

Bayfield County

Financial Statements and
Supplementary Information

December 31, 2020

Bayfield County

Table of Contents
December 31, 2020

	<u>Page</u>
Introductory Section	
Letter of Transmittal	i
Organizational Chart	vi
Financial Section	
Independent Auditors' Report	vii
Management's Discussion and Analysis (Required Supplementary Information)	x
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet, Governmental Funds	3
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Net Position, Proprietary Funds	7
Statement of Revenues, Expenses and Change in Net Position - Proprietary Funds	8
Statement of Cash Flows, Proprietary Funds	9
Statement of Fiduciary Net Position – Custodial Funds	10
Statement of Changes in Fiduciary Net Position – Custodial Funds	11
Notes to Financial Statements	12

Bayfield County

Table of Contents
December 31, 2020

	<u>Page</u>
Required Supplementary Information	
Budgetary Comparison Schedule, General Fund	39
Budgetary Comparison Schedule, Human Services Special Revenue Fund	40
Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System (WRS)	41
Schedule of Employer Contributions - Wisconsin Retirement System	41
Notes to Required Supplementary Information	42
Supplementary Information	
Detailed Budgetary Comparison Schedule, General Fund	43
Combining Balance Sheet, Nonmajor Governmental Funds	48
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	50
Combining Statement of Net Position, Internal Service Funds	52
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds	53
Combining Statement of Cash Flows, Internal Service Funds	54
Combining Statement of Fiduciary Net Position, Custodial Funds	55
Combining Statement of Changes in Fiduciary Net Position, Custodial Funds	56



Bayfield County Administrator

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

Bayfield County Board of Supervisors
Bayfield County, Wisconsin

The FY2020 financial audit of Bayfield County, Wisconsin, for the period ending December 31, 2020 is now complete. This is the third year of a five-year agreement that Bayfield County has worked with Baker Tilly on for the annual audit and financial statements.

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

ECONOMIC CONDITION AND OUTLOOK

Bayfield County has a population of 15,014 according to the 2010 census. 2020 Census Figures reported an 8% increase.

The County has stressed broadband expansion over the past decade. Today, 80% of households have a broadband internet subscription. Over 60% of the county has fiber to the home.

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

Tourism and Forestry are the top industries in Bayfield County. Outdoor recreational opportunities have historically made Bayfield County a destination for many. During COVID-19 in 2020 and continuing into 2021 the search for remote outdoor adventure has increased with lodging and rental establishments noting an increase in business.

Equalized valuation for the county climbed in double digits in the early 2000's reaching a peak in 2010 dropping and stagnant valuations increases followed between 2007 and 2014. Beginning in 2015 valuations started to climb again in the 1-2% range. In 2021, equalized valuations hit an all time high with a 7% increase. The County's long standing peak of \$2.76 Billion set in 2010 was surpassed in 2021 with a jump to \$2.92 Billion. The County anticipates that this will continue to increase as land use permits were up 40% as of end of May 2021.

MAJOR COUNTY INITIATIVES

Forestry: The County manages over 171,000 acres of county forest. Bayfield County holds two forest certifications. The county maintains and follows the sustainable harvest levels determined by the Wisconsin Department of Natural Resources. Timber sales in 2015 and 2016 reached all-time highs as industry prices climbed. Forestry remains a *critical* source of funding for Bayfield County reducing the county tax levy by over 20% in 2020. Regional wood plant closures and COVID-19 have impacted bids negatively in early 2020 and are anticipated to have a significant impact on revenues for the short term. Forestry in the county is also an important source of employment for area residents. A new forest inventory program (the first county in Wisconsin) adopted in 2018 will improve decision making and long-term productivity of the forest, benefiting the county in the future. After extensive study by the Forestry Department and Committee the County Board approved long term carbon sequestration contracts, allowing for the sale of county carbon contracts. This process, while involved, complex and lengthy, integrates well with the way county forestry is positioned as it relates to sustainability and certifications. The result will be carbon payments beginning in late 2022.

Bayfield County Business Park: The Bayfield County Business Park is optimally situated just outside the region's major population centre, the City of Ashland. A 3000 linear foot business park road was constructed in 2018 providing improved access to 80+ acres for future development. The parcel is sandwiched between US Highway 2 (the highest volume road in Bayfield County) on the north and State Highway 137 on the south. The parcel is two miles west of the City of Ashland and seven miles south of the City of Washburn. At present there are five business in the park. Ongoing investigation into a new water and sewer district is underway. At present wells and septic systems are in use. In 2021 Bayfield County leased 10 acres of land as a storage yard to Xcel energy as a prep site for the Second Transmission Line project. When complete in 2023 the site will be marketed to a future business. Approximately \$100,000 in site prep has occurred at this location. In 2021 KVTECH began construction of their new shop and headquarters.

Infrastructure: Attention to highway infrastructure is a priority for Bayfield County. The County has a highway infrastructure funding plan in place following a 20-year replacement schedule equating to approximately nine miles of reconstruction annually. This aggressive plan benefits business and residents alike. In 2020 the County completed its second section of "all season" roads to benefit area businesses with the assistance of the WisDOT Transportation Economic Development Program. The County also re-applied for a USDOT RAISE Project in 2021 in support of additional all season roads connecting US Highway 2 and State Highway 27 in SW Bayfield County

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

Resilience is increasingly important as severe weather disrupts energy delivery.

Farming: A strong agricultural tradition continues to provide a base for the community whether it is in the historic farming districts or along the fruit loop in the Bayfield Peninsula. An emphasis on resource protection in coordination with local farming continues with manure management through barnyard improvement projects, erosion control and bluff stabilization. Water quality, both surface and ground, remain a top priority for Bayfield County. A recent Hydrologic Atlas was completed, this will provide better information for land use decisions. In 2021 and 2022 the County will continue its exploration into ground and surface water protection.

Criminal Justice: The Courts, Law Enforcement, Prosecution and the Sheriff's Office are a major expense component of the county accounting for nearly 50% of the annual county levy. Focused criminal justice efforts utilizing Evidenced Based Decision Making (EBDM) techniques are being implemented at all levels to provide offender programming and alternatives that result in reduced recidivism and prolonged life of the county jail. Bayfield County is an active member of the State Criminal Justice Council. Active programs include being a recipient of the State TAD and Jail Re-Entry programs. The County is focused on treatment options in the jail and afterwards including delivery of Vivitrol on a voluntary basis through the state Medicated Assisted Treatment program preventing relapses for opioid, heroin and alcohol addictions.

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

Information Technology Services: Bayfield County has embraced and heavily financed information technology services. This technology allowed Bayfield County to mobilize employees rapidly during the COVID-19 Crisis while providing citizens seamless services. Continued investments in redundant fiber, UPS enhancements and server room maintenance projects have created a solid infrastructure to support county government services. The virtual desktop initiative adopted in 2020 and 2021 allowed those with intense computational needs to continue to work from home. Additional laptop purchases in 2021 and 2022 will further the flexibility of county government during pandemic times.

FUTURE and ONGOING INITIATIVES:

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

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

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

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

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

FINANCIAL INFORMATION

Internal Control:

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

Budgeting Controls:

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

Cash Management:

Cash temporarily idle during the year was invested using a competitive bid procedure with five local banks as authorized by the Board of Supervisors. Chippewa Valley Bank, Bremer Bank, Security State Bank, Northern State Bank and the State Bank of Drummond are 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.

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

Risk Management:

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

Debt Management:

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

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

Other Information

Independent Audit: Bayfield County retained the firm of Baker Tilly US, LLP in 2018. This year represents the third independent audit of Bayfield County's basic financial statements for the fiscal year ended December 31, 2020 that they have provided. The auditor's report on the basic financial statements is conducted in accordance with generally accepted auditing standards and Government Auditing Standards as issued by the Comptroller General of the United States. The opinion of Baker Tilly US, LLP is included in the financial section of this report.

Acknowledgment:

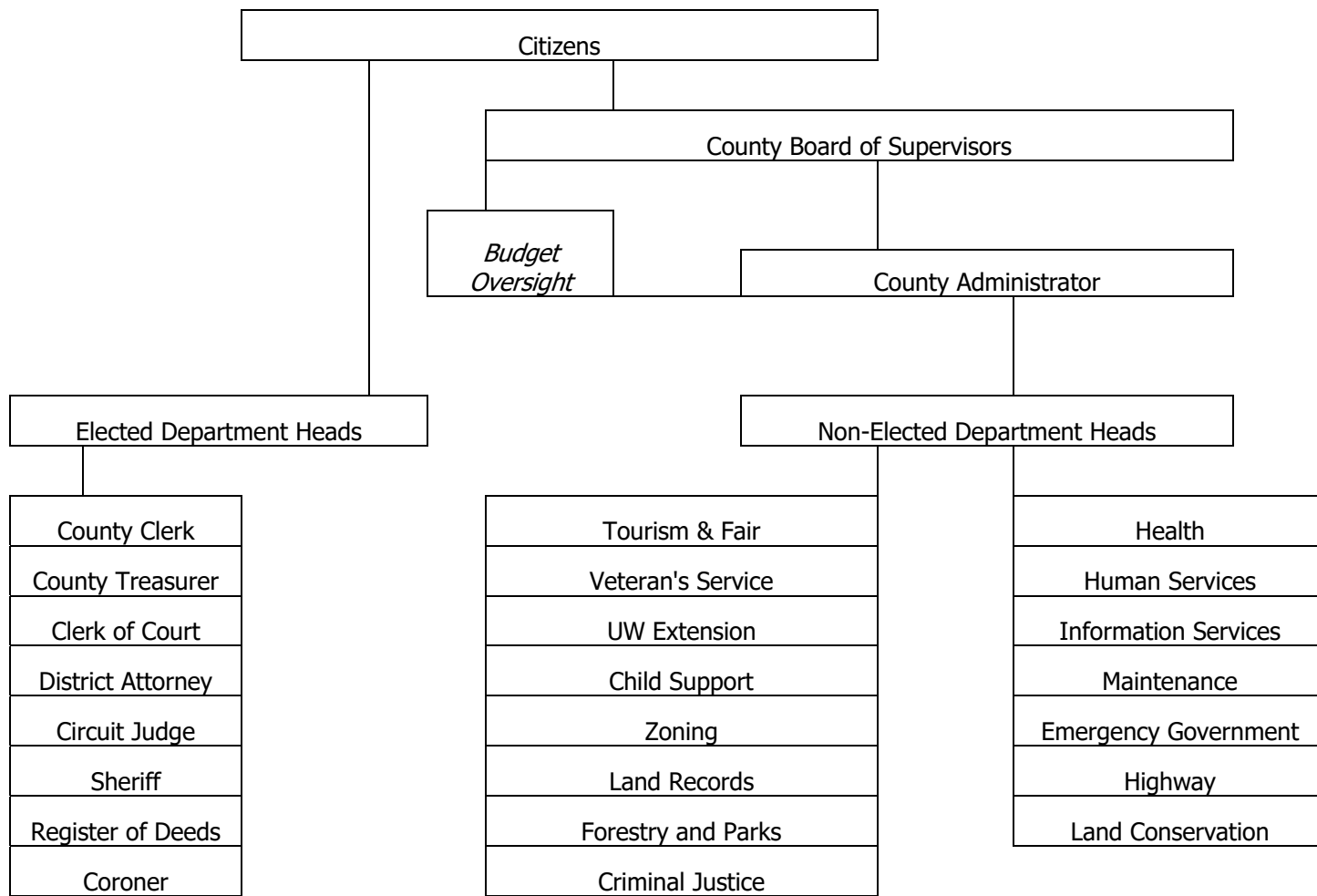
The compilation of this report and audit could not have been possible without the combined cooperation of all County Departments. Special appreciation is extended to accounting Kris Kavajecz in this office as well as the staff in the County Clerk and Treasurer's offices for their dedication to accurate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

Respectfully Submitted,



Mark Abeles-Allison
Bayfield County Administrator

BAYFIELD COUNTY ORGANIZATIONAL CHART



Independent Auditors' Report

To the Board of Supervisors of
Bayfield County

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Bayfield County, Wisconsin, as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise Bayfield County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to Bayfield County'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 Bayfield County'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, 2020 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.

Emphasis of Matter

As discussed in Note 1, Bayfield County adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective January 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bayfield County's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2021 on our consideration of Bayfield County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of Bayfield County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bayfield County's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Eau Claire, Wisconsin
September 14, 2021

Bayfield County, Wisconsin

Management's Discussion and Analysis
December 31, 2020
(Unaudited)

Attached please find a narrative overview and analysis of the financial activities of Bayfield County for the fiscal year ended December 31, 2020. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on pages i-iv of this report.

Financial Highlights

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

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

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

- The assets and deferred outflows of Bayfield County exceeded liabilities and deferred inflows at the close of the most recent fiscal year by \$65,633,786 an increase of \$1,774,939 from the previous year. Of this amount, \$18,461,356 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. This is a decrease of 6% from the previous year.
- The government's total net position increased by \$1,774,939 in 2020.
- As of the close of the current fiscal year, Bayfield County's governmental funds, reported combined ending fund balances of \$17,178,781, an increase of \$1,004,874 from 2019. **Twenty-Five percent (25%)** of this total amount or \$4,328,759 is available for spending at the government's discretion (unassigned fund balance).
- Bayfield County's total debt **decreased** by \$365,000 during the current fiscal year due to scheduled principal payments.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

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

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

Fund Financial Statements

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

Governmental funds

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

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

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

Bayfield County adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for the General Fund and Human Services Fund to demonstrate compliance with this budget. The budgetary comparison statements can be found on pages 43-47 of this report.

Proprietary funds

Bayfield County had two types of proprietary funds in 2020. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. Bayfield County uses an enterprise fund to account for its Highway Operations. Internal service funds are an accounting device used to accumulate and allocate cost internally amongst Bayfield County's various functions.

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

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside Bayfield County. Fiduciary funds are not reflected in the government-wide financial statements. The accounting used for the fiduciary funds is similar to that used for proprietary funds. The net position for the custodial funds is \$1,494,726. The basic fiduciary fund financial statements are located on page 10-11.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-38 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Bayfield County, assets and deferred outflows exceeded liabilities and deferred inflows by \$65,633,786 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
	2019	2020	2019	2020	2019	2020
Current and Other Assets	29,904,101	31,570,854	7,897,358	8,317,183	37,801,459	39,888,037
Capital Assets	42,028,049	41,921,629	4,426,600	4,661,651	46,454,649	46,583,280
Total Assets	71,932,150	73,492,483	12,323,958	12,978,834	84,256,108	86,471,317
Deferred Outflows	4,930,739	3,867,868	806,055	628,254	5,736,794	4,496,122
Long-Term Debt	5,773,347	3,572,929	383,884	88,922	6,157,231	3,661,851
Other Liabilities	2,751,725	1,951,094	1,863,057	1,743,196	4,614,782	3,694,290
Total Liabilities	8,525,072	5,524,023	2,246,941	1,832,118	10,772,013	7,356,141
Deferred Inflows	11,367,013	13,672,460	3,995,029	4,305,052	15,362,042	17,977,512
Net Position:						
Invested in Capital Assets	38,703,257	39,018,173	4,426,600	4,661,651	43,129,857	43,679,824
Restricted	1,090,907	3,226,600	-	266,006	1,090,907	3,492,606
Unrestricted	17,176,640	15,919,095	2,461,443	2,542,261	19,638,083	18,461,356
Total Net Position	56,970,804	58,163,868	6,888,043	7,469,918	63,858,847	65,633,786

By far the largest portion of Bayfield County's net position, 67% (\$43.6 million) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure). Bayfield County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Unrestricted net position at the end of 2020 was \$18.4 million, down from \$19.6 million in 2019. As a percent of overall net position unrestricted net position represents 28% in 2020, down from 31% in 2019.

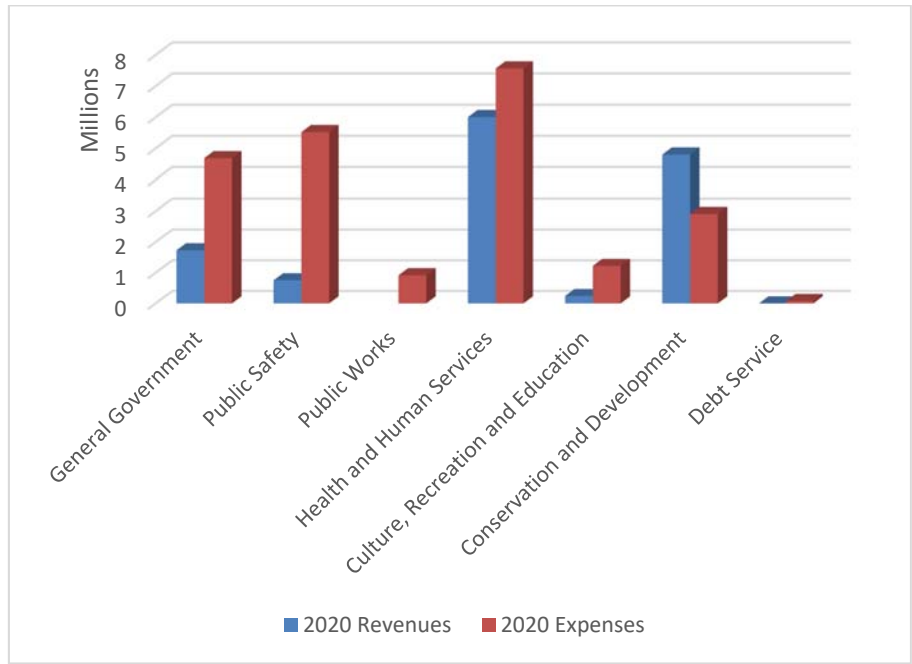
The following table represents a summary of revenues, expenses and changes in net position for the year ended December 31:

	Governmental Activities		Business Type Activities		Total	Total
	2019	2020	2019	2020	2019	2020
REVENUES						
Program Revenues						
Charges for Services	6,141,945	5,503,007	1,656,653	2,399,147	7,798,598	7,902,154
Operating Grants and Contributions	7,395,555	7,913,082	1,054,127	967,259	8,449,682	8,880,341
Capital Grants and Contributions	86,578	110,589	-	-	86,578	110,589
General Revenues						
Property Taxes	7,783,152	7,844,483	1,832,654	3,515,689	9,615,806	11,360,172
Sales Tax	1,295,197	1,419,106	-	-	1,295,197	1,419,106
Other Tax	466,544	529,702	-	-	466,544	529,702
Grants and Contributions not Restricted to a Specific Program	96,964	285,101	-	-	96,964	285,101
Unrestricted Investment Earnings	493,732	341,624	-	-	493,732	341,624
Gain (Loss) on Sale of Assets	55,551	500,771	-	-	55,551	500,771
Other Income	76,549	146,771	-	-	76,549	146,771
TOTAL REVENUES	23,891,767	24,594,236	4,543,434	6,882,095	28,435,201	31,476,331
EXPENSES						
General Government	4,431,346	4,684,068	-	-	4,431,346	4,684,068
Public Safety	5,974,906	5,520,705	-	-	5,974,906	5,520,705
Public Works	836,793	918,685	-	-	836,793	918,685
Health and Human Services	7,213,335	7,566,909	-	-	7,213,335	7,566,909
Culture, Recreation and Education	1,454,823	1,224,105	-	-	1,454,823	1,224,105
Conservation and Development	2,968,179	2,908,854	-	-	2,968,179	2,908,854
Interest and Fiscal Charges	54,992	77,846	-	-	54,992	77,846
Highway	-	-	4,503,720	6,800,220	4,503,720	6,800,220
TOTAL EXPENSES	22,934,374	22,901,172	4,503,720	6,800,220	27,438,094	29,701,392
Income (Loss) Before Transfers	957,393	1,693,064	39,714	81,875	997,107	1,774,939
Transfers In / Out	369,592	-500,000	-369,592	500,000	-	-
CHANGE IN NET POSITION	1,326,985	1,193,064	-329,878	581,875	997,107	1,774,939
NET POSITION – JANUARY 1	55,643,819	56,970,804	7,217,921	6,888,043	62,861,740	63,858,847
NET POSITION – DECEMBER 31	56,970,804	58,163,868	6,888,043	7,469,918	63,858,847	65,633,786

Positive balances are recorded in all three categories of net position for the county government as a whole as well as for its separate governmental and business type activities. The government’s net position increased by approximately \$1.7 million in 2020.

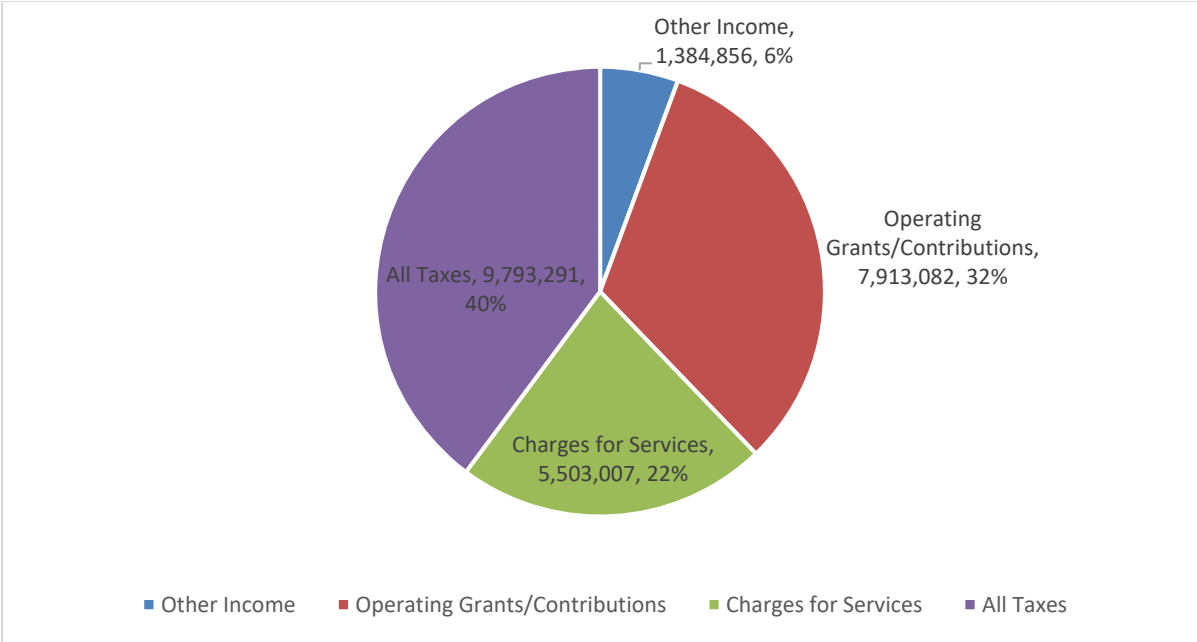
Governmental Activities: Governmental activities increased Bayfield County’s net position by approximately \$1.2 million. Business type activities increased the County’s net position by \$581,875 in 2020. Key General Government activity components are shown in the following table.

PROGRAM REVENUES/EXPENSES
(not including Highway)



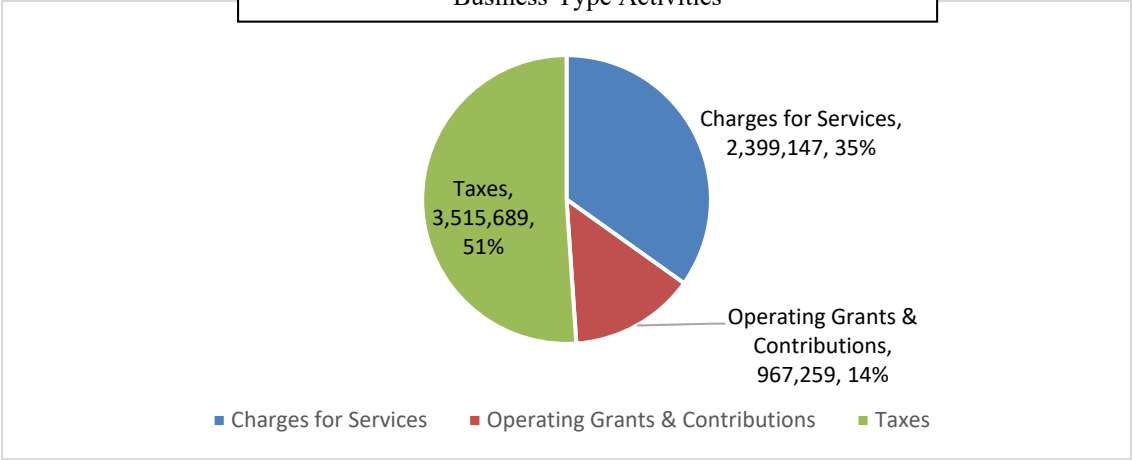
Health, Human Services and Conservation and Development are the top two categories of program revenues. Operating grants and contributions are greatest for Human Services; sale of wood is greatest for Conservation and Development.

REVENUES BY SOURCE (not including Highway)



Business-type activities: Business-type activities accounted for \$7,469,918 or 11% of Bayfield County’s net position in 2020. Tax revenues in business activities increased 92% in 2020. Charges for services and operating grants increased from 2019 by 45% and operating grants and contributions decreased by 8% .

REVENUES BY SOURCE
Business-Type Activities



Financial Analysis of the Government's Funds:

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

At the end of the current fiscal year, Bayfield County's governmental funds reported combined ending fund balances of \$17,178,781 an increase of \$1,004,874 from \$16,173,907 in 2019. Approximately 25% of the above fund balance or \$4,328,759 constitutes unassigned fund balance which is available for spending at the government's discretion. The remainder of the fund balance is not available for new spending. Long Term Debt Service expenditures in 2020 totalled \$442,819. Debt service payments are made by using County property tax levy.

Proprietary Funds:

Bayfield County's proprietary fund at the end of the year had unrestricted net position of \$2,542,261 up 3% from the 2019 net position of \$2,461,443.

General Fund Budgetary Highlights:

The General Fund was \$1,381,761 under expenditures estimated. Revenues exceeded projections by \$245,277.

Capital Assets and Debt Administration:

Bayfield County's investment in Capital Assets for its governmental activities as of December 31, 2020 amounts to \$39,018,173 an increase of \$314,916 from 2019. The major increase in this area is due to infrastructure capital asset additions for road projects.

Business type activity net capital assets increase of \$235,051 in 2020 from \$4,426,600 in 2019 to \$4,661,651 in 2020.

Long-Term Debt:

At the end of the current fiscal year Bayfield County's total long-term debt decreased by \$365,000 for the Northern Lights Rest Home General Obligation Bond Issues.

State statues limit the amount of general obligation debt a government entity may issue to five percent of its total equalized valuation. The 2020 debt limitation for Bayfield County is \$136,485,920. At the end of 2020 the county currently had General Obligation Debt in the amount of \$2,880,000 leaving a remainder available for borrowing of \$133,605,920.

County Initiatives:

- Highway infrastructure remains a priority of the county board. For the 2020 year the Board supported a short-term bonding of \$1.65 million putting the county on a 20-year replacement schedule or approximately 8.6 + miles per year.
- High speed broadband and cell coverage are a continued focus area for Bayfield County. Cooperative agreements with wireless and fixed line telecom providers were approved in addition to new PSC grant application matches in 2021 to improve connectivity countywide.

- The Bayfield County Business Park established in 2013 now has five tenants. Utility extensions including natural gas, fiber, 3-phase electric and telephone are on-site. A new shop and headquarters are under construction in 2021 on a 10-acre parcel on the north end of the parcel. Another 10-acre parcel is occupied until 2023 as a utility project staging area for equipment and materials. The County is hoping the site improvements will help with attracting a new business to the site in 2023.
- Continued emphasis on employee wellness includes a county fitness room for employees, premium discounts for wellness program participation and education luncheons as a way to contain health insurance costs.
- Energy management efforts continue with large investments in renewable energies with long term payoffs. Heating and cooling for county facilities are now carbon neutral. Exploration of county The County is beginning work on two microgrid projects, controlling energy costs and providing reliable backup in case of extended power outages. Savings through conservation and energy generation now exceed over \$50,000 per year.
- Criminal Justice Coordinating Council efforts continue to utilize evidenced based practices across departments with a focus on reducing recidivism and alternatives to incarceration. Focused Jail Re-entry efforts are underway with documented reductions in recidivism. The continuing goal is to limit jail populations and provide
- County forestry initiatives continue to strive to achieve sustainable yield projections as determined by the DNR on the county's forest. Bayfield County Forestry continues to work with the Red Cliff Band of Lake Superior Chippewa on the re-patriation of lands. In the last 5 years over 600 acres were transferred into tribal ownership. Approximately 800 acres remain in county ownership within the reservation.
- Trail development initiatives are underway utilizing county lands. The County has successfully leveraged land acquisition, county lands and state stewardship funds to create new opportunities for county residents.
- COVID-19 has made the County more adept at working in diverse places and situations. The Information Technology Departments' advances now enable employees to utilize technology in many more ways.
- Sales tax figures are significantly impacted by tourism's growth in the county. Continued increases in the 5-10% range are occurring annually.
- The County's diversified revenue stream, interest earnings, tourism/sales tax and forest revenues have helped reduce county taxes and buffer periods of economic hardship.

Request for Information:

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

Bayfield County

Statement of Net Position

December 31, 2020

	Governmental Activities	Business- Type Activities	Total
Assets			
Cash and investments	\$ 16,312,064	\$ 2,789,049	\$ 19,101,113
Taxes receivable	7,830,384	3,482,654	11,313,038
Delinquent taxes receivable	1,863,298	-	1,863,298
Accounts receivables (net)	2,427,285	1,021,017	3,448,302
Notes receivable	1,467,888	-	1,467,888
Materials, supplies and prepaid items	15,027	758,457	773,484
Restricted assets, net pension asset	1,654,908	266,006	1,920,914
Capital assets:			
Land	5,291,308	161,572	5,452,880
Right of way	6,081,900	-	6,081,900
Construction in progress	700,611	29,947	730,558
Gravel pits	-	3,934	3,934
Other capital assets, net of depreciation/amortization	29,847,810	4,466,198	34,314,008
Total assets	73,492,483	12,978,834	86,471,317
Deferred Outflows of Resources			
Pension related amounts	3,867,868	628,254	4,496,122
Liabilities			
Accounts payable	1,435,453	46,590	1,482,043
Accrued liabilities and deposits	515,641	46,606	562,247
Short-term notes payable	-	1,650,000	1,650,000
Noncurrent liabilities:			
Due within one year	694,477	66,195	760,672
Due in more than one year	2,878,452	22,727	2,901,179
Total liabilities	5,524,023	1,832,118	7,356,141
Deferred Inflows of Resources			
Pension related amounts	4,956,301	810,482	5,766,783
Unearned revenues	8,716,159	3,494,570	12,210,729
Total deferred outflows of resources	13,672,460	4,305,052	17,977,512
Net Position			
Net investment in capital assets	39,018,173	4,661,651	43,679,824
Restricted:			
Specialized transportation	148,631	-	148,631
Housing rehabilitation	930,048	-	930,048
Jail maintenance and construction	25,905	-	25,905
Veteran's relief	6,856	-	6,856
Education program	12,198	-	12,198
Library levies	448,054	-	448,054
Pension	1,654,908	266,006	1,920,914
Unrestricted	15,919,095	2,542,261	18,461,356
Total net position	\$ 58,163,868	\$ 7,469,918	\$ 65,633,786

See notes to financial statements

Bayfield County

Statement of Activities

Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental Activities							
General government	\$ 4,684,068	\$ 654,652	\$ 964,101	\$ 110,589	\$ (2,954,726)	\$ -	\$ (2,954,726)
Public safety	5,520,705	294,990	457,580	-	(4,768,135)	-	(4,768,135)
Public works	918,685	-	-	-	(918,685)	-	(918,685)
Health and human services	7,566,909	413,303	5,590,412	-	(1,563,194)	-	(1,563,194)
Culture, recreation and education	1,224,105	209,939	32,132	-	(982,034)	-	(982,034)
Conservation and development	2,908,854	3,930,123	868,857	-	1,890,126	-	1,890,126
Interest and fiscal charges	77,846	-	-	-	(77,846)	-	(77,846)
Total governmental activities	22,901,172	5,503,007	7,913,082	110,589	(9,374,494)	-	(9,374,494)
Business-Type Activities							
Highway Department	6,800,220	2,399,147	967,259	-	-	(3,433,814)	(3,433,814)
Total business-type activities	6,800,220	2,399,147	967,259	-	-	(3,433,814)	(3,433,814)
Total primary government	\$ 29,701,392	\$ 7,902,154	\$ 8,880,341	\$ 110,589	(9,374,494)	(3,433,814)	(12,808,308)
General Revenues							
Taxes:							
Property taxes, levied for general purposes					7,406,766	3,515,689	10,922,455
Property taxes, levied for debt service					437,717	-	437,717
Sales taxes					1,419,106	-	1,419,106
Other taxes					529,702	-	529,702
Intergovernmental revenues not restricted to specific programs					285,101	-	285,101
Investment income					341,624	-	341,624
Gain on sale of capital assets					500,771	-	500,771
Miscellaneous					146,771	-	146,771
Total general revenues before transfers					11,067,558	3,515,689	14,583,247
Transfers					(500,000)	500,000	-
Change in Net Position					1,193,064	581,875	1,774,939
Net Position, Beginning					56,970,804	6,888,043	63,858,847
Net Position, Ending					\$ 58,163,868	\$ 7,469,918	\$ 65,633,786

See notes to financial statements

Bayfield CountyBalance Sheet
Governmental Funds
December 31, 2020

	General Fund	Human Services Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 13,686,154	\$ 1,039,522	\$ 1,270,853	\$ 15,996,529
Receivables, net:				
Taxes	5,553,054	1,817,788	459,542	7,830,384
Delinquent taxes	1,863,298	-	-	1,863,298
Accounts	1,355,852	868,659	178,781	2,403,292
Notes	678,718	-	789,170	1,467,888
Materials, supplies, and prepaid items	15,027	-	-	15,027
Total assets	\$ 23,152,103	\$ 3,725,969	\$ 2,698,346	\$ 29,576,418
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 745,386	\$ 566,244	\$ 122,345	\$ 1,433,975
Accrued liabilities	454,246	55,245	-	509,491
Total liabilities	1,199,632	621,489	122,345	1,943,466
Deferred inflows of Resources				
Unearned revenues	6,370,630	1,877,297	468,232	8,716,159
Unavailable revenues	480,988	445,774	811,250	1,738,012
Total deferred inflows of resources	6,851,618	2,323,071	1,279,482	10,454,171
Fund Balances				
Nonspendable	2,557,043	-	-	2,557,043
Restricted	448,054	148,631	190,553	787,238
Committed	115,763	435,000	1,105,966	1,656,729
Assigned	7,651,234	197,778	-	7,849,012
Unassigned	4,328,759	-	-	4,328,759
Total fund balances	15,100,853	781,409	1,296,519	17,178,781
Total liabilities, deferred inflows of resources, and fund balances	\$ 23,152,103	\$ 3,725,969	\$ 2,698,346	\$ 29,576,418

See notes to financial statements

Bayfield County

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2020

Total Fund Balance, Governmental Funds \$ 17,178,781

Amounts reported for governmental activities in the statement of net position
are different because:

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the fund statements. Capital assets at year-end
consist of:

Capital assets	\$ 72,766,066	
Accumulated depreciation	<u>(30,844,437)</u>	41,921,629

Notes receivable and accounts receivable are reported as unavailable revenue
in the fund financial statements and are recognized as revenue when earned
in the government-wide financial statements. See Note 3. 1,738,012

The net pension asset does not relate to current financial resources and is not
reported in the governmental funds. 1,654,908

Deferred outflows of resources related to pensions do not relate to current
financial resources and are not reported in the governmental funds. 3,867,868

Deferred inflows of resources related to pensions do not relate to current
financial resources and are not reported in the governmental funds. (4,956,301)

Internal service funds are used by management to charge the costs of
photocopiers and county and sheriff vehicles to individual funds. The assets
and liabilities of the internal service funds, exclusive of capital assets and related debt
which are included elsewhere on this schedule, are included in governmental activities
in the statement of net position. 337,879

Long-term liabilities, including bonds and notes payable, are not due in the
current period and, therefore, are not reported in the fund statements.

Long-term liabilities at year-end consist of:

General obligation debt	(2,880,000)
Accrued interest on general obligation debt	(5,979)
Capital lease payable	(23,456)
Vested compensated absences	<u>(669,473)</u>

Total Net Position, Governmental Activities \$ 58,163,868

Bayfield County

Statement of Revenues, Expenditures and Changes in Fund Balances -

Governmental Funds

Year Ended December 31, 2020

	General Fund	Human Services Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 7,511,254	\$ 1,817,788	\$ 452,217	\$ 9,781,259
Intergovernmental	2,807,815	4,926,020	330,971	8,064,806
Licenses and permits	414,828	-	7,155	421,983
Fines, forfeitures and penalties	75,683	-	15,719	91,402
Charges for services	4,351,090	210,582	900	4,562,572
Miscellaneous	1,338,684	13,630	4,652	1,356,966
Total revenues	16,499,354	6,968,020	811,614	24,278,988
Expenditures				
Current:				
General government	4,147,360	-	-	4,147,360
Public safety	5,283,585	-	7,183	5,290,768
Public works	86,374	-	-	86,374
Health and human services	1,216,398	6,287,865	23,393	7,527,656
Culture, recreation, and education	1,295,918	-	31,563	1,327,481
Conservation and development	2,807,322	-	9,513	2,816,835
Capital outlay	25,202	-	1,425,041	1,450,243
Debt service:				
Principal retirement	-	-	365,000	365,000
Interest and fiscal charges	-	-	77,819	77,819
Total expenditures	14,862,159	6,287,865	1,939,512	23,089,536
Excess (deficiency) of revenues over expenditures	1,637,195	680,155	(1,127,898)	1,189,452
Other Financing Sources (Uses)				
Property sales	-	-	315,422	315,422
Transfer in	617,742	-	783,399	1,401,141
Transfer out	(1,283,399)	(617,742)	-	(1,901,141)
Total other financing sources (uses)	(665,657)	(617,742)	1,098,821	(184,578)
Net change in fund balances	971,538	62,413	(29,077)	1,004,874
Fund Balances, Beginning	14,129,315	718,996	1,325,596	16,173,907
Fund Balances, Ending	\$ 15,100,853	\$ 781,409	\$ 1,296,519	\$ 17,178,781

See notes to financial statements

Bayfield County

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2020

Net Change in Fund Balances, Total Governmental Funds \$ 1,004,874

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense.

The following differ in their presentation in the two statements (excluding governmental activities capital assets recorded in internal service funds):

Capital outlay is capitalized in the government-wide statements	1,450,243
Some capital outlay is not capitalized in the government-wide statements	(144,235)
Some functional expenditures are capitalized	268,968
Depreciation/amortization is reported in the government-wide statements	(1,666,482)
Book value of capital assets disposed/removed of during the year	(862)

Certain receivables are reported as unavailable revenue in the fund financial statements because they are not available. They are recognized as revenue when earned in the government-wide financial statements. This is the net effect of these unavailable revenues. (79,915)

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

Principal payments	365,000
--------------------	---------

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

Accrued interest	910
Vested compensated absences	(52,378)
Net pension asset/liability (and pension related deferred outflows/inflows of resources)	(19,146)

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

This amount is the net effect of these differences:

Amortization of premium	79,792
-------------------------	--------

Internal service funds are used by management to charge the costs of photocopiers and county and sheriff vehicles to individual funds. The net revenue of internal service funds is reported with governmental activities. (13,705)

Change in Net Position of Governmental Activities \$ 1,193,064

Bayfield County

Statement of Net Position
 Proprietary Funds
 December 31, 2020

	Major Enterprise Fund Highway Department	Governmental Activities Internal Service Funds
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 2,789,049	\$ 315,535
Taxes receivable	3,482,654	-
Accounts receivable, net	1,021,017	23,993
Materials, supplies and prepaid items	758,457	-
Total current assets	<u>8,051,177</u>	<u>339,528</u>
Noncurrent Assets		
Restricted assets, net pension asset	266,006	-
Capital assets:		
Land	161,572	-
Construction in progress	29,947	-
Gravel pits	3,934	-
Other capital assets	9,826,365	1,685,467
Accumulated depreciation	<u>(5,360,167)</u>	<u>(841,771)</u>
Total noncurrent assets	<u>4,927,657</u>	<u>843,696</u>
Total assets	<u>12,978,834</u>	<u>1,183,224</u>
Deferred Outflows of Resources		
Pension related amounts	<u>628,254</u>	<u>-</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	46,590	1,478
Accrued liabilities	46,606	171
Short-term notes payable	1,650,000	-
Current portion of leases payable	-	5,211
Current portion of vested compensated absences	66,195	-
Total current liabilities	<u>1,809,391</u>	<u>6,860</u>
Noncurrent Liabilities		
Vested compensated absences	22,727	-
Leases payable	<u>-</u>	<u>18,245</u>
Total noncurrent liabilities	<u>22,727</u>	<u>18,245</u>
Total liabilities	<u>1,832,118</u>	<u>25,105</u>
Deferred Inflows of Resources		
Pension related amounts	810,482	-
Unearned revenues	<u>3,494,570</u>	<u>-</u>
Total deferred inflows of resources	<u>4,305,052</u>	<u>-</u>
Net Position		
Net investment in capital assets	4,661,651	820,240
Restricted for pension	266,006	-
Unrestricted	<u>2,542,261</u>	<u>337,879</u>
Total net position	<u>\$ 7,469,918</u>	<u>\$ 1,158,119</u>

See notes to financial statements

Bayfield County

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended December 31, 2020

	<u>Major Enterprise Fund Highway Department</u>	<u>Governmental Activities Internal Service Funds</u>
Operating Revenues		
Charges for services	\$ 2,057,347	\$ 380,573
Miscellaneous	341,800	30,098
	<hr/>	<hr/>
Total operating revenues	2,399,147	410,671
	<hr/>	<hr/>
Operating Expenses		
Highway expenses	6,249,636	-
County vehicle expenses	-	102,704
County photocopier expenses	-	7,329
Sheriff vehicle expenses	-	130,897
Depreciation and amortization	550,584	214,198
	<hr/>	<hr/>
Total operating expenses	6,800,220	455,128
	<hr/>	<hr/>
Operating loss	(4,401,073)	(44,457)
	<hr/>	<hr/>
Nonoperating Revenues (Expenses)		
Property tax revenue	3,515,689	-
Gain on disposal of capital assets	-	8,291
Intergovernmental aids	967,259	23,400
Interest and fiscal charges	-	(939)
	<hr/>	<hr/>
Total nonoperating revenues (expenses)	4,482,948	30,752
	<hr/>	<hr/>
Loss before transfers	81,875	(13,705)
	<hr/>	<hr/>
Transfers		
Transfers in	500,000	-
	<hr/>	<hr/>
Change in net position	581,875	(13,705)
	<hr/>	<hr/>
Net Position, Beginning	6,888,043	1,171,824
	<hr/>	<hr/>
Net Position, Ending	\$ 7,469,918	\$ 1,158,119
	<hr/> <hr/>	<hr/> <hr/>

See notes to financial statements

Bayfield County

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2020

	Major Enterprise Fund Highway Department	Governmental Activities Internal Service Funds
Cash Flows From (Used By) Operating Activities		
Cash received from customers	\$ 2,042,878	\$ 392,328
Cash paid to suppliers for goods and services	(4,891,777)	(212,026)
Cash paid to employees for services	(1,429,394)	(5,292)
Net cash flows from (used by) operating activities	<u>(4,278,293)</u>	<u>175,010</u>
Cash Flows From Noncapital Financing Activities		
General property taxes	3,515,689	-
Intergovernmental grants received	967,259	23,400
Transfer from other funds	500,000	-
Net cash flows from noncapital financing activities	<u>4,982,948</u>	<u>23,400</u>
Cash Flows From (Used By) Capital and Related Financing Activities		
Proceeds from issuance of short-term notes payable	1,650,000	-
Debt retired	(1,650,000)	-
Acquisition and construction of capital assets	(840,346)	(176,690)
Proceeds from sale of capital assets	54,711	8,291
Interest and fiscal charges paid	-	(939)
Net cash flows from (used by) capital and related financing activities	<u>(785,635)</u>	<u>(169,338)</u>
Net change in cash and cash equivalents	(80,980)	29,072
Cash and Cash Equivalents, Beginning	<u>2,870,029</u>	<u>286,463</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,789,049</u>	<u>\$ 315,535</u>
Reconciliation of Operating Loss to Net Cash Flows From (Used By) Operating Activities		
Operating loss	\$ (4,401,073)	\$ (44,457)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation and amortization	550,584	214,198
Change in assets, deferred outflows, liabilities, and deferred inflows		
Accounts receivable	(299,517)	(18,343)
Materials, supplies and prepaid items	43,756	26,741
Accounts payable	(65,947)	(2,869)
Accrued liabilities	(56,230)	(260)
Under or over-recovered cost pools	(56,754)	-
Pension related deferrals and liability/asset	6,888	-
Net cash flows from (used by) operating activities	<u>\$ (4,278,293)</u>	<u>\$ 175,010</u>
Noncash Capital, Investing and Financing Activities		
Capital assets acquired via lease	<u>\$ -</u>	<u>\$ 23,456</u>

See notes to financial statements

Bayfield County

Statement of Fiduciary Net Position

Custodial Funds

December 31, 2020

	<u>Custodial Funds</u>
Assets	
Cash and investments	\$ 1,584,372
Total assets	<u>1,584,372</u>
Liabilities	
Due to other governments	32,353
Deposits	<u>57,293</u>
Total liabilities	<u>89,646</u>
Net Position	
Restricted for other governments or organizations	<u>\$ 1,494,726</u>

See notes to financial statements

Bayfield County

Statement of Changes in Fiduciary Net Position

Custodial Funds

Year Ended December 31, 2020

	<u>Custodial Funds</u>
Additions	
Property tax collections	\$ 15,220,777
Fees for services collections	1,574,431
Donations	<u>103,025</u>
Total additions	<u>16,898,233</u>
Deductions	
Property tax payments	15,220,777
Remittance of fees for services	695,527
Remittance of fines and forfeitures	<u>444,527</u>
Total deductions	<u>16,360,831</u>
Change in fiduciary net position	537,402
Net Position, Beginning (as Restated)	<u>957,324</u>
Net Position, Ending	<u><u>\$ 1,494,726</u></u>

See notes to financial statements

Bayfield County

Index to Notes to Financial Statements

December 31, 2020

	<u>Page</u>
1. Summary of Significant Accounting Policies	12
Reporting Entity	12
Government-Wide and Fund Financial Statements	13
Measurement Focus, Basis of Accounting and Financial Statement Presentation	15
Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity	16
Deposits and Investments	16
Receivables	18
Materials, Supplies and Prepaid Items	19
Restricted assets	19
Capital Assets	19
Deferred Outflows of Resources	20
Compensated Absences	20
Long-Term Obligations/Conduit Debt	20
Deferred Inflows of Resources	20
Equity Classifications	21
Pension	22
2. Stewardship, Compliance and Accountability	22
Limitations on the County's Tax Levy	22
3. Detailed Notes on All Funds	23
Deposits and Investments	23
Receivables	24
Capital Assets	25
Interfund Transfers	27
Long-Term Obligations	27
Short-Term Debt	29
Lease Disclosures	29
Net Position/Fund Balances	30
Restatement of Net Position	32
4. Other Information	32
Employees' Retirement System	32
Risk Management	36
Commitments and Contingencies	37
Related Organizations	37
Subsequent Event	37
Effect of New Accounting Standards on Current-Period Financial Statements	38

Bayfield County

Notes to Financial Statements
December 31, 2020

1. Summary of Significant Accounting Policies

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

Reporting Entity

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

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

Blended Component Unit

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

Bayfield County

Notes to Financial Statements
December 31, 2020

Government-Wide and Fund Financial Statements

In January 2017, the GASB issued statement No. 84 – *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2020.

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The County does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

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

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

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

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

Bayfield County

Notes to Financial Statements
December 31, 2020

The County reports the following major governmental funds:

General Fund

General fund accounts for the County's primary operating activities. It is used to account for and report all financial resources except those required to be accounted for in another fund.

Human Services Special Revenue Fund

Human services special revenue fund is used to account for and report resources legally restricted or committed to supporting expenditures for the Human Services Department.

The County reports the following major enterprise fund:

Highway Department

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

The County reports the following nonmajor governmental funds:

Special Revenue Funds

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

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

Debt Service Fund

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

- Debt Service

Capital Projects Fund

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

- Capital Projects

Bayfield County

Notes to Financial Statements
December 31, 2020

In addition, the County reports the following fund types:

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

- County Vehicles
- County Photocopiers
- Sheriff Vehicles

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

Bayfield County

Notes to Financial Statements
December 31, 2020

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

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

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

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

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

All Financial Statements

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

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

Deposits and Investments

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any County, city, drainage district, technical college district, village, town or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.

Bayfield County

Notes to Financial Statements
December 31, 2020

- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The County adopted an investment policy on May 14, 2020. That policy states that investments shall be limited to those allowed under Wisconsin State Statutes for County Governments. The County also limits the institutions eligible to transact investment business with the County to the Wisconsin Local Government Investment Pool and banking institutions located within Bayfield County and their affiliated branches.

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

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

The policy addresses interest rate risk by requiring the following:

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 3. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of County funds is allocated to the General Fund. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

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, 2020, the fair value of the County's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

Bayfield County

Notes to Financial Statements
December 31, 2020

See Note 3 for further information.

Receivables

Taxes

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

Property tax calendar - 2020 tax roll:

Lien date and levy date	December 2020
Tax bills mailed	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	July 31, 2021
Personal property taxes in full	January 31, 2021
Tax sale, 2020 delinquent real estate taxes	October 2023

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

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

The County reports a nonspendable fund balance in the General Fund in the amount of \$1,863,298, the total of tax certificates and tax deeds as of year-end.

The County has a 0.5 percent sales tax which is collected by the State of Wisconsin and remitted to the County monthly. Sales tax is accrued as a receivable when the underlying sale relating to it takes place. At December 31, 2020, the County has accrued two months of the subsequent year's collections as receivable.

All Funds

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

Bayfield County

Notes to Financial Statements
December 31, 2020

Materials, Supplies and Prepaid Items

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

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

Restricted assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by external parties. Restricted assets of \$1,920,914 have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Capital Assets

Government-Wide Statements

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

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

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

Land improvements	15 years
Buildings	25-50 years
Machinery and equipment	5-10 years
Infrastructure	25-100 years
Intangibles	25 years

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

Fund Financial Statements

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

Bayfield County

Notes to Financial Statements
December 31, 2020

Deferred Outflows of Resources

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

Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2020 are determined on the basis of current salary rates and include salary related amounts.

Long-Term Obligations/Conduit Debt

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

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

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

The County has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects and do not constitute indebtedness of the County. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is \$7,553,750.

Deferred Inflows of Resources

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

Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by: (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definition of "restricted" or "net investment in capital assets."

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

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the County Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the County Board that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. The County Board and County Administrator have the authority to assign amounts to be used for specific purposes. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

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

Bayfield County

Notes to Financial Statements
December 31, 2020

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

The County has a formal minimum fund balance policy. That policy is to maintain a working capital fund balance of 25 percent of budgeted General Fund expenditures for the subsequent year. The balance at year-end was \$3,956,003 and is included in unassigned General Fund balance.

Pension

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

2. Stewardship, Compliance and Accountability

Limitations on the County's Tax Levy

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

Bayfield County

Notes to Financial Statements
December 31, 2020

3. Detailed Notes on All Funds

Deposits and Investments

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

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risks</u>
Deposits	\$ 2,004,091	\$ 2,641,752	Custodial credit risk
LGIP	3,029,949	3,029,949	Credit risk
Certificates of deposit	15,650,000	15,650,000	Custodial credit risk
Petty cash on hand	<u>1,445</u>	<u>-</u>	N/A
Total cash and investments	<u>\$ 20,685,485</u>	<u>\$ 21,321,701</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 19,101,113		
Per statement of fiduciary net position, custodial funds	<u>1,584,372</u>		
Total cash and investments	<u>\$ 20,685,485</u>		

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

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

At December 31, 2020, the County's bank deposits were secured by a Bremer Investments, Inc pledge agreement in the amount of \$18,683,549 and by a Northern State Bank pledge agreement in the amount of \$5,451,817.

Bayfield County

Notes to Financial Statements
December 31, 2020

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to the County. As of December 31, 2020, none of the County's deposits were exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County has investments in the external Wisconsin Local Government Investment Pool, which is not rated.

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

Receivables

All of the receivables on the governmental funds balance sheet are expected to be collected within one year except for \$2,542,016 in the General Fund and \$789,170 in the Housing Rehab Grant Fund.

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

	<u>Unearned</u>	<u>Unavailable</u>
Taxes receivable	\$ 7,830,242	\$ -
Accounts receivable	79,428	948,842
Notes receivable	-	789,170
Deposits	738,290	-
Advance grant funds	68,199	-
	<u>68,199</u>	<u>-</u>
Total unavailable/unearned revenue for governmental funds	<u>\$ 8,716,159</u>	<u>\$ 1,738,012</u>

The highway department enterprise fund also reported unearned revenues of \$3,494,570, related to taxes receivable of \$3,482,654 and \$11,916 unrecovered cost pools.

Bayfield County

Notes to Financial Statements
December 31, 2020

Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 5,190,388	\$ 100,920	\$ -	\$ 5,291,308
Right of way	6,081,900	-	-	6,081,900
Construction in progress	44,992	660,680	(5,061)	700,611
Total capital assets not being depreciated	<u>11,317,280</u>	<u>761,600</u>	<u>(5,061)</u>	<u>12,073,819</u>
Capital assets being depreciated:				
Buildings	28,430,199	218,813	-	28,649,012
Machinery and equipment	8,601,990	800,135	(196,915)	9,205,210
Land improvements	574,633	-	-	574,633
Infrastructure	21,959,392	-	-	21,959,392
Intangibles	304,000	-	-	304,000
Total capital assets being depreciated	<u>59,870,214</u>	<u>1,018,948</u>	<u>(196,915)</u>	<u>60,692,247</u>
Total capital assets	<u>71,187,494</u>	<u>1,780,548</u>	<u>(201,976)</u>	<u>72,766,066</u>
Less accumulated depreciation/amortization for:				
Buildings	(14,334,412)	(416,263)	-	(14,750,675)
Machinery and equipment	(6,425,131)	(613,128)	195,688	(6,842,571)
Land improvements	(70,423)	(32,334)	-	(102,757)
Infrastructure	(8,310,226)	(806,795)	-	(9,117,021)
Intangibles	(19,253)	(12,160)	-	(31,413)
Total accumulated depreciation/amortization	<u>(29,159,445)</u>	<u>(1,880,680)</u>	<u>195,688</u>	<u>(30,844,437)</u>
Total other capital assets, net of depreciation/amortization	<u>30,710,769</u>	<u>(861,732)</u>	<u>(1,227)</u>	<u>29,847,810</u>
Total governmental activities capital assets, net	<u>\$ 42,028,049</u>	<u>\$ (100,132)</u>	<u>\$ (6,288)</u>	<u>\$ 41,921,629</u>

Bayfield County

Notes to Financial Statements
December 31, 2020

Depreciation and amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 527,124
Public safety	372,210
Public works, which includes the depreciation of roads and bridges	806,800
Health and human services	61,816
Culture, recreation and education	51,594
Conservation and development	61,136

Total governmental activities, depreciation and amortization expense	<u>\$ 1,880,680</u>
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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 161,572	\$ -	\$ -	\$ 161,572
Gravel pits	3,934	-	-	3,934
Construction in process	63,902	29,947	(63,902)	29,947
	<u>229,408</u>	<u>29,947</u>	<u>(63,902)</u>	<u>195,453</u>
Total capital assets not being depreciated				
Capital assets being depreciated:				
Land improvements	32,013	-	-	32,013
Buildings	1,818,548	56,507	-	1,875,055
Machinery and equipment	7,647,052	835,674	(563,429)	7,919,297
	<u>9,497,613</u>	<u>892,181</u>	<u>(563,429)</u>	<u>9,826,365</u>
Total capital assets being depreciated				
Less accumulated depreciation for:				
Land improvements	(32,013)	-	-	(32,013)
Buildings	(1,287,165)	(45,417)	-	(1,332,582)
Machinery and equipment	(3,981,243)	(494,867)	480,538	(3,995,572)
	<u>(5,300,421)</u>	<u>(540,284)</u>	<u>480,538</u>	<u>(5,360,167)</u>
Total accumulated depreciation				
Total other capital assets, net of depreciation				
	<u>4,197,192</u>	<u>351,897</u>	<u>(82,891)</u>	<u>4,466,198</u>
Business-type activities, capital assets, net				
	<u>\$ 4,426,600</u>	<u>\$ 381,844</u>	<u>\$ (146,793)</u>	<u>\$ 4,661,651</u>

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

Bayfield County

Notes to Financial Statements
December 31, 2020

Interfund Transfers

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Capital Projects	General Fund	\$ 783,399	Acquisition of capital assets
Highway Department	General Fund	500,000	Highway projects
General Fund	Human Services	<u>617,742</u>	Return of excess revenues
	Subtotal, fund financial statements	1,901,141	
	Less fund eliminations	<u>(1,401,141)</u>	
	Total government-wide statement of activities	<u>\$ 500,000</u>	

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

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation bonds:	\$ 3,245,000	\$ -	\$ 365,000	\$ 2,880,000	\$ 380,000
Add premiums	<u>79,792</u>	<u>-</u>	<u>79,792</u>	<u>-</u>	<u>-</u>
Subtotal	<u>3,324,792</u>	<u>-</u>	<u>444,792</u>	<u>2,880,000</u>	<u>380,000</u>
Other liabilities:					
Vested compensated absences	617,095	52,378	-	669,473	309,266
Capital lease liability	-	26,201	2,745	23,456	5,211
Net pension liability	<u>1,831,460</u>	<u>-</u>	<u>1,831,460</u>	<u>-</u>	<u>-</u>
Subtotal	<u>2,448,555</u>	<u>78,579</u>	<u>1,834,205</u>	<u>692,929</u>	<u>314,477</u>
Total governmental activities long-term liabilities	<u>\$ 5,773,347</u>	<u>\$ 78,579</u>	<u>\$ 2,278,997</u>	<u>\$ 3,572,929</u>	<u>\$ 694,477</u>

Bayfield County

Notes to Financial Statements
December 31, 2020

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-Type Activities					
Other liabilities:					
Vested compensated absences	\$ 91,238	\$ -	\$ 2,316	\$ 88,922	\$ 66,195
Net pension liability	292,646	-	292,646	-	-
Total other liabilities	383,884	-	294,962	88,922	66,195
Total business-type activities long-term liabilities	\$ 383,884	\$ -	\$ 294,962	\$ 88,922	\$ 66,195

In accordance with Wisconsin Statutes, total general obligation indebtedness of the County may not exceed 5 percent of the equalized value of taxable property within the County's jurisdiction. The debt limit as of December 31, 2020 was \$136,485,920. Total general obligation debt outstanding at year-end was \$2,880,000.

General Obligation Debt

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

General obligation debt payable for the County at December 31, 2020, consists of the following:

	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance December 31, 2020
Governmental Activities					
G.O. refunding bonds	08/15/17	06/01/27	1.75-3.0 %	\$ 3,925,000	\$ 2,880,000
Total governmental activities					\$ 2,880,000

Debt service requirements to maturity are as follows:

	Governmental Activities General Obligation Debt	
	Principal	Interest
Years ending December 31:		
2021	\$ 380,000	\$ 66,043
2022	390,000	54,493
2023	400,000	42,643
2024	415,000	30,418
2025	425,000	20,474
2026-2027	870,000	17,178
Total	\$ 2,880,000	\$ 231,249

Bayfield County

Notes to Financial Statements
December 31, 2020

Other Debt Information

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

Short-Term Debt

The County issued a short-term promissory note in the amount of \$1,650,000 to be used for highway projects. The note has an interest rate of 1.78 percent and matures on March 1, 2021.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
2020 promissory note, direct placement	\$ 1,650,000	\$ 1,650,000	\$ 1,650,000	\$ 1,650,000

Lease Disclosures

Lessor - Operating Leases

The County entered into a lease agreement with Northern Lights Services to rent the nursing home facility to Northern Lights Services. The lease began September 14, 2017 and is in effect until December 31, 2047. Minimum basic rent was \$10,000 per month beginning October 15, 2017. Rent will increase to \$20,000 per month beginning January 15, 2020. The cost of the nursing home facility, which is being capitalized and depreciated in the government-wide financial statements is \$3,980,400 with accumulated depreciation at December 31, 2020 of \$299,600. The minimum future lease income payments on the above lease are as follows:

<u>Years</u>	<u>Principal</u>
2021	\$ 240,000
2022	240,000
2023	240,000
2024	240,000
2025	240,000
2026-2030	1,200,000
2031-2035	1,200,000
2036-2040	1,200,000
2041-2045	1,200,000
2046-2047	480,000
Total	<u>\$ 6,480,000</u>

Lessee - Capital Leases

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

Bayfield County

Notes to Financial Statements
December 31, 2020

A schedule of future lease payments as of December 31, 2020, are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 5,211	\$ 962
2022	5,211	962
2023	5,211	962
2024	5,211	962
2025	2,612	481
Total	<u>\$ 23,456</u>	<u>4,329</u>

Net Position/Fund Balances

Net position reported on the government wide statement of net position at December 31, 2020 includes the following:

Governmental Activities

Net investment in capital assets:

Land (including right of way)	\$ 11,373,208
Construction in progress	700,611
Other capital assets, net of accumulated depreciation	29,847,810
Less related long-term debt outstanding	<u>(2,903,456)</u>

Total net investment in capital assets \$ 39,018,173

Bayfield County

Notes to Financial Statements
December 31, 2020

Governmental Funds

Governmental fund balances at December 31, 2020 include the following:

	General Fund	Human Services	Nonmajor Governmental Funds	Total
Fund Balances				
Nonspendable:				
Tax certificates	\$ 1,541,266	\$ -	\$ -	\$ 1,541,266
Tax deeds	322,032	-	-	322,032
Materials, supplies and prepaid items	15,027	-	-	15,027
Notes receivable	678,718	-	-	678,718
Restricted for:				
Elderly and handicapped transportation	-	141,364	-	141,364
CCOP risk reserve	-	7,267	-	7,267
Housing rehabilitation	-	-	140,879	140,879
Jail maintenance and construction	-	-	25,905	25,905
Educational programs	-	-	12,198	12,198
Veterans services	-	-	6,856	6,856
Debt service	-	-	4,715	4,715
Library levies	448,054	-	-	448,054
Committed to:				
Highway projects	-	-	-	-
Town bridges	115,763	-	-	115,763
Animal control	-	-	3,729	3,729
Human services "reserve" balance	-	435,000	-	435,000
Capital projects	-	-	1,102,237	1,102,237
Assigned to:				
Subsequent year's budget	1,106,701	-	-	1,106,701
ADRC consortium	-	120,640	-	120,640
IDP program funds	-	77,138	-	77,138
Employee wellness	402,966	-	-	402,966
Five-year highway plan	2,500,000	-	-	2,500,000
County highway restoration	1,000,000	-	-	1,000,000
Compensated balances	750,000	-	-	750,000
Building roof repairs	1,500,000	-	-	1,500,000
Grand view garage	100,000	-	-	100,000
Nonlapsing funds:				
Future forestry expenditures	234,356	-	-	234,356
Future health department expenditures	55,541	-	-	55,541
Future business park expenditures	1,670	-	-	1,670
Unassigned	4,328,759	-	-	4,328,759
Total fund balances	<u>\$ 15,100,853</u>	<u>\$ 781,409</u>	<u>\$ 1,296,519</u>	<u>\$ 17,178,781</u>

Bayfield County

Notes to Financial Statements
December 31, 2020

Restatement of Net Position

Net position has been restated due to implementation of GASB Statement No. 84, *Fiduciary Activities*. This statement resulted in the presentation of previously reported agency funds to be reported as custodial funds. The effect on net position was as follows:

Custodial funds

Custodial net position, December 31, 2019 (as reported)	\$	-
Add: Cumulative net position, beginning of year		<u>957,324</u>
Net position, January 1, 2020 (as restated)	\$	<u>957,324</u>

4. Other Information

Employees' Retirement System

Plan Description

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

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

Vesting

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

Benefits Provided

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

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant receives earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Bayfield County

Notes to Financial Statements

December 31, 2020

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2010	(1.3)%	22.0%
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$613,749 in contributions from the County.

Contribution rates for the plan year reported as of December 31, 2020 are:

	<u>Employee</u>	<u>Employer</u>
Employee category:		
General (executives and elected officials)	6.55 %	6.55 %
Protective with social security	6.55 %	10.55 %
Protective without social security	6.55 %	14.95 %

Bayfield County

Notes to Financial Statements

December 31, 2020

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

At December 31, 2020, the County reported an asset of \$1,920,914 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the County's proportion was 0.05957327 percent, which was a decrease of 0.00013144 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2020, the County recognized pension expense of \$639,311.

At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,646,334	\$ 1,824,746
Changes of actuarial assumptions	149,690	-
Net difference between projected and actual earnings on pension plan investments	-	3,927,032
Changes in proportion and differences between employer contributions and proportionate share of contributions	833	15,005
Employer contributions subsequent to the measurement date	699,265	-
Total	<u>\$ 4,496,122</u>	<u>\$ 5,766,783</u>

\$699,265 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
Years ending December 31:	
2021	\$ (585,496)
2022	(437,155)
2023	64,081
2024	(1,011,356)

Bayfield County

Notes to Financial Statements

December 31, 2020

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2018
Measurement date of net pension liability (asset)	December 31, 2019
Actuarial cost method	Entry age normal
Asset valuation method	Fair value
Long-term expected rate of return	7.0%
Discount rate	7.0%
Salary increases:	
Inflation	3.0%
Seniority/merit	0.1%-5.6%
Mortality	Wisconsin 2019 mortality table
Post-retirement adjustments*	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2019 that covered a three-year period from January 1, 2016 to December 31, 2018. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Core fund asset class:			
Global equities	49 %	8.0 %	5.1 %
Fixed income	24.5	4.9	2.1
Inflation sensitive assets	15.5	4.0	1.2
Real estate	9	6.3	3.5
Private equity/debt	8	10.6	7.6
Multi-asset	4	6.9	4.0
Total core fund	110	7.5	4.6
Variable fund asset class:			
U.S. equities	70	7.5	4.6
International equities	30	8.2	5.3
Total variable fund	100	7.8	4.9

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.75 percent

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

Bayfield County

Notes to Financial Statements
December 31, 2020

Single Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a long-term bond rate of 2.75 percent. Because of the unique structure of WRS, the 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
County's proportionate share of the net pension (asset) liability	\$ 4,946,697	\$ (1,920,914)	\$ (7,055,243)

Pension Plan Fiduciary Net Position

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

At December 31, 2020, the County reported a payable to the pension plan, which represents contractually required contributions outstanding as of the end of the year.

Risk Management

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

Public Entity Risk Pool

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

Bayfield County

Notes to Financial Statements
December 31, 2020

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

Summary financial information of WCMIC as of December 31, 2020 can be obtained directly from WCMIC's offices.

Commitments and Contingencies

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

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

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

Related Organizations

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

Subsequent Event

Relief through the American Rescue Plan Act

The federal government passed the American Rescue Plan Act on March 11, 2021 to respond to the COVID-19 public health emergency and its negative economic impacts. Amounts were appropriated for fiscal year 2021 to units of local government to mitigate the fiscal effects stemming from the public health emergency. The County's award is \$2,920,000, which will be used to combat the negative effects of the public health emergency in the local economy. The County received 50% of the funds in May 2021, with the remaining expected a year later. The funds must be committed by December 31, 2024, with a deadline to expend funds by December 31, 2026.

Effect of New Accounting Standards on Current-Period Financial Statements

The GASB has approved the following statements:

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Bayfield County

Budgetary Comparison Schedule

General Fund

Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 7,326,446	\$ 7,326,446	\$ 7,511,254	\$ 184,808
Intergovernmental	2,209,956	2,876,573	2,807,815	(68,758)
Licenses and permits	357,650	386,488	414,828	28,340
Fines, forfeitures and penalties	74,000	74,000	75,683	1,683
Charges for services	4,143,515	4,170,594	4,351,090	180,496
Miscellaneous	1,418,446	1,419,976	1,338,684	(81,292)
Total revenues	<u>15,530,013</u>	<u>16,254,077</u>	<u>16,499,354</u>	<u>245,277</u>
Expenditures				
Current:				
General government	4,360,691	4,486,139	4,147,360	338,779
Public safety	5,662,854	5,633,081	5,283,585	349,496
Public works	98,023	98,023	86,374	11,649
Health and human services	1,157,310	1,535,048	1,216,398	318,650
Culture, recreation and education	1,410,400	1,463,825	1,295,918	167,907
Conservation and development	2,898,038	3,026,804	2,807,322	219,482
Capital outlay	1,000	1,000	25,202	(24,202)
Total expenditures	<u>15,588,316</u>	<u>16,243,920</u>	<u>14,862,159</u>	<u>1,381,761</u>
Excess (deficiency) of revenues over expenditures	<u>(58,303)</u>	<u>10,157</u>	<u>1,637,195</u>	<u>1,627,038</u>
Other Financing Sources (Uses)				
Transfer in	-	-	617,742	617,742
Transfer out	<u>(1,230,299)</u>	<u>(1,298,759)</u>	<u>(1,283,399)</u>	<u>15,360</u>
Total other financing sources (uses)	<u>(1,230,299)</u>	<u>(1,298,759)</u>	<u>(665,657)</u>	<u>633,102</u>
Net change in fund balance	<u>\$ (1,288,602)</u>	<u>\$ (1,288,602)</u>	971,538	<u>\$ 2,260,140</u>
Fund Balance, Beginning			<u>14,129,315</u>	
Fund Balance, Ending			<u>\$ 15,100,853</u>	

See notes to required supplementary information

Bayfield CountyBudgetary Comparison Schedule
Human Services Special Revenue Fund

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,817,788	\$ 1,817,788	\$ 1,817,788	\$ -
Intergovernmental	5,289,916	5,290,691	4,926,020	(364,671)
Charges for services	215,090	215,090	210,582	(4,508)
Miscellaneous revenue	2,000	2,000	13,630	11,630
	<u>7,324,794</u>	<u>7,325,569</u>	<u>6,968,020</u>	<u>(357,549)</u>
Total revenues				
	<u>7,324,794</u>	<u>7,325,569</u>	<u>6,968,020</u>	<u>(357,549)</u>
Expenditures				
Current:				
Health and human services	<u>7,373,277</u>	<u>7,374,052</u>	<u>6,287,865</u>	<u>1,086,187</u>
Total expenditures	<u>7,373,277</u>	<u>7,374,052</u>	<u>6,287,865</u>	<u>1,086,187</u>
Excess (deficiency) of revenues over expenditures	<u>(48,483)</u>	<u>(48,483)</u>	<u>680,155</u>	<u>728,638</u>
Other Financing Sources (Uses)				
Transfer in	48,483	48,483	-	(48,483)
Transfer out	-	-	(617,742)	(617,742)
	<u>48,483</u>	<u>48,483</u>	<u>(617,742)</u>	<u>(666,225)</u>
Total other financing sources (uses)				
	<u>48,483</u>	<u>48,483</u>	<u>(617,742)</u>	<u>(666,225)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>62,413</u>	<u>\$ 62,413</u>
Fund Balance, Beginning			<u>718,996</u>	
Fund Balance, Ending			<u>\$ 781,409</u>	

See notes to required supplementary information

Bayfield County

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)
 Wisconsin Retirement System (WRS)
 Year Ended December 31, 2020

<u>WRS Fiscal Year End Date (Measurement Date)</u>	<u>County's Proportion of the Net Pension (Asset)/Liability</u>	<u>County's Proportionate Share of the Net Pension (Asset)/Liability</u>	<u>County's Covered Payroll</u>	<u>County's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
December 31, 2019	0.05957327 %	\$ (1,920,914)	\$ 8,622,240	22.28 %	102.96 %
December 31, 2018	0.05970471 %	2,124,106	8,392,171	25.31 %	96.45 %
December 31, 2017	0.05928433 %	(1,760,222)	8,186,909	21.50 %	102.93 %
December 31, 2016	0.05845522 %	481,810	8,036,059	6.00 %	99.12 %
December 31, 2015	0.05806999 %	943,626	7,766,753	12.15 %	98.20 %
December 31, 2014	0.05895609 %	(1,448,123)	7,716,343	18.77 %	102.74 %

Schedule of Employer Contributions
 Wisconsin Retirement System (WRS)
 Year Ended December 31, 2020

<u>County Year End Date</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 30, 2020	\$ 699,265	\$ 699,265	\$ -	\$ 9,438,223	7.41 %
December 31, 2019	613,277	613,277	-	8,622,231	7.11 %
December 31, 2018	609,362	609,362	-	8,392,171	7.26 %
December 31, 2017	616,843	616,843	-	8,186,909	7.53 %
December 31, 2016	561,329	561,329	-	8,036,059	6.99 %
December 31, 2015	558,852	558,852	-	7,766,753	7.20 %

See notes to required supplementary information

Bayfield County

Notes to Required Supplementary Information

December 31, 2020

1. Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.

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

Appropriations lapse at year-end unless specifically carried over. Carryovers to the following year (including nonlapsing funds) are included as a portion of assigned fund balances in Note 3. The budget is adopted at the department level of expenditure.

2. Wisconsin Retirement System

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

The County is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

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

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

SUPPLEMENTARY INFORMATION

Bayfield County

Detailed Budgetary Comparison Schedule

General Fund

Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
General property taxes	\$ 5,562,446	\$ 5,562,446	\$ 5,562,446	\$ -
In lieu of taxes	66,000	66,000	67,687	1,687
Forest cropland taxes	42,000	42,000	47,858	5,858
Sales tax	1,316,000	1,316,000	1,419,106	103,106
Real estate transfer tax	65,000	65,000	94,900	29,900
Interest and penalty on taxes	275,000	275,000	319,257	44,257
Total taxes	7,326,446	7,326,446	7,511,254	184,808
Intergovernmental:				
Shared revenue from state	106,324	106,324	111,688	5,364
Tax exempt computers	1,000	1,000	1,036	36
Federal and state grants	2,102,632	2,769,249	2,695,091	(74,158)
Total intergovernmental	2,209,956	2,876,573	2,807,815	(68,758)
Licenses and permits:				
Environmental health	140,000	140,000	123,888	(16,112)
Zoning permits and fees	214,800	243,638	288,122	44,484
Vehicle registrations	2,000	2,000	1,026	(974)
Alarm permits	100	100	300	200
Forestry permits	750	750	1,492	742
Total licenses and permits	357,650	386,488	414,828	28,340
Fines, forfeitures and penalties:				
County ordinance forfeitures	50,000	50,000	57,483	7,483
County share state fines and forfeitures	24,000	24,000	18,200	(5,800)
Total fines, forfeitures and penalties	74,000	74,000	75,683	1,683
Charges for services:				
General government:				
Mediation services	2,500	2,500	2,410	(90)
County clerk fees	2,900	2,900	2,741	(159)
Court fees	101,500	101,500	79,689	(21,811)
Register of deeds' fees	110,000	110,000	140,215	30,215
Abstract fees	7,000	7,000	5,350	(1,650)
Survey review fees	8,000	8,000	9,813	1,813
Child support fees	1,800	1,800	1,307	(493)
Coroner	5,750	5,750	7,174	1,424
WLIP fees	38,000	38,000	46,792	8,792
CODY services	7,350	7,350	49,512	42,162
Municipal fees on voter registration	8,688	8,688	8,275	(413)
Total general government	293,488	293,488	353,278	59,790

Bayfield County

Detailed Budgetary Comparison Schedule

General Fund

Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Charges for services: (cont.)				
Public safety:				
Sheriff and jail fees	\$ 151,200	\$ 151,200	\$ 128,234	\$ (22,966)
Fire number/address fees	5,000	5,000	7,287	2,287
Total public safety	<u>156,200</u>	<u>156,200</u>	<u>135,521</u>	<u>(20,679)</u>
Health and human services:				
Health department	<u>88,167</u>	<u>88,167</u>	<u>78,833</u>	<u>(9,334)</u>
Culture, recreation and education:				
Parks	146,000	146,000	152,789	6,789
Fair	100,100	100,100	370	(99,730)
Extension	<u>3,660</u>	<u>3,660</u>	<u>3,567</u>	<u>(93)</u>
Total culture, recreation and education	<u>249,760</u>	<u>249,760</u>	<u>156,726</u>	<u>(93,034)</u>
Conservation and development:				
Sale of wood	3,355,000	3,382,079	3,625,794	243,715
Zoning plan review fees	<u>900</u>	<u>900</u>	<u>938</u>	<u>38</u>
Total conservation and development	<u>3,355,900</u>	<u>3,382,979</u>	<u>3,626,732</u>	<u>243,753</u>
Total charges for services	<u>4,143,515</u>	<u>4,170,594</u>	<u>4,351,090</u>	<u>180,496</u>
Miscellaneous:				
Interest	377,936	377,936	352,132	(25,804)
Rentals	353,175	353,175	328,577	(24,598)
Profit on tax deed sales	45,000	45,000	177,058	132,058
Sale of maps and plats	4,050	4,050	2,900	(1,150)
Donations	61,809	63,339	17,947	(45,392)
Inmate canteen	80,000	80,000	54,739	(25,261)
HRA - county retained funds	300,000	300,000	252,482	(47,518)
FSA - county retained funds	1,000	1,000	914	(86)
Advertising	37,250	37,250	41,903	4,653
Property sales	20,000	20,000	-	(20,000)
Other	<u>138,226</u>	<u>138,226</u>	<u>110,032</u>	<u>(28,194)</u>
Total miscellaneous	<u>1,418,446</u>	<u>1,419,976</u>	<u>1,338,684</u>	<u>(81,292)</u>
Total revenues	<u>15,530,013</u>	<u>16,254,077</u>	<u>16,499,354</u>	<u>245,277</u>

Bayfield County

Detailed Budgetary Comparison Schedule

General Fund

Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Expenditures				
General government:				
County board	\$ 99,603	\$ 99,603	\$ 83,327	\$ 16,276
Circuit court	379,841	380,462	387,900	(7,438)
Probate	34,500	34,500	21,209	13,291
Judge	43,290	43,290	42,939	351
Family court commissioner	24,900	24,900	24,015	885
Coroner	30,901	31,039	22,641	8,398
District attorney	118,562	118,562	115,049	3,513
Corporation counsel	11,200	13,499	16,950	(3,451)
Child support	253,121	253,121	236,115	17,006
County clerk	371,410	371,410	357,442	13,968
County administrator	289,453	304,615	304,616	(1)
Elections	35,031	73,803	72,230	1,573
Data processing	20,225	20,225	22,278	(2,053)
Information services	568,812	648,289	605,140	43,149
Auditing	61,100	61,100	58,600	2,500
Cost allocation plan	5,250	5,250	5,225	25
Assessment of property	77,015	77,015	70,595	6,420
Treasurer	182,329	182,329	160,072	22,257
Courthouse	474,887	499,850	468,046	31,804
Register of deeds	180,372	180,372	178,045	2,327
Public land survey system	10,600	10,600	19,975	(9,375)
Tax deeds	82,015	82,015	108,198	(26,183)
Land records	426,743	432,353	416,180	16,173
Property and liability insurance	107,363	107,363	119,497	(12,134)
Workers compensation	179,688	179,688	159,891	19,797
Flex benefits administrative charge	11,000	11,000	13,999	(2,999)
Highway work for county	32,000	32,000	28,124	3,876
Special projects	-	6,900	7,395	(495)
Contingency	172,721	124,227	16,381	107,846
Health insurance reserve	74,459	74,459	4,332	70,127
Other miscellaneous expense	2,300	2,300	954	1,346
Total general government	4,360,691	4,486,139	4,147,360	338,779
Public safety:				
Sheriff	2,478,697	2,427,214	2,484,422	(57,208)
Crime victim witness program	67,841	68,853	67,212	1,641
Emergency government	318,492	331,849	325,221	6,628
Jail	1,916,767	1,916,767	1,630,045	286,722
DARE	2,000	2,000	242	1,758
Dispatch	528,197	528,197	486,865	41,332
Ambulance	-	4,500	4,500	-
Criminal justice	350,860	353,701	285,078	68,623
Total public safety	5,662,854	5,633,081	5,283,585	349,496

Bayfield County

Detailed Budgetary Comparison Schedule

General Fund

Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Public works:				
Bridge aid to town	\$ 62,333	\$ 62,333	\$ 50,684	\$ 11,649
Public transportation	8,750	8,750	8,750	-
Operation clean sweep	8,440	8,440	8,440	-
Airport funds	18,500	18,500	18,500	-
Total public works	98,023	98,023	86,374	11,649
Health and human services:				
Health department	1,023,754	1,401,492	1,084,968	316,524
Veteran services	133,556	133,556	131,430	2,126
Total health and human services	1,157,310	1,535,048	1,216,398	318,650
Culture, recreation and education:				
Northern waters library	37,581	37,581	37,580	1
Library commission	332,462	332,462	305,089	27,373
Superior days	2,500	2,500	1,750	750
Northern great lakes visitor center	9,000	9,000	9,000	-
Historical society	500	500	500	-
Tourism	338,704	342,097	256,694	85,403
Fair	31,850	31,850	15,059	16,791
Parks and trails	365,833	415,585	395,810	19,775
UWEX	291,970	292,250	274,436	17,814
Total culture, recreation and education	1,410,400	1,463,825	1,295,918	167,907
Conservation and development:				
Land conservation	579,201	649,789	512,872	136,917
Zoning	472,976	501,814	483,805	18,009
Economic development	79,500	79,500	140,916	(61,416)
Business park	4,250	4,250	280	3,970
Tri county corridor	6,000	6,000	6,000	-
Forestry	1,727,181	1,756,521	1,634,578	121,943
Regional planning commission	25,930	25,930	25,930	-
Dams	3,000	3,000	2,941	59
Total conservation and development	2,898,038	3,026,804	2,807,322	219,482
Capital outlay:				
Capital improvements	1,000	1,000	25,202	(24,202)
Total capital outlay	1,000	1,000	25,202	(24,202)
Total expenditures	15,588,316	16,243,920	14,862,159	1,381,761
Excess (deficiency) of revenues over expenditures	(58,303)	10,157	1,637,195	1,627,038

Bayfield County

Detailed Budgetary Comparison Schedule

General Fund

Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses):				
Transfer in	\$ -	\$ -	\$ 617,742	\$ 617,742
Transfer out	<u>(1,230,299)</u>	<u>(1,298,759)</u>	<u>(1,283,399)</u>	<u>15,360</u>
Total other financing sources (uses)	<u>(1,230,299)</u>	<u>(1,298,759)</u>	<u>(665,657)</u>	<u>633,102</u>
Net change in fund balance	<u>\$ (1,288,602)</u>	<u>\$ (1,288,602)</u>	971,538	<u>\$ 2,260,140</u>
Fund Balance, Beginning			<u>14,129,315</u>	
Fund Balance, Ending			<u>\$ 15,100,853</u>	

Bayfield County

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2020

	Special Revenue				
	Housing Rehab Grant	Jail Assessment	Veterans' Relief	Educational Programs	Dog License
Assets					
Cash and investments	\$ 140,879	\$ 24,480	\$ 6,856	\$ 2,299	\$ 8,964
Receivables, net					
Taxes receivable	-	-	1,500	-	13,000
Accounts receivable	-	1,425	-	14,881	530
Notes receivable	789,170	-	-	-	-
Total assets	\$ 930,049	\$ 25,905	\$ 8,356	\$ 17,180	\$ 22,494
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 427	\$ 5,765
Total liabilities	-	-	-	427	5,765
Deferred Inflows of Resources					
Unearned revenues	-	-	1,500	3,420	13,000
Unavailable revenues	789,170	-	-	1,135	-
Total deferred inflows of resources	789,170	-	1,500	4,555	13,000
Fund Balances					
Restricted	140,879	25,905	6,856	12,198	-
Committed	-	-	-	-	3,729
Total fund balances	140,879	25,905	6,856	12,198	3,729
Total liabilities, deferred inflows of resources and fund balances	\$ 930,049	\$ 25,905	\$ 8,356	\$ 17,180	\$ 22,494

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>
\$ 4,715	\$ 1,082,660	\$ 1,270,853
445,042	-	459,542
-	161,945	178,781
-	-	789,170
<u>\$ 449,757</u>	<u>\$ 1,244,605</u>	<u>\$ 2,698,346</u>
<u>\$ -</u>	<u>\$ 116,153</u>	<u>\$ 122,345</u>
-	116,153	122,345
445,042	5,270	468,232
-	20,945	811,250
<u>445,042</u>	<u>26,215</u>	<u>1,279,482</u>
4,715	-	190,553
-	1,102,237	1,105,966
<u>4,715</u>	<u>1,102,237</u>	<u>1,296,519</u>
<u>\$ 449,757</u>	<u>\$ 1,244,605</u>	<u>\$ 2,698,346</u>

Bayfield County

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended December 31, 2020

	Special Revenue				
	Housing Rehab Grant	Jail Assessment	Veterans' Relief	Educational Programs	Dog License
Revenues					
Taxes	\$ -	\$ -	\$ 1,500	\$ -	\$ 13,000
Intergovernmental	-	-	-	40,462	-
Licenses and permits	-	-	-	-	7,155
Fines, forfeitures and penalties	-	15,719	-	-	-
Charges for services	-	-	-	900	-
Miscellaneous	2,040	5	800	16	-
Total revenues	2,040	15,724	2,300	41,378	20,155
Expenditures					
Current:					
Public safety	-	7,183	-	-	-
Health and human services	-	-	1,605	-	21,788
Culture, recreation and education	-	-	-	31,563	-
Conservation and development	9,513	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	9,513	7,183	1,605	31,563	21,788
Excess (deficiency) of revenues over expenditures	(7,473)	8,541	695	9,815	(1,633)
Other Financing Sources (Uses)					
Property sales	-	-	-	-	-
Transfers in	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	(7,473)	8,541	695	9,815	(1,633)
Fund Balances, Beginning	148,352	17,364	6,161	2,383	5,362
Fund Balances, Ending	\$ 140,879	\$ 25,905	\$ 6,856	\$ 12,198	\$ 3,729

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>
\$ 437,717	\$ -	\$ 452,217
-	290,509	330,971
-	-	7,155
-	-	15,719
-	-	900
1,791	-	4,652
<u>439,508</u>	<u>290,509</u>	<u>811,614</u>
-	-	7,183
-	-	23,393
-	-	31,563
-	-	9,513
-	1,425,041	1,425,041
365,000	-	365,000
77,819	-	77,819
<u>442,819</u>	<u>1,425,041</u>	<u>1,939,512</u>
<u>(3,311)</u>	<u>(1,134,532)</u>	<u>(1,127,898)</u>
-	315,422	315,422
-	783,399	783,399
-	1,098,821	1,098,821
(3,311)	(35,711)	(29,077)
<u>8,026</u>	<u>1,137,948</u>	<u>1,325,596</u>
<u>\$ 4,715</u>	<u>\$ 1,102,237</u>	<u>\$ 1,296,519</u>

Bayfield County

Combining Statement of Net Position
Internal Service Funds
December 31, 2020

	<u>County Vehicles</u>	<u>County Photocopiers</u>	<u>Sheriff Vehicles</u>	<u>Total</u>
Assets				
Current assets:				
Cash and investments	\$ 136,602	\$ 11,097	\$ 167,836	\$ 315,535
Accounts receivable, net	-	-	23,993	23,993
Total current assets	<u>136,602</u>	<u>11,097</u>	<u>191,829</u>	<u>339,528</u>
Noncurrent assets:				
Other capital assets	778,793	35,613	871,061	1,685,467
Accumulated depreciation	<u>(340,122)</u>	<u>(13,876)</u>	<u>(487,773)</u>	<u>(841,771)</u>
Total noncurrent assets	<u>438,671</u>	<u>21,737</u>	<u>383,288</u>	<u>843,696</u>
Total assets	<u>575,273</u>	<u>32,834</u>	<u>575,117</u>	<u>1,183,224</u>
Liabilities				
Current liabilities:				
Accounts payable	1,261	198	19	1,478
Current portion of leases payable	-	-	5,211	5,211
Accrued liabilities	171	-	-	171
Total current liabilities	<u>1,432</u>	<u>198</u>	<u>5,230</u>	<u>6,860</u>
Noncurrent liabilities				
Leases payable	-	-	18,245	18,245
Total liabilities	<u>1,432</u>	<u>198</u>	<u>23,475</u>	<u>25,105</u>
Net position				
Net investment in capital assets	438,671	21,737	359,832	820,240
Unrestricted	<u>135,170</u>	<u>10,899</u>	<u>191,810</u>	<u>337,879</u>
Total net position	<u>\$ 573,841</u>	<u>\$ 32,636</u>	<u>\$ 551,642</u>	<u>\$ 1,158,119</u>

Bayfield County

Combining Statement of Revenues, Expenses
and Changes in Net Position
Internal Service Funds
Year Ended December 31, 2020

	<u>County Vehicles</u>	<u>County Photocopiers</u>	<u>Sheriff Vehicles</u>	<u>Total</u>
Operating Revenues				
Charges for services	\$ 154,247	\$ 7,418	\$ 218,908	\$ 380,573
Miscellaneous	8,226	-	21,872	30,098
Total operating revenues	<u>162,473</u>	<u>7,418</u>	<u>240,780</u>	<u>410,671</u>
Operating Expenses				
County vehicles expenses	102,704	-	-	102,704
County photocopier expenses	-	7,329	-	7,329
Sheriff vehicles expenses	-	-	130,897	130,897
Depreciation	84,820	4,753	124,625	214,198
Total operating expenses	<u>187,524</u>	<u>12,082</u>	<u>255,522</u>	<u>455,128</u>
Operating income (loss)	<u>(25,051)</u>	<u>(4,664)</u>	<u>(14,742)</u>	<u>(44,457)</u>
Nonoperating Revenues (Expenses)				
Gain on disposal of capital assets	-	-	8,291	8,291
Intergovernmental aids	-	-	23,400	23,400
Interest and fiscal charges	-	-	(939)	(939)
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>30,752</u>	<u>30,752</u>
Change in net position	<u>(25,051)</u>	<u>(4,664)</u>	<u>16,010</u>	<u>(13,705)</u>
Net Position, Beginning	<u>598,892</u>	<u>37,300</u>	<u>535,632</u>	<u>1,171,824</u>
Net Position, Ending	<u>\$ 573,841</u>	<u>\$ 32,636</u>	<u>\$ 551,642</u>	<u>\$ 1,158,119</u>

Bayfield County

Combining Statement of Cash Flows

Internal Service Funds

Year Ended December 31, 2020

	<u>County Vehicles</u>	<u>County Photocopiers</u>	<u>Sheriff Vehicles</u>	<u>Total</u>
Cash Flows From Operating Activities				
Cash received from customers	\$ 168,123	\$ 7,418	\$ 216,787	\$ 392,328
Cash paid to suppliers for goods and services	(83,712)	(7,802)	(120,512)	(212,026)
Cash paid to employees for services	(5,292)	-	-	(5,292)
Net cash flows from operating activities	<u>79,119</u>	<u>(384)</u>	<u>96,275</u>	<u>175,010</u>
Cash Flows From Noncapital Financing Activities				
Intergovernmental grants received	-	-	23,400	23,400
Net cash flows from noncapital financing activities	<u>-</u>	<u>-</u>	<u>23,400</u>	<u>23,400</u>
Cash Flows From (Used By) Capital and Related Financing Activities				
Acquisition and construction of capital assets	(55,592)	(4,807)	(116,291)	(176,690)
Proceeds from sale of capital assets	-	-	8,291	8,291
Interest and fiscal charges paid	-	-	(939)	(939)
Net cash flows from (used by) capital and related financing activities	<u>(55,592)</u>	<u>(4,807)</u>	<u>(108,939)</u>	<u>(169,338)</u>
Net change in cash and cash equivalents	23,527	(5,191)	10,736	29,072
Cash and Cash Equivalents, Beginning	<u>113,075</u>	<u>16,288</u>	<u>157,100</u>	<u>286,463</u>
Cash and Cash Equivalents, Ending	<u>\$ 136,602</u>	<u>\$ 11,097</u>	<u>\$ 167,836</u>	<u>\$ 315,535</u>
Reconciliation of Operating Income (Loss) to Cash Flows From Operating Activities				
Operating income (loss)	\$ (25,051)	\$ (4,664)	\$ (14,742)	\$ (44,457)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	84,820	4,753	124,625	214,198
Change in assets and liabilities:				
Accounts receivable	5,650	-	(23,993)	(18,343)
Prepaid items	14,713	-	12,028	26,741
Accounts payable	(753)	(473)	(1,643)	(2,869)
Accrued liabilities	(260)	-	-	(260)
Net cash flows from operating activities	<u>\$ 79,119</u>	<u>\$ (384)</u>	<u>\$ 96,275</u>	<u>\$ 175,010</u>

Bayfield County

Combining Statement of Fiduciary Net Position

Agency Funds

December 31, 2020

	Tax Collections	Register of Deeds	Clerk of Courts	Employee Retirement	Total
Assets					
Cash and investments	\$ -	\$ 35,899	\$ 667,199	\$ 881,274	\$ 1,584,372
Liabilities					
Due to other governments	-	-	32,353	-	32,353
Deposits	-	35,899	21,394	-	57,293
Total liabilities	-	35,899	53,747	-	89,646
Net Position					
Restricted for other governments or organizations	\$ -	\$ -	\$ 613,452	\$ 881,274	\$ 1,494,726

Bayfield County

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

Year Ended December 31, 2020

	<u>Tax Collections</u>	<u>Register of Deeds</u>	<u>Clerk of Courts</u>	<u>Employee Retirement</u>	<u>Total Custodial Funds</u>
Additions					
Property tax collections	\$ 15,220,777	\$ -	\$ -	\$ -	\$ 15,220,777
Fees for services collections	-	444,527	1,129,904	-	1,574,431
Donations	-	-	-	103,025	103,025
Total additions	<u>15,220,777</u>	<u>444,527</u>	<u>1,129,904</u>	<u>103,025</u>	<u>16,898,233</u>
Deductions					
Property tax payments	15,220,777	-	-	-	15,220,777
Remittance of fees for services	-	-	631,487	64,040	695,527
Remittance of fines and forfeitures	-	444,527	-	-	444,527
Total deductions	<u>15,220,777</u>	<u>444,527</u>	<u>631,487</u>	<u>64,040</u>	<u>16,360,831</u>
Change in fiduciary net position	-	-	498,417	38,985	537,402
Net Position, Beginning (as Restated)	<u>-</u>	<u>-</u>	<u>115,035</u>	<u>842,289</u>	<u>957,324</u>
Net Position, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 613,452</u>	<u>\$ 881,274</u>	<u>\$ 1,494,726</u>