

Bayfield County

Financial Statements and
Supplementary Information

December 31, 2022

Bayfield County

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Bayfield County Administrator

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

Bayfield County Board of Supervisors
Bayfield County, Wisconsin

The FY2022 financial audit of Bayfield County, Wisconsin, for the period ending December 31, 2022 is now complete. This is the sixth year that Bayfield County has worked with Baker Tilly on for the annual audit and financial statements.

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

ECONOMIC CONDITION AND OUTLOOK

Bayfield County has a population of 15,014 according to the 2010 census. 2020 Census Figures reported an 8% increase with 1204 additional residents over the past decade pushing the county population to 16,218.

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

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

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

Equalized valuation for the county climbed in double digits in the early 2000's reaching a peak in 2010, dropping and stagnant valuations increases followed between 2007 and 2014. Beginning in 2015 valuations started to climb again in the 1-2% range. In 2021, equalized valuations hit an all-time high with a 7% increase. The County's long-standing peak of \$2.76 Billion set in 2010 was surpassed in 2021 with a jump to \$2.92 billion. 2022 equalized values continue to increase (13%) and have reached \$3.3 billion indicating a continuing trend upwards.

MAJOR COUNTY INITIATIVES

Forestry: The County manages over 171,000 acres of county forest. Bayfield County holds two forest certifications. The county maintains and follows the sustainable harvest levels determined by the Wisconsin Department of Natural Resources. Timber sales in 2015 and 2016 reached all-time highs as industry prices climbed. Forestry remains a *critical* source of funding for Bayfield County reducing the county tax levy by over 20% in 2020. Forestry in the county is also an important source of employment for area residents. A new forest inventory program (the first county in Wisconsin) adopted in 2018 will improve decision making and long-term productivity of the forest, benefiting the county in the future.

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

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

Tourism: Bayfield County is one of a handful of counties that has a Tourism Office. Tourism is a major industry impacting housing, retail sales and accommodations. Many visitors choose to purchase homes in Bayfield County.

Demographics: Bayfield County is one of the oldest populations in the State. The older population is expected to grow with increased demands for services. The County is preparing for this by increasing staffing levels in the Bayfield County Human Services Department.

Infrastructure: Attention to highway infrastructure is a priority for Bayfield County. The County has a highway infrastructure funding plan in place following a 20-year replacement schedule equating to approximately nine miles of reconstruction annually. This aggressive plan benefits business and residents alike. In 2021 the County completed 8 miles of road reconstruction. The County also re-applied for a USDOT RAISE Project in 2021 in support of additional all season roads connecting US Highway 2 and State Highway 27 in SW Bayfield County. Although not approved the county plans to reapply for this critical project.

County facilities include the courthouse and sheriff's complex, a forestry barn and six highway garages. An emphasis on repair and maintenance of all county facilities is a priority of the county. 2021 and 2022 projects include Information Technology Department network switch upgrades and a variety of courthouse wide security, ADA and HVAC upgrades. Continued focus on energy conservation and renewable and alternate energies saves the county over \$50,000. The Health Department will be expanding its' clinic room and office spaces with funds from the Healthcare Infrastructure Capital Grant Program. Resilience is increasingly important as severe weather disrupts energy delivery. Generators have been updated.

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

Comprehensive Planning: A new 20-year planning process began in 2022 and is scheduled for completion in 2023. The new document will provide vision and direction in the years ahead and be used to update county zoning codes planned to begin in late 2023 and 2024.

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

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

Climate: Climate changes are bringing severe weather that the county is preparing for and striving to mitigate. Flooding, heavy snowfalls, rain and heat are creating a need for improved emergency response preparedness. New notification systems are now in place, allowing for early warning of residents.

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. A move to laptops for all employees further enhances the flexibility of county government during extreme and unexpected situations.

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

FUTURE and ONGOING INITIATIVES:

Bayfield and Ashland Counties applied for and was awarded a consolidated dispatch grant through the Department of Military Affairs. Upon completion Ashland and Bayfield will be the first two counties in the state with a combined dispatch. Estimated commencement is mid to late 2024.

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. The project will be complete in 2023 and improve resiliency of the county essential services. A feasibility grant

was submitted for a micro-grid at the Highway and Forestry Garages, again, providing resilience during power outages. While the Forestry garage was determined not feasible, the Highway micro-grid project will be complete in 2023.

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

Forest Trail development is strongly embraced by residents and visitors alike. Continued investment on county forest lands will result in enhanced tourism opportunities. New privies were built along the trails. Yurt rentals continues to be popular.

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

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

FINANCIAL INFORMATION

Internal Control:

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

Budgeting Controls:

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

Cash Management:

Cash temporarily idle during the year was invested using a competitive bid procedure with five local banks as authorized by the Board of Supervisors. Chippewa Valley Bank, Bremer Bank, Security State Bank, and Northern State Bank are all invited to bid. Additional investments were made in the State of Wisconsin Local Government Investment Pool. The advantage of the Investment Pool is that monies may be invested or withdrawn at any time, without penalty. In general, 12-month certificates of deposit are the preferred investment, though there are 6 months-18 months.

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

Risk Management:

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

Debt Management:

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

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

OTHER INFORMATION

Independent Audit:

Bayfield County retained the firm of Baker Tilly US, LLP in 2018. This year represents the fifth independent audit of Bayfield County's basic financial statements for the fiscal year ended December 31, 2022 that they have provided. The auditor's report on the basic financial statements is conducted in accordance with generally accepted auditing standards and Government Auditing Standards as issued by the Comptroller General of the United States. The opinion of Baker Tilly US, LLP is included in the financial section of this report.

Acknowledgment:

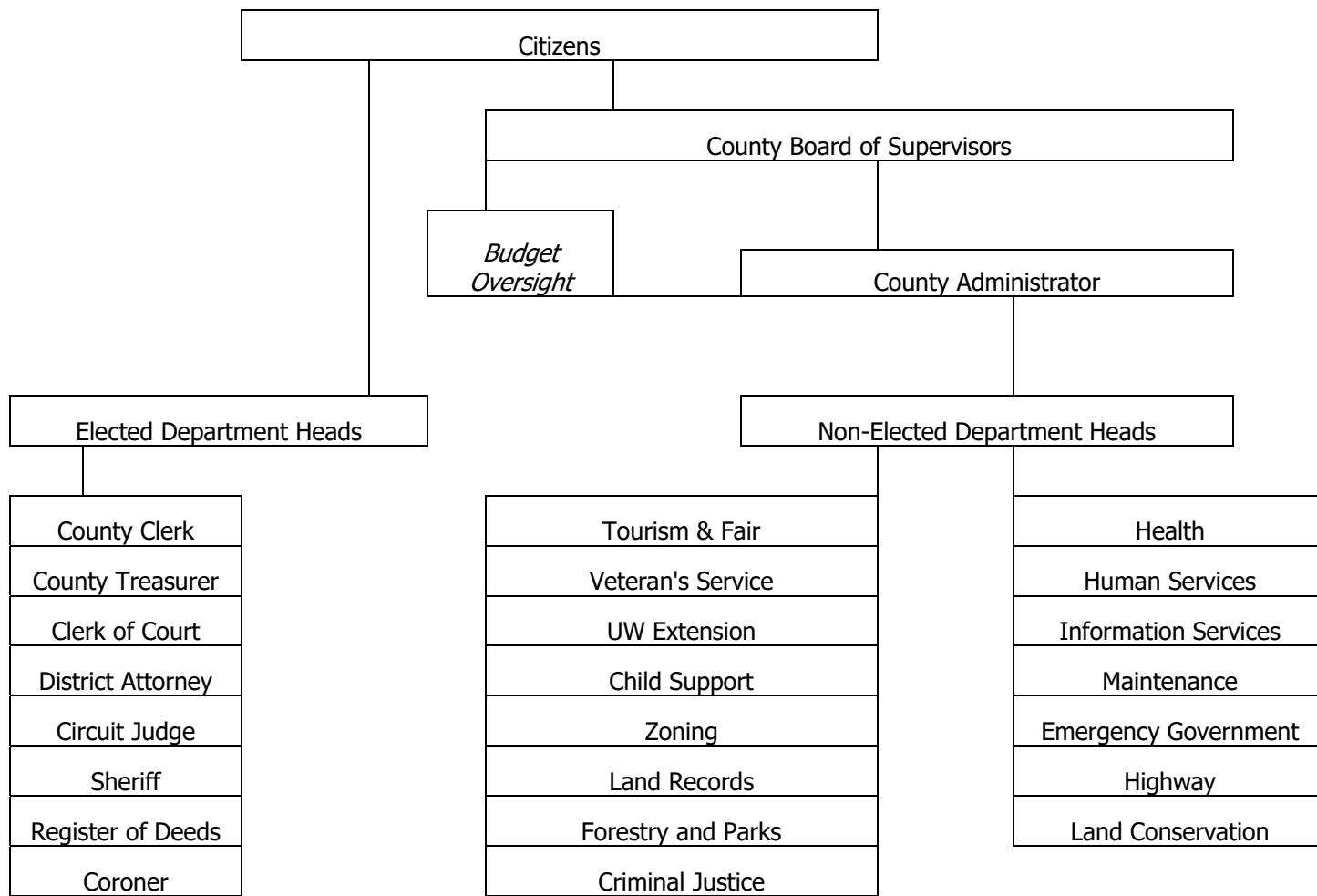
The compilation of this report and audit could not have been possible without the combined cooperation of all County Departments. Special appreciation is extended to Kris Kavajecz in this office as well as the staff in the County Clerk and Treasurer's offices for their dedication to accurate bookkeeping,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

Respectfully Submitted,



Mark Abeles-Allison
Bayfield County Administrator

BAYFIELD COUNTY ORGANIZATIONAL CHART



Independent Auditors' Report

To the Board of Supervisors of
Bayfield County

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Bayfield County, Wisconsin (the County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the County as of December 31, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the County adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2023 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Eau Claire, Wisconsin
September 19, 2023

Bayfield County, Wisconsin

Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

Attached please find a narrative overview and analysis of the financial activities of Bayfield County for the fiscal year ended December 31, 2022. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

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

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

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

- The assets and deferred outflows of Bayfield County exceeded liabilities and deferred inflows at the close of the most recent fiscal year by \$77,422,719 an increase of \$8,902,691 from the previous year. \$3,190,646 of carbon credits are included in this figure per accounting standards, but no carbon credits have been sold. This also includes \$25,810,178 of unrestricted balances and may be used to meet the government's ongoing obligations to citizens and creditors. This is an increase of 31.09% from the previous year. Part of this is new federal recovery funding that is totally encumbered now.
- As of the close of the current fiscal year, Bayfield County's governmental funds, reported combined ending fund balances of \$23,763,420 an increase of \$4,591,340 from 2021 or \$1,400,694 without the carbon credits. The increase also includes the unearned lease revenues. \$6,262,435 is available for spending at the government's discretion (unassigned fund balance).
- Bayfield County's total debt **decreased** by \$390,000 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. New to the financial statement in 2022 is the reporting of leases and the carbon offset reserve fund.

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

Bayfield County maintains five individual governmental fund types; General, Special Revenue, Debt Service, Capital Projects, and Proprietary. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Human Services Fund, which are considered to be major funds.

Bayfield County adopts an annual appropriated budget for all 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 41-43 of this report.

Proprietary Funds

Bayfield County had two types of proprietary funds in 2022. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. Bayfield County uses an enterprise fund to account for its Highway Operations. Internal service funds are an accounting device used to accumulate and allocate cost internally amongst Bayfield County's various functions.

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside Bayfield County. Fiduciary funds are not reflected in the government-wide financial statements. The accounting used for the fiduciary fund is like that used for proprietary funds. The net position for the custodial funds is \$966,900. This is down from \$1,119,495 in 2021 due to a decrease in retirement HRAs and Clerk of Court holdings. The basic fiduciary fund financial statements are located on page 10-11.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-40 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 \$77,422,719 at the close of the most recent fiscal year, up from \$68.5 million the previous year. \$5,094,337 of that increase is the newly reported unearned lease revenue that will be received in future years.

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

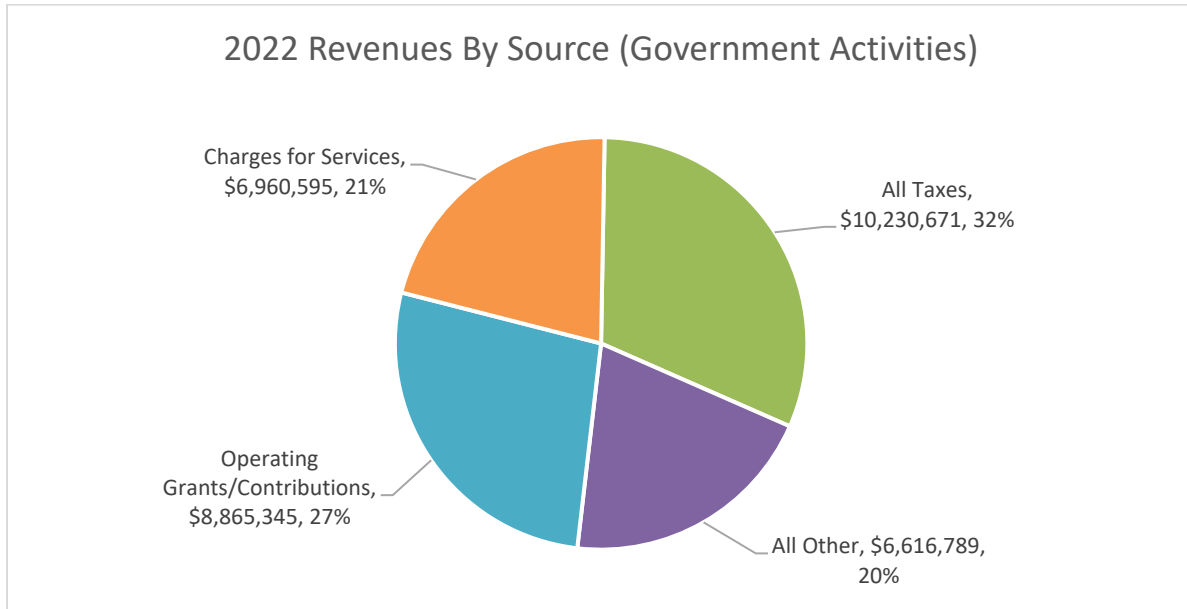
	Governmental Activities		Business Type Activities		Total	Total
	2021	2022	2021	2022	2021	2022
Current and Other Assets	35,472,788	48,906,706	8,891,558	11,567,409	44,364,346	60,474,115
Capital Assets	41,288,916	42,029,522	4,748,193	4,518,183	46,037,109	46,547,705
Total Assets	76,761,704	90,936,228	13,639,751	16,085,592	90,401,455	107,021,820
Deferred Outflows	5,352,774	8,154,722	858,924	1,284,311	6,211,698	9,439,033
Long-Term Debt	3,110,541	2,852,074	63,564	59,655	3,174,105	2,911,729
Other Liabilities	2,583,849	3,871,740	1,938,840	2,669,691	4,522,689	6,541,431
Total Liabilities	5,694,390	6,723,814	2,002,404	2,729,346	7,696,794	9,453,160
Deferred Inflows	15,763,469	23,543,730	4,632,862	6,041,244	20,396,331	29,584,974
Net Position:						
Invested in Capital Assets	38,770,671	39,802,416	4,748,193	4,518,183	43,518,864	44,320,599
Restricted	4,803,635	6,556,887	509,353	735,055	5,312,988	7,291,942
Unrestricted	17,082,313	22,464,103	2,605,863	3,346,075	19,688,176	25,810,178
Total Net Position	60,656,619	68,823,406	7,863,409	8,599,313	68,520,028	77,422,719

By far the largest portion of Bayfield County's net position reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure). Bayfield County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

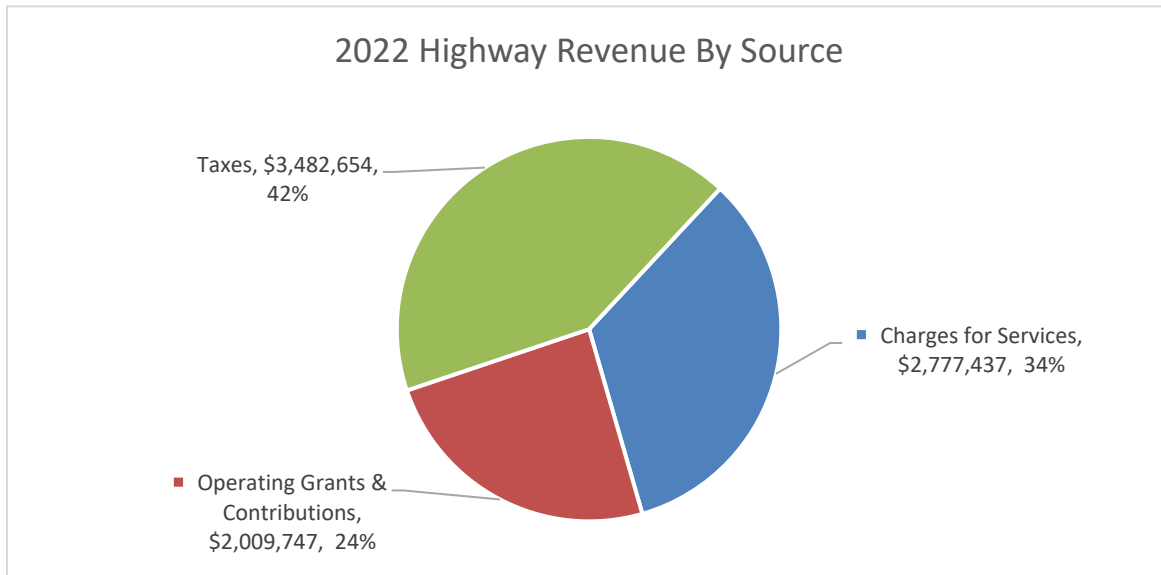
The following table represents a summary of revenues, expenses and changes in net position for the year ended December 31:

	Governmental Activities		Business Type Activities		Total	Total
	2021	2022	2021	2022	2021	2022
REVENUES						
Program Revenues						
Charges for Services	6,071,491	6,960,595	1,791,134	2,777,437	7,862,625	9,738,032
Operating Grants and Contributions	7,103,233	8,865,345	953,405	2,009,747	8,056,638	10,875,092
Capital Grants and Contributions	26,505	458,412	-	-	26,505	458,412
General Revenues						
Property Taxes	7,842,006	8,014,192	3,482,654	3,482,654	11,324,660	11,496,846
Sales Tax	1,678,556	1,779,340	-	-	1,678,556	1,779,340
Other Tax	560,052	437,139	-	-	560,052	437,139
Grants	156,782	884,118	-	-	156,782	884,118
Unreserved Inv.	141,941	3,426,056	-	-	141,941	3,426,056
Gain (Loss) on Sale of Assets	156,986	216,955	-	-	156,986	216,955
Other	273,849	1,631,248	-	-	273,849	1,631,248
TOTAL REVENUES	24,011,401	32,673,400	6,227,193	8,269,838	30,238,594	40,943,238
EXPENSES						
Gen Government	4,433,774	5,159,329	-	-	4,433,774	5,159,329
Public Safety	5,121,809	5,183,421	-	-	5,121,809	5,183,421
Public Works	879,082	943,969	-	-	879,082	943,969
Health and Human Services	5,956,557	7,063,360	-	-	5,956,557	7,063,360
Culture, Rec & Ed	1,596,593	1,664,637	-	-	1,596,593	1,664,637
Conservation and Development	3,112,247	3,936,779	-	-	3,112,247	3,936,779
Int/Fiscal Charges	66,705	55,118	-	-	66,705	55,118
Highway	-	-	6,185,585	8,033,934	6,185,585	8,033,934
TOTAL EXPENSES	21,166,767	24,006,613	6,185,585	8,033,934	27,352,352	32,040,547
Income (Loss) Before Transfers	2,844,634	8,666,787	41,608	235,904	2,886,242	8,902,691
Transfers In / Out	-351,883	-500,000	351,883	500,000	-	-
CHANGE IN NET POSITION	2,492,751	8,166,787	393,491	735,904	2,886,242	8,902,691
NET POSITION – JANUARY 1	58,163,868	60,656,619	7,469,918	7,863,409	65,633,786	68,520,028
NET POSITION – DECEMBER 31	60,656,619	68,823,406	7,863,409	8,599,313	68,520,028	77,422,719

Governmental Activities: Governmental activities increased Bayfield County’s net position by approximately \$8.1 million.



Business-Type Activities: Business-type activities accounted for \$8,599,313 or 11% of Bayfield County’s net position in 2022. Tax revenues in business activities stayed the same in 2022 as in 2021. Charges for services increased from 2021 by \$986,303 and operating grants and contributions increased by \$1,056,342.



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 \$23,763,420; a significant increase from \$ 19,172,080 in 2021. The increase is due to the addition of \$3,190,646 in **anticipated** carbon credits and the additional recording of deferred inflows of lease revenues. The deferred inflow of lease revenue is based on the future value of the number of years a lease is noncancelable. Approximately 26% of the above fund balance or \$6,262,435 constitutes unassigned fund balance which is available for spending at the government's discretion. Of this, \$5.0 million is set aside by Bayfield County as a 25%, 90 day, working capital fund balance. The remainder of the fund balance is not available for new spending.

Proprietary Funds:

Bayfield County's proprietary fund at the end of the year had unrestricted net position of \$3,346,075 up 28% from the 2021 amount of \$2,605,863.

General Fund Budgetary Highlights:

The General Fund was \$655,390 under expenditures estimated. Revenues exceeded projections by \$1,689,746.

Capital Assets and Debt Administration:

Bayfield County's investment in Capital Assets for its governmental activities as of December 31, 2022 amounts to \$39,802,416, up from \$38,770,671 in 2021.

Business type activity net capital assets decreased \$230,010 in 2022 to \$4,518,183 in 2022 from \$4,748,193 in 2021.

Long-Term Debt:

At the end of the current fiscal year Bayfield County's total long-term debt decreased by \$390,000 for the Northern Lights Rest Home General Obligation Bond Issues.

State statutes limit the amount of general obligation debt a government entity may issue to five percent of its total equalized valuation. The 2022 debt limitation for Bayfield County is \$165,449,440. At the end of 2022 the county currently had General Obligation Debt in the amount of \$2,110,000 leaving a remainder available for borrowing of \$163,339,440.

County Initiatives:

- Highway infrastructure remains a priority of the county board. For the 2022 year the Board supported a short-term bonding of \$2.5 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 2022 to improve connectivity countywide. 2022 Projects to add 500 more services were pushed into 2023, the projects are nearing completion today.
- The Bayfield County Business Park established in 2013 now has five tenants. Utility extensions including natural gas, broadband, 3-phase electric and telephone are on-site. A new shop and headquarters were completed in 2022 on a 10-acre parcel on the north end of the parcel. Another 10-acre parcel is occupied until 2023 as a utility project staging area for equipment and materials. Two new businesses have expressed interest in the staging site in 2023.

- Employee compensation is a focus area for the county. In 2022 a new wage assessment was commissioned and implemented and a mid-year wage increase was approved. Personnel policies were modified to help ensure successful recruitment and retention goals are reached.
- 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 improve quality of life and encourage wellness.
- Energy management efforts continue with large investments in renewable energies and microgrids with long term payoffs. Heating and cooling for county facilities are now carbon neutral. The County is beginning work on two microgrid projects, controlling energy costs and providing reliable backup in case of extended power outages. Savings through conservation and energy generation now exceed over \$50,000 per year.
- Criminal Justice Coordinating Council efforts continue to utilize evidenced based practices across departments with a focus on reducing recidivism and alternatives to incarceration. Focused Jail Re-entry efforts are underway with documented reductions in recidivism. A County Supervision effort is in the pilot stages, working with low level offenders to reduce the impact of sentencing on work and family life.
- County forestry initiatives strive to achieve sustainable yield projections as determined by the DNR on the county's forest. Bayfield County Forestry completed the long goal of repatriation of all tribal lands, a long-term goal of both the tribe and county. All county acreage has been transferred to the Tribe as of 2022. Additional forestry focus areas include carbon offset markets. The County has signed agreements and is in the verification and carbon credit sales. This could be a long-term source of funds to help lower and maintain mill rates.
- Trail development initiatives are underway utilizing county lands. The County has successfully leveraged land acquisition, county lands and state stewardship funds to create new opportunities for county residents.
- COVID-19 has made the County more adept at working in diverse places and situations. The Information Technology Departments' advances now enable employees to utilize technology in many more ways. These investments while costly have added productivity and service continuation guarantees.
- 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 CountyStatement of Net Position
December 31, 2022

	Governmental Activities	Business- Type Activities	Total
Assets			
Cash and investments	\$ 22,101,514	\$ 4,154,707	\$ 26,256,221
Taxes receivable	8,117,735	4,416,862	12,534,597
Delinquent taxes receivable	1,519,932	-	1,519,932
Accounts receivables (net)	3,421,581	1,461,551	4,883,132
Notes receivable	1,220,709	-	1,220,709
Lease receivable	5,094,337	-	5,094,337
Materials, supplies and prepaid items	51,391	895,891	947,282
Other assets, carbon credits	3,190,646	-	3,190,646
Restricted assets, net pension asset	4,188,861	638,398	4,827,259
Capital assets:			
Land	5,538,231	161,572	5,699,803
Right of way	6,081,900	-	6,081,900
Gravel pits	-	3,934	3,934
Construction in progress	1,591,157	219,458	1,810,615
Other capital assets, net of depreciation/amortization	28,818,234	4,133,219	32,951,453
Total assets	90,936,228	16,085,592	107,021,820
Deferred Outflows of Resources			
Pension related amounts	8,154,722	1,284,311	9,439,033
Liabilities			
Accounts payable	1,528,203	132,552	1,660,755
Accrued liabilities and deposits	370,535	37,139	407,674
Unearned revenues	1,973,002	-	1,973,002
Short-term notes payable	-	2,500,000	2,500,000
Noncurrent liabilities:			
Due within one year	759,243	53,097	812,340
Due in more than one year	2,092,831	6,558	2,099,389
Total liabilities	6,723,814	2,729,346	9,453,160
Deferred Inflows of Resources			
Pension related amounts	9,812,086	1,560,890	11,372,976
Unearned lease revenue	5,094,337	-	5,094,337
Unearned revenues	8,637,307	4,480,354	13,117,661
Total deferred outflows of resources	23,543,730	6,041,244	29,584,974
Net Position			
Net investment in capital assets	39,802,416	4,518,183	44,320,599
Restricted:			
Specialized transportation	166,017	-	166,017
CCOP risk reserve	6,078	-	6,078
Housing rehabilitation	915,703	-	915,703
Jail maintenance and construction	31,796	-	31,796
Veteran's relief	7,071	-	7,071
Education program	10,283	-	10,283
LATCF funds	522,962	-	522,962
Opioid remediation	278,818	-	278,818
Library levies	429,298	-	429,298
Bridges	-	96,657	96,657
Pension	4,188,861	638,398	4,827,259
Unrestricted	22,464,103	3,346,075	25,810,178
Total net position	\$ 68,823,406	\$ 8,599,313	\$ 77,422,719

See notes to financial statements

Bayfield County

Statement of Activities

Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 5,159,329	\$ 574,821	\$ 954,745	\$ 392,594	\$ (3,237,169)	\$ -	\$ (3,237,169)
Public safety	5,183,421	408,895	397,233	3,573	(4,373,720)	-	(4,373,720)
Public works	943,969	-	-	-	(943,969)	-	(943,969)
Health and human services	7,063,360	535,630	5,519,466	-	(1,008,264)	-	(1,008,264)
Culture, recreation and education	1,664,637	369,447	64,842	-	(1,230,348)	-	(1,230,348)
Conservation and development	3,936,779	5,071,802	1,929,059	62,245	3,126,327	-	3,126,327
Interest and fiscal charges	55,118	-	-	-	(55,118)	-	(55,118)
Total governmental activities	24,006,613	6,960,595	8,865,345	458,412	(7,722,261)	-	(7,722,261)
Business-Type Activities							
Highway Department	8,033,934	2,777,437	2,009,747	-	-	(3,246,750)	(3,246,750)
Total business-type activities	8,033,934	2,777,437	2,009,747	-	-	(3,246,750)	(3,246,750)
Total primary government	\$ 32,040,547	\$ 9,738,032	\$ 10,875,092	\$ 458,412	(7,722,261)	(3,246,750)	(10,969,011)
General Revenues							
Taxes:							
Property taxes, levied for general purposes					7,569,699	3,482,654	11,052,353
Property taxes, levied for debt service					444,493	-	444,493
Sales taxes					1,779,340	-	1,779,340
Other taxes					437,139	-	437,139
Intergovernmental revenues not restricted to specific programs					884,118	-	884,118
Investment income					3,426,056	-	3,426,056
Gain on sale of capital assets					216,955	-	216,955
Miscellaneous					1,631,248	-	1,631,248
Total general revenues before transfers					16,389,048	3,482,654	19,871,702
Transfers					(500,000)	500,000	-
Change in net position					8,166,787	735,904	8,902,691
Net Position, Beginning					60,656,619	7,863,409	68,520,028
Net Position, Ending					\$ 68,823,406	\$ 8,599,313	\$ 77,422,719

See notes to financial statements

Bayfield County

Balance Sheet -
Governmental Funds
December 31, 2022

	General Fund	Human Services Special Revenue Fund	ARPA Funding Special Revenue Fund	Carbon Offset Reserve Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash and investments	\$ 16,375,161	\$ 815,717	\$ 2,041,787	\$ -	\$ 1,638,056	\$ 785,623	\$ 21,656,344
Receivables, net:							
Taxes	5,842,089	1,817,788	-	-	-	457,858	8,117,735
Delinquent taxes	1,519,932	-	-	-	-	-	1,519,932
Accounts	1,312,444	809,397	-	-	966,403	333,337	3,421,581
Notes	443,486	-	-	-	-	777,223	1,220,709
Leases	5,094,337	-	-	-	-	-	5,094,337
Due from other funds	111,868	-	45,587	-	3,314	-	160,769
Materials, supplies and prepaid items	51,391	-	-	-	-	-	51,391
Other assets, carbon credits	-	-	-	3,190,646	-	-	3,190,646
Total assets	\$ 30,750,708	\$ 3,442,902	\$ 2,087,374	\$ 3,190,646	\$ 2,607,773	\$ 2,354,041	\$ 44,433,444
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 774,982	\$ 294,086	\$ 106,740	\$ -	\$ 313,434	\$ 12,989	\$ 1,502,231
Accrued liabilities	323,229	41,808	993	-	-	-	366,030
Deposits	450	-	-	-	-	-	450
Due to other funds	45,043	-	6,639	-	544	108,543	160,769
Unearned revenues	-	-	1,973,002	-	-	-	1,973,002
Total liabilities	1,143,704	335,894	2,087,374	-	313,978	121,532	4,002,482
Deferred Inflows of Resources							
Unearned revenues	6,360,536	1,818,913	-	-	-	457,858	8,637,307
Unearned lease revenues	5,094,337	-	-	-	-	-	5,094,337
Unavailable revenues	496,197	376,436	-	-	963,669	1,099,596	2,935,898
Total deferred inflows of resources	11,951,070	2,195,349	-	-	963,669	1,557,454	16,667,542
Fund Balances							
Nonspendable	2,014,809	-	-	-	-	-	2,014,809
Restricted	429,298	172,095	-	-	-	773,300	1,374,693
Committed	29,701	635,000	-	-	1,330,126	4,118	1,998,945
Assigned	8,817,328	104,564	-	3,190,646	-	-	12,112,538
Unassigned (deficit)	6,364,798	-	-	-	-	(102,363)	6,262,435
Total fund balances	17,655,934	911,659	-	3,190,646	1,330,126	675,055	23,763,420
Total liabilities, deferred inflows of resources and fund balances	\$ 30,750,708	\$ 3,442,902	\$ 2,087,374	\$ 3,190,646	\$ 2,607,773	\$ 2,354,041	\$ 44,433,444

See notes to financial statements

Bayfield County

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2022

Total Fund Balance, Governmental Funds \$ 23,763,420

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	\$ 76,005,674	
Accumulated depreciation/amortization	<u>(33,976,152)</u>	42,029,522

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. 2,935,898

The net pension asset does not relate to current financial resources and is not
reported in the governmental funds. 4,188,861

Deferred outflows of resources related to pensions do not relate to current
financial resources and are not reported in the governmental funds. 8,154,722

Deferred inflows of resources related to pensions do not relate to current
financial resources and are not reported in the governmental funds. (9,812,086)

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. 419,198

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	(2,110,000)
Accrued interest on general obligation debt	(4,055)
Lease liabilities	(117,106)
Vested compensated absences	<u>(624,968)</u>

Total Net Position, Governmental Activities \$ 68,823,406

Bayfield County

 Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended December 31, 2022

	General Fund	Human Services Special Revenue Fund	ARPA Funding Special Revenue Fund	Carbon Offset Reserve Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 7,941,859	\$ 1,817,788	\$ -	\$ -	\$ -	\$ 458,993	\$ 10,218,640
Intergovernmental	2,465,296	4,146,936	620,625	-	177,483	724,765	8,135,105
Licenses and permits	489,394	-	-	-	-	7,341	496,735
Fines, forfeitures and penalties	93,124	-	-	-	-	17,660	110,784
Charges for services	5,646,143	265,851	-	-	166,505	7,448	6,085,947
Investment income (including unrealized gains)	-	-	-	3,190,646	-	-	3,190,646
Miscellaneous	1,147,529	3,686	30,723	-	14,188	80,393	1,276,519
Total revenues	<u>17,783,345</u>	<u>6,234,261</u>	<u>651,348</u>	<u>3,190,646</u>	<u>358,176</u>	<u>1,296,600</u>	<u>29,514,376</u>
Expenditures							
Current:							
General government	4,322,551	-	2,126	-	-	-	4,324,677
Public safety	5,258,316	-	-	-	-	14,685	5,273,001
Public works	139,444	-	-	-	-	-	139,444
Health and human services	1,354,737	5,909,888	62,001	-	-	22,043	7,348,669
Culture, recreation and education	1,550,516	-	27,500	-	-	57,208	1,635,224
Conservation and development	3,063,134	-	104,240	-	-	134,014	3,301,388
Capital outlay	-	-	470,888	-	2,771,624	177,837	3,420,349
Debt service:							
Principal retirement	-	-	-	-	-	390,000	390,000
Interest and fiscal charges	-	-	-	-	-	54,493	54,493
Total expenditures	<u>15,688,698</u>	<u>5,909,888</u>	<u>666,755</u>	<u>-</u>	<u>2,771,624</u>	<u>850,280</u>	<u>25,887,245</u>
Excess (deficiency) of revenues over expenditures	<u>2,094,647</u>	<u>324,373</u>	<u>(15,407)</u>	<u>3,190,646</u>	<u>(2,413,448)</u>	<u>446,320</u>	<u>3,627,131</u>
Other Financing Sources (Uses)							
Property sales	-	-	-	-	1,523,845	-	1,523,845
Transfer in	416,532	-	45,043	-	1,004,566	-	1,466,141
Transfer out	(1,579,609)	(416,532)	(29,636)	-	-	-	(2,025,777)
Total other financing sources (uses)	<u>(1,163,077)</u>	<u>(416,532)</u>	<u>15,407</u>	<u>-</u>	<u>2,528,411</u>	<u>-</u>	<u>964,209</u>
Net change in fund balances	931,570	(92,159)	-	3,190,646	114,963	446,320	4,591,340
Fund Balances, Beginning	<u>16,724,364</u>	<u>1,003,818</u>	<u>-</u>	<u>-</u>	<u>1,215,163</u>	<u>228,735</u>	<u>19,172,080</u>
Fund Balances, Ending	<u>\$ 17,655,934</u>	<u>\$ 911,659</u>	<u>\$ -</u>	<u>\$ 3,190,646</u>	<u>\$ 1,330,126</u>	<u>\$ 675,055</u>	<u>\$ 23,763,420</u>

See notes to financial statements

Bayfield County

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2022

Net Change in Fund Balances, Total Governmental Funds \$ 4,591,340

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	3,420,349
Some capital outlay is not capitalized in the government-wide statements	(1,225,221)
Some functional expenditures are capitalized	137,197
Depreciation/amortization is reported in the government-wide statements	(1,799,688)
Book value of capital assets disposed/removed of during the year	(19,530)

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. 1,602,488

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	390,000
Lease principal payments	22,605

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	974
Vested compensated absences	(32,672)
Net pension asset/liability (and pension related deferred outflows/inflows of resources)	1,010,544

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. 68,401

Change in Net Position of Governmental Activities \$ 8,166,787

Bayfield County

Statement of Net Position -
Proprietary Funds
December 31, 2022

	<u>Major Enterprise Fund Highway Department</u>	<u>Governmental Activities Internal Service Funds</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 4,154,707	\$ 445,170
Taxes receivable	4,416,862	-
Accounts receivable, net	1,461,551	-
Materials, supplies and prepaid items	895,891	-
Total current assets	<u>10,929,011</u>	<u>445,170</u>
Noncurrent Assets		
Restricted assets, net pension asset	638,398	-
Capital assets:		
Land	161,572	-
Construction in progress	219,458	-
Gravel pits	3,934	-
Other capital assets	10,160,050	1,915,299
Accumulated depreciation	<u>(6,026,831)</u>	<u>(1,082,910)</u>
Total noncurrent assets	<u>5,156,581</u>	<u>832,389</u>
Total assets	<u>16,085,592</u>	<u>1,277,559</u>
Deferred Outflows of Resources		
Pension related amounts	<u>1,284,311</u>	<u>-</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	132,552	25,972
Accrued liabilities	37,139	-
Short-term notes payable	2,500,000	-
Current portion of leases payable	-	5,211
Current portion of vested compensated absences	<u>53,097</u>	<u>-</u>
Total current liabilities	<u>2,722,788</u>	<u>31,183</u>
Noncurrent Liabilities		
Vested compensated absences	6,558	-
Leases payable	<u>-</u>	<u>7,823</u>
Total noncurrent liabilities	<u>6,558</u>	<u>7,823</u>
Total liabilities	<u>2,729,346</u>	<u>39,006</u>
Deferred Inflows of Resources		
Pension related amounts	1,560,890	-
Unearned revenues	<u>4,480,354</u>	<u>-</u>
Total deferred inflows of resources	<u>6,041,244</u>	<u>-</u>
Net Position		
Net investment in capital assets	4,518,183	819,355
Restricted for bridges	96,657	-
Restricted for pension	638,398	-
Unrestricted	<u>3,346,075</u>	<u>419,198</u>
Total net position	<u>\$ 8,599,313</u>	<u>\$ 1,238,553</u>

See notes to financial statements

Bayfield County

Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Funds
Year Ended December 31, 2022

	<u>Major Enterprise Fund Highway Department</u>	<u>Governmental Activities Internal Service Funds</u>
Operating Revenues		
Charges for services	\$ 2,713,132	\$ 440,619
Miscellaneous	64,305	29,501
Total operating revenues	<u>2,777,437</u>	<u>470,120</u>
Operating Expenses		
Highway expenses	7,413,752	-
County vehicle expenses	-	117,338
County photocopier expenses	-	5,666
Sheriff vehicle expenses	-	197,251
Depreciation and amortization	609,850	217,261
Total operating expenses	<u>8,023,602</u>	<u>537,516</u>
Operating loss	<u>(5,246,165)</u>	<u>(67,396)</u>
Nonoperating Revenues (Expenses)		
Property tax revenue	3,482,654	-
Gain on disposal of capital assets	-	70,581
Intergovernmental aids	2,009,747	7,180
Interest and fiscal charges	(10,332)	(1,600)
Total nonoperating revenues (expenses)	<u>5,482,069</u>	<u>76,161</u>
Income before transfers	235,904	8,765
Transfers		
Transfers in	<u>500,000</u>	<u>59,636</u>
Change in net position	735,904	68,401
Net Position, Beginning	<u>7,863,409</u>	<u>1,170,152</u>
Net Position, Ending	<u>\$ 8,599,313</u>	<u>\$ 1,238,553</u>

See notes to financial statements

Bayfield County

Statement of Cash Flows -
Proprietary Funds
Year Ended December 31, 2022

	Major Enterprise Fund Highway Department	Governmental Activities Internal Service Funds
Cash Flows From Operating Activities		
Cash received from customers	\$ 1,941,476	\$ 477,302
Cash paid to suppliers for goods and services	(6,192,197)	(291,047)
Cash paid to employees for services	(1,527,202)	(8,183)
	<u>(5,777,923)</u>	<u>178,072</u>
Net cash flows from operating activities		
Cash Flows From Noncapital Financing Activities		
General property taxes	3,482,654	-
Intergovernmental grants received	2,009,747	-
Transfer from other funds	500,000	59,636
	<u>5,992,401</u>	<u>59,636</u>
Net cash flows from noncapital financing activities		
Cash Flows From Capital and Related Financing Activities		
Proceeds from issuance of debt	2,500,000	-
Debt retired	(1,650,000)	(5,211)
Acquisition and construction of capital assets	(401,743)	(360,206)
Proceeds from sale of capital assets	21,903	112,704
Interest and fiscal charges paid	(10,332)	(1,600)
	<u>459,828</u>	<u>(254,313)</u>
Net cash flows from capital and related financing activities		
Net change in cash and cash equivalents	674,306	(16,605)
Cash and Cash Equivalents, Beginning	<u>3,480,401</u>	<u>461,775</u>
Cash and Cash Equivalents, Ending	<u>\$ 4,154,707</u>	<u>\$ 445,170</u>
Reconciliation of Operating Loss to Net Cash Flows		
From Operating Activities		
Operating loss	\$ (5,246,165)	\$ (67,396)
Nonoperating revenue	-	7,180
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation and amortization	609,850	217,261
Change in assets, deferred outflows, liabilities and deferred inflows:		
Accounts receivable	(891,904)	2
Materials, supplies and prepaid items	(46,104)	-
Accounts payable	(123,372)	21,198
Accrued liabilities	313	(173)
Under or over-recovered cost pools	55,944	-
Pension related deferrals and liability/asset	(136,485)	-
	<u>(5,777,923)</u>	<u>178,072</u>
Net cash flows from operating activities		
Noncash Capital, Investing and Financing Activities		
None		

See notes to financial statements

Bayfield County

Statement of Fiduciary Net Position -
Custodial Funds
December 31, 2022

	<u>Custodial Funds</u>
Assets	
Cash and investments	\$ 1,041,814
Total assets	<u>1,041,814</u>
Liabilities	
Due to other governments	58,895
Deposits	<u>16,019</u>
Total liabilities	<u>74,914</u>
Net Position	
Restricted for other governments or organizations	<u><u>\$ 966,900</u></u>

See notes to financial statements

Bayfield County

Statement of Changes in Fiduciary Net Position -
Custodial Funds
Year Ended December 31, 2022

	<u>Custodial Funds</u>
Additions	
Property tax collections	\$ 14,139,615
Fees for services collections	984,258
Donations	28,870
	<u>15,152,743</u>
Deductions	
Property tax payments	14,139,615
Remittance of fees for services	779,627
Remittance of fines and forfeitures	386,096
	<u>15,305,338</u>
Change in fiduciary net position	(152,595)
Net Position, Beginning	<u>1,119,495</u>
Net Position, Ending	<u><u>\$ 966,900</u></u>

See notes to financial statements

Bayfield County

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December 31, 2022

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Bayfield County

Notes to Financial Statements
December 31, 2022

1. Summary of Significant Accounting Policies

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

Reporting Entity

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

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

Blended Component Unit

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

Government-Wide and Fund Financial Statements

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the County's leasing activities. This standard was implemented January 1, 2022.

Bayfield County

Notes to Financial Statements
December 31, 2022

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement establishes a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice for commitments extended by issuers and other arrangements with conduit debt obligations. The standard also clarifies the existing definition of conduit debt obligations and improves required note disclosures. This standard was implemented January 1, 2022.

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

Bayfield County

Notes to Financial Statements
December 31, 2022

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.

ARPA Funding Special Revenue Fund

ARPA special revenue fund is used to account for and report grants and other resources legally restricted or committed to supporting expenditures for COVID-19 recovery.

Carbon Offset Reserve Special Revenue Fund

Carbon offset reserve special revenue fund is used to account for and report resources assigned to supporting expenditures for projects as outlined in the Carbon Offset Reserve plan.

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.

The County reports the following major enterprise fund:

Highway Department

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

The County reports the following nonmajor governmental funds:

Special Revenue Funds

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

Housing Rehab Grant	Dog License
Jail Assessment	Community Development Block Grant
Veterans' Relief	Opioid Settlement
Educational Programs	LATCF

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

Bayfield County

Notes to Financial Statements
December 31, 2022

In addition, the County reports the following fund types:

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

- County Vehicles
- County Photocopiers
- Sheriff Vehicles

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

Bayfield County

Notes to Financial Statements
December 31, 2022

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, 2022

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

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

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

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

The policy addresses interest rate risk by requiring the following:

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

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

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, 2022, 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, 2022

See Note 3 for further information on deposit and investment policies.

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 - 2022 tax roll:

Lien date and levy date	December 2022
Tax bills mailed	December 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Second installment due	July 31, 2023
Personal property taxes in full	January 31, 2023
Tax sale, 2022 delinquent real estate taxes	October 2025

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 \$1,519,932, the total of tax certificates and tax deeds as of year-end.

The County has a 0.5% sales tax which is collected by the State of Wisconsin and remitted to the County monthly. Sales tax is accrued as a receivable when the underlying sale relating to it takes place. At December 31, 2022, 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, 2022

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.

Other Assets

Other assets consist of unsold Carbon Emission Reduction Credits (ERCs). These credits are considered investments held for sale and are stated at fair value, which is the amount at which the 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.

Restricted assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by external parties. Restricted assets of \$4,827,259 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 (including right-to-use lease assets), are reported in the government-wide financial statements. General capital assets are defined by the government as assets with an initial cost of more than \$250 and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost, if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor and overhead. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

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

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

Lease assets are typically amortized over the lease term.

Bayfield County

Notes to Financial Statements
December 31, 2022

Fund Financial Statements

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

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net assets 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, 2022 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, lease liabilities and vested compensated absences.

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

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

The County has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects and do not constitute indebtedness of the County. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is \$12,112,868.

Leases

The County is a lessor because it leases capital assets to other entities. As a lessor, the County reports a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements. The County continues to report and depreciate the capital assets being leased as capital assets of the primary government.

Bayfield County

Notes to Financial Statements
December 31, 2022

The County is a lessee because it leases capital assets from other entities. As a lessee, the County reports a lease liability and an intangible right-to-use capital asset (known as the lease asset) on the government-wide financial statements and proprietary fund statements. In the governmental fund financial statements, the County recognizes lease proceeds and capital outlay at initiation of the lease, and the outflow of resources for the lease liability as a debt service payment.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net assets 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.

Bayfield County

Notes to Financial Statements
December 31, 2022

- 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.

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

The County has a formal minimum fund balance policy. That policy is to maintain a working capital fund balance of 25% of budgeted General Fund expenditures for the subsequent year. The balance at year-end was \$5,028,485 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 net new construction or 0%. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The County is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

Budgetary Information

A budget has been formally adopted for all funds except for the Carbon Offset Reserve Fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

Bayfield County

Notes to Financial Statements
December 31, 2022

Deficit Balances

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

As of December 31, 2022, the following individual funds held a deficit fund balance:

<u>Fund</u>	<u>Amount</u>
Community Development Block Grant	\$ 102,363

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

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	\$ 5,777,489	\$ 6,596,341	Custodial credit risk
LGIP	8,519,601	8,519,988	Credit risk
Certificates of deposit	13,000,000	13,009,600	Custodial credit risk
Petty cash	945	-	N/A
	<u>\$ 27,298,035</u>	<u>\$ 28,125,929</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 26,256,221		
Per statement of fiduciary net position, custodial funds	<u>1,041,814</u>		
Total cash and investments	<u>\$ 27,298,035</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, 2022, the County's bank deposits were secured by a Bremer Investments, Inc. pledge agreement in the amount of \$20,342,318.

Bayfield County

Notes to Financial Statements
December 31, 2022

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- Estimated market pricing using specialist forecast of current voluntary forest carbon market.

Investment Type	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Other assets - Carbon ERCs	\$ -	\$ -	\$ 3,190,646	\$ 3,190,646
Total	\$ -	\$ -	\$ 3,190,646	\$ 3,190,646

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, 2022, 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 \$6,957,916 in the General Fund, \$777,223 in the Housing Rehab Grant Fund, and \$209,840 in the Opioid Settlement Fund.

Bayfield County

Notes to Financial Statements
December 31, 2022

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

	<u>Unearned</u>	<u>Unavailable</u>
Taxes receivable	\$ 8,116,410	\$ -
Accounts and grants receivable	21,228	2,158,675
Notes receivable	-	777,223
Deposits	499,669	-
Advance grant funds	1,973,002	-
Unearned lease revenue	<u>5,094,337</u>	<u>-</u>
Total unavailable/unearned revenue for governmental funds	<u>\$ 15,704,646</u>	<u>\$ 2,935,898</u>
Unearned revenue included in liabilities	\$ 1,973,002	
Unearned revenue included in deferred inflows	<u>13,731,644</u>	
Total unearned revenue for governmental funds	<u>\$ 15,704,646</u>	

The highway department enterprise fund also reported unearned revenues of \$4,480,354, related to taxes receivable of \$4,416,862 and \$63,492 unrecovered cost pools.

Bayfield County

Notes to Financial Statements
December 31, 2022

Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance (as Restated)*</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated/amortized:				
Land	\$ 5,291,308	\$ 246,923	\$ -	\$ 5,538,231
Right of way	6,081,900	-	-	6,081,900
Construction in progress	314,509	1,524,154	(247,506)	1,591,157
Total capital assets not being depreciated/amortized	<u>11,687,717</u>	<u>1,771,077</u>	<u>(247,506)</u>	<u>13,211,288</u>
Capital assets being depreciated/amortized:				
Buildings	29,590,157	61,257	-	29,651,414
Machinery and equipment	9,676,765	1,050,235	(574,931)	10,152,069
Land improvements	574,633	-	-	574,633
Infrastructure	21,959,392	-	-	21,959,392
Intangibles	304,000	-	-	304,000
Leased assets	152,878	-	-	152,878
Total capital assets being depreciated/amortized	<u>62,257,825</u>	<u>1,111,492</u>	<u>(574,931)</u>	<u>62,794,386</u>
Total capital assets	<u>73,945,542</u>	<u>2,882,569</u>	<u>(822,437)</u>	<u>76,005,674</u>
Less accumulated depreciation/amortization for:				
Buildings	(15,183,777)	(441,184)	-	(15,624,961)
Machinery and equipment	(7,235,728)	(698,930)	570,746	(7,363,912)
Land improvements	(135,089)	(32,334)	-	(167,423)
Infrastructure	(9,923,826)	(804,525)	-	(10,728,351)
Intangibles	(43,573)	(12,160)	-	(55,733)
Leased assets	(7,956)	(27,816)	-	(35,772)
Total accumulated depreciation/amortization	<u>(32,529,949)</u>	<u>(2,016,949)</u>	<u>570,746</u>	<u>(33,976,152)</u>
Total other capital assets, net of depreciation/amortization	<u>29,727,876</u>	<u>(905,457)</u>	<u>(4,185)</u>	<u>28,818,234</u>
Total governmental activities capital assets, net	<u>\$ 41,415,593</u>	<u>\$ 865,620</u>	<u>\$ (251,691)</u>	<u>\$ 42,029,522</u>

* Beginning balances have been restated for the implementation of GASB 87, *Leases* to reflect the lease assets at the date of implementation.

Bayfield County

Notes to Financial Statements
December 31, 2022

Depreciation and amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 565,359
Public safety	448,915
Public works, which includes the depreciation of roads and bridges	804,525
Health and human services	81,166
Culture, recreation and education	46,326
Conservation and development	70,658

Total governmental activities, depreciation and amortization expense	<u>\$ 2,016,949</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	-	219,458	-	219,458
	<u>165,506</u>	<u>219,458</u>	<u>-</u>	<u>384,964</u>
Total capital assets not being depreciated				
Capital assets being depreciated:				
Land improvements	99,592	-	-	99,592
Buildings	1,875,055	-	-	1,875,055
Machinery and equipment	8,190,921	182,285	(187,803)	8,185,403
	<u>10,165,568</u>	<u>182,285</u>	<u>(187,803)</u>	<u>10,160,050</u>
Total capital assets being depreciated				
Less accumulated depreciation for:				
Land improvements	(32,014)	(4,827)	-	(36,841)
Buildings	(1,374,918)	(42,336)	-	(1,417,254)
Machinery and equipment	(4,175,949)	(542,562)	145,775	(4,572,736)
	<u>(5,582,881)</u>	<u>(589,725)</u>	<u>145,775</u>	<u>(6,026,831)</u>
Total accumulated depreciation				
Total other capital assets, net of depreciation				
	<u>4,582,687</u>	<u>(407,440)</u>	<u>(42,028)</u>	<u>4,133,219</u>
Business-type activities, capital assets, net				
	<u>\$ 4,748,193</u>	<u>\$ (187,982)</u>	<u>\$ (42,028)</u>	<u>\$ 4,518,183</u>

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

Bayfield County

Notes to Financial Statements
December 31, 2022

Interfund Receivables/Payables and Transfers

Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Community Development Block Grant	\$ 102,463
General Fund	Jail Assessment	6,080
General Fund	ARPA Funding	3,325
Capital Projects	ARPA Funding	3,314
ARPA Funding	General Fund	45,043
ARPA Funding	Capital Projects	544
	Total, fund financial statements	160,769
	Less fund eliminations	<u>(160,769)</u>
	Total, internal balances, government-wide statement of net position	<u><u>\$ -</u></u>

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Human Services	\$ 416,532	Return of excess revenues
ARPA Funding	General Fund	45,043	HVAC project
Capital Projects	General Fund	1,004,566	Acquisition of capital assets
Highway Department	General Fund	500,000	Highway projects
County Vehicles	General Fund	30,000	Acquisition of capital assets
County Vehicles	ARPA Funding	29,636	Acquisition of capital assets
	Subtotal, fund financial statements	2,025,777	
	Less fund eliminations	<u>(1,525,777)</u>	
	Total government-wide statement of activities	<u><u>\$ 500,000</u></u>	

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

Bayfield County

Notes to Financial Statements
December 31, 2022

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2022 was as follows:

	Beginning Balance (as Restated)*	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and notes payable:					
General obligation bonds:	\$ 2,500,000	\$ -	\$ (390,000)	\$ 2,110,000	\$ 400,000
Subtotal	<u>2,500,000</u>	<u>-</u>	<u>(390,000)</u>	<u>2,110,000</u>	<u>400,000</u>
Other liabilities:					
Vested compensated absences	592,296	32,672	-	624,968	303,508
Lease liabilities	<u>144,922</u>	<u>-</u>	<u>(27,816)</u>	<u>117,106</u>	<u>55,735</u>
Subtotal	<u>737,218</u>	<u>32,672</u>	<u>(27,816)</u>	<u>742,074</u>	<u>359,243</u>
Total governmental activities long-term liabilities	<u>\$ 3,237,218</u>	<u>\$ 32,672</u>	<u>\$ (417,816)</u>	<u>\$ 2,852,074</u>	<u>\$ 759,243</u>
	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-Type Activities					
Other liabilities:					
Vested compensated absences	\$ 63,564	\$ -	\$ (3,909)	\$ 59,655	\$ 53,097
Total other liabilities	<u>63,564</u>	<u>-</u>	<u>(3,909)</u>	<u>59,655</u>	<u>53,097</u>
Total business-type activities long-term liabilities	<u>\$ 63,564</u>	<u>\$ -</u>	<u>\$ (3,909)</u>	<u>\$ 59,655</u>	<u>\$ 53,097</u>

* Beginning balances have been restated for the implementation of GASB 87, *Leases* to reflect the lease liabilities at the date of implementation.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the County may not exceed 5% of the equalized value of taxable property within the County's jurisdiction. The debt limit as of December 31, 2022 was \$165,449,440. Total general obligation debt outstanding at year-end was \$2,110,000.

Bayfield County

Notes to Financial Statements
December 31, 2022

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, 2022, consists of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
Governmental Activities					
G.O. refunding bonds	08/15/17	06/01/27	1.75-3.0 %	\$ 3,925,000	<u>\$ 2,110,000</u>
Total governmental activities					<u>\$ 2,110,000</u>

Debt service requirements to maturity are as follows:

	Governmental Activities General Obligation Debt	
	<u>Principal</u>	<u>Interest</u>
Years ending December 31:		
2023	\$ 400,000	\$ 42,643
2024	415,000	30,418
2025	425,000	20,474
2026	430,000	12,778
2027	<u>440,000</u>	<u>4,400</u>
Total	<u>\$ 2,110,000</u>	<u>\$ 110,713</u>

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 \$2,500,000 to be used for highway projects. The note has an interest rate of 4.32% and matures on February 28, 2023.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Promissory note, direct placement	\$ 1,650,000	\$ 2,500,000	\$ 1,650,000	\$ 2,500,000

Bayfield County

Notes to Financial Statements
December 31, 2022

Lease Disclosures

Lessee - Lease Liabilities

Governmental Activities

<u>Lease Liabilities Description</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
Norvado, tower spaces	various	various	4.32%	\$ 126,677	\$ 104,072
Enterprise, police vehicle	02/28/20	06/30/25	18.47	26,201	13,034
Total governmental activities lease liabilities					<u>\$ 117,106</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 55,735	\$ 3,412	\$ 59,147
2024	47,709	2,258	49,967
2025	7,812	981	8,793
2026	5,850	21	5,871
Total	<u>\$ 117,106</u>	<u>\$ 6,672</u>	<u>\$ 123,778</u>

Lessor - Lease Receivables

Governmental Activities

<u>Lease Receivables Description</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Receivable Balance December 31, 2022</u>
Northern Lights facility	09/14/17	12/31/47	4.32%	\$ 3,626,018
Wireless tower agreements	various	various	4.32	1,468,319
Total leases receivable, governmental activities				<u>\$ 5,094,337</u>

The County recognized \$94,774 of lease principal revenue and \$225,918 of lease interest revenue during the fiscal year.

Net Position/Fund Balances

Net position reported on the government wide statement of net position at December 31, 2022 includes the following:

Governmental Activities

Net investment in capital assets:

Land (including right of way)	\$ 11,620,131
Construction in progress	1,591,157
Other capital assets, net of accumulated depreciation	28,818,234
Less related long-term debt outstanding	<u>(2,227,106)</u>

Total net investment in capital assets \$ 39,802,416

Bayfield County

Notes to Financial Statements
December 31, 2022

Governmental Funds

Governmental fund balances at December 31, 2022 include the following:

	General Fund	Human Services Fund	Carbon Offset Reserve Fund	Capital Projects Fund	Nonmajor Funds	Total
Fund Balances						
Nonspendable:						
Tax certificates	\$ 1,188,367	\$ -	\$ -	\$ -	\$ -	\$ 1,188,367
Tax deeds	331,565	-	-	-	-	331,565
Materials, supplies and prepaid items	51,391	-	-	-	-	51,391
Notes receivable	443,486	-	-	-	-	443,486
Subtotal	<u>2,014,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,014,809</u>
Restricted for:						
Elderly/handicapped transportation	-	166,017	-	-	-	166,017
CCOP risk reserve	-	6,078	-	-	-	6,078
Housing rehabilitation	-	-	-	-	138,480	138,480
Jail maintenance and construction	-	-	-	-	31,796	31,796
Educational programs	-	-	-	-	10,283	10,283
Veterans services	-	-	-	-	7,071	7,071
Opioid remediation	-	-	-	-	58,808	58,808
LATCF grant	-	-	-	-	522,962	522,962
Debt service	-	-	-	-	3,900	3,900
Library levies	429,298	-	-	-	-	429,298
Subtotal	<u>429,298</u>	<u>172,095</u>	<u>-</u>	<u>-</u>	<u>773,300</u>	<u>1,374,693</u>
Committed for:						
Town bridges	29,701	-	-	-	-	29,701
Animal control	-	-	-	-	4,118	4,118
Human services reserve	-	635,000	-	-	-	635,000
Capital projects	-	-	-	1,330,126	-	1,330,126
Subtotal	<u>29,701</u>	<u>635,000</u>	<u>-</u>	<u>1,330,126</u>	<u>4,118</u>	<u>1,998,945</u>
Assigned to:						
Carbon offset reserve	-	-	3,190,646	-	-	3,190,646
Subsequent year's budget	3,239,072	-	-	-	-	3,239,072
IDP program funds	-	104,564	-	-	-	104,564
Employee wellness	400,465	-	-	-	-	400,465
5-year highway plan	1,500,000	-	-	-	-	1,500,000
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	225,929	-	-	-	-	225,929
Future health dept. expenditures	36,472	-	-	-	-	36,472
Future business park expenditures	34,685	-	-	-	-	34,685
K9 donations/program	30,705	-	-	-	-	30,705
Subtotal	<u>8,817,328</u>	<u>104,564</u>	<u>3,190,646</u>	<u>-</u>	<u>-</u>	<u>12,112,538</u>
Unassigned (deficit)	<u>6,364,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(102,363)</u>	<u>6,262,435</u>
Total fund balances	<u>\$ 17,655,934</u>	<u>\$ 911,659</u>	<u>\$ 3,190,646</u>	<u>\$ 1,330,126</u>	<u>\$ 675,055</u>	<u>\$ 23,763,420</u>

4. Other Information

Employees' Retirement System

Plan Description

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

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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, 2022

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>
2012	(7.0)%	(7.0)%
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

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 was 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 \$685,769 in contributions from the County.

Contribution rates for the plan year reported as of December 31, 2022 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives and Elected Officials)	6.75 %	6.75 %
Protective with social security	6.75 %	11.75 %
Protective without social security	6.75 %	16.35 %

Bayfield County

Notes to Financial Statements
December 31, 2022

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

At December 31, 2022, the County reported an asset of \$4,827,259 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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, 2022, the County's proportion was 0.05989020%, which was a decrease of 0.00013170% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2022, the County recognized pension expense (revenue) of \$(461,154).

At December 31, 2022, 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 projected and actual experience	\$ 7,798,193	562,333
Changes of actuarial assumptions	900,601	-
Net difference between projected and actual earnings on pension plan investments	-	10,798,981
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,644	11,662
Employer contributions subsequent to the measurement date	727,595	-
	<u>\$ 9,439,033</u>	<u>\$ 11,372,976</u>
Total		

\$727,595 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Years Ending December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2023	\$ (226,217)
2024	(1,307,387)
2025	(574,547)
2026	(553,387)

Bayfield County

Notes to Financial Statements
December 31, 2022

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1%-5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-Retirement Adjustments*:	1.7%

* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% 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 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. 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, price inflation, mortality and separation rates. The Total Pension Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

Bayfield County

Notes to Financial Statements
December 31, 2022

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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns* as of December 31, 2021

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %**</u>
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3.0
Private Equity/Debt	12	9.7	7.0
Total Core Fund***	115	6.6	4.0
 <u>Variable Fund Asset</u>			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

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

** New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

*** The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.

Bayfield County

Notes to Financial Statements
December 31, 2022

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 1.84%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% 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 investment 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 Liability (Asset) to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.8%, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8%) or 1-percentage-point higher (7.8%) than the current rate:

	<u>1% Decrease to Discount Rate (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase to Discount Rate (7.8%)</u>
County's proportionate share of the net pension liability (asset)	\$ 3,425,282	\$ (4,827,259)	\$ (10,767,554)

Pension Plan Fiduciary Net Position

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

At December 31, 2022, the County reported a payable to the pension plan, which represents contractually required contributions outstanding as of the end of the year.

Risk Management

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

Bayfield County

Notes to Financial Statements
December 31, 2022

Public Entity Risk Pool

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

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

Summary financial information of WCMIC as of December 31, 2022 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.

Bayfield County

Notes to Financial Statements
December 31, 2022

Effect of New Accounting Standards on Current-Period Financial Statements

The GASB has approved the following statements:

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

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

SUPPLEMENTARY INFORMATION

Bayfield County

Budgetary Comparison Schedule -

General Fund

Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 7,678,139	\$ 7,678,139	\$ 7,941,859	\$ 263,720
Intergovernmental	2,497,372	2,865,915	2,465,296	(400,619)
Licenses and permits	397,350	421,584	489,394	67,810
Fines, forfeitures and penalties	75,500	85,890	93,124	7,234
Charges for services	3,962,420	4,162,329	5,646,143	1,483,814
Miscellaneous	820,944	879,742	1,147,529	267,787
Total revenues	<u>15,431,725</u>	<u>16,093,599</u>	<u>17,783,345</u>	<u>1,689,746</u>
Expenditures				
Current:				
General government	4,489,892	4,554,403	4,322,551	231,852
Public safety	5,307,333	5,359,589	5,258,316	101,273
Public works	201,081	219,425	139,444	79,981
Health and human services	1,225,939	1,452,226	1,354,737	97,489
Culture, recreation and education	1,490,575	1,627,775	1,550,516	77,259
Conservation and development	2,913,405	3,130,670	3,063,134	67,536
Total expenditures	<u>15,628,225</u>	<u>16,344,088</u>	<u>15,688,698</u>	<u>655,390</u>
Excess (deficiency) of revenues over expenditures	<u>(196,500)</u>	<u>(250,489)</u>	<u>2,094,647</u>	<u>2,345,136</u>
Other Financing Sources (Uses)				
Transfer in	-	-	416,532	416,532
Transfer out	<u>(1,793,098)</u>	<u>(1,592,109)</u>	<u>(1,579,609)</u>	<u>12,500</u>
Total other financing sources (uses)	<u>(1,793,098)</u>	<u>(1,592,109)</u>	<u>(1,163,077)</u>	<u>429,032</u>
Net change in fund balance	<u>\$ (1,989,598)</u>	<u>\$ (1,842,598)</u>	931,570	<u>\$ 2,774,168</u>
Fund Balance, Beginning			<u>16,724,364</u>	
Fund Balance, Ending			<u>\$ 17,655,934</u>	

See notes to required supplementary information

Bayfield County

Budgetary Comparison Schedule -
Human Services Special Revenue Fund
Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,817,788	\$ 1,817,788	\$ 1,817,788	\$ -
Intergovernmental	2,862,563	3,030,569	4,146,936	1,116,367
Charges for services	425,550	765,899	265,851	(500,048)
Miscellaneous revenue	194,884	194,884	3,686	(191,198)
Total revenues	<u>5,300,785</u>	<u>5,809,140</u>	<u>6,234,261</u>	<u>425,121</u>
Expenditures				
Current:				
Health and human services	<u>5,300,785</u>	<u>6,214,808</u>	<u>5,909,888</u>	<u>304,920</u>
Total expenditures	<u>5,300,785</u>	<u>6,214,808</u>	<u>5,909,888</u>	<u>304,920</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(405,668)</u>	<u>324,373</u>	<u>730,041</u>
Other Financing Sources (Uses)				
Transfer out	<u>-</u>	<u>-</u>	<u>(416,532)</u>	<u>(416,532)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(416,532)</u>	<u>(416,532)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (405,668)</u>	<u>(92,159)</u>	<u>\$ 313,509</u>
Fund Balance, Beginning			<u>1,003,818</u>	
Fund Balance, Ending			<u>\$ 911,659</u>	

See notes to required supplementary information

Bayfield County

Budgetary Comparison Schedule -
ARPA Funding Special Revenue Fund
Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 1,460,283	\$ 1,648,652	\$ 620,625	\$ (1,028,027)
Miscellaneous revenue	-	-	30,723	30,723
Total revenues	<u>1,460,283</u>	<u>1,648,652</u>	<u>651,348</u>	<u>(997,304)</u>
Expenditures				
Current:				
General government	2,500	2,500	2,126	374
Health and human services	556,645	515,645	62,001	453,644
Culture, recreation and education	59,968	59,968	27,500	32,468
Conservation and development	361,400	361,400	104,240	257,160
Capital outlay	<u>660,000</u>	<u>1,271,178</u>	<u>470,888</u>	<u>800,290</u>
Total expenditures	<u>1,640,513</u>	<u>2,210,691</u>	<u>666,755</u>	<u>1,543,936</u>
Excess (deficiency) of revenues over expenditures	<u>(180,230)</u>	<u>(562,039)</u>	<u>(15,407)</u>	<u>546,632</u>
Other Financing Sources (Uses)				
Transfer in	-	45,043	45,043	-
Transfer out	<u>-</u>	<u>-</u>	<u>(29,636)</u>	<u>(29,636)</u>
Total other financing sources (uses)	<u>-</u>	<u>45,043</u>	<u>15,407</u>	<u>(29,636)</u>
Net change in fund balance	<u>\$ (180,230)</u>	<u>\$ (516,996)</u>	<u>-</u>	<u>\$ 516,996</u>
Fund Balance, Beginning			<u>-</u>	
Fund Balance, Ending			<u>\$ -</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, 2022

WRS Fiscal Year End Date (Measurement Date)	County's Proportion of the Net Pension (Asset)/Liability	County's Proportionate Share of the Net Pension (Asset)/Liability	County's Covered Payroll	County's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
December 31, 2021	0.05989020 %	\$ (4,827,259)	\$ 9,262,595	52.12 %	106.02 %
December 31, 2020	0.06002192 %	(3,747,251)	9,438,222	39.70 %	105.26 %
December 31, 2019	0.05957327 %	(1,920,914)	8,622,240	22.28 %	102.96 %
December 31, 2018	0.05970471 %	2,124,106	8,392,171	25.31 %	96.45 %
December 31, 2017	0.05928433 %	(1,760,222)	8,186,909	21.50 %	102.93 %
December 31, 2016	0.05845522 %	481,810	8,036,059	6.00 %	99.12 %
December 31, 2015	0.05806999 %	943,626	7,766,753	12.15 %	98.20 %
December 31, 2014	0.05895609 %	(1,448,123)	7,716,343	18.77 %	102.74 %

Schedule of Employer Contributions -

Wisconsin Retirement System (WRS)

Year Ended December 31, 2022

County Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2022	\$ 727,595	\$ 727,595	\$ -	\$ 10,127,140	7.18 %
December 31, 2021	685,875	685,875	-	9,262,596	7.40 %
December 31, 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, 2022

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. Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

REQUIRED SUPPLEMENTARY INFORMATION

Bayfield County

Detailed Budgetary Comparison Schedule -

General Fund

Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes:				
General property taxes	\$ 5,725,379	\$ 5,725,379	\$ 5,725,379	\$ -
In lieu of taxes	64,000	64,000	62,000	(2,000)
Forest cropland taxes	47,000	47,000	61,598	14,598
Sales tax	1,476,760	1,476,760	1,779,340	302,580
Real estate transfer tax	80,000	80,000	85,918	5,918
Interest and penalty on taxes	285,000	285,000	227,624	(57,376)
Total taxes	7,678,139	7,678,139	7,941,859	263,720
Intergovernmental:				
Shared revenue from state	129,572	129,572	156,982	27,410
Tax exempt computers	1,036	1,036	1,036	-
Federal and state grants	2,366,764	2,735,307	2,307,278	(428,029)
Total intergovernmental	2,497,372	2,865,915	2,465,296	(400,619)
Licenses and permits:				
Environmental health	141,000	160,000	162,259	2,259
Zoning permits and fees	253,200	258,434	323,770	65,336
Vehicle registrations	2,000	2,000	2,000	-
Alarm permits	150	150	150	-
Forestry permits	1,000	1,000	1,215	215
Total licenses and permits	397,350	421,584	489,394	67,810
Fines, forfeitures and penalties:				
County ordinance forfeitures	52,500	62,890	70,295	7,405
County share state fines and forfeitures	23,000	23,000	22,829	(171)
Total fines, forfeitures and penalties	75,500	85,890	93,124	7,234
Charges for services:				
General government:				
Mediation services	2,000	2,000	2,780	780
County clerk fees	2,450	2,450	2,560	110
Court fees	92,000	92,000	99,606	7,606
Register of deeds' fees	120,000	120,000	127,567	7,567
Abstract fees	7,000	7,000	6,900	(100)
Survey review fees	9,000	9,000	8,127	(873)
Child support fees	1,210	1,210	1,117	(93)
Coroner	6,250	6,250	5,082	(1,168)
WLIP fees	45,000	45,000	38,216	(6,784)
CODY services	50,900	50,900	53,424	2,524
Municipal fees on voter registration	51,400	51,400	27,434	(23,966)
Total general government	387,210	387,210	372,813	(14,397)
Public safety:				
Sheriff and jail fees	105,200	105,200	186,878	81,678
Total public safety	105,200	105,200	186,878	81,678
Health and human services:				
Health department	83,450	59,450	99,373	39,923
Culture, recreation and education:				
Parks	167,500	167,500	195,804	28,304
Fair	99,400	99,400	104,253	4,853
Extension	3,660	3,660	3,654	(6)
Total culture, recreation and education	270,560	270,560	303,711	33,151
Conservation and development:				
Sale of wood	3,115,000	3,338,909	4,679,087	1,340,178
Zoning plan review fees	1,000	1,000	4,281	3,281
Total conservation and development	3,116,000	3,339,909	4,683,368	1,343,459
Total charges for services	3,962,420	4,162,329	5,646,143	1,483,814

Bayfield County

Detailed Budgetary Comparison Schedule -
 General Fund
 Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Miscellaneous:				
Interest	\$ 70,482	\$ 70,482	\$ 187,026	\$ 116,544
Rentals	353,682	361,182	407,418	46,236
Profit on tax deed sales	50,000	97,048	146,374	49,326
Sale of maps and plats	15,040	15,040	1,040	(14,000)
Donations	63,700	67,950	86,927	18,977
Inmate canteen	60,000	60,000	110,074	50,074
HRA, county retained funds	31,000	31,000	45,722	14,722
FSA, county retained funds	1,200	1,200	2,109	909
Advertising	37,750	37,750	43,758	6,008
Property sales	20,000	20,000	-	(20,000)
Other	118,090	118,090	117,081	(1,009)
Total miscellaneous	820,944	879,742	1,147,529	267,787
Total revenues	15,431,725	16,093,599	17,783,345	1,689,746
Expenditures				
General government:				
County board	85,426	91,919	91,919	-
Circuit court	387,773	398,163	388,185	9,978
Probate	31,692	31,692	39,612	(7,920)
Judge	43,412	43,412	43,868	(456)
Family court commissioner	24,700	24,700	22,925	1,775
Coroner	31,911	56,398	56,398	-
District attorney	110,580	122,568	123,153	(585)
Corporation counsel	10,050	10,050	9,505	545
Child support	246,887	276,887	236,629	40,258
County clerk	361,708	361,708	365,260	(3,552)
County administrator	316,509	328,476	328,476	-
Elections	49,454	49,454	41,256	8,198
Data processing	37,438	37,438	39,379	(1,941)
Information services	598,716	598,716	545,548	53,168
Accounting	-	16,000	31,148	(15,148)
Auditing	62,000	62,000	64,945	(2,945)
Cost allocation plan	5,250	5,250	5,225	25
Assessment of property	64,492	64,492	63,399	1,093
Treasurer	174,722	174,722	148,381	26,341
Courthouse	493,971	509,282	509,282	-
Register of deeds	191,762	191,762	188,793	2,969
Public land survey system	28,350	28,350	38,453	(10,103)
Tax deeds	74,127	106,487	102,682	3,805
Land records	496,662	511,350	506,145	5,205
Property and liability insurance	131,800	131,800	106,337	25,463
Workers compensation	149,500	149,500	163,825	(14,325)
Flex benefits administrative charge	13,000	13,000	8,365	4,635
Highway work for county	56,000	56,000	50,308	5,692
Contingency	152,000	42,827	2,981	39,846
Health insurance reserve	60,000	60,000	24	59,976
Other miscellaneous expense	-	-	145	(145)
Total general government	4,489,892	4,554,403	4,322,551	231,852
Public safety:				
Sheriff	2,556,039	2,534,070	2,416,994	117,076
Crime victim witness program	68,366	68,366	67,781	585
Emergency government	267,660	282,916	276,233	6,683
Jail	1,640,897	1,640,897	1,685,618	(44,721)
DARE	1,800	13,800	13,147	653
Dispatch	444,477	491,446	487,494	3,952
Ambulance	2,000	2,000	317	1,683
Criminal justice	326,094	326,094	310,732	15,362
Total public safety	5,307,333	5,359,589	5,258,316	101,273

Bayfield County

Detailed Budgetary Comparison Schedule -
 General Fund
 Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Public works:				
Bridge aid to town	\$ 133,341	\$ 151,685	\$ 86,704	\$ 64,981
Public transportation	24,300	24,300	9,300	15,000
Operation clean sweep	14,940	14,940	14,940	-
Airport funds	28,500	28,500	28,500	-
Total public works	<u>201,081</u>	<u>219,425</u>	<u>139,444</u>	<u>79,981</u>
Health and human services:				
Health department	1,091,191	1,310,551	1,213,062	97,489
Veteran services	134,748	141,675	141,675	-
Total health and human services	<u>1,225,939</u>	<u>1,452,226</u>	<u>1,354,737</u>	<u>97,489</u>
Culture, recreation and education:				
Northern waters library	37,581	57,581	57,580	1
Library commission	335,646	335,646	317,259	18,387
Superior days	1,500	1,500	1,500	-
Northern great lakes visitor center	9,000	9,000	9,000	-
Historical society	500	500	500	-
Tourism	321,836	321,836	308,133	13,703
Fair	83,544	83,544	91,290	(7,746)
Parks and trails	405,284	522,484	485,910	36,574
UWEX	295,684	295,684	279,344	16,340
Total culture, recreation and education	<u>1,490,575</u>	<u>1,627,775</u>	<u>1,550,516</u>	<u>77,259</u>
Conservation and development:				
Land conservation	553,395	590,017	589,795	222
Zoning	530,970	536,204	536,204	-
Economic development	79,500	79,500	79,500	-
Business park	22,500	22,500	545	21,955
Tri county corridor	6,000	6,000	6,000	-
Forestry	1,692,415	1,848,824	1,808,766	40,058
Regional planning commission	25,625	25,625	25,625	-
Dams	3,000	22,000	16,699	5,301
Total conservation and development	<u>2,913,405</u>	<u>3,130,670</u>	<u>3,063,134</u>	<u>67,536</u>
Total expenditures	<u>15,628,225</u>	<u>16,344,088</u>	<u>15,688,698</u>	<u>655,390</u>
Excess (deficiency) of revenues over expenditures	<u>(196,500)</u>	<u>(250,489)</u>	<u>2,094,647</u>	<u>2,345,136</u>
Other financing sources (uses):				
Transfer in	-	-	416,532	416,532
Transfer out	(1,793,098)	(1,592,109)	(1,579,609)	12,500
Total other financing sources (uses)	<u>(1,793,098)</u>	<u>(1,592,109)</u>	<u>(1,163,077)</u>	<u>429,032</u>
Net change in fund balance	<u>\$ (1,989,598)</u>	<u>\$ (1,842,598)</u>	<u>931,570</u>	<u>\$ 2,774,168</u>
Fund Balance, Beginning			<u>16,724,364</u>	
Fund Balance, Ending			<u>\$ 17,655,934</u>	

Bayfield County

Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2022

	Special Revenue				
	Housing Rehab Grant	Jail Assessment	Veterans' Relief	Educational Programs	Dog License
Assets					
Cash and investments	\$ 138,480	\$ 44,805	\$ 7,071	\$ 2,335	\$ 6,719
Receivables, net:					
Taxes receivable	-	-	1,500	-	17,500
Accounts receivable	-	1,115	-	9,275	574
Notes receivable	<u>777,223</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 915,703</u>	<u>\$ 45,920</u>	<u>\$ 8,571</u>	<u>\$ 11,610</u>	<u>\$ 24,793</u>
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)					
Liabilities					
Accounts payable	\$ -	\$ 8,044	\$ -	\$ 1,327	\$ 3,175
Due to other funds	<u>-</u>	<u>6,080</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>14,124</u>	<u>-</u>	<u>1,327</u>	<u>3,175</u>
Deferred Inflows of Resources					
Unearned revenues	-	-	1,500	-	17,500
Unavailable revenues	<u>777,223</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>777,223</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>17,500</u>
Fund Balances (Deficit)					
Restricted	138,480	31,796	7,071	10,283	-
Committed	-	-	-	-	4,118
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>138,480</u>	<u>31,796</u>	<u>7,071</u>	<u>10,283</u>	<u>4,118</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 915,703</u>	<u>\$ 45,920</u>	<u>\$ 8,571</u>	<u>\$ 11,610</u>	<u>\$ 24,793</u>

Bayfield County

Combining Balance Sheet -
 Nonmajor Governmental Funds
 December 31, 2022

	Special Revenue			Debt Service	Total Nonmajor Funds
	Community Development Block Grant	Opioid Settlement	LATCF		
Assets					
Cash and investments	\$ 100	\$ 58,808	\$ 523,405	\$ 3,900	\$ 785,623
Receivables, net:					
Taxes receivable	-	-	-	438,858	457,858
Accounts receivable	102,363	220,010	-	-	333,337
Notes receivable	-	-	-	-	777,223
Total assets	\$ 102,463	\$ 278,818	\$ 523,405	\$ 442,758	\$ 2,354,041
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 443	\$ -	\$ 12,989
Due to other funds	102,463	-	-	-	108,543
Total liabilities	102,463	-	443	-	121,532
Deferred Inflows of Resources					
Unearned revenues	-	-	-	438,858	457,858
Unavailable revenues	102,363	220,010	-	-	1,099,596
Total deferred inflows of resources	102,363	220,010	-	438,858	1,557,454
Fund Balances (Deficit)					
Restricted	-	58,808	522,962	3,900	773,300
Committed	-	-	-	-	4,118
Unassigned (deficit)	(102,363)	-	-	-	(102,363)
Total fund balances (deficit)	(102,363)	58,808	522,962	3,900	675,055
Total liabilities, deferred inflows of resources and fund balances (deficit)	\$ 102,463	\$ 278,818	\$ 523,405	\$ 442,758	\$ 2,354,041

Bayfield County

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended December 31, 2022

	Special Revenue				
	Housing Rehab Grant	Jail Assessment	Veterans' Relief	Educational Programs	Dog License
Revenues					
Taxes	\$ -	\$ -	\$ 1,500	\$ -	\$ 13,000
Intergovernmental	-	-	-	44,912	-
Licenses and permits	-	-	-	-	7,341
Fines, forfeitures and penalties	-	17,660	-	-	-
Charges for services	-	-	-	7,448	-
Miscellaneous	18,112	116	800	115	-
Total revenues	<u>18,112</u>	<u>17,776</u>	<u>2,300</u>	<u>52,475</u>	<u>20,341</u>
Expenditures					
Current:					
Public safety	-	14,685	-	-	-
Health and human services	-	-	1,847	-	20,196
Culture, recreation and education	-	-	-	57,208	-
Conservation and development	52,856	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>52,856</u>	<u>14,685</u>	<u>1,847</u>	<u>57,208</u>	<u>20,196</u>
Excess (deficiency) of revenues over expenditures	<u>(34,744)</u>	<u>3,091</u>	<u>453</u>	<u>(4,733)</u>	<u>145</u>
Fund Balances (Deficit), Beginning	<u>173,224</u>	<u>28,705</u>	<u>6,618</u>	<u>15,016</u>	<u>3,973</u>
Fund Balances (Deficit), Ending	<u>\$ 138,480</u>	<u>\$ 31,796</u>	<u>\$ 7,071</u>	<u>\$ 10,283</u>	<u>\$ 4,118</u>

Bayfield County

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended December 31, 2022

	<u>Special Revenue</u>				Total Nonmajor Funds
	Community Development Block Grant	Opioid Settlement	LATCF	Debt Service	
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 444,493	\$ 458,993
Intergovernmental	158,388	-	521,465	-	724,765
Licenses and permits	-	-	-	-	7,341
Fines, forfeitures and penalties	-	-	-	-	17,660
Charges for services	-	-	-	-	7,448
Miscellaneous	-	58,808	2,328	114	80,393
	<u>158,388</u>	<u>58,808</u>	<u>523,793</u>	<u>444,607</u>	<u>1,296,600</u>
Total revenues					
	158,388	58,808	523,793	444,607	1,296,600
Expenditures					
Current:					
Public safety	-	-	-	-	14,685
Health and human services	-	-	-	-	22,043
Culture, recreation and education	-	-	-	-	57,208
Conservation and development	81,158	-	-	-	134,014
Capital outlay	177,006	-	831	-	177,837
Debt service:					
Principal retirement	-	-	-	390,000	390,000
Interest and fiscal charges	-	-	-	54,493	54,493
	<u>258,164</u>	<u>-</u>	<u>831</u>	<u>444,493</u>	<u>850,280</u>
Total expenditures					
	258,164	-	831	444,493	850,280
Excess (deficiency) of revenues over expenditures	<u>(99,776)</u>	<u>58,808</u>	<u>522,962</u>	<u>114</u>	<u>446,320</u>
Fund Balances (Deficit), Beginning	<u>(2,587)</u>	<u>-</u>	<u>-</u>	<u>3,786</u>	<u>228,735</u>
Fund Balances (Deficit), Ending	<u>\$ (102,363)</u>	<u>\$ 58,808</u>	<u>\$ 522,962</u>	<u>\$ 3,900</u>	<u>\$ 675,055</u>

Bayfield County

Combining Statement of Net Position -
Internal Service Funds
December 31, 2022

	<u>County Vehicles</u>	<u>County Photocopiers</u>	<u>Sheriff Vehicles</u>	<u>Total</u>
Assets				
Current assets:				
Cash and investments	<u>\$ 185,137</u>	<u>\$ 11,925</u>	<u>\$ 248,108</u>	<u>\$ 445,170</u>
Total current assets	<u>185,137</u>	<u>11,925</u>	<u>248,108</u>	<u>445,170</u>
Noncurrent assets:				
Other capital assets	965,577	42,083	907,639	1,915,299
Accumulated depreciation	<u>(407,511)</u>	<u>(26,799)</u>	<u>(648,600)</u>	<u>(1,082,910)</u>
Total noncurrent assets	<u>558,066</u>	<u>15,284</u>	<u>259,039</u>	<u>832,389</u>
Total assets	<u>743,203</u>	<u>27,209</u>	<u>507,147</u>	<u>1,277,559</u>
Liabilities				
Current liabilities:				
Accounts payable	13,674	204	12,094	25,972
Current portion of leases payable	<u>-</u>	<u>-</u>	<u>5,211</u>	<u>5,211</u>
Total current liabilities	<u>13,674</u>	<u>204</u>	<u>17,305</u>	<u>31,183</u>
Noncurrent liabilities				
Leases payable	<u>-</u>	<u>-</u>	<u>7,823</u>	<u>7,823</u>
Total liabilities	<u>13,674</u>	<u>204</u>	<u>25,128</u>	<u>39,006</u>
Net Position				
Net investment in capital assets	558,066	15,284	246,005	819,355
Unrestricted	<u>171,463</u>	<u>11,721</u>	<u>236,014</u>	<u>419,198</u>
Total net position	<u>\$ 729,529</u>	<u>\$ 27,005</u>	<u>\$ 482,019</u>	<u>\$ 1,238,553</u>

Bayfield County

Combining Statement of Revenues, Expenses
and Changes in Net Position -
Internal Service Funds
Year Ended December 31, 2022

	<u>County Vehicles</u>	<u>County Photocopiers</u>	<u>Sheriff Vehicles</u>	<u>Total</u>
Operating Revenues				
Charges for services	\$ 198,575	\$ 9,941	\$ 232,103	\$ 440,619
Miscellaneous	208	-	29,293	29,501
Total operating revenues	<u>198,783</u>	<u>9,941</u>	<u>261,396</u>	<u>470,120</u>
Operating Expenses				
County vehicles expenses	117,338	-	-	117,338
County photocopier expenses	-	5,666	-	5,666
Sheriff vehicles expenses	-	-	197,251	197,251
Depreciation	104,370	6,731	106,160	217,261
Total operating expenses	<u>221,708</u>	<u>12,397</u>	<u>303,411</u>	<u>537,516</u>
Operating income (loss)	<u>(22,925)</u>	<u>(2,456)</u>	<u>(42,015)</u>	<u>(67,396)</u>
Nonoperating Revenues (Expenses)				
Gain on disposal of capital assets	61,183	-	9,398	70,581
Intergovernmental aids	1,961	-	5,219	7,180
Interest and fiscal charges	-	-	(1,600)	(1,600)
Total nonoperating revenues (expenses)	<u>63,144</u>	<u>-</u>	<u>13,017</u>	<u>76,161</u>
Income (loss) before transfers	<u>40,219</u>	<u>(2,456)</u>	<u>(28,998)</u>	<u>8,765</u>
Other Financing Sources				
Transfers in	<u>59,636</u>	<u>-</u>	<u>-</u>	<u>59,636</u>
Change in net position	99,855	(2,456)	(28,998)	68,401
Net Position, Beginning	<u>629,674</u>	<u>29,461</u>	<u>511,017</u>	<u>1,170,152</u>
Net Position, Ending	<u>\$ 729,529</u>	<u>\$ 27,005</u>	<u>\$ 482,019</u>	<u>\$ 1,238,553</u>

Bayfield County

Combining Statement of Cash Flows -

Internal Service Funds

Year Ended December 31, 2022

	County Vehicles	County Photocopiers	Sheriff Vehicles	Total
Cash Flows From Operating Activities				
Cash received from customers	\$ 200,744	\$ 9,941	\$ 266,617	\$ 477,302
Cash paid to suppliers for goods and services	(98,066)	(5,467)	(187,514)	(291,047)
Cash paid to employees for services	(8,183)	-	-	(8,183)
Net cash flows from operating activities	<u>94,495</u>	<u>4,474</u>	<u>79,103</u>	<u>178,072</u>
Cash Flows From Noncapital Financing Activities				
Transfers from other funds	59,636	-	-	59,636
Net cash flows from noncapital financing activities	<u>59,636</u>	<u>-</u>	<u>-</u>	<u>59,636</u>
Cash Flows From Capital and Related Financing Activities				
Debt retired	-	-	(5,211)	(5,211)
Acquisition and construction of capital assets	(243,897)	(6,470)	(109,839)	(360,206)
Proceeds from sale of capital assets	103,306	-	9,398	112,704
Interest and fiscal charges paid	-	-	(1,600)	(1,600)
Net cash flows from capital and related financing activities	<u>(140,591)</u>	<u>(6,470)</u>	<u>(107,252)</u>	<u>(254,313)</u>
Net change in cash and cash equivalents	13,540	(1,996)	(28,149)	(16,605)
Cash and Cash Equivalents, Beginning	<u>171,597</u>	<u>13,921</u>	<u>276,257</u>	<u>461,775</u>
Cash and Cash Equivalents, Ending	<u>\$ 185,137</u>	<u>\$ 11,925</u>	<u>\$ 248,108</u>	<u>\$ 445,170</u>
Reconciliation of Operating Income (Loss) to Cash Flows From Operating Activities				
Operating income (loss)	\$ (22,925)	\$ (2,456)	\$ (42,015)	\$ (67,396)
Nonoperating revenue	1,961	-	5,219	7,180
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	104,370	6,731	106,160	217,261
Change in assets and liabilities:				
Accounts receivable	-	-	2	2
Accounts payable	11,262	199	9,737	21,198
Accrued liabilities	(173)	-	-	(173)
Net cash flows from operating activities	<u>\$ 94,495</u>	<u>\$ 4,474</u>	<u>\$ 79,103</u>	<u>\$ 178,072</u>
Noncash Capital, Investing and Financing Activities				
None				

Bayfield County

Combining Statement of Fiduciary Net Position -
Custodial Funds
December 31, 2022

	Tax Collections	Register of Deeds	Clerk of Courts	Employee Retirement HRA	Total
Assets					
Cash and investments	\$ -	\$ 30,611	\$ 290,393	\$ 720,810	\$ 1,041,814
Liabilities					
Due to other governments	-	30,611	28,284	-	58,895
Deposits	-	-	16,016	3	16,019
Total liabilities	-	30,611	44,300	3	74,914
Net Position					
Restricted for other governments or organizations	\$ -	\$ -	\$ 246,093	\$ 720,807	\$ 966,900

Bayfield County

Combining Statement of Changes in Fiduciary Net Position -

Custodial Funds

Year Ended December 31, 2022

	Tax Collections	Register of Deeds	Clerk of Courts	Employee Retirement HRA	Total Custodial Funds
Additions					
Property tax collections	\$ 14,139,615	\$ -	\$ -	\$ -	\$ 14,139,615
Fees for services collections	-	386,096	598,162	-	984,258
Donations	-	-	-	28,870	28,870
Total additions	<u>14,139,615</u>	<u>386,096</u>	<u>598,162</u>	<u>28,870</u>	<u>15,152,743</u>
Deductions					
Property tax payments	14,139,615	-	-	-	14,139,615
Remittance of fees for services	-	-	647,707	131,920	779,627
Remittance of fines and forfeitures	-	386,096	-	-	386,096
Total deductions	<u>14,139,615</u>	<u>386,096</u>	<u>647,707</u>	<u>131,920</u>	<u>15,305,338</u>
Change in fiduciary net position	-	-	(49,545)	(103,050)	(152,595)
Net Position, Beginning	<u>-</u>	<u>-</u>	<u>295,638</u>	<u>823,857</u>	<u>1,119,495</u>
Net Position, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 246,093</u>	<u>\$ 720,807</u>	<u>\$ 966,900</u>