

GENERAL FUND SUMMARY, 2022

The General Fund for Bayfield County includes 24 Departments. The General Fund is the largest county fund. The next largest funds are Highway and Human Services.

50% of the 2022 county tax levy is allocated to General Fund Departments. Transfers to the other funds (CIP and Highway) originate in the General Fund and are considered expenditures. In 2022 the General Fund will account for 46.6% (\$17.2 million) of overall county spending, \$37 proposed in 2022. This is less than the average of 52%. The decrease is due to increased Highway grant funding and Capital Improvement expenditures in 2022.

The General Fund is non-lapsing, meaning that revenues exceeding expenditures in any one year remain in this fund. The General Fund is also the repository of excess revenues from the Human Services Fund. Most all transfers between funds originate in the General Fund.

How to Review the General Fund Budget:

Each department's section includes a brief expenditure summary based on the county administrator's proposed budget. The Department narrative follows with a purpose statement, current year accomplishments, upcoming year goals, performance indicators and budget details. Budget changes made by the County Administrator and County Board can be seen on each of the spreadsheets by noting the headings, **2022 Department / 2022 Administrator** Columns. For comparison purposes, the 2019-2020 actual budget revenues and expenditures, in addition to the 2021 Adopted Budget and 2021 Estimated Budget at year end are included as well. The last column is a calculation showing the percent difference between the 2022 Administrator column and the 2021 Adopted budget. All of this information helps to compare figures and see trends. Additional data going back over 10 years is also available upon request.

EXPENDITURE SUMMARY

Expenditures in the General Fund are projected at \$17,290,265 a 9% increase from 2021. This represents an increase of \$1.46 million.

The master spreadsheet on colored paper (fold out) shows department expenditure changes as a percentage of the previous year. Many small departments are greatly impacted by changes in personnel. An employee going on or off insurance can have a \$30,000 impact. A new employee may start at Step 1 while a retiring employee leaves at Step 11 of the wage scale, making a 20% difference. In a small department, this can have a tremendous impact on budget percentages. The County practice is to look at personnel benefits separate from other expenses. A department cannot control when an employee goes on insurance or changes from single to family. At the same time, reductions in benefit levels by employees cannot be viewed as an opportunity to increase budgets to make up that difference. Overall, across all departments these increases and decreases level out.

REVENUE SUMMARY

Revenues for the General fund (not including property taxes) are estimated at \$11,564,886 up from \$10,271,098 in 2021. The majority of this is fund balance increases for the 2022 budget.

Revenues to the General Fund come from six primary sources: Property Taxes, State Revenues, User Fees, Grants, Interest earnings and Sale of Wood from the County Forests. A summary of these is shown below.

KEY REVENUE SOURCES

Property Taxes

Property taxes are based on the assessed value of a property. Each municipality is responsible to comply with State regulations ensuring that assessed values reflect actual property values. Beginning thirty years ago property values increased dramatically because of increased demand for wooded, lakeside and lake view properties. While property values increased, the county strived to keep levied funds to a minimum. Because of increases in valuation, the county's mill levy dropped to an all-time low of 3.2 mills in 2009 and 2010. In the last ten years as valuations have dropped, the mill rate has climbed. This will change in 2022 as county valuation increased 7%.

Valuation has increased in five of the past 10 years. Increases help spread the tax levy over a larger base. With a resounding increase in 2022, county valuation will surpass the previous valuation peak set in 2010.

EQUALIZED VALUATION CHANGE

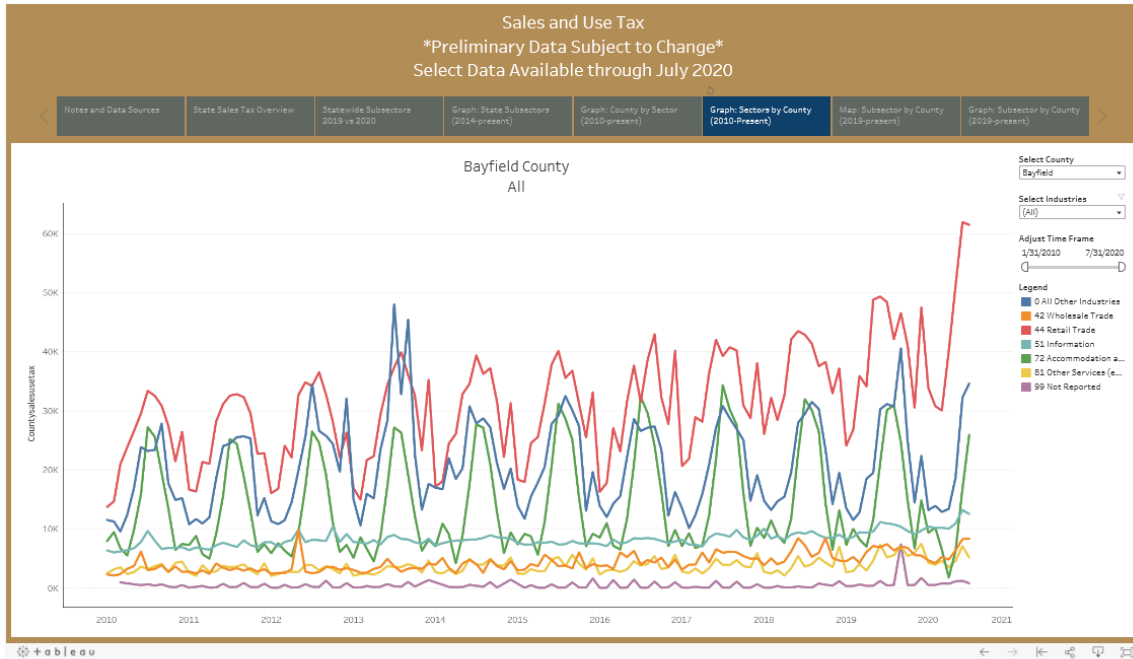
2011	-2.16%,
2012	-4.08%
2013	-2%.
2014	0%
2015	-1%
2016:	2%
2017:	0%
2018:	0%
2019:	2%
2020:	5%
2021:	1%
2022:	7%

SALES TAX

Bayfield County adopted a sales tax ordinance in 1991. By statute, the County imposes a .5% sales or use tax on retail sales, which are not otherwise exempt by state statute. The tax is collected by retailers and forwarded to the State. In turn, the State calculates the tax collected in each county and forwards funds to the county. The purpose of sales tax is to reduce the property tax levy. Currently 66 of Wisconsin's 72 counties impose a sales tax.

Sales tax revenues are increasingly a major source of income for the General Fund, contributing approximately 8% of total general fund expenditures. In 2022 the sales tax estimate is \$1,400,000.

Tourism is a critical factor in the Bayfield County Economy. A snapshot below shows the various sectors where sales tax comes from and the cycles they follow. The retail trade (red) has historically been the strongest sector of the economy. Accommodations (green) are second.



Monthly State and County Sales and Use Tax
 Viz Author: WI DOR - Division of Research and Policy

PER CAPITA SALES TAX

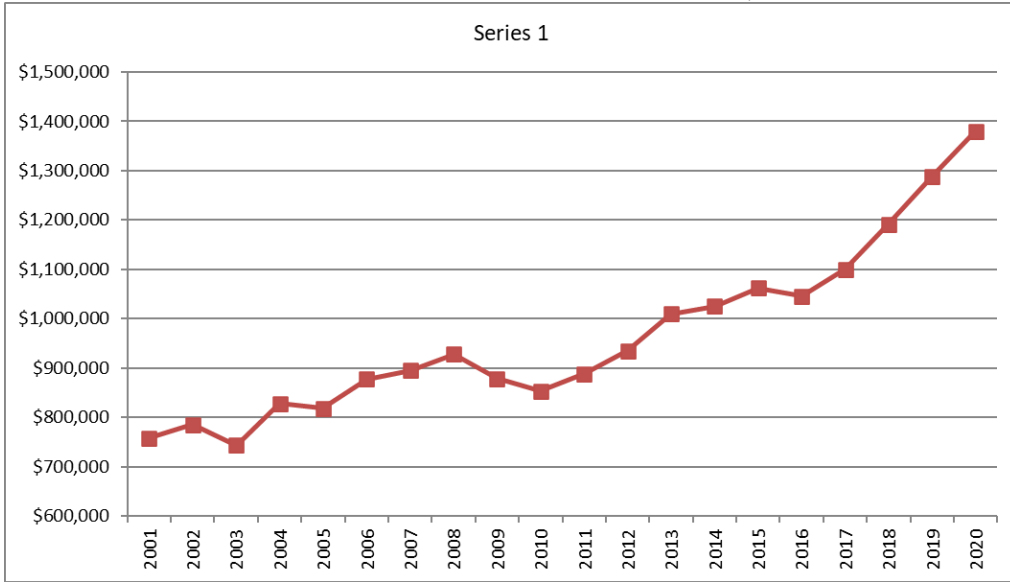
Bayfield County has historically had the lowest *per capita* COUNTY sales tax collection in the five-county region. In 2020 Bayfield collected \$89.98 a 7% increase over the 2019 figure of \$84.03 per capita.

NW Wisconsin County Sales Tax Per Person, 2016-2020

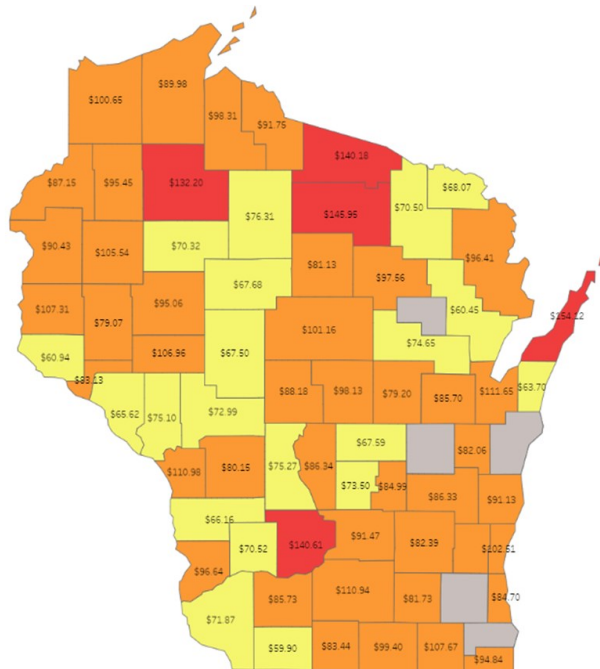
COUNTY	2016	2017	2018	2019	2020
Ashland	79.34	86.1	86.22	92.64	98.31
Bayfield	68.76	71.9	77.75	84.03	89.98
Douglas	86.73	86.1	90.46	97.78	100.65
Iron	79.96	85.1	78.94	87.28	91.75
Sawyer	107.72	109.2	114.85	118.55	132.20

The graph below shows the rise of sales tax over the past 20 years in Bayfield County.

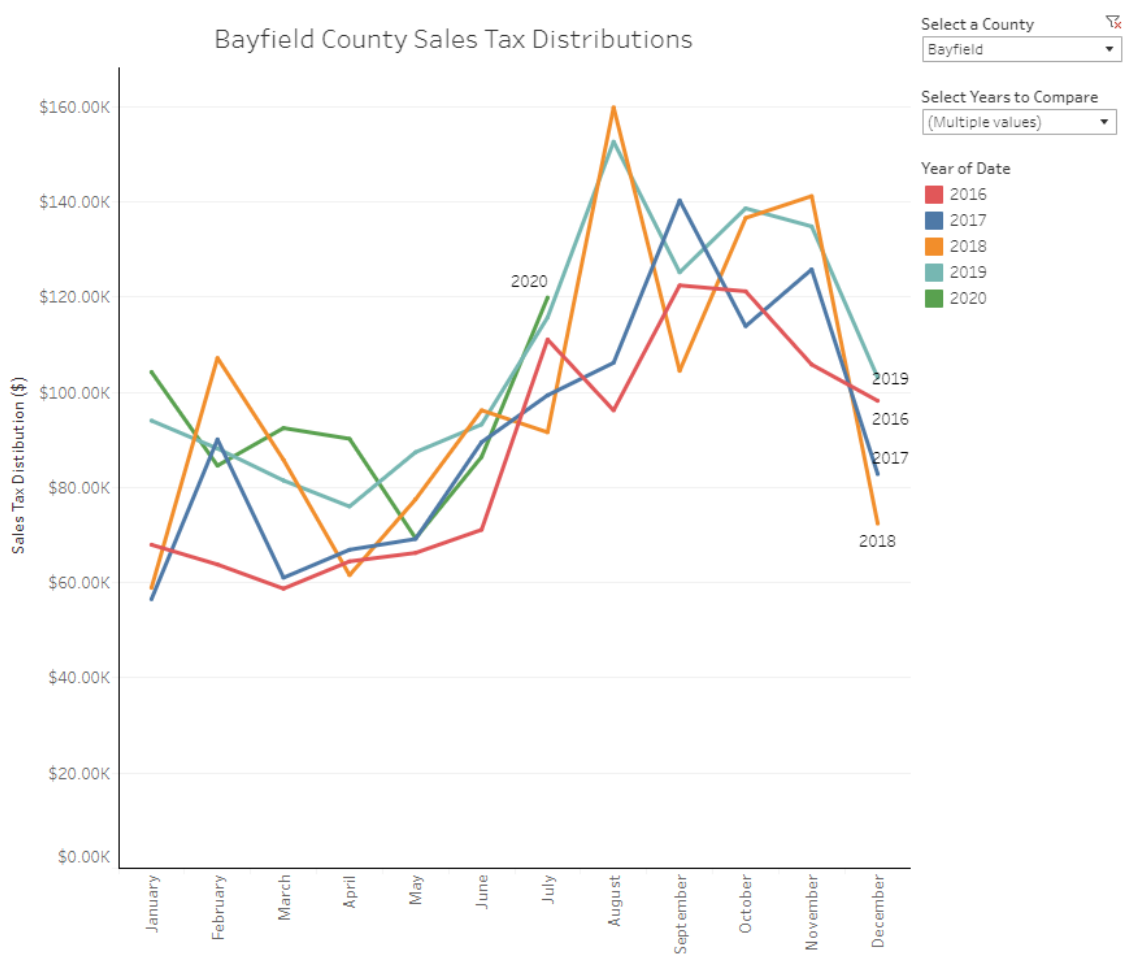
BAYFIELD COUNTY SALES TAX, 2001- 2020



A statewide sales tax county comparison is shown below on the map. This compares collection rates across the state in 2020. Bayfield County collections increased 7.1% between 2019 and 2020. Red signifies the highest collecting counties, orange mid-range, yellow less per capita.

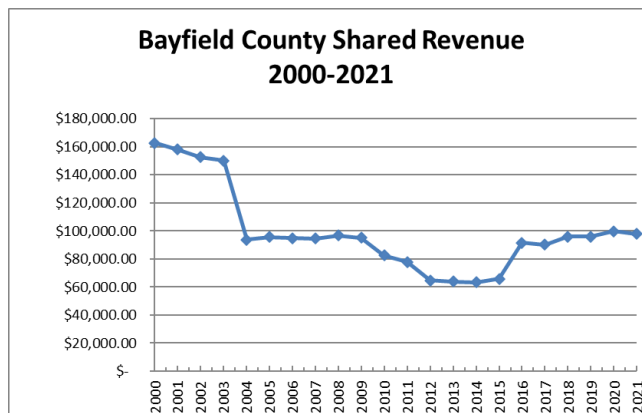


The chart below shows collections by month and year from 2016 to 2020 year to date. The latter part of the year shows higher collections with a bump in February. April is generally the lowest collections month of the year.



REVENUE SHARING:

The 2022 estimate is 95,000. State shared revenues are derived from the State's portion of sales taxes. The formula used to make this calculation includes per capita population, valuation and levies.



TIMBER SALES:

Bayfield County owns over 173,000 acres of forested lands in the county. In 2022 timber sales are projected to generate approximately \$1.78 million (over expenses) or the equivalent of 15% of the county levy in 2022.

Sale of wood occurs on a three-year term; this allows loggers time to cut the wood over a period of time. It also means that market fluctuations or forest wide variations may take several years to completely impact revenues. In 2022 revenues will be coming in from bids in 2020, 2021 and 2022.

Overall county timber proceeds have exceeded estimates by over a million dollars annually. These overages are used for capital projects the following year. Conservative estimates on forestry revenue projections are appropriate due to the potential for market fluctuations. Severe market trends however are softened due to the three-year time period for timber sales.

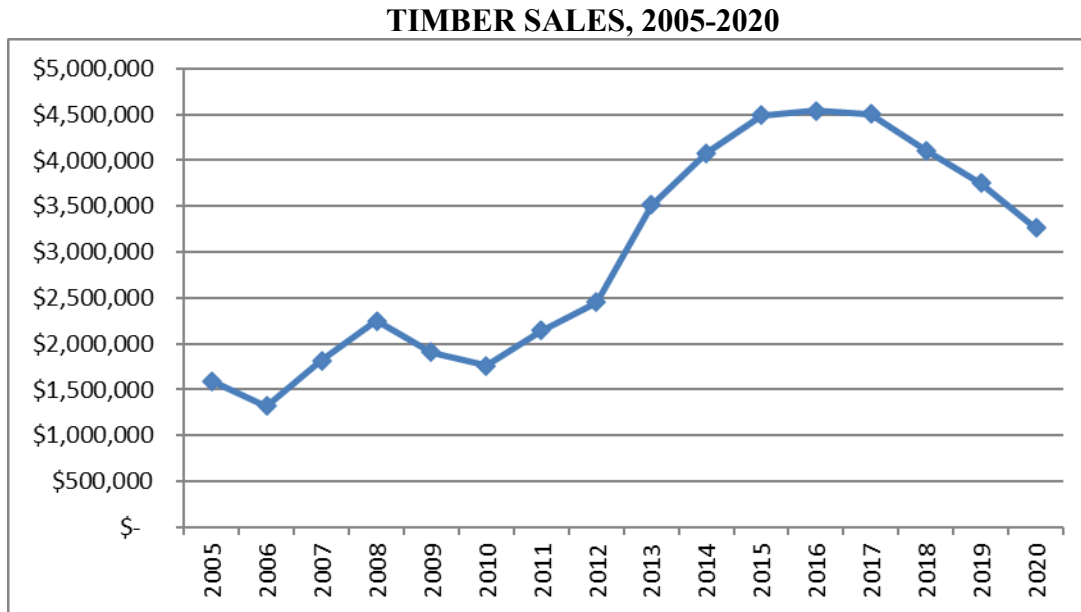
Table 2: Bayfield County Forest Sale of Wood Revenues

Calendar Year	Revenues Budget	Revenues Actual	Difference
2007	\$1,705,000	\$2,167,156	\$462,156
2008	\$1,700,000	\$2,621,308	\$921,308
2009	\$1,727,400	\$2,305,259	\$577,859
2010	\$1,820,500	\$2,047,663	\$227,163
2011	\$1,996,000	\$2,477,066	\$481,066
2012	\$2,195,000	\$2,696,756	\$501,756
2013	\$2,400,000	\$3,904,104	\$1,504,104
2014 ^a	\$2,751,565	\$4,537,661	\$1,786,096
2015 ^b	\$3,404,306	\$5,006,565	\$1,602,259
2016 ^b	\$3,139,200	\$5,057,393	\$1,918,193
2017	\$3,110,000	\$5,009,892	\$1,899,892
2018	\$3,230,000	\$4,562,243	\$1,332,243
2019	\$3,325,000	\$4,171,667	\$846,667
2020	\$3,355,000	\$2,950,000	-\$405,000
2021	\$2,950,000	\$2,950,000	\$0
Average	\$2,587,265	\$3,497,649	\$910,384

^a Amended budget

^b Amended budget. Includes revenue from county owned land not part of the county forest

Timber revenues for the past 14 years are shown in the chart below.



USER FEES

User fees are an important source of revenue for the county. User fees require the people who are directly benefiting from the service to pay all or a portion of the cost. Examples with the county include; permit fees in zoning, document fees in the Register of Deeds Office, license fees at the sheriff's office, jail huber fees, gate receipts at the fair and license fees in the County Clerk's office. Over the past several years' user fees revenues have dropped in multiple departments as construction and land purchases dwindle. We are hoping to be approaching a solid upturn.

Estimates for Planning and Zoning fees are trending sharply up. Permit filings in 2021 have exceeded expectations and surpassed prior year levels. Fees in the Register of Deeds are also climbing in 2021.

Fee increases are evaluated regularly across county departments. The intent is to have users pay a share of the cost. For example in the Planning and Zoning Department the goal is for users of the office to pay 70% of the cost of a permit. The proposed budget in 2020 has all user fees (\$285,471) covering 61% of department expenses (\$470,804). This is up from 52% in 2020.

GRANTS

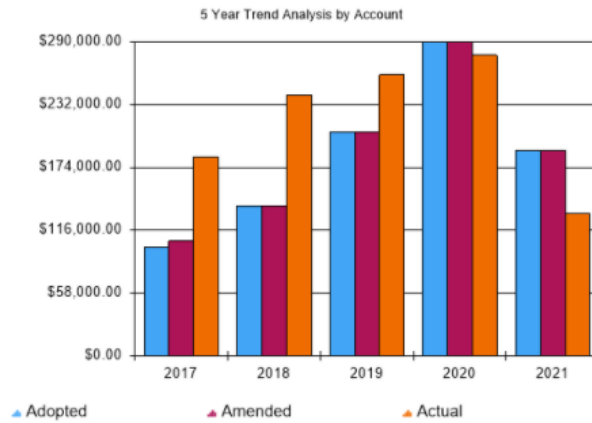
Grants can be for a specific one-time project such as trails, bridges, health projects, justice programs, lighting, well testing, energy upgrades, road projects, conservation practices, etc. Grants can be one year but often extend over several years. Annual allocations from the State for Snowmobile and ATV trails maintenance are dependent on the number of miles of State approved trails. Health, Human Services, Child Support,

the Courts, Sheriff and Land Conservation departments receive a variety of grants that provide operating support for state programs. Grants are an important source of revenues although sometimes the county is a pass-through agency. Grants often reflect state and national priorities and initiatives.

INTEREST EARNINGS

Interest rates have fluctuated greatly. The County was just coming out of a downturn and now rates are dropping again with an estimated decrease of over \$150,000 or an 80% decrease in 2022. Interest income trends over the past five years are shown below.

100-12-48110 (General-Treasurer-Interest Income)
 Classification Misc Revenues, Interest income



	2017	2018	2019	2020	2021
Adopted	\$100,000.00	\$138,300.00	\$207,000.00	\$290,000.00	\$190,000.00
Amended	\$105,943.00	\$138,300.00	\$207,000.00	\$290,000.00	\$190,000.00
Actual	\$184,089.95	\$241,107.68	\$259,613.51	\$277,607.94	\$131,918.69