	166,230
Transfers from Other Funds	365,845	91,895	-	1,463,073	1,920,813
Transfers to Other Funds	(3,826,987)	-	-	-	(3,826,987)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,461,142)</b>	<b>91,895</b>	<b>4,091,230</b>	<b>1,463,073</b>	<b>2,185,056</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(741,238)</b>	<b>55,618</b>	<b>509</b>	<b>137,837</b>	<b>(547,274)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>16,471,103</b>	<b>634,575</b>	<b>1,399</b>	<b>511,177</b>	<b>17,618,254</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 15,729,865</b>	<b>\$ 690,193</b>	<b>\$ 1,908</b>	<b>\$ 649,014</b>	<b>\$ 17,070,980</b>

The accompanying notes to the financial statements  
are an integral part of these statements.

BAYFIELD COUNTY, WISCONSIN  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
DECEMBER 31, 2017

Net Change in Fund Balances-	
Governmental Funds Statement	\$ (547,274)
Expenditures reported on the Statement of Activities not included in the Governmental Funds Statement:	
Depreciation	(707,950)
(Loss) on Sale of Assets	(6,668)
Accrued interest on long-term debt	(30,504)
Internal Service Funds - Net External Activity	221,046
Expenditures reported on the Governmental Funds Statement not included in the Statement of Activities:	
Fixed asset additions	1,675,145
Long-Term debt repayment	4,280,000
Bond issuance costs	75,876
Revenues reported on the Governmental Funds Statement not included in the Statement of Activities:	
Proceeds from bond issuance	(3,925,000)
Reoffering premiums on bond issuance	(166,230)
Revenue not considered available for fund financial statements but was considered earned and recognized on the government-wide statements:	
Change in deferred inflows of resources related to unavailable revenue	(222,640)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in compensated absences	23,673
Change in net pension asset	-
Change in net pension liability	388,668
Change in deferred outflows of resources related to pensions	(891,208)
Change in deferred inflows of resources related to pensions	<u>(26,148)</u>
Change in net position reported on the Statement of Activities	<u><u>\$ 140,786</u></u>

The accompanying notes to the financial statements  
are an integral part of these statements.

BAYFIELD COUNTY, WISCONSIN  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2017

	Business Type Activities			Governmental
	Enterprise Funds			Activities
	Highway Fund	Agricultural Station	Total	Internal Service Funds
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 972,772	\$ -	\$ 972,772	\$ 367,372
Accounts Receivable	374,969	-	374,969	300
Prepaid Expense	75,974	-	75,974	-
Inventories	748,337	-	748,337	-
Total Current Assets	<u>2,172,052</u>	<u>-</u>	<u>2,172,052</u>	<u>367,672</u>
Noncurrent Assets				
Capital Assets				
Land	193,585	-	193,585	-
Fixed Assets, Net	4,155,445	-	4,155,445	738,942
Total Capital Assets	<u>4,349,030</u>	<u>-</u>	<u>4,349,030</u>	<u>738,942</u>
<b>TOTAL ASSETS</b>	<u>6,521,082</u>	<u>-</u>	<u>6,521,082</u>	<u>1,106,614</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to Pensions - WRS	<u>592,979</u>	<u>-</u>	<u>592,979</u>	<u>-</u>
<b>LIABILITIES</b>				
Current Liabilities				
Vouchers Payable	203,399	-	203,399	4,070
Accrued Wages Payable	61,287	-	61,287	250
Fringe and Withholding Payable	2,441	-	2,441	-
Total Current Liabilities	<u>267,127</u>	<u>-</u>	<u>267,127</u>	<u>4,320</u>
Noncurrent Liabilities				
Compensated Absences Payable	120,765	-	120,765	-
Net Pension Liability - WRS	68,004	-	68,004	-
Total Noncurrent Liabilities	<u>188,769</u>	<u>-</u>	<u>188,769</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>455,896</u>	<u>-</u>	<u>455,896</u>	<u>4,320</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to Pensions - WRS	<u>281,832</u>	<u>-</u>	<u>281,832</u>	<u>-</u>
<b>NET POSITION</b>				
Invested in Capital Assets	4,349,030	-	4,349,030	738,942
Unrestricted	<u>2,027,303</u>	<u>-</u>	<u>2,027,303</u>	<u>363,352</u>
<b>TOTAL NET POSITION</b>	<u>\$ 6,376,333</u>	<u>\$ -</u>	<u>\$ 6,376,333</u>	<u>\$ 1,102,294</u>

The accompanying notes to the financial statements  
are an integral part of these statements.

BAYFIELD COUNTY, WISCONSIN  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET POSITION – PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business Type Activities			Governmental
	Enterprise Funds			Activities
	Highway Funds	Agricultural Station	Total	Internal Service Funds
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 1,359,201	\$ 1,576	\$ 1,360,777	\$ 456,805
Miscellaneous	44,303	2,500	46,803	16,312
<b>TOTAL OPERATING REVENUES</b>	<b>1,403,504</b>	<b>4,076</b>	<b>1,407,580</b>	<b>473,117</b>
<b>OPERATING EXPENSES</b>				
Personal Services	2,143,367	-	2,143,367	-
Contracted Services and Supplies	3,658,189	3,470	3,661,659	229,520
Depreciation	507,156	-	507,156	192,443
<b>TOTAL OPERATING EXPENSES</b>	<b>6,308,712</b>	<b>3,470</b>	<b>6,312,182</b>	<b>421,963</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(4,905,208)</b>	<b>606</b>	<b>(4,904,602)</b>	<b>51,154</b>
<b>NON-OPERATING REVENUE</b>				
General Property Taxes	1,832,654	-	1,832,654	-
Intergovernmental Aids	771,923	-	771,923	-
Gain on Sale of Assets	-	-	-	34,892
<b>TOTAL NON-OPERATING REVENUE</b>	<b>2,604,577</b>	<b>-</b>	<b>2,604,577</b>	<b>34,892</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(2,300,631)</b>	<b>606</b>	<b>(2,300,025)</b>	<b>86,046</b>
<b>TRANSFERS TO/FROM OTHER FUNDS</b>				
Transfers from Other Funds	2,137,019	-	2,137,019	135,000
Transfers to Other Funds	-	(122,873)	(122,873)	-
Transfer of Property to Other Funds	-	(242,972)	(242,972)	-
<b>NET TRANSFERS TO/FROM OTHER FUNDS</b>	<b>2,137,019</b>	<b>(365,845)</b>	<b>1,771,174</b>	<b>135,000</b>
<b>CHANGE IN NET POSITION</b>	<b>(163,612)</b>	<b>(365,239)</b>	<b>(528,851)</b>	<b>221,046</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>6,539,945</b>	<b>365,239</b>	<b>6,905,184</b>	<b>881,248</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 6,376,333</b>	<b>\$ -</b>	<b>\$ 6,376,333</b>	<b>\$ 1,102,294</b>

The accompanying notes to the financial statements  
are an integral part of these statements.

BAYFIELD COUNTY, WISCONSIN  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business Type Activities			Governmental
	Enterprise Funds			Activities
	Highway Fund	Agricultural Station	Total	Internal Service Funds
Cash Flows From Operating Activities				
Cash Received From Customers	\$ 1,463,255	\$ 1,576	\$ 1,464,831	\$ 456,805
Cash Payments to Suppliers for Goods and Services	(5,762,421)	(3,470)	(5,765,891)	(232,467)
Other Operating Revenue	44,303	2,500	46,803	17,809
Net Cash Provided (Used) by Operating Activities	<u>(4,254,863)</u>	<u>606</u>	<u>(4,254,257)</u>	<u>242,147</u>
Cash Flows From Noncapital Financing Activities				
General Property Taxes	1,832,654	-	1,832,654	-
Intergovernmental Aids	771,923	-	771,923	-
Transfers	2,137,019	(122,873)	2,014,146	135,000
Net Cash Provided(Used) from Noncapital Financing Activities	<u>4,741,596</u>	<u>(122,873)</u>	<u>4,618,723</u>	<u>135,000</u>
Cash Flows From Capital and Related Financing Activities:				
Proceeds From Sale of Capital Assets	47,100	-	47,100	57,123
Acquisition of Capital Assets	(832,212)	(38,165)	(870,377)	(340,105)
Cash Paid Back to Other Funds	-	-	-	(3,100)
Net Cash Used by Capital and Related Financing Activities	<u>(785,112)</u>	<u>(38,165)</u>	<u>(823,277)</u>	<u>(286,082)</u>
Net Increase (Decrease) in Cash	(298,379)	(160,432)	(458,811)	91,065
Cash at January 1, 2017	1,271,151	160,432	1,431,583	276,307
Cash at December 31, 2017	<u>\$ 972,772</u>	<u>\$ -</u>	<u>\$ 972,772</u>	<u>\$ 367,372</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (4,905,208)	\$ 606	\$ (4,904,602)	\$ 51,154
Depreciation	507,156	-	507,156	192,443
Change in Assets and Liabilities:				
Receivables	200,781	-	200,781	1,497
Prepays and Inventories	(143,770)	-	(143,770)	-
Net Pension Asset - WRS	-	-	-	-
Deferred Outflow of Resources	198,463	-	198,463	-
Vouchers Payable	85,369	-	85,369	(2,960)
Other Accrued Payables	144	-	144	13
Unearned Revenue	(96,727)	-	(96,727)	-
Net Pension Liability - WRS	(73,148)	-	(73,148)	-
Compensated Absences Payable	(12,702)	-	(12,702)	-
Deferred Inflow of Resources	(15,221)	-	(15,221)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (4,254,863)</u>	<u>\$ 606</u>	<u>\$ (4,254,257)</u>	<u>\$ 242,147</u>

The accompanying notes to the financial statements  
are an integral part of these statements.

BAYFIELD COUNTY, WISCONSIN  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2017

	<u>Fiduciary Funds</u>
ASSETS	
Cash and Investments	\$ <u>879,022</u>
NET POSITION	
Held in Trust	\$ <u>879,022</u>

The accompanying notes to the financial statements  
are an integral part of these statements.

BAYFIELD COUNTY, WISCONSIN  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Fiduciary Funds
ADDITIONS	
Unclaimed Funds	\$ 18,474
Contributions	80,069
TOTAL ADDITIONS	98,543
DEDUCTIONS	
Benefit Payments	46,111
Funds Retained by County	3,097
TOTAL DEDUCTIONS	49,208
CHANGE IN NET POSITION	49,335
NET POSITION, BEGINNING OF YEAR	829,687
NET POSITION, END OF YEAR	\$ 879,022

The accompanying notes to the financial statements  
are an integral part of these statements.

BAYFIELD COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bayfield County was created by an Act of the Wisconsin Legislature on May 1, 1866.

Bayfield County provides the following services as authorized by law: public safety (sheriff and emergency government), highways, health and social services, cultural and recreation, education, public improvements, forestry management, planning and zoning, and general administrative services.

A. The Reporting Entity

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

The reporting entity of the County is based upon criteria set forth by the Governmental Accounting Standards Board. All functions of the County for which it exercises oversight responsibility are included. The oversight responsibility includes, but is not limited to, financial interdependency between the County and any other governmental entity; control by the County over selection of the entity's governing authority or designation of management; the ability of the County to significantly influence operations of the entity; and whether the County is responsible for the accountability for fiscal matters. Based on the foregoing criteria, the financial statements of no other organizations are included in the accompanying financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or activity. *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 activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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, if any, are reported as separate columns in the fund financial statements.



BAYFIELD COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, state revenues, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

**General Fund** is the government's primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

**Human Services Fund** accounts for the State revenues, service fees and General Fund appropriations for providing human services to citizens of the County.

The County reports the following non-major governmental funds:

**Special Revenue Funds** account for projects of a nature which require a separate accounting from the general fund.

**Debt Service Funds** are used to account for the accumulation of resources for, and the payment of, long term debt principal, interest, and related costs, but excludes debt serviced by the proprietary funds.

**Capital Projects Fund** is used to account for the financial resources to be used for the acquisition of capital assets, but excludes the acquisition of assets financed by the Enterprise Funds and Internal Service Funds.

Additionally, the County reports the following fund types:

**Enterprise Funds** account for activities for which a fee is charged to external users for goods or services related to the highway department and agricultural station.

**Internal Service Funds** account for vehicle usage and replacement, and copiers that provide services to other departments on a cost-reimbursement basis.

**Fiduciary Funds** account for funds held by the County on behalf of others.

BAYFIELD COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

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 for services 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.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 and of the County's internal service funds are charges to customers for sales and services. Operating expenses for the enterprise fund and internal service 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.

D. Budgets

The County adopts an annual budget for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, Enterprise Funds, and Internal Service Funds. The amounts shown in the financial statements represent the original budget plus any amendments as approved by the County Board of Supervisors.

E. Cash, Investments, and Cash Equivalents

The Debt Service, Jail Assessment and Revolving Loan Funds use separate and distinct bank and investment accounts as required by State Statutes. Separate bank accounts are also used for the D.O.T. trust fund in the Human Services Fund and the Clerk of Court and Sheriff's License plate account in the General Fund. All other funds share common bank and investment accounts.

The County is required to invest its funds in accordance with Wisconsin Statutes 66.04(2) and 67.11(2).

BAYFIELD COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Cash, Investments, and Cash Equivalents (Continued)

For purposes of the statement of cash flows of the Proprietary Funds, the County considers cash equivalents to include cash and investments having an original maturity of three months or less.

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 quoted market prices. No investments are reported at amortized cost. 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 municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2017, the fair value of the County's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

F. Inventories

Inventories held by the Highway Fund are priced at the lower of cost (first in, first out) or market.

G. Property Taxes/Tax Certificates

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 15 and are due and payable at that time. All unpaid taxes, not postponed, are delinquent February 1. Current year postponed property taxes are delinquent July 31. On the third Tuesday of October all unpaid property taxes are purchased by the County and become tax certificates.

Property tax revenues are recognized in the year for which they are levied. Delinquent taxes are considered fully collectible, money or land, and therefore no allowance for uncollectible taxes is provided.

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.

Tax certificates held by Bayfield County on December 31, 2017 and 2016, are recorded in the County Clerk's ledger in the amount of \$1,591,902 and \$1,732,628, respectively.

H. Accounts Receivable

Accounts receivable in the governmental funds are recorded as gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material.

I. Restrictions, Reservations and Designations

In the government-wide and proprietary fund statements, the County reports restricted net assets when constraints placed on net asset use are either external imposed by creditors (such as through general obligation bond covenants) or other governments, or established through constitutional provisions or enabling legislation (such as for certain property taxes).

BAYFIELD COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Compensated Absence

The County records compensated absences pursuant to GASB Statement No. 16, Accounting for Compensated Absences. All vested vacation and sick leave pay is accrued when incurred in the government-wide financial statements.

In governmental funds, compensated absences (unpaid vacation and sick leave) for governmental fund employees are recorded as expenditures in the year paid, as it is the County's policy to liquidate any unpaid vacation or sick leave at year end from future resources rather than currently available expendable resources. Accordingly, the entire unpaid liability for compensated absences for governmental funds is not recorded in the fund.

Unpaid compensated absences for the proprietary funds are recorded as an expense and a liability in those funds as the vacation and sick leave benefits accrue to the employees.

Discretionary employee benefits are established by policies adopted by Bayfield County without negotiation except for law enforcement deputies.

Vacation time is awarded per year and is not cumulative. Any unused eligible vacation time is payable upon termination, retirement, disability or death of an employee.

Subsequent to January 1, 2013, sick pay accumulates at the rate of 8 days per year. Sick leave earned after January 1, 2013, may accumulate up to 60 days. Sick leave accumulated prior to January 1, 2013, shall be used after there are insufficient hours available earned after January 1, 2013.

There is no cash out of unused sick leave accumulated after January 1, 2013. Prior employee policies and prior and current collective bargaining agreements provide for a payout of the unused portion of sick leave based upon the occurrence of various qualifying events. The County will pay eligible employees for unused sick leave in accordance with the terms and conditions of the policies and/or collective bargaining agreements under which the sick leave was earned.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category in the government-wide statement of net position and the proprietary funds statement of net position. The item is related to the County's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one item that qualifies for reporting in this category in the government-wide statement of net position and the proprietary funds statement of net position. The item is related to the County's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

BAYFIELD COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

K. Deferred Outflows/Inflows of Resources (Continued)

The County also has one item that qualifies for reporting in this category in the governmental funds balance sheet, unavailable revenue. The County has deemed this revenue to be unavailable as it was not collected within 60 days of the end of the current fiscal period, as the governmental fund financial statements are reported using the modified accrual basis of accounting. The source of this revenue is from various grants. These revenues will be deferred and recognized as an inflow of resources in the period the amounts become available.

L. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined for financial statement purposes as assets with an initial, individual cost of more than \$250 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25-50
Land Improvements	15
Equipment	5-10
Vehicles	5-10

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt services expenditures.

BAYFIELD COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

O. Fund Equity

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted fund balance.* This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance.* These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the County Board of Supervisors - the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the County Board of Supervisors removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned fund balance.* This classification reflects the amounts constrained by the County's "intent" to be used for specific purposes, but are neither restricted nor committed. The County Board of Supervisors and County Administrator have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance.* This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the County's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

P. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the government-wide, proprietary and fiduciary financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to construct or acquire the capital assets. Restricted net position consists of net position with constraints placed on the use either by external restrictions imposed by creditors, grantors, laws or regulations of other governments. Unrestricted net position is all other net position that does not meet the definition of restricted net position or net investment in capital assets.

NOTE 2 - DEPOSITS AND INVESTMENTS

The County maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net assets and balance sheet as cash and investments. In addition, investments are separately held by several of the County's funds

BAYFIELD COUNTY, WISCONSIN  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS - CONTINUED

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

	Carrying Value	Statement Balances	Associated Risk
Demand Deposits	\$ 3,500,382	\$ 4,370,742	Custodial credit risk
U.S. Agencies	2,138,500	2,138,500	Custodial credit risk, credit risk, interest rate risk
Certificate of Deposit	13,545,600	13,545,600	Custodial credit risk, interest rate risk
Local Government Investment Pool	81,580	81,580	Credit risk, interest rate risk
Petty Cash	1,495	-	N/A
	\$ 19,267,557	\$ 20,136,422	
Reconciliation to financial statements			
Per Statement of Net Position			
Unrestricted Cash and Investments	\$ 18,388,535		
Statement of Net Position - Fiduciary			
Fund Agency	879,022		
	\$ 19,267,557		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and an unlimited amount for noninterest bearing accounts. Deposits in credit unions 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 relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. The coverage has not been considered in computing custodial credit risk.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government sponsored corporation (not an agency of the U.S. government).

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. \$500,000 of the County's investments are covered by the SIPC.

The County maintains an irrevocable stand-by letter of credit with Federal Home Loan Bank of Des Moines to securitize its deposits with Bremer Bank throughout the year.

**Custodial Credit Risk**

Deposits – 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, 2017, none of the County's total bank balance was exposed to custodial credit risk.

BAYFIELD COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS - CONTINUED

Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of December 31, 2017, the County’s investments were exposed to custodial credit risk as follows:

U.S. Agencies	\$ 2,138,500
Neither Insured nor Registered and Held by Counterparty	\$ 2,138,500

**Credit Risk**

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

It is the County’s policy to invest only in General Obligation bonds with a rating of AA or AAA and mortgage backed securities Fannie Mae, Freddie Mac, and Ginny Mae.

The County also had investments in the following external pool which is not rated:

Local government Investment Pool (LGIP)

**Concentration of Credit Risk**

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

At December 31, 2017, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal National Mortgage Association	U.S. Agency	42.0%
Federal Home Loan Mortgage Corp	U.S. Agency	30.0%

**Interest Rate Risk**

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

As of December 31, 2017, the County’s investments were as follows:

Investment Type	Maturity (in Months)					
	Fair Value	Less Than 3	3-12	13-24	25-36	Over 36
U.S. Agencies	\$ 2,138,500	\$ 16,116	\$ 1,364	\$ 620,119	\$ 1,363,990	\$ 136,911
Certificates of Deposit	13,545,600	1,500,000	4,045,600	4,000,000	4,000,000	-
LGIP	81,580	81,580	-	-	-	-
Totals	\$15,765,680	\$1,597,696	\$4,046,964	\$4,620,119	\$ 5,363,990	\$ 136,911



BAYFIELD COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS - CONTINUED

Investment income for the year was \$238,621 and consisted of the following:

Interest Income	\$ 246,956
Realized Gains	612
Unrealized Losses	<u>(8,947)</u>
Investment Income	<u>\$ 238,621</u>

NOTE 3 - INTERFUND BALANCES AND ACTIVITY

There were no Interfund receivables or payable balances as of December 31, 2017.

Interfund transfers for the year ended December 31, 2017 were as follows:

Fund	Transfer From Other Funds	Transfer To Other Funds
General Fund	\$ 365,845	\$3,826,987
Human Services Fund	91,895	-
Capital Projects Fund	1,142,652	-
Health Insurance Reserve Fund	320,421	-
Internal Service Fund-County Vehicles	135,000	-
Enterprise Fund - Agricultural Station	-	365,845
Enterprise Fund- Highway Fund	<u>2,137,019</u>	<u>-</u>
Total	<u>\$ 4,192,832</u>	<u>\$4,192,832</u>

The purpose of the transfer into the General Fund was to transfer in the remaining cash, land and land improvements of the Agricultural Station Enterprise Fund and close the fund.

The purpose of the transfers out of the General Fund were as follows: Human Services Fund – to carry over 2016 excess to offset 2017 deficit, Capital Projects Fund - to fund the acquisition of various capital assets, Health Insurance Reserve Fund – for future health insurance needs, County Vehicles – purchase additional vehicle for County fleet, Highway Fund – to fund highway projects.

NOTE 4 - NOTES RECEIVABLE

Bayfield County made a commitment and investment in the Iron River Business Incubator Center. This commitment consisted of a note receivable in the amount of \$209,000 and an equity subsidy of \$200,000. The balance of the note receivable on December 31, 2017 and 2016 was \$60,825 and \$98,937, respectively.

In 2009 Bayfield County also loaned \$240,020 to the Bayfield County Industrial Development Agency, Inc. for the purpose of establishing an industrial park in the Town of Bayfield. The balance of this note receivable on December 31, 2017 and 2016 is \$179,010 and \$189,565, respectively.

On November 19, 2012, Bayfield County loaned \$180,000 to Northern Lights Services, Inc. for operating cash flows purposes. The terms were annual interest payments only at 1% until November 19, 2015 when all unpaid principal and interest was due. The agreement was renewed in November 2015 with the addition of a \$30,000 annual principle payment over the next five years. In 2017 the County purchased a parcel of land from Northern Lights Services, Inc. in exchange for the \$150,000 balance of the note receivable. The balance of this note receivable on December 31, 2017 and 2016 is \$0 and \$150,000, respectively. The county also has two letters of credit associated with this totalling \$272,432.

BAYFIELD COUNTY, WISCONSIN  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2017

NOTE 5 - FUND BALANCE

Amounts for specific purposes by fund and fund balance classification for the year ended December 31, 2017 are as follows:

<u>Classification Fund</u>	<u>Purpose</u>	<u>Amount</u>
Nonspendable		
General Fund	Tax Certificates	\$ 1,591,902
	Inventory and Prepaid Expenses	21,179
	Tax Deeds	326,932
	Long-Term Note Receivable	439,835
Restricted		
Human Services Fund	Department of Transportation Trust Funds	116,111
Debt Service Fund	Debt Service Repayment	1,908
Committed		
General Fund	County Operations	3,000,000
	Lewy Reduction	2,888,149
	County Highway Improvement Projects	1,000,000
Human Services Fund	Reserve Balance	435,000
Capital Projects Fund	Capital Improvements	186,463
Assigned		
General Fund	Forestry Funds	311,549
	Health Sanitarian Funds	8,985
	Bridge Aid	13,400
Human Services Fund	ADRC North Contingency	101,580
	IDP Funds	37,502
Housing Rehabilitation Fund	Citizen Dwelling Improvements	10,984
Jail Assessment Fund	Public Safety - Jail	5,480
Veterans Relief Fund	Emergency Funds for Needy Veterans	4,580
Educational Programs Fund	Education	13,338
Dog License Fund	Dog Licences and Animal Control	11,426
Health Insurance Reserve Fund	Employee Wellness	416,743
Unassigned		
General Fund		<u>6,127,934</u>
TOTAL FUND BALANCE		<u><u>\$ 17,070,980</u></u>

BAYFIELD COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 6 - FIXED ASSETS

The following table summarizes the capital asset activity of the primary government for the year ended December 31, 2017:

	Balance January 1, 2017	Adjustments	Increases	Decreases	Balance December 31, 2017
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 5,010,013	\$ -	\$ 374,495	\$ 16,130	\$ 5,368,378
Construction In Progress	-	65,492	123,460	65,492	123,460
Total capital assets, not being depreciated	<u>5,010,013</u>	<u>65,492</u>	<u>497,955</u>	<u>81,622</u>	<u>5,491,838</u>
Capital assets, being depreciated:					
Land improvements	37,465	103,093	20,000	-	160,558
Buildings and improvements	22,681,732	(70,910)	4,959,743	-	27,570,565
Machinery and equipment	7,997,592	(97,675)	902,732	413,745	8,388,904
Total capital assets being depreciated	30,716,789	(65,492)	5,882,475	413,745	36,120,027
Less accumulated depreciation	<u>19,273,063</u>	<u>-</u>	<u>900,393</u>	<u>384,846</u>	<u>19,788,610</u>
Total capital assets being depreciated, net	<u>11,443,726</u>	<u>(65,492)</u>	<u>4,982,082</u>	<u>28,899</u>	<u>16,331,417</u>
Governmental activities capital assets, net	<u>\$ 16,453,739</u>	<u>\$ -</u>	<u>\$ 5,480,037</u>	<u>\$ 110,521</u>	<u>\$ 21,823,255</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 389,381
Public Safety	213,186
Health and human services	19,031
Culture, recreation and education	67,751
Conservation and development	18,601
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>192,443</u>
Total depreciation expense-governmental activities	<u>\$ 900,393</u>

BAYFIELD COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 6 - FIXED ASSETS - CONTINUED

Business-type activities - Enterprise Funds

	Balance January 1, 2017	Adjustments	Increases	Decreases	Balance December 31, 2017
Capital assets, not being depreciated:					
Land	\$ 283,597	\$ -	\$ 82,782	\$ 204,807	\$ 161,572
Land Improvements	32,013	-	-	-	32,013
Total capital assets, not being depreciated	<u>315,610</u>	<u>-</u>	<u>82,782</u>	<u>204,807</u>	<u>193,585</u>
Capital asset, being depreciated:					
Gravel Pits	166,320	-	-	-	166,320
Buildings	1,808,291	-	10,922	10,987	1,808,226
Equipment	6,546,189	-	738,509	387,415	6,897,283
Total capital assets	8,520,800	-	749,431	398,402	8,871,829
Less accumulated depreciation	<u>4,560,529</u>	<u>-</u>	<u>507,156</u>	<u>351,301</u>	<u>4,716,384</u>
Total capital assets being depreciated, net	<u>3,960,271</u>	<u>-</u>	<u>242,275</u>	<u>47,101</u>	<u>4,155,445</u>
Business-type Activities Capital assets, net	<u>\$ 4,275,881</u>	<u>\$ -</u>	<u>\$ 325,057</u>	<u>\$ 251,908</u>	<u>\$ 4,349,030</u>

NOTE 7 - LONG-TERM OBLIGATIONS

Long-term obligations of the County are as follows:

	Balance January 1, 2017	Additions	Retirements	Balance December 31, 2017	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation					
Bonds Payable	\$ 4,280,000	\$ 3,925,000	\$ 4,280,000	\$ 3,925,000	\$ 325,000
Bond Premiums	-	166,230	-	166,230	-
Bond Issuance Costs	-	(75,876)	-	(75,876)	-
Vested Employee					
Benefits - Sick Leave and Vacation	<u>651,492</u>	<u>23,266</u>	<u>46,939</u>	<u>627,819</u>	<u>-</u>
Total	<u>\$ 4,931,492</u>	<u>\$ 4,038,620</u>	<u>\$ 4,326,939</u>	<u>\$ 4,643,173</u>	<u>\$ 325,000</u>

BAYFIELD COUNTY, WISCONSIN  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2017

NOTE 7 - LONG-TERM OBLIGATIONS - CONTINUED

	Balance January 1, 2017	Additions	Retirements	Balance December 31, 2017	Due Within One Year
<b>Business-Type Activities:</b>					
Vested Employee					
Benefits - Sick					
Leave and Vacation	\$ 133,467	\$ -	\$ 12,702	\$ 120,765	\$ -

On August 15, 2017, the County issued \$3,925,000 in general obligation refunding bonds with interest rates ranging between 1.75% and 3.0%. The County issued the bonds to refund \$4,280,000 of the outstanding 2007A general obligation bonds with interest rates ranging between 4.0% and 4.1%. Additional existing resources of \$322,364 were used to fully refund the outstanding bonds.

The refunding reduced total debt services payments over the next ten years by nearly \$550,000. This results in the economic gain (difference between the present value of the debt services payments on the old and new debt) of \$475,000.

Detail of the outstanding general obligations debt is as follows:

	2017	2016
General Obligation Bonds Payable		
\$5,910,000 general obligation bonds for refunding and nursing home improvements; interest at 4.00-4.10%, matures 2027	\$ -	\$ 4,280,000
\$3,925,000 general obligation bonds for refunding and nursing home improvements; interest at 1.75-3.00%, matures 2027	\$ 3,925,000	\$ -

Total interest paid during the year aggregated \$143,462.

The County has the following legal borrowing capacity available:

5% Debt Ceiling of \$2,556,035,700*	\$ 127,801,785
12/31/17 General Obligation Debt	<u>3,925,000</u>
Excess Available for Borrowing	<u>\$ 123,876,785</u>

\* 2017 Equalized Valuation

BAYFIELD COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 7 - LONG-TERM OBLIGATIONS - CONTINUED

The annual requirements to amortize all debt outstanding as of December 31, 2017, including interest payments of \$516,753 are as follows:

Year Ending December 31	Principal	Interest	Total
2018	\$ 325,000	\$ 120,268	\$ 445,268
2019	355,000	88,018	443,018
2020	365,000	77,218	442,218
2021	380,000	66,043	446,043
2022	390,000	54,493	444,493
2023-2027	<u>2,110,000</u>	<u>110,713</u>	<u>2,220,713</u>
Total	<u>\$ 3,925,000</u>	<u>\$ 516,753</u>	<u>\$4,441,753</u>

NOTE 8 - LONG-TERM LEASES AS LESSOR

Bayfield County has entered into two long-term lease agreements to lease county owned assets.

Tower Lease Agreement

The County entered into a lease agreement with the City of Washburn to lease a parcel of land for the County to build, operate and maintain a mobile service support structure ("tower") and mobile service facilities. The terms of the lease began October 1, 2016 and shall terminate on October 31, 2046. After the County collects rent income to cover the County's cost of building the tower and facilities and setting aside \$100,000 of rent income into a segregated reserve fund, all remaining rent income will be shared equally between the City and the County. The total cost to build the tower and facilities which is being capitalized and depreciated in the government-wide financial statements is \$590,553 with accumulated depreciation of \$3,937.

The County has entered into a lease agreement with Verizon to lease space on tower. The initial term of the lease will be for ten years, with an automatic extension for four additional five year terms unless the lessee terminates it at the end of the then current term. Annual rent will be \$38,400 to be paid in equal monthly instalments of \$3,200.

Nursing Home Lease Agreement

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 commences until December 31, 2047. Minimum basic rent will be \$10,000 per month beginning October 15, 2017, rent will increase to \$20,000 per month beginning June 2019. 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 of \$42,801.

BAYFIELD COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 8 - LONG-TERM LEASES AS LESSOR - CONTINUED

The minimum future lease income payments on the above leases are as follows:

Year	Tower Lease	Nursing Home Lease
2018	\$ 38,400	\$ 120,000
2019	38,400	180,000
2020	38,400	240,000
2021	38,400	240,000
2022	38,400	240,000
2023-2027	166,400	1,200,000
2028-2032	-	1,200,000
2033-2037	-	1,200,000
2038-2042	-	501,759
Total	<u>\$ 358,400</u>	<u>\$ 5,121,759</u>

NOTE 9 - EMPLOYER PENSION PLAN

**Summary of Significant Accounting Policies**

**Pensions.** For purposes of measuring the net pension liability, 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.

**General Information about the Pension Plan**

**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 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

**Vesting.** For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

BAYFIELD COUNTY, WISCONSIN  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2017

NOTE 9 - EMPLOYER PENSION PLAN - CONTINUED

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3.0%	10%
2008	6.6%	0%
2009	(2.1)%	(42)%
2010	(1.3)%	22%
2011	(1.2)%	11%
2012	(7.0)%	(7)%
2013	(9.6)%	9%
2014	4.7%	25%
2015	2.9%	2%
2016	0.5%	(5.0%)

**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, including teachers, and Executives and Elected Officials. 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 \$561,329 in contributions from the employer

Contribution rates as of December 31, 2017 are:

Employee Category	Employee	Employer
General (including teachers)	6.8%	6.8%
Executives & Elected Officials	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%



BAYFIELD COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 9 - EMPLOYER PENSION PLAN - CONTINUED

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

At December 31, 2017, Bayfield County, Wisconsin reported a liability (asset) of \$481,810 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. Bayfield County, Wisconsin's proportion of the net pension liability (asset) was based on Bayfield County, Wisconsin's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, Bayfield County, Wisconsin's proportion was .05845522%, which was an increase of .00038523% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, Bayfield County, Wisconsin recognized pension expense of \$1,248,043.

At December 31, 2017, Bayfield County, Wisconsin reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$183,714	\$1,515,253
Changes in assumptions	503,752	0
Net differences between projected and actual earnings on pension plan investments	2,873,353	475,053
Changes in proportion and differences between employer contributions and proportionate share of contributions	31,271	6,466
Employer contributions subsequent to the measurement date	609,153	0
<b>Total</b>	<b>\$4,201,243</b>	<b>\$1,996,772</b>

\$609,153 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 (asset) in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflow of Resources	Deferred Inflows of Resources
2017	\$1,252,582	\$604,127
2018	1,252,582	604,127
2019	1,046,585	604,127
2020	39,504	184,314
2021	837	77
Total	\$3,592,090	\$1,996,772

**Actuarial assumptions.** The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

BAYFIELD COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 9 - EMPLOYER PENSION PLAN - CONTINUED

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset)	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% 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 2015 using experience from 20012 – 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 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:

<b>Asset Allocation Targets and Expected Returns</b>				
As of December 31, 2016				
<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Destination Target Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%				
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations				

BAYFIELD COUNTY, WISCONSIN  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2017

NOTE 9 - EMPLOYER PENSION PLAN - CONTINUED

**Single Discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of Bayfield County, Wisconsin's proportionate share of the net pension liability (asset) to changes in the discount rate.** The following presents Bayfield County, Wisconsin's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what Bayfield County, Wisconsin's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
Bayfield County, Wisconsin's proportionate share of the net pension liability (asset)	\$6,338,527	\$481,810	(\$4,028,126)

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

NOTE 10 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the district carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There was no significant reduction in the County insurance coverage in fiscal 2017.

NOTE 11 - MUTUAL INSURANCE CORPORATION

Bayfield County is a member of a group of Wisconsin counties that formed a captive mutual insurance corporation. The purpose of the insurance corporation is to provide general liability, automobile liability, law enforcement liability and public official liability insurance substantially at cost for its member counties.

Corporation members shall be subject to assessment in a prorata basis during their first three years of participation until such time as \$5,000,000 capitalization is obtained; such assessment shall be in addition to annual premiums. Thereafter, so long as the corporation shall maintain a capitalization account of \$5,000,000, members shall be nonassessable.

BAYFIELD COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 12 - OTHER EMPLOYEE BENEFITS

County employees and elected officials participate in a state-wide deferred compensation plan created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death, or unforeseeable emergency. All deferred amounts are the property of the County and participant's interest in the plan is that of a general creditor of the County. It is the opinion of the County's management that the County and Board have no liability for losses under the plan, but do have the duty of due care that would be required of an ordinary prudent investor. Amounts on deposit for Bayfield County participants are approximately \$6,592,873 at December 31, 2017.

**Required Supplementary Financial Information**

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BAYFIELD COUNTY, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 7,041,227	\$ 7,043,747	\$ 7,120,563	\$ 76,816
Intergovernmental	1,806,559	1,955,930	1,900,070	(55,860)
Licenses and Permits	322,780	328,259	365,144	36,885
Fines and Forfeitures	82,000	82,000	82,772	772
Charges for Services	3,900,530	4,164,607	6,210,927	2,046,320
Miscellaneous	805,258	824,701	913,379	88,678
	<u>13,958,354</u>	<u>14,399,244</u>	<u>16,592,855</u>	<u>2,193,611</u>
EXPENDITURES				
Current				
General Government	3,885,502	3,888,103	3,602,656	285,447
Public Safety	5,005,507	4,919,125	4,863,761	55,364
Public Works	86,191	86,191	78,979	7,212
Health and Human Services	1,075,047	1,101,604	1,086,046	15,558
Culture Recreation and Education	1,315,348	1,304,169	1,237,775	66,394
Conservation and Development	2,610,759	2,769,841	3,003,734	(233,893)
	<u>13,978,354</u>	<u>14,069,033</u>	<u>13,872,951</u>	<u>196,082</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(20,000)</u>	<u>330,211</u>	<u>2,719,904</u>	<u>2,389,693</u>
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	-	-	365,845	365,845
Transfers to Other Funds	(2,262,953)	(3,868,415)	(3,826,987)	41,428
	<u>(2,262,953)</u>	<u>(3,868,415)</u>	<u>(3,461,142)</u>	<u>407,273</u>
NET CHANGE IN FUND BALANCE	<u>(2,282,953)</u>	<u>(3,538,204)</u>	<u>(741,238)</u>	<u>2,796,966</u>
FUND BALANCE, BEGINNING OF YEAR	<u>16,471,103</u>	<u>16,471,103</u>	<u>16,471,103</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 14,188,150</u>	<u>\$ 12,932,899</u>	<u>\$ 15,729,865</u>	<u>\$ 2,796,966</u>

The accompanying notes to required supplementary information  
are an integral part of these statements.

BAYFIELD COUNTY, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – HUMAN SERVICES FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES				
Taxes	\$ 1,807,788	\$ 1,807,788	\$ 1,807,788	\$ -
Intergovernmental	4,160,878	5,085,849	4,690,565	(395,284)
Charges for Services	142,775	212,775	227,623	14,848
Miscellaneous	<u>-</u>	<u>-</u>	<u>32,284</u>	<u>32,284</u>
TOTAL REVENUES	<u>6,111,441</u>	<u>7,106,412</u>	<u>6,758,260</u>	<u>(348,152)</u>
EXPENDITURES				
Current				
Health and Human Services	<u>6,116,441</u>	<u>7,343,252</u>	<u>6,794,537</u>	<u>548,715</u>
REVENUES OVER (UNDER) EXPENDITURES	(5,000)	(236,840)	(36,277)	200,563
OTHER FINANCING SOURCES				
Transfers from Other Funds	<u>5,000</u>	<u>138,323</u>	<u>91,895</u>	<u>(46,428)</u>
NET CHANGE IN FUND BALANCE	-	(98,517)	55,618	154,135
FUND BALANCE, BEGINNING OF YEAR	<u>634,575</u>	<u>634,575</u>	<u>634,575</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 634,575</u>	<u>\$ 536,058</u>	<u>\$ 690,193</u>	<u>\$ 154,135</u>

The accompanying notes to required supplementary information  
are an integral part of these statements.

BAYFIELD COUNTY, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ -	\$ 408,441	\$ 408,441	\$ -
Miscellaneous	477,155	-	176	176
<b>TOTAL REVENUES</b>	<u>477,155</u>	<u>408,441</u>	<u>408,617</u>	<u>176</u>
<b>EXPENDITURES</b>				
Debt Service				
Principal	305,000	4,280,000	4,280,000	-
Interest and Fiscal Charges	172,155	143,462	143,462	-
Bond Issuance Costs	-	-	75,876	(75,876)
<b>TOTAL EXPENDITURES</b>	<u>477,155</u>	<u>4,423,462</u>	<u>4,499,338</u>	<u>(75,876)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	(4,015,021)	(4,090,721)	76,052
<b>OTHER FINANCING SOURCES</b>				
Bond Issuances	-	4,015,021	3,925,000	90,021
Bond Premiums	-	-	166,230	(166,230)
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>4,015,021</u>	<u>4,091,230</u>	<u>(76,209)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	509	(157)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>1,399</u>	<u>1,399</u>	<u>1,399</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,399</u>	<u>\$ 1,399</u>	<u>\$ 1,908</u>	<u>\$ (157)</u>

The accompanying notes to required supplementary information  
are an integral part of these statements.



BAYFIELD COUNTY, WISCONSIN  
 SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED DECEMBER 31, 2017

**SCHEDULE OF BAYFIELD COUNTY, WISCONSIN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**

Wisconsin Retirement System  
 Last 10 Fiscal Years\*

	2014	2015	2016
Bayfield County, Wisconsin's proportion of the net pension liability (asset)	.05895609%	.05806999%	.05845522%
Bayfield County, Wisconsin's proportionate share of the net pension liability (asset)	(\$1,448,123)	\$943,626	\$481,810
Bayfield County, Wisconsin's covered-employee payroll	\$7,716,343	\$7,766,753	\$8,036,059
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	98.2%	99.12%

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

**SCHEDULE OF BAYFIELD COUNTY, WISCONSIN CONTRIBUTIONS**

Wisconsin Retirement System  
 Last 10 Fiscal Years\*

	2014	2015	2016
Contractually required contributions	\$574,962	\$558,852	\$561,329
Contributions in relation to the contractually required contributions	(\$574,962)	(\$558,852)	(\$561,329)
Contribution deficiency (excess)	\$0	\$0	\$0
Bayfield County, Wisconsin's covered-employee payroll	\$7,716,343	\$7,766,753	\$8,036,059
Contributions as a percentage of covered-employee payroll	7.45%	7.20%	6.99%

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

The accompanying notes to required supplementary information  
 are an integral part of these statements.

BAYFIELD COUNTY, WISCONSIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - EXCESS OF ACTUAL EXPENDITURES OVER BUDGET

For the year ending December 31, 2017, the legally adopted budget line items with actual expenditures over the budget were as follows:

General Fund	<u>Final Budget</u>	<u>Actual</u>
Conservation and Development	\$ 2,769,841	\$ 3,003,743
Debt Service Fund		
Debt Service Expenditures	4,423,462	4,499,338

NOTE 2 – WISCONSIN RETIREMENT SYSTEM

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

**Supplementary Financial Information**

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BAYFIELD COUNTY, WISCONSIN  
GENERAL FUND  
SCHEDULE OF REVENUES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>			Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Taxes</b>				
General Property Taxes	\$ 5,486,227	\$ 5,486,227	\$ 5,486,227	\$ -
In Lieu of Taxes	66,000	66,000	66,001	1
Forest Crop Taxes	30,000	30,000	63,113	33,113
Sales Tax	1,079,000	1,079,000	1,119,348	40,348
Real Estate Transfer Tax	45,000	47,520	64,317	16,797
Interest and Penalty on Taxes	335,000	335,000	321,557	(13,443)
	<u>7,041,227</u>	<u>7,043,747</u>	<u>7,120,563</u>	<u>76,816</u>
<b>Total Taxes</b>				
<b>Intergovernmental</b>				
State Shared Revenues	89,888	89,888	90,205	317
Exempt Computer Aid	2,200	2,200	997	(1,203)
Federal and State Grants	1,714,471	1,863,842	1,808,868	(54,974)
	<u>1,806,559</u>	<u>1,955,930</u>	<u>1,900,070</u>	<u>(55,860)</u>
<b>Total Intergovernmental</b>				
<b>Licenses and Permits</b>				
Environmental Health	119,280	119,280	129,109	9,829
Zoning	199,500	204,979	231,206	26,227
Vehicle Registrations	3,000	3,000	2,679	(321)
Alarm Permits	-	-	350	350
Forestry Permits	1,000	1,000	1,800	800
	<u>322,780</u>	<u>328,259</u>	<u>365,144</u>	<u>36,885</u>
<b>Total Licenses and Permits</b>				
<b>Fines and Forfeitures</b>				
County Ordinance Forfeitures	62,000	62,000	51,589	(10,411)
County Share - State Fines and Forfeitures	20,000	20,000	31,183	11,183
	<u>82,000</u>	<u>82,000</u>	<u>82,772</u>	<u>772</u>
<b>Total Fines and Forfeitures</b>				

BAYFIELD COUNTY, WISCONSIN  
GENERAL FUND  
SCHEDULE OF REVENUES – BUDGET AND ACTUAL – CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
Charges for Services				
General Government				
Mediation Services	\$ 2,570	\$ 2,570	\$ 2,420	\$ (150)
County Clerk Fees	2,950	2,950	2,782	(168)
Court Fees	90,000	90,000	95,386	5,386
Register of Deeds Fees	105,000	105,000	114,137	9,137
Abstract Fees	7,000	7,000	6,820	(180)
Survey Review Fees	15,000	15,000	7,260	(7,740)
Child Support Fees	2,275	2,275	1,848	(427)
Coroner	6,000	6,000	5,425	(575)
WLIP Fees	34,000	34,000	36,856	2,856
Land Records - Government Partners	-	30,000	-	(30,000)
CODY Services	4,500	4,500	9,000	4,500
Municipal Fees on Voter Registration	7,975	7,975	9,384	1,409
Total General Government	<u>277,270</u>	<u>307,270</u>	<u>291,318</u>	<u>(15,952)</u>
Public Safety				
Sheriff and Jail Fees	199,200	225,581	457,363	231,782
Fire Number/Address Fees	4,000	4,000	4,351	351
Total Public Safety	<u>203,200</u>	<u>229,581</u>	<u>461,714</u>	<u>232,133</u>
Health and Human Services				
Health Department	109,600	126,307	115,831	(10,476)
Culture, Recreation and Education				
Parks	97,500	97,500	129,557	32,057
Fair	98,300	98,300	101,288	2,988
Extension	3,660	3,660	2,850	(810)
Total Culture, Recreation and Education	<u>199,460</u>	<u>199,460</u>	<u>233,695</u>	<u>34,235</u>
Conservation and Development				
Sale of Wood	3,110,000	3,300,989	5,009,892	1,708,903
Zoning Plan Review Fees	1,000	1,000	250	(750)
Sale of Sand and Gravel	-	-	19,125	19,125
Sale of Land	-	-	79,102	79,102
Total Conservation and Development	<u>3,111,000</u>	<u>3,301,989</u>	<u>5,108,369</u>	<u>1,806,380</u>
Total Charges for Services	<u>3,900,530</u>	<u>4,164,607</u>	<u>6,210,927</u>	<u>2,046,320</u>

BAYFIELD COUNTY, WISCONSIN  
GENERAL FUND  
SCHEDULE OF REVENUES – BUDGET AND ACTUAL – CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>			Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Miscellaneous				
Interest	\$ 131,244	\$ 137,187	\$ 238,404	\$ 101,217
Rentals	35,113	35,113	100,289	65,176
Profit on Tax Deed Sales	90,000	90,000	25,240	(64,760)
Sale of Maps and Plats	15,500	15,500	17,670	2,170
Donations	52,700	66,200	21,733	(44,467)
Inmate Canteen	60,000	60,000	75,295	15,295
HRA - County Retained Funds	325,000	325,000	306,838	(18,162)
FSA - County Retained Funds	3,000	3,000	1,178	(1,822)
Advertising	36,300	36,300	37,145	845
Other	56,401	56,401	89,587	33,186
	<u>805,258</u>	<u>824,701</u>	<u>913,379</u>	<u>88,678</u>
Total Revenues	<u>\$ 13,958,354</u>	<u>\$ 14,399,244</u>	<u>\$ 16,592,855</u>	<u>\$ 2,193,611</u>

BAYFIELD COUNTY, WISCONSIN  
GENERAL FUND  
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>			Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
General Government				
County Board	\$ 90,226	\$ 90,226	\$ 72,368	\$ 17,858
Circuit Court	377,242	369,830	369,402	428
Probate	40,619	40,619	46,814	(6,195)
Judge	39,190	39,190	38,119	1,071
Family Court Commissioner	26,050	26,050	24,560	1,490
Coroner	28,300	42,787	35,681	7,106
District Attorney	106,329	99,511	82,097	17,414
Corporation Counsel	15,000	15,000	13,699	1,301
Child Support	230,512	237,801	234,739	3,062
County Clerk	322,623	319,229	316,201	3,028
County Administrator	265,718	262,636	252,859	9,777
Elections	12,366	12,366	10,193	2,173
Data Processing	16,692	16,692	19,133	(2,441)
Information Services	448,937	437,170	427,898	9,272
Auditing	36,050	36,050	36,050	-
Cost Allocation Plan	5,225	5,225	5,225	-
Assessment of Property	73,955	73,955	77,909	(3,954)
Treasurer	200,378	195,341	189,932	5,409
Courthouse	453,203	472,941	448,142	24,799
Register of Deeds	186,216	159,004	156,519	2,485
Public Lands Survey System	61,000	27,385	20,413	6,972
Tax Deeds	82,030	82,030	82,143	(113)
Land Records	326,933	463,634	338,846	124,788
Taxes and Payments in Lieu	-	-	992	(992)
Property and Liability Insurance	121,500	121,500	111,017	10,483
Workers Compensation	130,000	130,000	134,927	(4,927)
Flex Benefits Administrative Charge	8,800	8,800	11,600	(2,800)
Highway Work For County	30,000	30,000	25,906	4,094
Legal Settlements	-	-	2,500	(2,500)
Special Projects	-	13,750	13,750	-
Employee Tuition Reimbursement Program	3,000	3,000	879	2,121
Other Miscellaneous Expense	2,200	2,200	2,143	57
Contingency	145,208	54,181	-	54,181
	<u>3,885,502</u>	<u>3,888,103</u>	<u>3,602,656</u>	<u>285,447</u>
Total General Government	<u>3,885,502</u>	<u>3,888,103</u>	<u>3,602,656</u>	<u>285,447</u>

BAYFIELD COUNTY, WISCONSIN  
GENERAL FUND  
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>			Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Public Safety				
Sheriff	\$ 2,420,904	\$ 2,314,596	\$ 2,289,254	\$ 25,342
Crime Victim Witness Program	59,319	59,319	58,643	676
Emergency Government	260,534	258,469	245,945	12,524
Jail	1,540,763	1,567,144	1,598,387	(31,243)
DARE	2,000	2,000	1,986	14
Dispatch	461,134	461,134	442,335	18,799
Fire Suppression	-	-	-	-
Criminal Justice	260,853	256,463	227,211	29,252
Total Public Safety	<u>5,005,507</u>	<u>4,919,125</u>	<u>4,863,761</u>	<u>55,364</u>
Public Works				
Bridge Aid to Towns	51,501	51,501	44,289	7,212
Public Transportation	7,750	7,750	7,750	-
Operation Clean Sweep	8,440	8,440	8,440	-
Airport Funds	18,500	18,500	18,500	-
Total Public Works	<u>86,191</u>	<u>86,191</u>	<u>78,979</u>	<u>7,212</u>
Health and Human Services				
Health Department	947,469	974,714	963,006	11,708
Veteran Services	127,578	126,890	123,040	3,850
Total Health and Human Services	<u>1,075,047</u>	<u>1,101,604</u>	<u>1,086,046</u>	<u>15,558</u>
Culture, Recreation and Education				
Northern Waters Library	36,475	36,475	36,475	-
Library Commission	342,368	342,368	342,914	(546)
Superior Days	1,250	1,250	1,000	250
Northern Great Lakes Visitor Center	9,000	9,000	9,000	-
Historical Society	500	500	500	-
Tourism	185,613	177,703	175,598	2,105
Fair	216,365	216,365	197,683	18,682
Parks and Trails	246,290	246,290	212,706	33,584
UWEX	277,487	274,218	261,899	12,319
Total Culture, Recreation and Education	<u>1,315,348</u>	<u>1,304,169</u>	<u>1,237,775</u>	<u>66,394</u>



BAYFIELD COUNTY, WISCONSIN  
GENERAL FUND  
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>			Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Conservation and Development				
Land Conservation	\$ 545,240	\$ 531,200	\$ 436,909	\$ 94,291
Zoning	461,282	453,356	452,958	398
Economic Development	74,500	74,500	74,500	-
Business Park	-	-	3,278	(3,278)
Land Purchases	-	-	392,973	(392,973)
Tri County Corridor	5,143	5,143	5,143	-
Forestry	1,494,948	1,675,996	1,608,636	67,360
Regional Planning Commission	26,646	26,646	26,646	-
Dams	<u>3,000</u>	<u>3,000</u>	<u>2,691</u>	<u>309</u>
Total Conservation and Development	<u>2,610,759</u>	<u>2,769,841</u>	<u>3,003,734</u>	<u>(233,893)</u>
Total Expenditures	<u>\$ 13,978,354</u>	<u>\$ 14,069,033</u>	<u>\$ 13,872,951</u>	<u>\$ 196,082</u>

BAYFIELD COUNTY, WISCONSIN  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2017  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016

	Housing Rehab Grant	Jail Assessment	Veterans' Relief	Educational Programs
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 10,984	\$ 17,216	\$ 4,580	\$ 11,866
Accounts Receivable	-	1,150	-	5,762
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u><u>\$ 10,984</u></u>	<u><u>\$ 18,366</u></u>	<u><u>\$ 4,580</u></u>	<u><u>\$ 17,628</u></u>
<b>LIABILITIES</b>				
Vouchers Payable	\$ -	\$ 12,886	\$ -	\$ 294
Unearned Revenue	-	-	-	3,785
Due to Other Funds	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES</b>	<u>          </u>	<u>12,886</u>	<u>          </u>	<u>4,079</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	-	-	-	211
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>FUND BALANCES</b>				
Fund Balances - Assigned	10,984	5,480	4,580	13,338
Fund Balances - Unassigned	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL FUND BALANCES</b>	<u>10,984</u>	<u>5,480</u>	<u>4,580</u>	<u>13,338</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
	<u><u>\$ 10,984</u></u>	<u><u>\$ 18,366</u></u>	<u><u>\$ 4,580</u></u>	<u><u>\$ 17,628</u></u>

Dog License	Health Insurance Reserve	Total	
		2017	2016
\$ 14,158	\$ 416,743	\$ 475,547	\$ 133,515
<u>121</u>	<u>-</u>	<u>7,033</u>	<u>27,195</u>
<u>\$ 14,279</u>	<u>\$ 416,743</u>	<u>\$ 482,580</u>	<u>\$ 160,710</u>
\$ 2,853	\$ -	\$ 16,033	\$ 1,937
-	-	3,785	5,776
<u>-</u>	<u>-</u>	<u>-</u>	<u>7,812</u>
<u>2,853</u>	<u>-</u>	<u>19,818</u>	<u>15,525</u>
<u>-</u>	<u>-</u>	<u>211</u>	<u>26,442</u>
11,426	416,743	462,551	132,990
<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,247)</u>
<u>11,426</u>	<u>416,743</u>	<u>462,551</u>	<u>118,743</u>
<u>\$ 14,279</u>	<u>\$ 416,743</u>	<u>\$ 482,580</u>	<u>\$ 160,710</u>

BAYFIELD COUNTY, WISCONSIN  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2017  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016

	Housing Rehab Grant	Jail Assessment	Veterans' Relief	Educational Programs
REVENUES				
Taxes	\$ -	\$ -	\$ 1,500	\$ -
Intergovernmental	-	-	-	53,006
Licenses and Permits	-	-	-	-
Fines and Forfeitures	-	19,306	-	-
Charges for Services	-	-	-	21,277
Miscellaneous	8,209	13	3,060	2,550
	<u>8,209</u>	<u>19,319</u>	<u>4,560</u>	<u>76,833</u>
TOTAL REVENUES	<u>8,209</u>	<u>19,319</u>	<u>4,560</u>	<u>76,833</u>
EXPENDITURES				
General Government	-	-	-	-
Public Safety	-	24,433	-	-
Health and Human Services	-	-	5,922	-
Culture, Recreation and Education	-	-	-	49,248
Conservation and Development	-	-	-	-
	<u>-</u>	<u>24,433</u>	<u>5,922</u>	<u>49,248</u>
TOTAL EXPENDITURES	<u>-</u>	<u>24,433</u>	<u>5,922</u>	<u>49,248</u>
OTHER FINANCING SOURCES				
Transfers from Other Funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	8,209	(5,114)	(1,362)	27,585
FUND BALANCES, BEGINNING OF YEAR	<u>2,775</u>	<u>10,594</u>	<u>5,942</u>	<u>(14,247)</u>
FUND BALANCES, END OF YEAR	<u>\$ 10,984</u>	<u>\$ 5,480</u>	<u>\$ 4,580</u>	<u>\$ 13,338</u>

Dog Licenses	Health Insurance Reserve	<u>Total</u> 2017	<u>Total</u> 2016
\$ 12,000	\$ -	\$ 13,500	\$ 10,750
-	-	53,006	68,567
8,286	-	8,286	8,215
-	-	19,306	13,773
-	-	21,277	18,015
-	-	13,832	6,707
<u>20,286</u>	<u>-</u>	<u>129,207</u>	<u>126,027</u>
-	2,413	2,413	6,211
-	-	24,433	34,509
23,804	-	29,726	26,519
-	-	49,248	85,090
-	-	-	38,390
<u>23,804</u>	<u>2,413</u>	<u>105,820</u>	<u>190,719</u>
-	320,421	320,421	-
(3,518)	318,008	343,808	(64,692)
<u>14,944</u>	<u>98,735</u>	<u>118,743</u>	<u>183,435</u>
<u>\$ 11,426</u>	<u>\$ 416,743</u>	<u>\$ 462,551</u>	<u>\$ 118,743</u>

BAYFIELD COUNTY, WISCONSIN  
 CAPITAL PROJECTS FUND  
 BALANCE SHEET  
 DECEMBER 31, 2017  
 WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2016

	2017	2016
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 258,765	\$ 387,593
Accounts Receivable	365	230,340
<b>TOTAL ASSETS</b>	<b>\$ 259,130</b>	<b>\$ 617,933</b>
 <b>LIABILITIES</b>		
Vouchers Payable	\$ 72,302	\$ 170,616
<b>TOTAL LIABILITIES</b>	<b>72,302</b>	<b>170,616</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenue	365	54,883
<b>FUND BALANCE, COMMITTED</b>	<b>186,463</b>	<b>392,434</b>
<b>TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 259,130</b>	<b>\$ 617,933</b>

BAYFIELD COUNTY, WISCONSIN  
 CAPITAL PROJECTS FUND  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED DECEMBER 31, 2017  
 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2017</u>	<u>2016</u>
REVENUES:		
Intergovernmental	\$ 72,073	\$ 233,270
Miscellaneous	<u>2,662</u>	<u>26,951</u>
TOTAL REVENUES	<u>74,735</u>	<u>260,221</u>
EXPENDITURES:		
Capital Projects	<u>1,423,358</u>	<u>1,016,872</u>
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,348,623)</u>	<u>(756,651)</u>
OTHER FINANCING SOURCES		
Transfers from Other Funds	<u>1,142,652</u>	<u>1,018,581</u>
NET CHANGE IN FUND BALANCE	(205,971)	261,930
FUND BALANCE, BEGINNING OF YEAR	<u>392,434</u>	<u>130,504</u>
FUND BALANCE, END OF YEAR	<u>\$ 186,463</u>	<u>\$ 392,434</u>

BAYFIELD COUNTY, WISCONSIN  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
DECEMBER 31, 2017  
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2016

	County Vehicles	County Photocopiers	Sheriff Vehicles	Totals 2017	Totals 2016
<b>ASSETS</b>					
Current Assets					
Cash and Cash Equivalents	\$ 97,869	\$ 21,886	\$ 247,617	\$ 367,372	\$ 276,307
Accounts Receivable	-	-	300	300	1,797
Total Current Assets	<u>97,869</u>	<u>21,886</u>	<u>247,917</u>	<u>367,672</u>	<u>278,104</u>
Non Current Assets					
Capital Assets					
Fixed Assets, Net	<u>403,413</u>	<u>14,686</u>	<u>320,843</u>	<u>738,942</u>	<u>613,511</u>
<b>TOTAL ASSETS</b>	<u>501,282</u>	<u>36,572</u>	<u>568,760</u>	<u>1,106,614</u>	<u>891,615</u>
<b>LIABILITIES</b>					
Vouchers Payable	912	223	2,935	4,070	7,030
Accrued Wages Payable	250	-	-	250	237
Due to Other Funds	-	-	-	-	3,100
<b>TOTAL LIABILITIES</b>	<u>1,162</u>	<u>223</u>	<u>2,935</u>	<u>4,320</u>	<u>10,367</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	403,413	14,686	320,843	738,942	613,511
Unrestricted	<u>96,707</u>	<u>21,663</u>	<u>244,982</u>	<u>363,352</u>	<u>267,737</u>
<b>TOTAL NET POSITION</b>	<u>\$ 500,120</u>	<u>\$ 36,349</u>	<u>\$ 565,825</u>	<u>\$ 1,102,294</u>	<u>\$ 881,248</u>



BAYFIELD COUNTY, WISCONSIN  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2017  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	County Vehicles	County Photocopiers	Sheriff Vehicles	Totals 2017	Totals 2016
OPERATING REVENUE					
Charges for Services	\$ 186,743	\$ 28,873	\$ 241,189	\$ 456,805	\$ 440,437
Miscellaneous	<u>3,826</u>	<u>-</u>	<u>12,486</u>	<u>16,312</u>	<u>64,119</u>
TOTAL OPERATING REVENUE	<u>190,569</u>	<u>28,873</u>	<u>253,675</u>	<u>473,117</u>	<u>504,556</u>
OPERATING EXPENSES					
Contracted Services and Supplies	95,450	10,533	123,537	229,520	240,568
Depreciation	<u>83,114</u>	<u>11,190</u>	<u>98,139</u>	<u>192,443</u>	<u>178,741</u>
TOTAL OPERATING EXPENSES	<u>178,564</u>	<u>21,723</u>	<u>221,676</u>	<u>421,963</u>	<u>419,309</u>
OPERATING INCOME	<u>12,005</u>	<u>7,150</u>	<u>31,999</u>	<u>51,154</u>	<u>85,247</u>
NON-OPERATING REVENUE					
Gain (Loss) on Sale of Assets	<u>15,156</u>	<u>-</u>	<u>19,736</u>	<u>34,892</u>	<u>(8,431)</u>
INCOME BEFORE TRANSFERS	<u>27,161</u>	<u>7,150</u>	<u>51,735</u>	<u>86,046</u>	<u>76,816</u>
TRANSFERS IN	<u>135,000</u>	<u>-</u>	<u>-</u>	<u>135,000</u>	<u>30,000</u>
CHANGE IN NET POSITION	<u>162,161</u>	<u>7,150</u>	<u>51,735</u>	<u>221,046</u>	<u>106,816</u>
NET POSITION, BEGINNING OF YEAR	<u>337,959</u>	<u>29,199</u>	<u>514,090</u>	<u>881,248</u>	<u>774,432</u>
NET POSITION, END OF YEAR	<u>\$ 500,120</u>	<u>\$ 36,349</u>	<u>\$ 565,825</u>	<u>\$ 1,102,294</u>	<u>\$ 881,248</u>

BAYFIELD COUNTY, WISCONSIN  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF NET POSITION  
 DECEMBER 31, 2017

	Funds Held In Trust	Employee Retirement HRA	Total 2017
<b>ASSETS</b>			
Cash and Investments	\$ 23,060	\$ 855,962	\$ 879,022
<b>NET POSITION</b>			
Held in Trust	\$ 23,060	\$ 855,962	\$ 879,022

BAYFIELD COUNTY, WISCONSIN  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF CHANGES IN NET POSITION  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Funds Held in Trust	Employee Retirement HRA	Total 2017
	<u>          </u>	<u>          </u>	<u>          </u>
ADDITIONS			
Unclaimed Funds	\$ 18,474	\$ -	\$ 18,474
Contributions	<u>          -</u>	<u>80,069</u>	<u>80,069</u>
 TOTAL ADDITIONS	 <u>18,474</u>	 <u>80,069</u>	 <u>98,543</u>
DEDUCTIONS			
Benefit Payments	-	46,111	46,111
Funds Retained by County	<u>694</u>	<u>2,403</u>	<u>3,097</u>
 TOTAL DEDUCTIONS	 <u>694</u>	 <u>48,514</u>	 <u>49,208</u>
 CHANGE IN NET POSITION	 <u>17,780</u>	 <u>31,555</u>	 <u>49,335</u>
 NET POSITION, BEGINNING OF YEAR	 <u>5,280</u>	 <u>824,407</u>	 <u>829,687</u>
 NET POSITION, END OF YEAR	 <u>\$ 23,060</u>	 <u>\$ 855,962</u>	 <u>\$ 879,022</u>

**Federal and State Single Audit Reports**

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# ***Maitland, Singler & Van Vlack, S.C.***

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## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Supervisors  
Bayfield County, Wisconsin  
Washburn, Wisconsin

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bayfield County, Wisconsin as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Bayfield County, Wisconsin's basic financial statements, and have issued our report thereon dated September 28, 2018.

### **Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. 2017-001 and 2017-002

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bayfield County, Wisconsin's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Bayfield County, Wisconsin's Response to Findings**

Bayfield County, Wisconsin's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Bayfield County, Wisconsin's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in consideration the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Maitland, Singler & Van Vlack, S.C.*

September 28, 2018

# *Maitland, Singler & Van Vlack, S.C.*

*Certified Public Accountants*

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## **Independent Auditor's Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedules of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State of Wisconsin Single Audit Guidelines**

To the Board of Supervisors  
Bayfield County, Wisconsin  
Washburn, Wisconsin

### **Report on Compliance for Each Major Federal and State Program**

We have audited Bayfield County, Wisconsin's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration that could have a direct and material effect on each of Bayfield County, Wisconsin's major federal and state programs for the year ended December 31, 2017. Bayfield County, Wisconsin's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Bayfield County, Wisconsin's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards general accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State of Wisconsin Single Audit Guidelines*. Those standards, the Uniform Guidance and State of Wisconsin Single Audit Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about Bayfield County, Wisconsin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Bayfield County, Wisconsin's compliance.

### ***Opinion on Each Major Federal and State Program***

In our opinion, Bayfield County, Wisconsin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2017.

### **Report on Internal Control Over Compliance**

Management of Bayfield County, Wisconsin is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bayfield County, Wisconsin's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, and the *State of Wisconsin Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bayfield County, Wisconsin's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *State of Wisconsin Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



**Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the *State of Wisconsin Single Audit Guidelines***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bayfield County, Wisconsin as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Bayfield County, Wisconsin's basic financial statements. We issued our report thereon dated September 28, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the Uniform Guidance and the *State of Wisconsin Single Audit Guidelines* and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedules of expenditure of federal and state awards are fairly stated in all material respects in relation to the financial statements as a whole.

*Maitland, Singler & Van Vlack, S.C.*

September 28, 2018

BAYFIELD COUNTY, WISCONSIN  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

**Section A – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness identified?	<u>  X  </u> yes	<u>      </u> no
Significant deficiencies identified not considered to be material weaknesses?	<u>      </u> yes	<u>  X  </u> none reported
Noncompliance material to financial statements?	<u>      </u> yes	<u>  X  </u> no

**Federal Awards**

Internal control over financial reporting:		
Material weakness identified?	<u>      </u> yes	<u>  X  </u> no
Significant deficiencies identified not considered to be material weaknesses?	<u>      </u> yes	<u>  X  </u> none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 200.516(a) of the Uniform Guidance?	<u>      </u> yes	<u>  X  </u> no
Identification of major federal programs tested		

CFDA Number	Name of Federal Program or Cluster
93.778	Medical Assistance
Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
Auditee qualified as a low-risk auditee?	<u>      </u> yes <u>  X  </u> no

**State Awards**

Internal control over financial reporting:		
Material weakness identified?	<u>      </u> yes	<u>  X  </u> no
Significant deficiencies identified not considered to be material weaknesses?	<u>      </u> yes	<u>  X  </u> none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with the State of Wisconsin Single Audit Guidelines?	<u>      </u> yes	<u>  X  </u> no

BAYFIELD COUNTY, WISCONSIN  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED  
 FOR THE YEAR ENDED DECEMBER 31, 2017

**Section A – Summary of Auditor’s Results - Continued**

Identification of major state programs tested

State ID Number	Name of State Program
370.575	Snowmobile Trail Aids
435.560100	Aging and Disabilities Resource Center
435.560158	ADRC Dementia Care Project
435.560203	Dementia Care Innovation
435.561	Basic County Allocation
437.3413	JJ Youth Aids
505.635	Treatment, Alternatives Diversion Grant
Dollar threshold used to distinguish between Type A and Type B Programs	\$ 250,000

**Section B – Financial Statement Findings**

**Finding 2017-001 Financial Accounting and Reporting**

**Criteria** – According to *Government Auditing Standards*, sufficient internal controls should be in place that provide for the preparation of reliable financial statements that are fairly presented in conformity with generally accepted accounting principles.

**Condition** – The auditors prepared the financial statements in accordance with generally accepted accounting principles.

**Cause** – The County has chosen to contract with the auditors for preparation of the annual financial statements rather than prepare themselves.

**Effect** – The completeness of the related note disclosures and the accuracy of the overall financial presentation could be negatively impacted as outside auditors do not have the same comprehensive understanding of the County as its staff.

**Recommendation** – The County may consider and implement additional internal controls to ensure the accuracy of the financial records.

**Management’s response** – The County acknowledges the risk involved with not preparing it’s own financial statements. The County will continue to have the auditors assist in drafting the financial statements, however, the County Administrator and County Clerk will review, critically evaluate for accuracy and approve the auditor drafted financial statements and related disclosures before issuing. The County feels that the drafting of the financial statements by the auditors is a service provided for convenience rather than necessity.

BAYFIELD COUNTY, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2017

**Section B – Financial Statement Findings - Continued**

**Finding 2017-002 Significant Audit Adjustments**

**Criteria** – Controls should be in place to ensure accurate period-end financial reporting

**Condition** – The County is responsible for controls over the period-end financial reporting process, including controls over procedures to process journal entries into the general ledger and record recurring and nonrecurring adjustments to the financial statements. During the audit, we proposed material adjustments to convert the County’s financial records to the financial statements as reported. It was noted that the County has implemented procedures to reduce the number of material journal entries during the audit.

**Cause** – Since the County’s control policies and procedures did not prevent or detect a misstatement of the financial statements, we concluded that there is a material weakness in the County’s control policies and procedures over period-end financial reporting.

**Effect** – Without controls over procedures that will detect or prevent a misstatement when entering transactions or making adjustments to the financial statements, the financial statements may be misstated.

**Recommendation** – The County should reconcile all asset and liability accounts at year end and make the appropriate journal entries to ensure accurate financial records are available for audit.

**Management’s response** – The County will continue to work on reducing the number of adjusting journal entries needed to be made at audit by reviewing current year audit adjusting entries and performing reconciliations.

**Section C – Federal and State Award Findings and Questioned Costs.**

None.

BAYFIELD COUNTY, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2017

**Section D – Other Issues**

(A) Does the auditor’s report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee’s ability to continue as a going concern?

No.

(B) Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the State Single Audit Guidelines:

Department of Administration	No.
Department of Agriculture, Trade & Consumer Protection	No.
Department of Children and Families	No.
Department of Corrections	No.
Department of Health Services	No.
Department of Justice	No.
Department of Military Affairs	No.
Department of Natural Resources	No.
Department of Revenue	No.
Department of Transportation	No.

(C) Was a Management Letter or other document conveying audit comments issued as a result of this audit?

No

(D) Name and signature of partner:

*Richard A. Setzke*  
Richard A. Setzke

(E) Date of Report:

September 28, 2018

BAYFIELD COUNTY, WISCONSIN  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**Financial Statement Findings:**

**Finding 2016-001** – This finding is repeated in 2017. See Finding 2017-001.

**Finding 2016-002** – This finding is repeated in 2017. See Finding 2017-002.

**Federal and State Award Findings:**

**Finding 2016-003** – CCS provider contract. Corrective action was taken. The County secured a contract for the provider in question for 2016 and 2017.

BAYFIELD COUNTY, WISCONSIN  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2017

**Financial Statement Findings:**

**Finding 2017-001 Financial Accounting and Reporting**

**Official Responsible for Ensuring the Corrective Action Plan** – Scott Fibert, Bayfield County Clerk

**Planned Corrective Action and Completion Date** –

Review and approve the auditor drafted financial statements: September 28, 2018

**Finding 2017-002 Significant Audit Adjustments**

**Official Responsible for Ensuring the Corrective Action Plan** – Scott Fibert, Bayfield County Clerk

**Planned Corrective Action and Completion Date** –

Complete and review financial transactions during the year: ongoing  
Complete additional pre-audit work and reconciliations: April 2019

**Federal and State Award Findings:**

None.

BAYFIELD COUNTY, WISCONSIN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor Agency / Program Title	Federal CFDA Number	Passed Through Agency	Grant / Passed Through Agency ID	Revenues					Total Revenues	Expenditures
				Accrued (Deferred) Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance			
<b>FEDERAL PROGRAMS</b>										
<b>U.S. Department of Agriculture</b>										
Specialty Crop Block Grant	10.170	DATCP	11-013	20,968	-	28,006	5,471	12,509	12,509	
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	DHS/DPH	154710	(1,065)	-	150,472	42,459	193,996	193,996	
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	DHS/DPH	154760	2,400	-	2,400	10,706	10,706	10,706	
Total CFDA # 10.557				<u>1,335</u>	<u>-</u>	<u>152,872</u>	<u>53,165</u>	<u>204,702</u>	<u>204,702</u>	
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	DHS/DPH	154661	128	1,604	12,766	-	11,034	11,034	
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	DHS	283/284	14,010	-	68,830	17,900	72,720	72,720	
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	DHS	283/284	6,707	-	32,484	8,555	34,332	34,332	
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	DHS	276/277	146	-	146	-	-	-	
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	DHS	283/284	-	-	-	61	61	61	
Total CFDA # 10.561				<u>20,991</u>	<u>1,604</u>	<u>114,226</u>	<u>26,516</u>	<u>118,147</u>	<u>118,147</u>	
Cooperative Forestry Assistance	10.664	DNR	14-DG-11420004-160	4,723	-	10,000	-	5,277	5,277	
Good Neighbor Authority Program	10.691	DNR	15-GN-11091300-108	11,642	-	21,033	18,595	27,986	27,986	
Watershed Restoration and Enhancement	10.693	NONE	10-PA-11091305-016	(492)	-	-	-	492	492	
Soil and Water Conservation	10.902	NCOLLEGE	NC2230-2	-	-	16,334	23,130	39,464	39,464	
Total U.S. Department of Agriculture				<u>59,167</u>	<u>1,604</u>	<u>342,471</u>	<u>126,877</u>	<u>408,577</u>	<u>408,577</u>	

See accompanying notes to schedule of expenditures of federal and state awards



BAYFIELD COUNTY, WISCONSIN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor Agency / Program Title	Federal CFDA Number	Passed Through Agency	Grant / Passed Through Agency ID	Revenues					
				Accrued (Deferred) Beginning Balance	Adjustments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	Expenditures
<b>U.S. Department of Commerce</b>									
Coastal Zone Management Administration Awards	11.419	DOA	AD149883-015	\$ 194,952	\$ -	\$ 194,952	\$ -	\$ -	\$ -
Coastal Zone Management Administration Awards	11.419	DOA	AD169127-017.15	5,605	-	11,612	-	6,007	6,007
Total CFDA # 11.419				<u>200,557</u>	<u>-</u>	<u>206,564</u>	<u>-</u>	<u>6,007</u>	<u>6,007</u>
<b>U.S. Department of Defense</b>									
Flood Control Projects	12.106	NONE	NONE ASSIGNED	-	-	1,117	-	1,117	1,117
<b>U.S. Department of Interior</b>									
Natural Resource Stewardship	15.944	NONE	P15AC01202	35,000	-	35,000	-	-	-
<b>U.S. Department of Justice</b>									
Bullet Proof Vest Partnership Program	16.607	NONE	NONE ASSIGNED	388	-	388	365	365	365
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DOJ	11063	15,829	-	15,829	-	-	-
Total U.S. Department of Justice				<u>16,217</u>	<u>-</u>	<u>16,217</u>	<u>365</u>	<u>365</u>	<u>365</u>
<b>U.S. Department of Transportation</b>									
Recreation Trails Program	20.219	DOT	RTA73014	7,753	-	7,859	-	106	106
State and Community Highway Safety	20.600	DOT	3553573	5,248	-	5,248	-	-	-
State and Community Highway Safety	20.600	DOT	2017-20-06-OP	-	-	4,000	-	4,000	4,000
Total CFDA # 20.600				<u>5,248</u>	<u>-</u>	<u>9,248</u>	<u>-</u>	<u>4,000</u>	<u>4,000</u>
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	DMA	2015-HMEP-01-10717	-	-	258	-	258	258
Total U.S. Department of Transportation				<u>13,001</u>	<u>-</u>	<u>17,365</u>	<u>-</u>	<u>4,364</u>	<u>4,364</u>

See accompanying notes to schedule of expenditures of federal and state awards

BAYFIELD COUNTY, WISCONSIN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor Agency / Program Title	Federal CFDA Number	Passed Through Agency	Grant / Passed Through Agency ID	Revenues					
				Accrued (Deferred) Beginning Balance	Adjustments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	Expenditures
<b>U.S. Environmental Protection Agency</b>									
Beach Monitoring and Notification Program	66.472	DNR	NONE ASSIGNED	-	-	7,870	-	7,870	7,870
<b>U.S. Department of Energy</b>									
State Energy Program	81.041	PSC	17-08	-	-	6,504	-	6,504	6,504
<b>U.S. Department of Education</b>									
Special Education Grants for Infants and Families with Disabilities	84.181	DHS	550	-	-	11,765	6,387	18,152	18,152
<b>U.S. Department of Health and Human Services</b>									
Title III Part D - Disease Prevention and Health Promotion Services	93.043	GWAAR	560510	-	1,769	1,941	-	172	172
Title III Part B - Supportive Services	93.044	GWAAR	560340	-	-	24,845	(153)	24,692	24,692
Title III Part C - Nutrition Services	93.045	GWAAR	560350	-	-	44,521	(8,710)	35,811	35,811
Title III Part C - Nutrition Services	93.045	GWAAR	560360	-	-	13,155	10,979	24,134	24,134
Nutrition Services Incentive Program	93.053	GWAAR	560422	47	-	47	-	-	-
Nutrition Services Incentive Program	93.053	GWAAR	560422	17,450	-	19,058	14	1,622	1,622
Nutrition Services Incentive Program	93.053	GWAAR	560422	-	-	-	17,152	17,152	17,152
Total Aging Cluster				17,497	-	101,626	19,282	103,411	103,411
National Family Caregiver Support	93.052	GWAAR	560520	-	-	7,440	1,323	8,763	8,763
Public Health Emergency Preparedness	93.069	DHS/DPH	155015	-	14,976	38,503	-	23,527	23,527
Public Health Emergency Preparedness	93.069	DHS/DPH	155050	-	-	-	2,552	2,552	2,552
Total CFDA # 93.069				-	14,976	38,503	2,552	26,079	26,079
Medicare Improvements for Patients & Providers	93.071	GWAAR	560620	-	-	-	1,320	1,320	1,320
<b>Hospital Preparedness Program and PHEP</b>									
Aligned Cooperative Agreements	93.074	DHS/DPH	11111	-	-	8,182	-	8,182	8,182
<b>Hospital Preparedness Program and PHEP</b>									
Aligned Cooperative Agreements	93.074	DHS/DPH	5U90TP000561-04	14,340	-	14,340	-	-	-
Total CFDA # 93.074				14,340	-	22,522	-	8,182	8,182

See accompanying notes to schedule of expenditures of federal and state awards

BAYFIELD COUNTY, WISCONSIN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor Agency / Program Title	Federal CFDA Number	Passed Through Agency	Grant / Passed Through Agency ID	Revenues					Total Revenues	Expenditures
				Accrued (Deferred) Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance			
<b>U.S. Department of Health and Human Services - Continued</b>										
Immunization Grants	93.268	DHS/DPH	155020	\$ 782	\$ -	\$ 5,463	\$ 2,557	\$ 7,238	\$ 7,238	
State Health Insurance Assistance Program	93.324	GWAAR	560432	-	-	3,000	-	3,000	3,000	
HPV Immunization	93.539	DPH	NONE ASSIGNED	2,869	(619)	6,984	(54)	4,680	4,680	
Promoting Safe and Stable Families	93.556	DCF	3306	15,869	-	29,897	19,281	33,309	33,309	
Temporary Assistance for Needy Families	93.558	DCF	3377/3380	3,732	-	21,099	3,480	20,847	20,847	
Temporary Assistance for Needy Families	93.558	DHS	831/832/850/852	520	-	897	1,007	1,384	1,384	
Temporary Assistance for Needy Families	93.558	DHS	561	5,731	-	42,735	-	37,004	37,004	
Total CFDA # 93.558				<u>9,983</u>	<u>-</u>	<u>64,731</u>	<u>4,487</u>	<u>59,235</u>	<u>59,235</u>	
Child Support Program	93.563	DCF	7332/7463/7464/7477 7482/7502/7506/7614 7903/9005/9993/9994 9996	43,963	-	231,900	56,548	244,485	244,485	
Low Income Home Energy Assistance	93.568	DOA	AD1599971.04	6,461	-	20,689	4,949	19,177	19,177	
Child Care Development Fund	93.596	DCF	0831	1,019	-	4,563	229	3,773	3,773	
Child Care Development Fund	93.596	DCF	831/832/850/852	520	-	897	1,007	1,384	1,384	
Total CFDA # 93.596				<u>1,539</u>	<u>-</u>	<u>5,460</u>	<u>1,236</u>	<u>5,157</u>	<u>5,157</u>	
Childrens Justice Grants to States	93.643	DOJ	NONE ASSIGNED	(721)	-	-	(721)	-	-	
Child Welfare Services	93.645	DCF	3411	(8)	-	-	-	8	8	
Child Welfare Services	93.645	DCF	3413	201	-	1,107	519	1,425	1,425	
Child Welfare Services	93.645	DCF	3561/3681	-	-	10,686	-	10,686	10,686	
Child Welfare Services	93.645	DCF	437003-117-0000934	-	-	24,999	-	24,999	24,999	
Total CFDA # 93.645				<u>193</u>	<u>-</u>	<u>36,792</u>	<u>519</u>	<u>37,118</u>	<u>37,118</u>	

See accompanying notes to schedule of expenditures of federal and state awards

BAYFIELD COUNTY, WISCONSIN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor Agency / Program Title	Federal CFDA Number	Passed Through Agency	Grant / Passed Through Agency ID	Revenues					Total Revenues	Expenditures
				Accrued (Deferred) Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance			
<b>U.S. Department of Health and Human Services - Continued</b>										
Foster Care - Title IV-E	93.658	DCF	3411	(14)	-	-	-	14	14	
Foster Care - Title IV-E	93.658	DCF	3413	360	-	1,984	930	2,554	2,554	
Foster Care - Title IV-E	93.658	DCF	3561/3681	-	-	119,926	-	119,926	119,926	
Total CFDA # 93.658				<u>346</u>	<u>-</u>	<u>121,910</u>	<u>930</u>	<u>122,494</u>	<u>122,494</u>	
Social Services Block Grant	93.667	DHS	561	10,800	-	80,181	-	69,381	69,381	
Chafee Foster Care Independence Program	93.674	DCF	3360	5,596	-	5,596	-	-	-	
Capacity Building Assistance-PPHF	93.733	DHS	155032	-	2,662	2,662	-	-	-	
Block Grant funded solely with Prevention and Public Health Funds	93.758	DHS/DPH	159220	-	542	5,587	-	5,045	5,045	
Childrens Health Insurance Program-IM Federal	93.767	DHS	283/284	1,834	-	9,100	2,372	9,638	9,638	
Childrens Health Insurance Program-IM ABAWD	93.767	DHS	283/284	878	-	4,253	1,120	4,495	4,495	
Childrens Health Insurance Program-IM PPACA	93.767	DHS	276/277	19	-	19	-	-	-	
Childrens Health Insurance Program-Enhanced MA	93.767	DHS	283/284	-	-	-	8	8	8	
Total CFDA # 93.767				<u>2,731</u>	<u>-</u>	<u>13,372</u>	<u>3,500</u>	<u>14,141</u>	<u>14,141</u>	
Medical Assistance	93.778	DHS/DPH	159320	2,692	-	3,159	96	563	563	
Medical Assistance - ADRC	93.778	DHS	560071/560074 560081/560087 560091/560155	168,321	-	631,115	200,463	663,257	663,257	
Medical Assistance - CCS	93.778	DHS	NONE ASSIGNED	-	-	825,008	-	825,008	825,008	
Medical Assistance - CSP	93.778	DHS	NONE ASSIGNED	5,706	-	166,085	7,593	167,972	167,972	
Medical Assistance - Winnebago MH	93.778	DHS	NONE ASSIGNED	167,163	-	396,605	14,076	243,518	243,518	
Medical Assistance - Other	93.778	DHS	NONE ASSIGNED	53,961	-	97,656	64,940	108,635	108,635	
Medical Assistance - CLTS	93.778	DHS	872/875	-	-	-	-	-	-	
Medical Assistance - CLTS	93.778	DHS	872/875/878/881	3,251	6,141	38,761	14,142	43,511	43,511	
Medical Assistance - Regional Crisis	93.778	DHS	81078	-	1,952	8,800	1,955	8,803	8,803	
Medical Assistance-IM Federal	93.778	DHS	283/284	22,381	-	97,117	24,403	99,139	99,139	
Medical Assistance-IM ABAWD	93.778	DHS	283/284	10,712	-	51,893	13,668	54,849	54,849	
Medical Assistance-IM PPACA	93.778	DHS	276/277	230	-	230	-	-	-	
Medical Assistance-Enhanced Medicaid	93.778	DHS	283/284	-	-	-	100	100	100	
Total CFDA # 93.778				<u>434,417</u>	<u>8,093</u>	<u>2,316,429</u>	<u>341,436</u>	<u>2,215,355</u>	<u>2,215,355</u>	

See accompanying notes to schedule of expenditures of federal and state awards

BAYFIELD COUNTY, WISCONSIN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor Agency / Program Title	Federal CFDA Number	Passed Through Agency	Grant / Passed Through Agency ID	Revenues					
				Accrued (Deferred) Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	Expenditures
<b>U.S. Department of Health and Human Services - Continued</b>									
Community Mental Health Services	93.958	DHS	569	\$ -	\$ -	\$ 7,354	\$ -	\$ 7,354	\$ 7,354
Prevention and Treatment of Substance Abuse	93.959	DHS	570	-	-	26,516	8,746	35,262	35,262
Maternal and Child Health Services Block Grant	93.994	DHS	159320	-	-	8,776	1,808	10,584	10,584
Total U.S. Department of Health and Human Services				<u>566,665</u>	<u>27,423</u>	<u>3,165,331</u>	<u>469,699</u>	<u>3,040,942</u>	<u>3,040,942</u>
<b>U.S. Department of Homeland Security</b>									
Emergency Food and Shelter Program	97.024	UWAY	910200-011	375	-	875	-	500	500
Disaster Grants - Public Assistance	97.036	DMA	PA05WI4276PW00034	13,791	1,629	28,840	-	13,420	13,420
Disaster Grants - Public Assistance	97.036	DMA	PA05WI4276PW00040	1,423	-	6,703	-	5,280	5,280
Disaster Grants - Public Assistance	97.036	DMA	PA05WI4276PW00137	3,744	-	3,744	-	-	-
Disaster Grants - Public Assistance	97.036	DMA	PA05WI4276PW00136	3,427	-	3,427	-	-	-
Total CFDA # 97.036				<u>22,385</u>	<u>1,629</u>	<u>42,714</u>	<u>-</u>	<u>18,700</u>	<u>18,700</u>
Hazard Mitigation Grant	97.039	DMA	4076.10.R	-	3,086	3,086	-	-	-
Hazard Mitigation Grant	97.039	DMA	4076.5.R	-	6,074	6,074	-	-	-
Total CFDA # 97.039				<u>-</u>	<u>9,160</u>	<u>9,160</u>	<u>-</u>	<u>-</u>	<u>-</u>
Emergency Management Performance Grants	97.042	DMA	NONE ASSIGNED	24,661	-	49,736	20,253	45,328	45,328
Total U.S. Department of Homeland Security				<u>47,421</u>	<u>10,789</u>	<u>102,485</u>	<u>20,253</u>	<u>64,528</u>	<u>64,528</u>
Total Expenditures of Federal Awards				<u>\$ 938,028</u>	<u>\$ 39,816</u>	<u>\$ 3,912,689</u>	<u>\$ 623,581</u>	<u>\$3,558,426</u>	<u>\$3,558,426</u>

See accompanying notes to schedule of expenditures of federal and state awards

BAYFIELD COUNTY, WISCONSIN  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor Agency/ Program Title	State ID Number	Accrued (Deferred) Beginning Balance	Adjustments	Revenues			Expenditures
				Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	
<b>STATE PROGRAMS</b>							
<b>Wisconsin Department of Agriculture, Trade and Consumer Protection</b>							
Aid to County and District Fairs	115.05	\$ 6,060	\$ -	\$ 6,060	\$ 6,375	\$ 6,375	\$ 6,375
County Staff and Support Grants	115.15	108,794	-	216,157	-	107,363	107,363
Land and Water Resource Management (LWRM)							
Plan Implementation Projects	115.40	70,400	-	117,442	-	47,042	47,042
Total Wisconsin Department of Agriculture, Trade and Consumer Protection		185,254	-	339,659	6,375	160,780	160,780
<b>Wisconsin Department of Natural Resources</b>							
Boat Enforcement Patrol Aids	370.550	4,406	-	4,406	10,459	10,459	10,459
All Terrain Vehicle Enforcement Aids	370.551	-	-	19,568	-	19,568	19,568
Snowmobile Enforcement Aids	370.552	-	-	13,056	-	13,056	13,056
Wildlife Damage Claims and Abatements	370.553	21,713	-	26,618	29,480	34,385	34,385
Weed Management Area - Private Forest Grant Program	370.557	7,262	-	9,000	-	1,738	1,738
County Conservation Aids	370.563	9,334	-	14,211	1,645	6,522	6,522
Wildlife Habitat .10/Acre	370.564	(36,254)	-	8,068	(41,636)	2,686	2,686
County Forest Sustainable Grant	370.572	-	-	53,595	-	53,595	53,595
Snowmobile Trail Aids	370.575	83,967	-	201,555	7,494	125,082	125,082
All-Terrain Vehicles	370.576/577	917	-	63,124	(33,370)	28,837	28,837
Aquatic Invasive Species Control Grants	370.678	72,970	(291)	79,252	87,056	93,629	93,629
Total Wisconsin Department of Natural Resources		164,315	(291)	492,453	61,128	389,557	389,557

See accompanying notes to schedule of expenditures of federal and state awards

BAYFIELD COUNTY, WISCONSIN  
SCHEDULE OF EXPENDITURES OF STATE AWARDS – CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor Agency / Program Title	State ID Number	Accrued (Deferred) Beginning Balance	Revenues				Expenditures
			Adjust-ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	
<b>Wisconsin Department of Transportation</b>							
Elderly and Handicapped Aids	395.101	\$ (93,058)	\$ -	\$ 69,578	\$ (96,826)	\$ 65,810	\$ 65,810
<b>Wisconsin Department of Corrections</b>							
Community Intervention Program	410.302	(1,050)	-	-	(1,050)	-	-
<b>Wisconsin Division of Public Health</b>							
Fluoride Supplement	435.151734	220	-	1,328	709	1,817	1,817
Fluoride Mouth Rinse	435.151735	3	-	654	-	651	651
Snap Nutrition Ed Grant	435.154661	-	-	2,069	5,531	7,600	7,600
WIC Farmer's Market	435.154720	-	-	1,836	431	2,267	2,267
Biot Focus A Planning	435.155015	6,031	(6,031)	9,123	(824)	8,299	8,299
Adult Immunization	435.155032	2,662	(2,662)	-	-	-	-
Environment PH Tracking Network	435.155078	-	-	-	6,930	6,930	6,930
Cons Contracts CHHD LD	435.157720	-	-	2,803	-	2,803	2,803
Cons Contracts PHHS	435.159220	426	(426)	-	1,196	1,196	1,196
Cons Contracts MCH	435.159320	2,692	-	3,159	96	563	563
Total Wisconsin Division of Public Health		12,034	(9,119)	20,972	14,069	32,126	32,126
<b>Greater Wisconsin Agency on Aging Resources, Inc.</b>							
State Benefit Specialist	435.560024	-	-	28,215	-	28,215	28,215
EBS OCI Replacement	435.560327	-	-	3,275	-	3,275	3,275
State Senior Community Services	434.560330	-	-	5,859	-	5,859	5,859
Title III C-1 Congregate Nutrition	435.560350	-	-	16,342	(3,198)	13,144	13,144
Nutrition Revitalization Project	435.560351	-	-	-	7,500	7,500	7,500
Title III C-2 Home Delivered Nutrition	435.560360	-	-	1,445	1,207	2,652	2,652
Elder Abuse Services	435.560490	7,271	-	12,481	4,690	9,900	9,900
Total Greater Wisconsin Agency on Aging Resources, Inc.		7,271	-	67,617	10,199	70,545	70,545

See accompanying notes to schedule of expenditures of federal and state awards

BAYFIELD COUNTY, WISCONSIN  
SCHEDULE OF EXPENDITURES OF STATE AWARDS – CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor Agency / Program Title	State ID Number	Accrued (Deferred) Beginning Balance	Revenues				Total Revenues	Expenditures
			Adjustments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance			
<b>Wisconsin Department of Health Services</b>								
APS-Adult Protective Services	435.312	\$ -	\$ -	\$ 16,297	\$ -	\$ 16,297	\$ 16,297	
Childrens COP	435.377	(4,504)	-	28,397	7,519	40,420	40,420	
Alzheimer's Family Support	435.381	2,969	-	6,237	3,733	7,001	7,001	
Community Mental Health	435.516	29,733	-	33,413	41,287	44,967	44,967	
Grant for Infants and Toddlers with Disabilities	435.550	-	-	11,545	6,269	17,814	17,814	
Aging and Disabilities Resource Center	435.560100	20,214	-	645,031	120,106	744,923	744,923	
ADRC Dementia Care Proj	435.560158	(4,052)	-	34,762	26,953	65,767	65,767	
Dementia Care Innovation	435.560203	(2,189)	-	1,369	-	3,558	3,558	
Basic County Allocation	435.561	65,222	-	461,604	-	396,382	396,382	
State/County Match	435.681	-	-	55,271	-	55,271	55,271	
Act 318 Adjustment	435.684	-	-	-	(17,161)	(17,161)	(17,161)	
Regional Crisis Grants	435.81075	-	48,097	101,200	48,180	101,283	101,283	
MA Crisis Training-NonFederal	435.81079	-	1,952	8,800	1,955	8,803	8,803	
CLTS Other GPR	435.871	-	3,726	21,452	3,156	20,882	20,882	
CLTS Autism GPR	435.874	-	542	3,623	341	3,422	3,422	
CLTS Other CWA Admin GPR	435.877	3,125	-	3,125	8,446	8,446	8,446	
CLTS Autism CWA Admin GPR	435.880	154	-	154	663	663	663	
CLTS Autism CWA Admin Fed	435.881	-	27	27	-	-	-	
CLTS PF State Matched	435.882	(277)	-	(686)	(249)	(658)	(658)	
CSH ADJ TPA CLTS CWA MTCH	435.921	(199)	-	(199)	-	-	-	

See accompanying notes to schedule of expenditures of federal and state awards



BAYFIELD COUNTY, WISCONSIN  
SCHEDULE OF EXPENDITURES OF STATE AWARDS – CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor Agency/ Program Title	State ID Number	Accrued (Deferred) Beginning Balance	Revenues				Total Revenues	Expenditures
			Adjust-ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance			
<b>Wisconsin Department of Health Services - Continued</b>								
Wood County - NIMC								
IMAA State Share-ABAWD	435.276	\$ 18,407	\$ -	\$ 18,407	\$ -	\$ -	\$ -	\$ -
IMAA State Share-PPACA	435.276	398	-	398	-	-	-	-
IMAA State Share	435.283	-	-	51,537	-	51,537	51,537	51,537
IMAA State Share-ABAWD	435.283	-	-	70,759	23,483	94,242	94,242	94,242
IMAA State Share-Enhanced Medicaid	435.283	-	-	-	171	171	171	171
IMAA Federal Share	435.284	231	-	1,809	515	2,093	2,093	2,093
IMAA Federal Share-ABAWD	435.284	111	-	536	141	566	566	566
IMAA Federal Share-PPACA	435.284	2	-	2	-	-	-	-
IMAA Federal Share-Enhanced Medicaid	435.284	-	-	-	1	1	1	1
Total Wisconsin Department of Health Services		<u>129,345</u>	<u>54,344</u>	<u>1,574,870</u>	<u>275,509</u>	<u>1,666,690</u>	<u>1,666,690</u>	<u>1,666,690</u>
<b>Wisconsin Department of Children and Families</b>								
JJ Community Intervention	437.3410	-	-	190	-	190	190	190
JJ AODA	437.3411	-	-	16	2,538	2,554	2,554	2,554
JJ AODA	437.3413	(890)	-	-	-	890	890	890
JJ Youth Aids	437.3413	22,545	-	124,123	58,187	159,765	159,765	159,765
Basic County Allocation	437.3561	-	-	113,643	-	113,643	113,643	113,643
F State/County Match	437.3681	-	-	8,968	-	8,968	8,968	8,968
CW WiSACWIS Annual Op Maint Fee	437.3935	-	-	(1,919)	-	(1,919)	(1,919)	(1,919)
PDS Partnership Fees	437.3940	-	-	(674)	-	(674)	(674)	(674)
Food Stamp Agency Incentives	437.965	24	-	148	140	264	264	264
AFDC Agency Incentives	437.975	-	-	-	12	12	12	12
Medicaid Agency Incentives	437.980	120	-	622	55	557	557	557
Total Wisconsin Department of Children and Families		<u>21,799</u>	<u>-</u>	<u>245,117</u>	<u>60,932</u>	<u>284,250</u>	<u>284,250</u>	<u>284,250</u>

See accompanying notes to schedule of expenditures of federal and state awards

BAYFIELD COUNTY, WISCONSIN  
SCHEDULE OF EXPENDITURES OF STATE AWARDS – CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor Agency / Program Title	State ID Number	Accrued (Deferred) Beginning Balance	Revenues				Expenditures
			Adjust-ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	
<b>Wisconsin Department of Justice</b>							
Crime Victim and Witness Assistance	455.532	10,520	-	21,997	10,568	22,045	22,045
<b>Wisconsin Department of Military Affairs</b>							
Emergency Management / Disaster Recovery	465.305	1,195	-	1,195	-	-	-
Emergency Management / Disaster Recovery	465.305	2,299	271	4,807	-	2,237	2,237
Emergency Management / Disaster Recovery	465.305	237	-	1,117	-	880	880
Emergency Management / Disaster Recovery	465.305	-	514	514	-	-	-
Emergency Management / Disaster Recovery	465.305	-	1,012	1,012	-	-	-
Emergency Planning Grant Program	465.337	2,363	-	4,689	2,326	4,652	4,652
Total Wisconsin Department of Military Affairs		6,094	1,797	13,334	2,326	7,769	7,769
<b>Wisconsin Department of Administration</b>							
Land Information Program-Aid to Counties	505.166	25,000	-	112,400	25,000	112,400	112,400
Public Benefits	505.371	5,194	-	18,550	6,523	19,879	19,879
Treatment, Alternatives Diversion Grant	505.635	31,081	-	130,511	29,825	129,255	129,255
Total Wisconsin Department of Administration		61,275	-	261,461	61,348	261,534	261,534
<b>Wisconsin Department of Revenue</b>							
Computer Aid	835.109	-	-	997	-	997	997
Total State Programs		\$ 503,799	\$ 46,731	\$3,108,055	\$ 404,578	\$2,962,103	\$2,962,103

See accompanying notes to schedule of expenditures of federal and state awards

BAYFIELD COUNTY, WISCONSIN  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include the federal and state grant activity of Bayfield County and are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of the Uniform Guidance and the *State Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 - ADJUSTMENTS COLUMN

The adjustments column was used to correct errors in the reporting of the accrued receivable or (deferred) revenue at January 1, 2017.

NOTE 3 - PASS-THROUGH AGENCIES

Bayfield County received federal awards from the following pass-through agencies:

DATCP	Wisconsin Department of Agriculture, Trade and Consumer Protection
DHS	Wisconsin Department of Health Services
DCF	Wisconsin Department of Children and Families
DOA	Wisconsin Department of Administration
DNR	Wisconsin Department of Natural Resources
DPH	Wisconsin Department of Public Health
DOJ	Wisconsin Department of Justice
DOT	Wisconsin Department of Transportation
DMA	Wisconsin Department of Military Affairs
GWAAR	Greater Wisconsin Agency on Aging Resources, Inc.
NCOLLEGE	Northland College, Ashland WI
UWAY	United Way