

GENERAL FUND SUMMARY, 2023

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

46% of the 2023 county tax levy is allocated to General Fund Departments. This is down from 50% in 2022 primarily due to the increase in proposed highway spending. *Transfers* to the funds, Capital Improvements (CIP) and Highway originate in the General Fund and are considered expenditures of the General Fund. This results in a doubling of both revenues and expenditures. In 2023 the General Fund will account for 50% (\$20. million) of county wide spending of \$40.2 million in 2023.

The General Fund is non-lapsing, meaning that revenues exceeding expenditures in any one year remain in this fund. The General Fund is also the repository of excess revenues from the Human Services Fund. Because of these transfers can be made from the General fund to any other county fund as needed.

How to Review the General Fund Budget:

Each department's section includes a brief expenditure summary based on the county administrator's proposed budget. The Department narrative follows with a purpose statement, current year accomplishments, upcoming year goals, performance indicators and budget details. Budget changes made by the County Administrator and County Board can be seen on each of the budget worksheets spreadsheets by noting the headings, **2023 County Administrator / 2023 County Board** Columns. For comparison purposes, the 2020 and 2021 *actual* budget revenues and expenditures, in addition to the 2022 Adopted Budget and 2022 Estimated Budget columns are also shown. The last column is a calculation showing the percent difference between the 2023 Administrator column and the 2022 Adopted budget. A percentage of 101% means that the County Board proposed budget is 1% greater than the actual 2022 budget. All of this information helps to create a basis and rationale for comparison and trends. The County Accounting systems goes back over 10 years for historical trending of most line items.

EXPENDITURE SUMMARY

Expenditures in the General Fund are projected at \$20 million a 15% increase from 2022. This represents an increase of \$2.7 million from 2022.

The master spreadsheet on colored paper (fold out) shows department expenditure changes as a percentage of the previous year. Many small departments are greatly impacted by changes in personnel. An employee going on or off insurance can have a \$30,000 impact. A new employee may start at Step 1 while a retiring employee leaves at Step 11 of the wage scale, making a 20% difference. In a small department, this can have a tremendous impact on budget percentages. The County practice is to look at personnel benefits separate from other expenses. A department cannot control when an employee goes on insurance or changes from single to family. At the same time mid-year reductions in benefit levels by employees cannot be viewed as an opportunity to increase budgets to make up that difference. In 2023 for the first time a negative personnel line

item of \$100,000 is included to help balance the budget and to take into historical trends of “overbudgeting” for personnel expenses as a result of vacancies, leaves, changes in benefits, etc.

In 2023 major changes in personnel expenses are evident as a result of the 2022 mid year wage assessment in addition to proposed 3% indexing of the wage scale and a voluntary move to 40 hours per week from 37.5 hours for non-union employees. The next impact of personnel compensation is a 14% increase in 2023.

REVENUE SUMMARY

Revenues for the General fund (not including property taxes) are estimated at \$14,197,293 up from \$11,564,886 in 2022. The majority of this is fund balance transfer increases for the 2023 budget.

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

KEY REVENUE SOURCES

Property Taxes

Property taxes are based on the equalized valuations of a property. Each municipality is responsible to comply with State regulations ensuring that assessed values reflect actual property values. Beginning thirty years ago property values increased dramatically because of increased demand for wooded, lakeside and lake view properties. While property values increased, the county strived to keep levied funds to a minimum. Because of increases in valuation, the county’s mill levy dropped to an all-time low of 3.2 mills in 2009 and 2010. In the last ten years as valuations have dropped, the mill rate has climbed up to around 4 mills. In 2021 and 2022 valuations have begun to rise again, lowering the mill levy from 4.18 mills in 2020 to a proposed 3.78 mill in 2022 as valuations increased 7% and 13% respectively.

County wide equalized valuation has increased in six of the past 10 years. Increases help spread the tax levy over a larger base. With a record increase in 2022, county valuation will set another equalized valuation record in 2023. Historical valuation changes are shown below over the last 11 years.

EQUALIZED VALUATION CHANGE

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

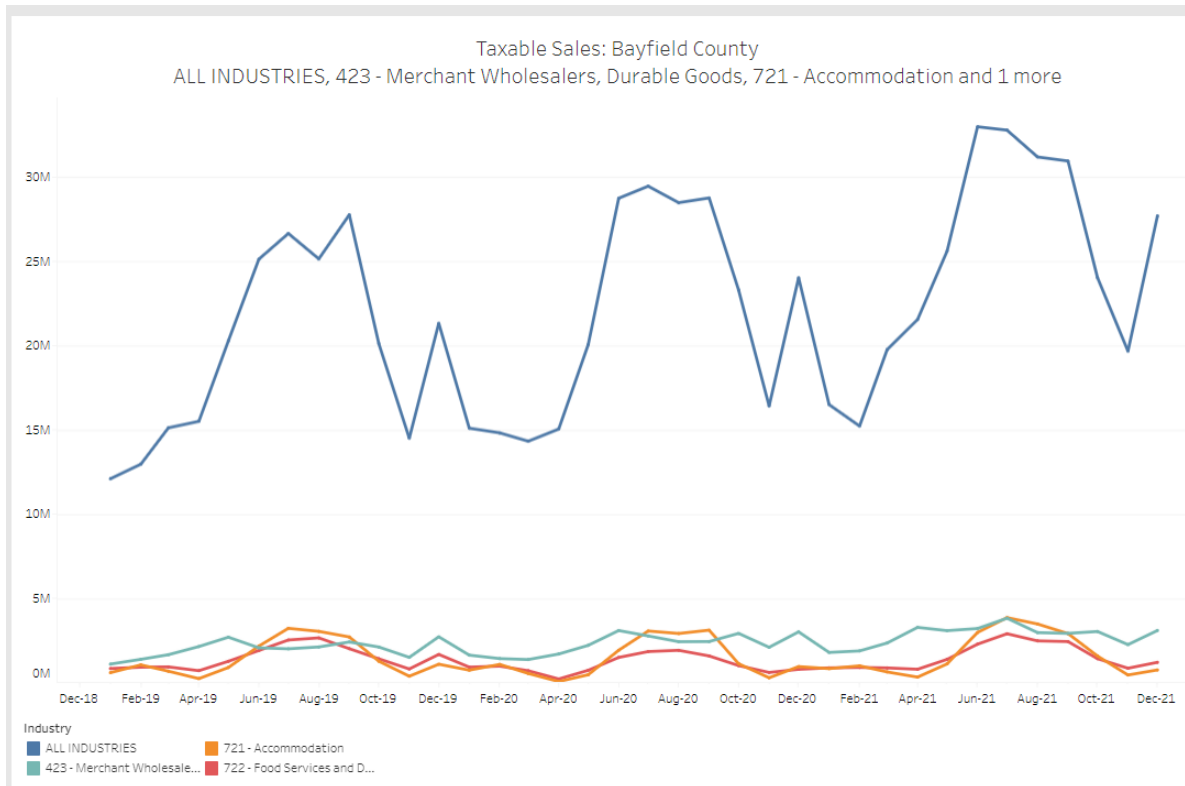
2021: 1%
2022: 7%
2023: 13%

SALES TAX

Bayfield County adopted a sales tax ordinance in 1991. By statute, the County imposes a .5% sales or use tax on retail sales, which are not otherwise exempt by state statute. The tax is collected by retailers and forwarded to the State. In turn, the State calculates the tax collected in each county and forwards funds to the county. The purpose of sales tax is to reduce the property tax levy. Currently 68 of Wisconsin's 72 counties impose a sales tax.

Sales tax revenues are a major source of income for the General Fund, contributing approximately 9% of total general fund expenditures. In 2023 the sales tax estimate is \$1.82 million. This represents over 31% of the General Fund Mill rate and 14.5% of county wide levy.

Tourism is a critical factor in the Bayfield County Economy. A snapshot below shows the various sectors where sales tax originates. This data is from December of 2021. Green signifies increases over the previous year, red, decreases. The top two were merchant wholesalers of nondurable goods and non-store retailers in 2021. Detailed sales tax data is available at the Wisconsin Department of Revenue, under [county sales tax distributions](#).



PER CAPITA SALES TAX

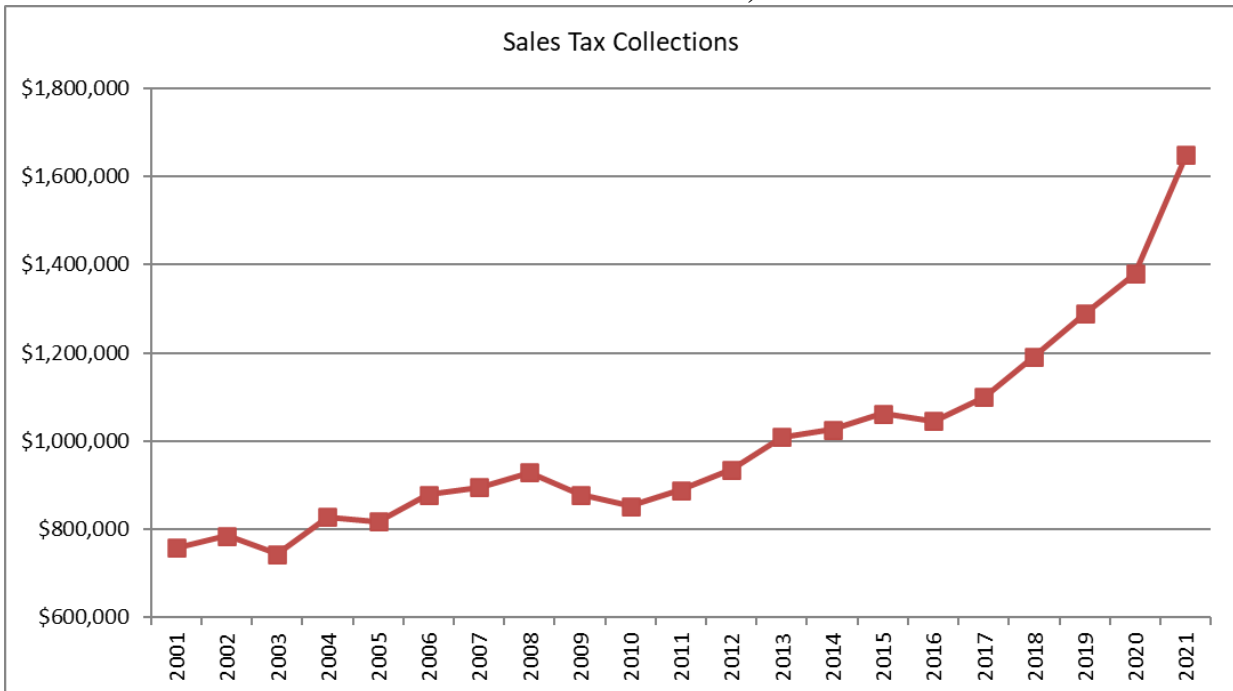
Bayfield County has historically had the lowest *per capita* COUNTY sales tax collection in the five-county region. In 2020 Bayfield collected \$89.98 a 7% increase over the 2019 figure of \$84.03 per capita. In 2021 this figure jumped \$89 to \$106 per capita, an 18% increase in one year. This is the third highest increase for our five-county region.

NW Wisconsin County Sales Tax Per Person, 2016-2021

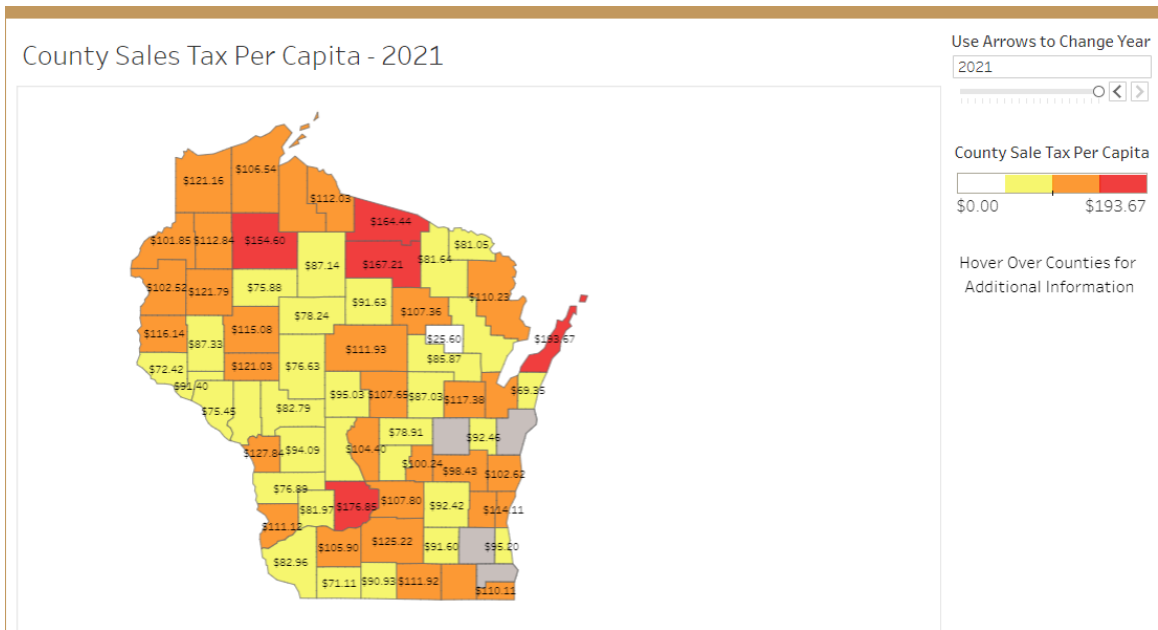
COUNTY	2016	2017	2018	2019	2020	2021
Ashland	79.34	86.1	86.22	92.64	98.31	111.38
Bayfield	68.76	71.9	77.75	84.03	89.98	106.54
Douglas	86.73	86.1	90.46	97.78	100.65	121.16
Iron	79.96	85.1	78.94	87.28	91.75	112.03
Sawyer	107.72	109.2	114.85	118.55	132.20	154.60

The graph below shows the rise of sales tax over the past 20 years in Bayfield County. The County has seen explosive growth over the past year.

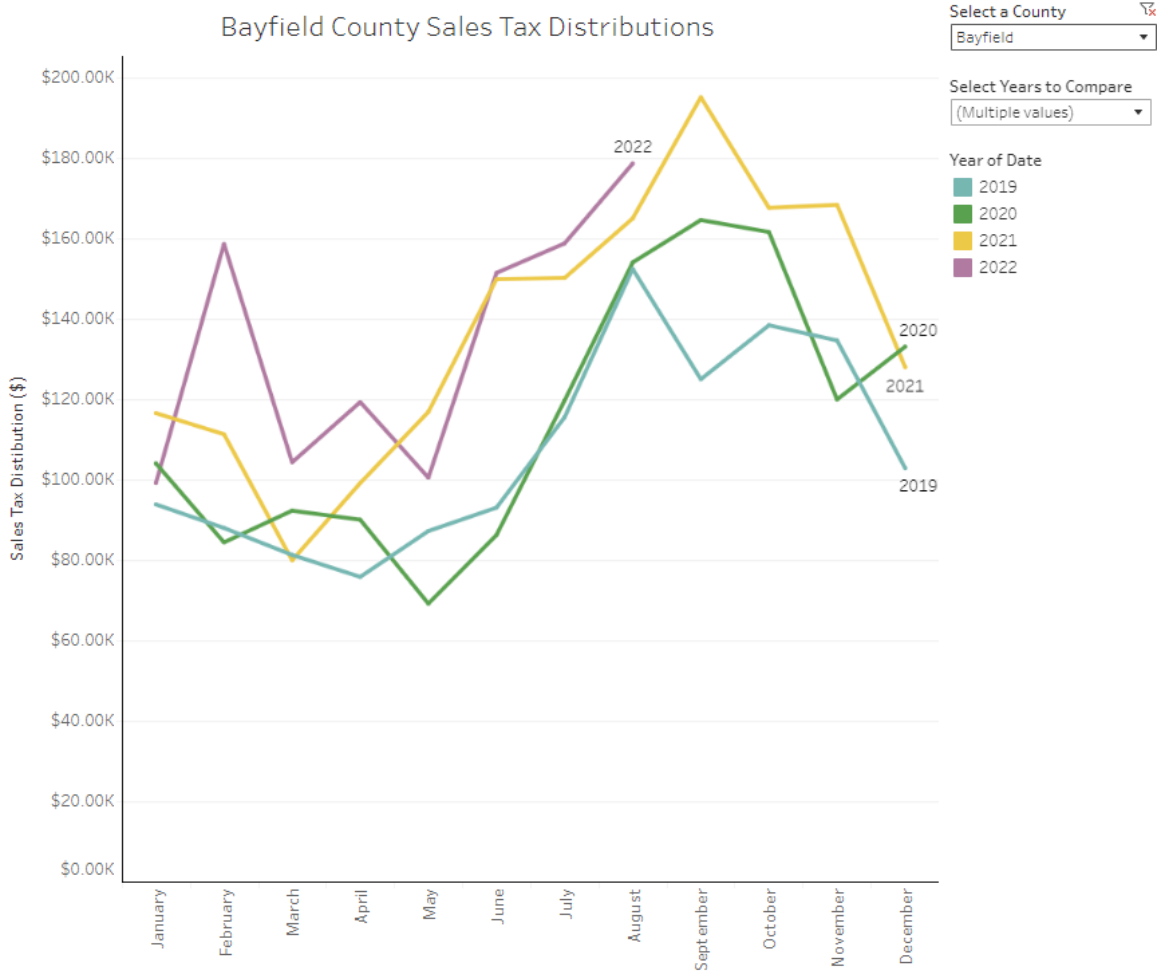
BAYFIELD COUNTY SALES TAX, 2001- 2021



A statewide sales tax county comparison is shown below on the map. This compares collection rates across the state in 2021. Bayfield County collections increased 18% between 2020 (\$89.96 per capital) and 2021 (\$106.54). Red signifies the highest collecting counties, orange mid-range, yellow less per capita.

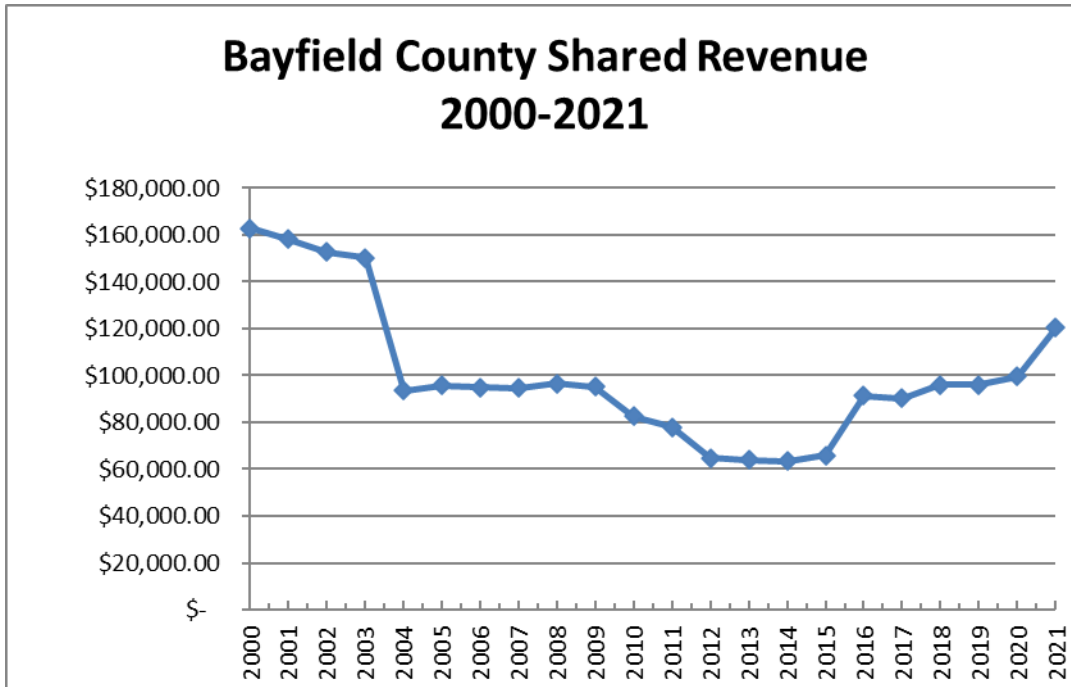


The chart below shows collections by month and year from 2019 to 2022 year to date. The latter part of the year (summer) shows higher collections with a bump in February. April and May are generally the lowest collections months of the year.



REVENUE SHARING:

The State 2023 estimate for revenue sharing to Bayfield County is \$141,233. This is a \$46,000 increase over 2023! State shared revenues are derived from the State's portion of sales taxes. The formula used to make this calculation includes per capita population, valuation and levies. This estimate is a combination of County, Municipal and Utility Aid. An 8% population increase from 2020 census is impacting this.



TIMBER SALES:

Bayfield County owns over 173,000 acres of forested lands in the county. In 2022 timber sales are projected to generate approximately \$1.72 million (over expenses) or the equivalent of 13.7% of the county wide levy in 2022.

Sale of wood occurs on a three-year term; this allows loggers time to cut the wood over a period of time. It also means that market fluctuations or forest wide variations may take several years to completely impact revenues. In 2023 revenues will be coming in from sales occurring back to 2021.

As shown below in Table 2, County timber proceeds have exceeded budgeted estimates by \$1.172 million dollars annually. These overages are used for capital projects the following year. Conservative estimates on forestry revenue projections are appropriate due to the potential for market fluctuations. Severe market trends however are softened due to the three-year time period for timber sales.

Table 2: Bayfield County Forest Sale of Wood Revenues

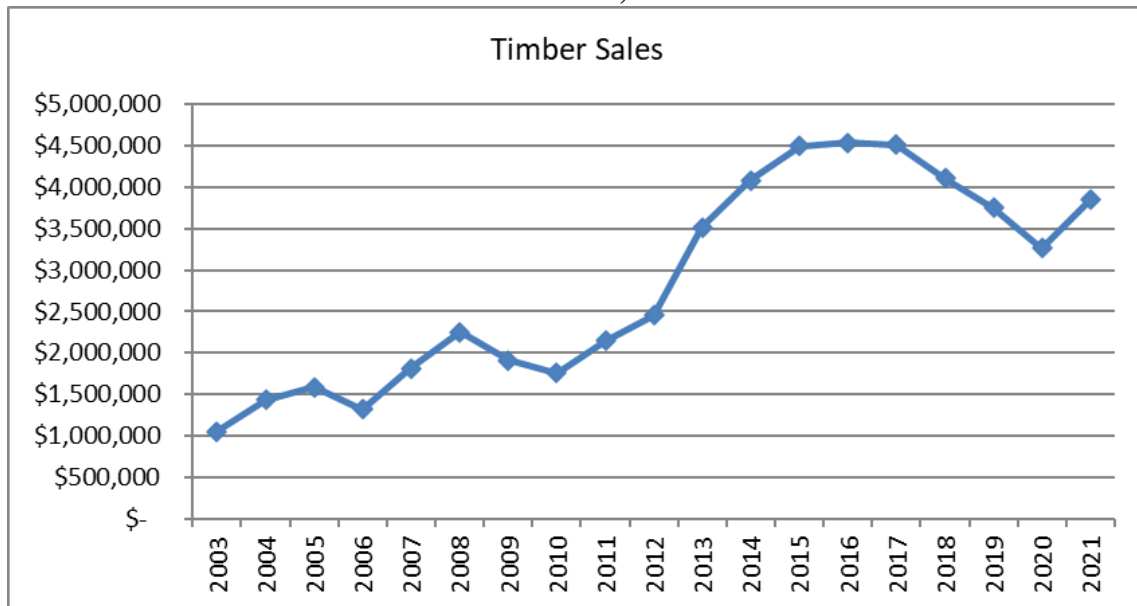
Calendar Year	Revenues Budget	Revenues Actual	Difference
2013	\$2,400,000	\$3,904,104	\$1,504,104
2014 ^a	\$2,751,565	\$4,537,661	\$1,786,096
2015 ^b	\$3,404,306	\$5,006,565	\$1,602,259
2016 ^b	\$3,139,200	\$5,057,393	\$1,918,193
2017	\$3,110,000	\$5,009,892	\$1,899,892
2018	\$3,230,000	\$4,562,243	\$1,332,243
2019	\$3,325,000	\$4,171,667	\$846,667
2020	\$3,355,000	\$3,625,794	\$270,794
2021	\$3,000,000	\$3,852,290	\$852,290
2022	\$3,115,000	\$4,000,000	\$885,000
2023	\$3,165,000	\$3,165,000	\$0
Average	\$3,090,461	\$4,262,964	\$1,172,503

^a Amended budget

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

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

TIMBER SALES, 2005-2021



USER FEES

User fees are an important source of revenue for the county. User fees require those directly benefiting from the service to pay all or a portion of the cost. Examples with the county include; permit fees in zoning, document fees in the Register of Deeds Office, license fees at the sheriff's office, jail huber fees, gate receipts at the fair and license fees in the County Clerk's office. Over the past several years' user fee revenues have rebounded as construction and land purchases surge.

Estimates for Planning and Zoning fees are trending sharply up. Permit filings in 2021 and 2022 are growing as are fees in the Register of Deeds Office.

Fee increases are evaluated regularly across county departments. The intent is to have users pay a share of the cost. For example in the Planning and Zoning Department the goal is for users of the office to pay 70% of the cost of a permit. The proposed budget in 2023 has all proposed user fees (\$307,500) covering 47% of department expenses (\$650,000). This is down significantly due to additional staffing and new position expenses in Zoning.

GRANTS

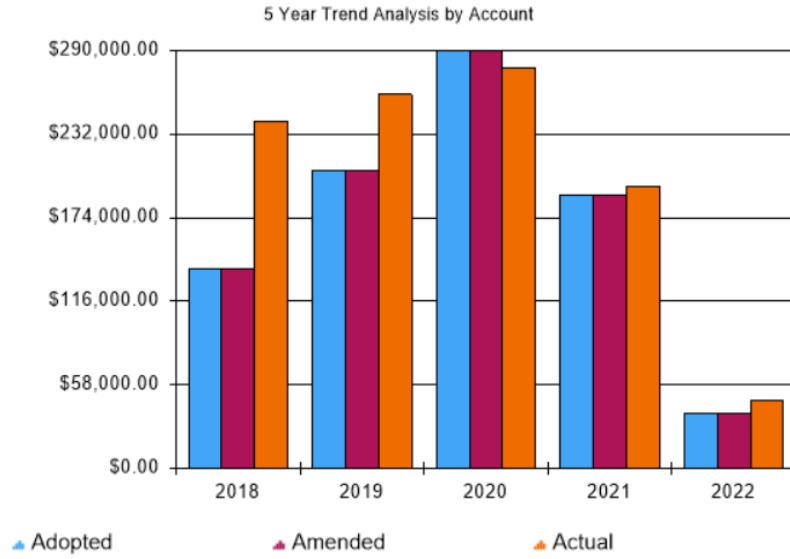
Grants can be for a specific one-time project such as trails, bridges, health projects, justice programs, lighting, well testing, energy upgrades, road projects, conservation practices, etc. Grants can be one year but often extend over several years. Annual allocations from the State for Snowmobile and ATV trails maintenance are dependent on the number of miles of State approved trails. Health, Human Services, Child Support, the Courts, Sheriff and Land Conservation departments receive a variety of grants that provide operating support for state programs. Grants are an important source of revenues although sometimes the county is a pass-through agency. Grants often reflect state and national priorities and initiatives. In the Health Department grants are how the state provides direction to the counties. Grant purchases change over time, but amounts are similar allowing staffing to remain fairly constant.

INTEREST EARNINGS

The County earns interest on bank deposits and certificated of deposit. Interest rates fluctuate greatly. Interest income trends over the past five years are shown below. The 2023 estimate for this interest earning account is \$213,700, this is nearly six times more than the 2022 estimate as a result of the anticipated very low interest rates. Often times investment instruments can be for up to a year, this can be a positive if rates fall, but can also have a negative impact if rates climb dramatically.

100-12-48110 (General-Treasurer-Interest Income)

Classification **Misc Revenues, Interest income**



	2018	2019	2020	2021	2022
Adopted	\$138,300.00	\$207,000.00	\$290,000.00	\$190,000.00	\$37,800.00
Amended	\$138,300.00	\$207,000.00	\$290,000.00	\$190,000.00	\$37,800.00
Actual	\$241,107.68	\$259,613.51	\$277,607.94	\$195,443.06	\$46,784.87