

# Village of Sussex, Wisconsin

Sussex, Wisconsin

## Annual Financial Report

December 31, 2022

# Village of Sussex, Wisconsin

Year Ended December 31, 2022

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# Village of Sussex, Wisconsin

Year Ended December 31, 2022

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## **Independent Auditor's Report**

To the Village Board  
Sussex, Wisconsin

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Sussex, Wisconsin (the "Village"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village'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, the discretely presented component unit, each major fund and aggregate remaining fund information of Village of Sussex, Wisconsin, 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). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village, 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.

#### ***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 Village'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.

## ***Auditor's 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 auditor's 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 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, 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 Village'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 Village'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.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and pension information 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 Village of Sussex, Wisconsin's basic financial statements as a whole. The combining balance sheet-nonmajor governmental funds and combining statement of revenues, expenditures, and changes in fund balances-nonmajor governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Wipfli LLP*

Wipfli LLP  
April 17, 2023  
Madison, Wisconsin

## Management's Discussion and Analysis



## **Management's Discussion and Analysis (Unaudited) As of and for the Year Ended December 31, 2022**

As management of the Village of Sussex, we offer readers of the Village of Sussex's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal years ended December 31, 2022 and 2021.

### ***Financial Highlights***

- The assets and deferred outflows of resources of the Village of Sussex exceeded its liabilities and deferred inflows of resources at the close of 2022 by \$102.9 million compared to the 2021 excess of \$91.2 million (net position).
- Restricted net position represents amounts held for future debt service expenditures, unexpended reserve capacity assessments, amounts held for equipment replacement and depreciation, park impact fees received and pension benefits.
- The government's total net position increased by about \$11.6 million in 2022 compared to an increase of \$9.6 million in 2021. The main reasons for the increase are acquisition of capital assets and collection of impact fees and reserve capacity assessments.
- As of the close of the current fiscal year, the Village of Sussex's governmental funds reported combined ending fund balances of \$6.5 million, an increase of about \$800,000 from the prior year. The General Fund showed a small decrease after offsetting increases to the equipment replacement fund with a use of fund balance to call debt. The General Debt Service Fund decreased \$292,528 after using a portion of fund balance to call debt. The General Capital Projects Fund increased \$408,437 mainly due to a transfer in of road depreciation funds to be used for the 2023 road program. TIF #6 decreased slightly as taxes were slightly less than the debt payments in 2022. TIF #7 increased \$0.5 million due to issuing debt but not spending it all. Non-major funds showed increases in fund balance except for the Cemetery Fund for an overall increase of \$0.2 million. The increases were mainly a result of the collection of Park Impact Fees.
- The Village Board adopted a formal fund balance policy in 2011 and updated in 2015 which includes standards to maintain specific levels within the General Fund. In addition, it directs any surplus to be set aside for future equipment and building replacement. At December 31, 2022 the combined balance of General Fund assigned and unassigned funds is \$6,872,139 and represents 60.3% of the 2023 budgeted expenditures as defined in the policy.
- The Village of Sussex's total debt showed a net decrease of \$1.3 million during the current fiscal year. All borrowing is in accordance with the approved Capital Improvement Plan.
- The Village's proportionate share of the Wisconsin Retirement System (WRS) is a pension asset that was \$1,505,402 as of December 31, 2022 after reporting a pension asset of \$1,110,943 as of December 31, 2021. This change was due primarily to improved investment returns in 2021. The difference between expected and actual investment returns for WRS is reported as a deferred outflow in the Village's financial statements.



**Village of Sussex  
Management's Discussion and Analysis  
(Unaudited)  
As of and for the Year Ended December 31, 2022**

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Village of Sussex's basic financial statements. The Village of Sussex's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 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* are designed to provide readers with a broad overview of the Village of Sussex's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Village of Sussex's assets, liabilities, and deferred outflows/inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Sussex 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 this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village of Sussex that are principally supported by taxes and intergovernmental revenues (*governmental 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 the Village of Sussex include general government, protection of persons and property, public works, health and sanitation, parks and recreation, library, and conservation and development. The business-type activities of the Village of Sussex include a Water Utility, a Sewer Utility, a Stormwater Utility and the Community Development Authority.

The government-wide financial statements include the Village of Sussex which is known as the *primary government*. The Water, Sewer and Stormwater Utilities function for all practical purposes as departments of the Village of Sussex, and therefore have been included as an integral part of the primary government. In addition, the Pauline Haass Public Library is included in the government-wide financial statements as a *component unit*.

The government-wide financial statements can be found on pages 16 - 18 of this report.

**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. The Village of Sussex, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Sussex can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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.

**Village of Sussex  
Management's Discussion and Analysis  
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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*.

The Village of Sussex maintains ten individual governmental funds. 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, the general obligation debt service fund, the TIF #6 capital projects fund, and the TIF #7 capital projects fund, all of which are considered to be major funds. The general capital projects fund is not considered a major fund but the Village elected it to be a major fund due to the significance of this fund to the financial statement users. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 19 - 23 of this report.

The Village of Sussex adopts an annual appropriated budget for the general fund and various other funds as required by state statute. The budgetary comparison statement found on page 72 has been included with the basic financial statements for the budgeted fund to demonstrate compliance with the adopted budget.

**Proprietary funds.** The Village of Sussex maintains one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village of Sussex uses enterprise funds to account for its Water, Sewer, and Stormwater Utilities and Community Development Authority.

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 the Water, Sewer, and Stormwater Utilities, which are considered to be major funds of the Village of Sussex. The Community Development Authority is not considered a major fund but is also included in the proprietary fund financial statements as it is the only nonmajor proprietary fund.

The basic proprietary fund financial statements can be found on pages 24 - 28 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Village of Sussex's own programs. The only fiduciary fund maintained by the Village of Sussex is the Tax Collection Fund which records the tax roll and tax collections for other taxing jurisdictions within the Village of Sussex.

The basic fiduciary fund financial statement can be found on pages 29 and 30 of this report.

**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 31 - 71 of this report.

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining statements and schedules can be found on pages 79 - 81 of this report.

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**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Position.

VILLAGE OF SUSSEX NET POSITION

|                                  | Governmental Activities |                      | Business-type Activities |                      | Total                 |                      |
|----------------------------------|-------------------------|----------------------|--------------------------|----------------------|-----------------------|----------------------|
|                                  | 12/31/2022              | 12/31/2021           | 12/31/2022               | 12/31/2021           | 12/31/2022            | 12/31/2021           |
| Current and other assets         | \$ 22,406,651           | \$ 19,094,059        | \$ 12,880,696            | \$ 13,819,262        | \$ 35,287,347         | \$ 32,913,321        |
| Capital assets                   | 52,423,148              | 51,806,885           | 91,852,649               | 85,084,071           | 144,275,797           | 136,890,956          |
| Total assets                     | <u>74,829,799</u>       | <u>70,900,944</u>    | <u>104,733,345</u>       | <u>98,903,333</u>    | <u>179,563,144</u>    | <u>169,804,277</u>   |
| Deferred outflows of resources   |                         |                      |                          |                      |                       |                      |
| Pension benefits                 | <u>2,037,208</u>        | <u>1,257,586</u>     | <u>918,164</u>           | <u>616,180</u>       | <u>2,955,372</u>      | <u>1,873,766</u>     |
| Current and other liabilities    | 6,198,005               | 5,159,132            | 1,919,410                | 1,930,310            | 8,117,415             | 7,089,442            |
| Long-term liabilities            | 39,653,909              | 41,143,146           | 17,035,478               | 19,593,169           | 56,689,387            | 60,736,315           |
| Total liabilities                | <u>45,851,914</u>       | <u>46,302,278</u>    | <u>18,954,888</u>        | <u>21,523,479</u>    | <u>64,806,802</u>     | <u>67,825,757</u>    |
| Deferred inflows of resources    |                         |                      |                          |                      |                       |                      |
| Property taxes                   | 10,275,174              | 9,218,131            | -                        | -                    | 10,275,174            | 9,218,131            |
| Other                            | 524,196                 | 459,564              | -                        | -                    | 524,196               | 459,564              |
| Pension benefits                 | 2,435,529               | 1,621,121            | 1,107,551                | 811,534              | 3,543,080             | 2,432,655            |
| Special assessments              | -                       | -                    | 483,711                  | 497,500              | 483,711               | 497,500              |
| Total deferred inflows           | <u>13,234,899</u>       | <u>11,298,816</u>    | <u>1,591,262</u>         | <u>1,309,034</u>     | <u>14,826,161</u>     | <u>12,607,850</u>    |
| Net position                     |                         |                      |                          |                      |                       |                      |
| Net investment in capital assets | 24,581,881              | 22,666,822           | 72,338,743               | 62,564,079           | 95,333,398            | 84,683,756           |
| Restricted                       | 1,543,092               | 1,046,317            | 6,973,510                | 7,921,902            | 8,516,602             | 8,968,219            |
| Unrestricted                     | <u>(8,344,779)</u>      | <u>(9,155,703)</u>   | <u>5,793,106</u>         | <u>6,201,019</u>     | <u>(964,447)</u>      | <u>(2,407,539)</u>   |
| Total net position               | <u>\$ 17,780,194</u>    | <u>\$ 14,557,436</u> | <u>\$ 85,105,359</u>     | <u>\$ 76,687,000</u> | <u>\$ 102,885,553</u> | <u>\$ 91,244,436</u> |

The Village of Sussex's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding as \$95.3 million. The Village of Sussex uses capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village of Sussex's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village of Sussex's net position, \$8.5 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is \$(1.0) million.

The government's net position increased by about \$11.6 million during the current fiscal year. There was an increase of about \$3.2 million in the governmental activities, while the business-type activities had an increase in net position of about \$8.4 million.

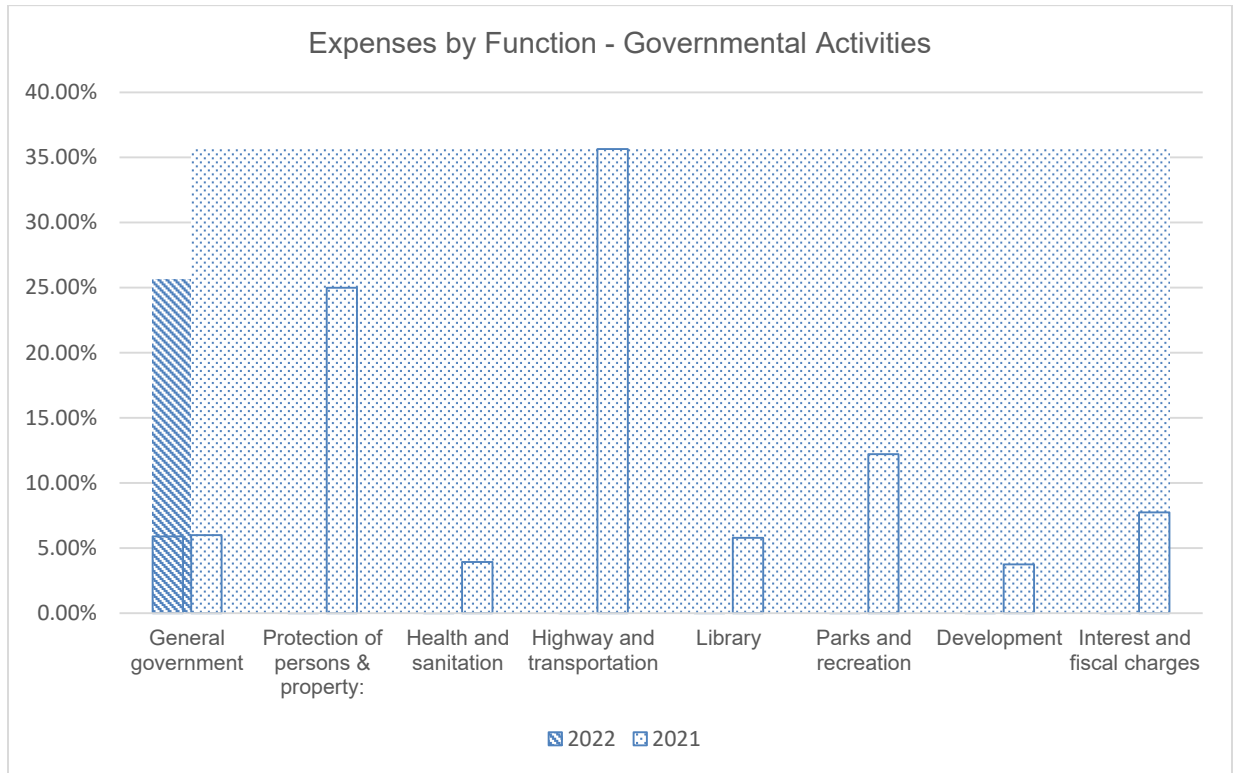
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(Unaudited)  
As of and for the Year Ended December 31, 2022**

**Governmental activities.** Governmental activities often show a decrease in the Village of Sussex's net position as a result of depreciation of capital assets; however, 2022 again resulted in an increase of \$3,222,758 compared to an increase for 2021 of \$780,398. Most of the increase for 2022 was the addition of roads by developers.

The following table provides a summary of the Village's change in net position.

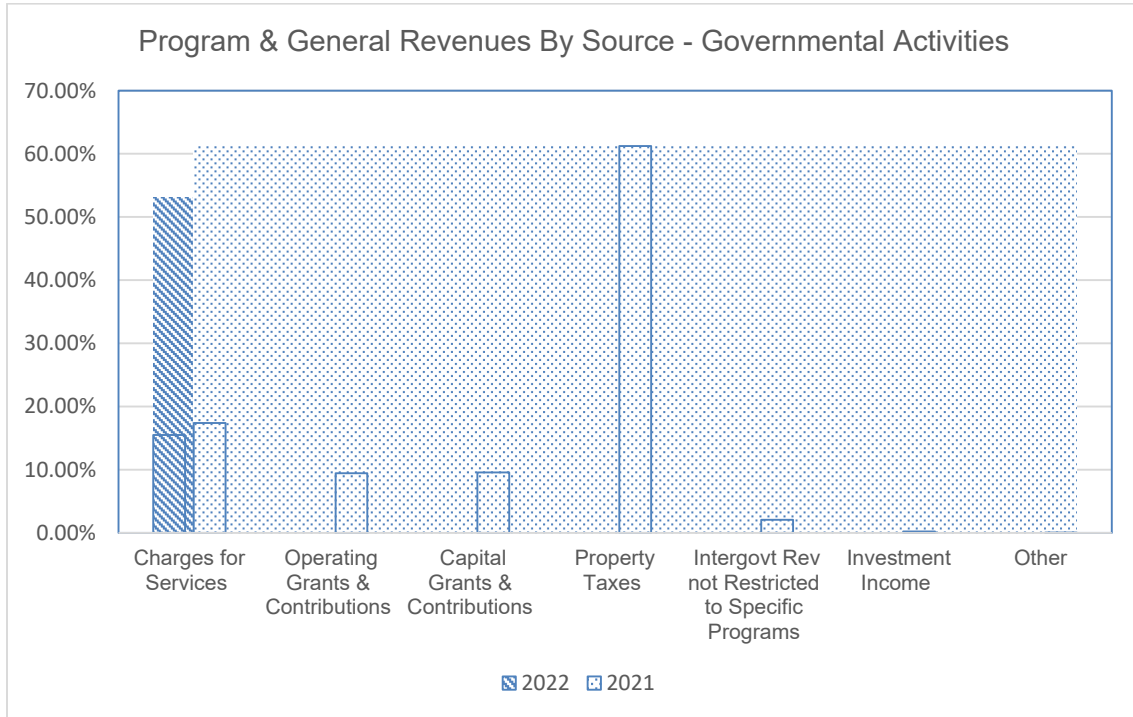
|  | VILLAGE OF SUSSEX'S CHANGES IN NET POSITION |                      |                          |                      |                       |                      |
|--|---|----------------------|--------------------------|----------------------|-----------------------|----------------------|
|  | Governmental Activities                     |                      | Business-type Activities |                      | Total                 |                      |
|  | 12/31/2022                                  | 12/31/2021           | 12/31/2022               | 12/31/2021           | 12/31/2022            | 12/31/2021           |
| <b>Revenues</b>  |   |                      |                          |                      |                       |                      |
| Program revenues   |   |                      |                          |                      |                       |                      |
| Charges for services   | \$ 2,698,751                                | \$ 2,455,359         | \$ 6,497,589             | \$ 6,474,198         | \$ 9,196,340          | \$ 8,929,557         |
| Operating grants and contributions                                     | 1,510,351                                   | 1,331,601            | -                        | -                    | 1,510,351             | 1,331,601            |
| Capital grants and contributions                                       | 2,885,481                                   | 1,351,916            | 8,288,926                | 8,905,678            | 11,174,407            | 10,257,594           |
| General revenues   |   |                      |                          |                      |                       |                      |
| Property taxes   | 9,236,619                                   | 8,639,541            | -                        | -                    | 9,236,619             | 8,639,541            |
| Intergovernmental revenues not restricted to specific programs         | 894,651                                     | 293,280              | -                        | -                    | 894,651               | 293,280              |
| Investment income  | 181,154                                     | 33,908               | 225,802                  | 129,358              | 406,956               | 163,266              |
| Other  | 7,957                                       | 7,722                | -                        | -                    | 7,957                 | 7,722                |
| Total revenues   | <u>17,414,964</u>                           | <u>14,113,327</u>    | <u>15,012,317</u>        | <u>15,509,234</u>    | <u>32,427,281</u>     | <u>29,622,561</u>    |
| <b>Expenses</b>  |   |                      |                          |                      |                       |                      |
| General government   | 852,012                                     | 845,414              | -                        | -                    | 852,012               | 845,414              |
| Public safety  | 3,698,006                                   | 3,529,599            | -                        | -                    | 3,698,006             | 3,529,599            |
| Highway and transportation   | 3,530,487                                   | 5,035,608            | -                        | -                    | 3,530,487             | 5,035,608            |
| Health and sanitation  | 563,685                                     | 554,237              | -                        | -                    | 563,685               | 554,237              |
| Library  | 841,831                                     | 816,332              | -                        | -                    | 841,831               | 816,332              |
| Parks and recreation   | 2,109,588                                   | 1,724,465            | -                        | -                    | 2,109,588             | 1,724,465            |
| Development  | 1,728,073                                   | 528,379              | -                        | -                    | 1,728,073             | 528,379              |
| Interest and fiscal charges  | 1,131,317                                   | 1,093,356            | -                        | -                    | 1,131,317             | 1,093,356            |
| Water  | -   | -                    | 2,712,616                | 2,612,366            | 2,712,616             | 2,612,366            |
| Sewer  | -   | -                    | 2,878,289                | 2,502,476            | 2,878,289             | 2,502,476            |
| Stormwater   | -   | -                    | 683,426                  | 796,198              | 683,426               | 796,198              |
| Community Development Authority  | -   | -                    | -                        | 15,000               | -                     | 15,000               |
| Total expenses   | <u>14,454,999</u>                           | <u>14,127,390</u>    | <u>6,274,331</u>         | <u>5,926,040</u>     | <u>20,729,330</u>     | <u>20,053,430</u>    |
| Increase (Decrease) in net position before special items and transfers | 2,959,965                                   | (14,063)             | 8,737,986                | 9,583,194            | 11,697,951            | 9,569,131            |
| Special items  | -   | -                    | (56,834)                 | 52,326               | (56,834)              | 52,326               |
| Transfers  | 262,793                                     | 794,461              | (262,793)                | (794,461)            | -                     | -                    |
| Increase (decrease) in net position                                    | 3,222,758                                   | 780,398              | 8,418,359                | 8,841,059            | 11,641,117            | 9,621,457            |
| Net position - January 1   | <u>14,557,436</u>                           | <u>13,777,038</u>    | <u>76,687,000</u>        | <u>67,845,941</u>    | <u>91,244,436</u>     | <u>81,622,979</u>    |
| Net position - December 31   | <u>\$ 17,780,194</u>                        | <u>\$ 14,557,436</u> | <u>\$ 85,105,359</u>     | <u>\$ 76,687,000</u> | <u>\$ 102,885,553</u> | <u>\$ 91,244,436</u> |

**Village of Sussex  
Management's Discussion and Analysis  
(Unaudited)  
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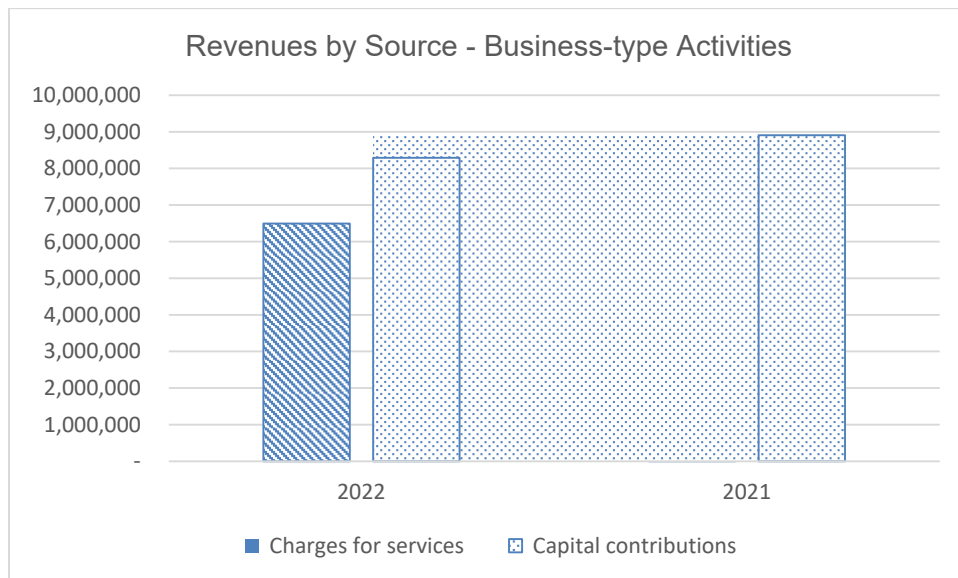
The largest decrease is in the area of Highway and Transportation as a result of depreciation on the significant asset additions in the past two years. Development also saw a significant increase from work in TIF #7. All other areas remained fairly stable between 2021 and 2022.

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Management's Discussion and Analysis  
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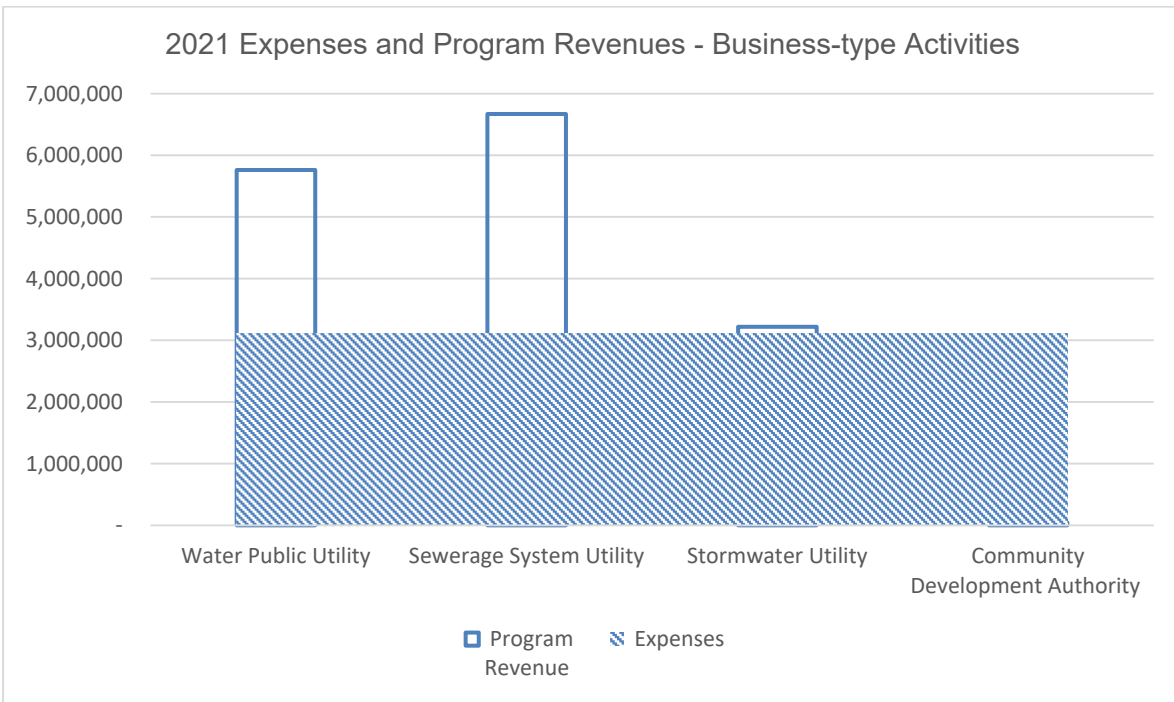
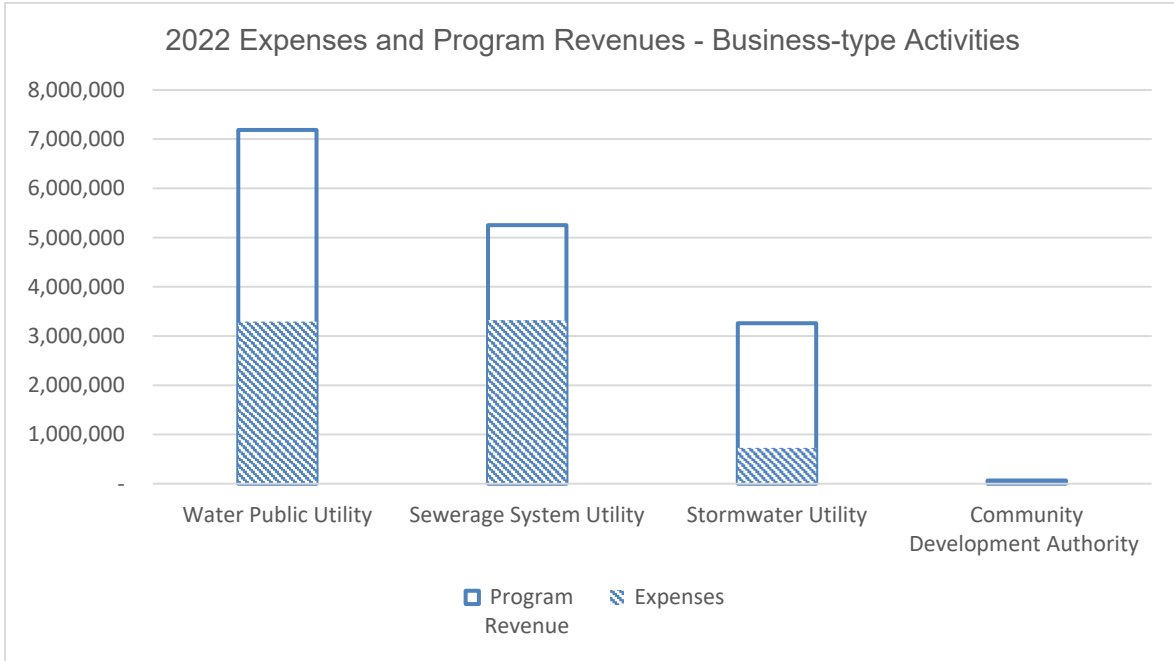


Taxes continue to be the main source of revenue for governmental funds.

**Business-type activities.** Business-type activities increased the Village of Sussex's net position by \$8,418,359 in 2022 compared to an increase of \$8,737,461 in 2021. Increases in the Water, Sewer and Stormwater Utilities and the CDA were \$3,892,595, \$1,928,401, \$2,531,796 and \$65,567 respectively. The utility increases were mainly a result of capital contributions from developers. The increase in the CDA was mainly a result of a transfer from the Sewer Utility of a share of interest earned on the advance to TIF #7 to provide funding for future development.



**Village of Sussex  
Management's Discussion and Analysis  
(Unaudited)  
As of and for the Year Ended December 31, 2022**



**Village of Sussex  
Management's Discussion and Analysis  
(Unaudited)  
As of and for the Year Ended December 31, 2022**

***Financial Analysis of the Government's Funds***

As noted earlier, the Village of Sussex uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds.* The focus of the Village of Sussex's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *unassigned plus assigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of 2022, the Village of Sussex's governmental funds reported combined ending fund balances of \$6.54 million compared to the 2021 ending balance of \$5.72 million. Fund balances are segregated into five categories in accordance with accounting standards with details provided in the footnotes beginning on page 64. A summary of the categories are:

- Nonspendable – the balance of \$22,506 represents assets that are not readily convertible to cash, the majority in the form of inventory and prepaid expenses.
- Restricted – the balance of \$1,660,269 represents funds that have constraints on them by third parties such as creditors, grantor, laws or enabling legislation.
- Committed – the balance of \$245,290 consists of funds that can be used for specific purposes based on constraints imposed by formal action of the Village Board.
- Assigned – the balance of \$6,872,236 represents funds that have been set aside for specific purposes.
- Unassigned – these are residual funds available. At December 31, 2022 this balance was (\$2,261,548) and includes funds that are for working capital purposes in case of emergency as well as deficit fund balances in the TIF #6 and TIF #7 Capital Projects Funds that will be restored with future tax increments.

The general fund is the chief operating fund of the Village of Sussex. At the end of 2022, the balance was \$7,165,382 compared to the ending balance of \$7,199,821 in 2021.

The fund balance of the Village of Sussex's general fund decreased on a budgetary basis by \$319,685 during the current fiscal year compared to an amended budgeted use of surplus of \$1,092,804. Revenues credited and expenditures charged to assigned funds resulted in a total decrease of \$34,439 in the general fund. Key factors in the final outcome are as follows:

Village departments made concerted efforts during the year to continue with spending reductions and increased efficiency which resulted in departmental expenditures less than the budget. Most departments showed expenditures less than budgeted for a total of \$381,374 under budget. In addition, revenues were \$528,613 over the final budget. Revenues over budget were mainly for licenses and permits, fines and forfeitures and recreation fees.

The Village Board has approved a fund balance policy. During the 2016 budget process, the Village Board approved that all future surplus will increase the equipment replacement reserves unless other needs are brought forward.

Payments were made from assigned funds totaling \$999,947. The payments and transfers were to cover purchases for the fire department, parks and public works. Supply chain issues delayed the purchases from previous years. Appropriations of \$1,148,192 were made to the reserve funds. Most were set aside for future equipment purchases with a some being set aside for post-employment health plan payments. Revenues credited to reserve funds were \$137,001 which was interest earned, insurance proceeds, fire department grant funds and public improvement revenues for tree preservation.



**Village of Sussex  
Management's Discussion and Analysis  
(Unaudited)  
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There are two debt service funds with a total fund balance of about \$37,000, all of which is restricted for the payment of debt service.

**Proprietary funds.** The Village of Sussex's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water Utility, Sewer Utility, Stormwater Utility and Community Development Authority at the end of 2022 amounted to \$0.71 million, \$4.32 million, \$406,687 and \$356,095 respectively compared to \$0.63 million, \$5.05 million, \$223,055 and \$290,528 respectively for 2021. The changes in the total net position for the funds were increases of \$3,892,595, \$1,928,401, \$2,531,796 and \$65,567 for the Water, Sewer, Stormwater Utilities and CDA respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the Village of Sussex's business-type activities.

Utility rates increased for the Sewer and Stormwater Utilities on January 1, 2022. It is the Village Board policy to review rates on an annual basis in order to keep increases to manageable levels. During 2020, rate studies were performed for the Sewer and Stormwater Utilities. Both recommended rate increases and the Board approved a resolution to implement those increases over four years for the Sewer Utility and five years for the Stormwater Utility.

**General Fund Budgetary Highlights**

Two budget amendments were adopted relating to the 2022 budget of the General Fund and one was adopted relating to the General Debt Service Fund. One General Fund amendment and the Debt Service Fund amendment was made to account for the call of one debt issue. The other General Fund amendment was made to account for reduced revenues from Water Utility taxes and use of surplus and increases to permits, public charges for services and miscellaneous revenues. The General Fund expenditure budget was amended to show additional expenditures related to Public Works costs related engineering fees (the majority are recovered with charges to the developers) as well as maintenance costs and Parks and Recreation to cover additional costs for programming which are offset by user charges. Other expenditure budgets were reduced due to vacancies not being filled for part of the year.

**Capital Asset and Debt Administration**

**Capital assets.** The Village of Sussex's net investment in capital assets for its governmental and business-type activities as of December 31, 2022, amounts to \$144.3 million compared to \$136.9 million at December 31, 2021. This investment in capital assets includes land, land improvements, buildings, machinery and equipment, park facilities, construction in progress, utility infrastructure and street infrastructure.

**Village of Sussex  
Management's Discussion and Analysis  
(Unaudited)  
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Major capital assets include the following:

**VILLAGE OF SUSSEX'S NET INVESTMENT IN CAPITAL ASSETS**

|                          | Governmental Activities |                      | Business-type Activities |                      | Total                 |                       |
|--------------------------|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|                          | 12/31/2021              | 12/31/2021           | 12/31/2021               | 12/31/2021           | 12/31/2021            | 12/31/2021            |
| Land                     | \$ 2,477,995            | \$ 2,477,995         | \$ 483,992               | \$ 483,992           | \$ 2,961,987          | \$ 2,961,987          |
| Construction in progress | 59,523                  | 39,618               | -                        | 30,497               | 59,523                | 70,115                |
| Buildings                | 14,795,428              | 15,102,700           | 7,200,560                | 7,033,890            | 21,995,988            | 22,136,590            |
| Land improvements        | 2,353,220               | 2,482,414            | -                        | -                    | 2,353,220             | 2,482,414             |
| Machinery & equipment    | 4,612,243               | 4,129,232            | 9,062,619                | 9,267,167            | 13,674,862            | 13,396,399            |
| Infrastructure           | 28,127,739              | 27,574,926           | 75,105,478               | 68,268,525           | 103,233,217           | 95,843,451            |
| <b>Total</b>             | <b>\$ 52,426,148</b>    | <b>\$ 51,806,885</b> | <b>\$ 91,852,649</b>     | <b>\$ 85,084,071</b> | <b>\$ 144,278,797</b> | <b>\$ 136,890,956</b> |

Additional information on the Village of Sussex's capital assets can be found in Note 7 on pages 49 -51 of this report.

**Long-term debt.** At the end of the current fiscal year, the Village of Sussex had total debt outstanding of \$60.6 million. Of this amount, \$40.6 million comprises debt backed by the full faith and credit of the government. The remainder of the Village of Sussex's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds, bond anticipation notes). About \$1.27 million of the balance of the revenue bonds will be paid with payments from other governmental units.

**VILLAGE OF SUSSEX'S OUTSTANDING OBLIGATIONS**

|                                  | Governmental Activities |                      | Business-type Activities |                      | Totals               |                      |
|----------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|                                  | 12/31/2022              | 12/31/2021           | 12/31/2022               | 12/31/2021           | 12/31/2022           | 12/31/2021           |
| General obligation bonds & notes | \$ 40,265,000           | \$ 41,654,614        | \$ 300,000               | \$ 2,235,000         | \$ 40,565,000        | \$ 43,889,614        |
| State Infrastructure Bank Loan   | 729,319                 | 755,101              | -                        | -                    | 729,319              | 755,101              |
| Revenue bonds                    | -                       | -                    | 17,724,379               | 13,454,464           | 17,724,379           | 13,454,464           |
| Bond Anticipation Notes          | -                       | -                    | -                        | 5,105,000            | -                    | 5,105,000            |
| Compensated absences             | 292,422                 | 283,390              | 103,618                  | 98,157               | 396,040              | 381,547              |
| Unamortized (discount)/premium   | 929,478                 | 1,067,839            | 254,963                  | 252,446              | 1,184,441            | 1,320,285            |
| <b>Total</b>                     | <b>\$ 42,216,219</b>    | <b>\$ 43,760,944</b> | <b>\$ 18,382,960</b>     | <b>\$ 21,145,067</b> | <b>\$ 60,599,179</b> | <b>\$ 64,906,011</b> |

The Village of Sussex's total debt decreased by \$4.3 million during the current fiscal year.

The Village of Sussex maintained its bond rating by Moody's for its general obligation debt at Aa2. The older revenue bonds of the Water Utility are rated A1; however the new bonds issued in 2022 received a rating of Aa3. The revenue bonds of the Sewer and Stormwater Utilities are Aa3.

**Village of Sussex  
Management's Discussion and Analysis  
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State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total equalized valuation. The current debt limitation for the Village of Sussex is \$96.1 million which is significantly in excess of the Village of Sussex's outstanding general obligation debt of \$40.6 million.

Additional information on the Village of Sussex's long-term debt can be found in note 8 on pages 51 – 56 of this report.

***Economic Factors and Next Year's Budgets and Rates***

The unemployment rate for Waukesha County at December 31, 2022 is 1.8%. This compares favorably to the state's December unemployment rate of 3.0%. In general, the Village's population has a higher median family income and per capita income than the rest of the state. Also, the Village is home to several large companies which provide local employment to many of the Village residents.

The Village's population increased slightly in 2022.

The Village's 2023 adopted budget increased by approximately \$952,000 compared to the 2022 budget or approximately 7.2%. Excluding the increase to the capital outlay budget offset with a corresponding increase to the revenue budget to use previously accumulated funds, the budget increased about \$1,146,000. In the 2023 budget, the Fire Department continues to add funding for staff to be in the station around the clock. Funding continues to increase for Police Services to fully fund the next staffing increase that occurred mid-year, 2022. Parks and Recreation continue to increase as programs continue their popularity and seasonal staffing costs continue to increase. Debt service increased about \$132,000. All other areas of the budget showed minor increases as well.

During 2022, the Village experienced an increase in state transportation aid of about \$96,000 from the prior budget. The 2023 transportation aid is anticipated to increase almost \$89,000 as a result of the past spending on road projects. Other state aids are expected to remain at or slightly higher than the 2022 levels.

The Water Utility last increased its rates in January, 2020 as the second of a two-step increase approved by the Public Service Commission of Wisconsin. The Village had rate studies prepared for both the Sewer and Stormwater Utilities in 2020. As a result of those studies, the Village Board approved a series of increases to be implemented over the next four to five years which took effect January 1, 2021.

Interest rates have seen an increase during 2022 and all funds' interest earnings exceeded their budgets for 2022. In addition, the Village continues to explore the self-funding of projects as a way for funds with excess cash to earn a higher interest rate while reducing the borrowing costs for the funds needing cash.

During the past ten fiscal years, the general fund balance has increased from \$2,210,049 in 2011 to \$7,165,382 in 2022. The majority of these funds have been used to save for equipment replacement and reflect the Village Board's commitment to this purpose. This effort continues to reduce long-term borrowing needs of the Village as evidenced in 2022. During 2022, funds were set aside for the 2023 road program to reduce the borrowing that will be needed in 2023. Also funds were used for the ambulance and plow truck purchases as well as being available to take advantage of purchasing another large piece of equipment at a reduced price for the demo model rather than waiting until 2023 and a higher price.

***Requests for Information***

This financial report is designed to provide a general overview of the Village of Sussex's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Village of Sussex Finance Director, Village of Sussex, N64W23760 Main Street, Sussex, Wisconsin 53089.

# Financial Statements

**VILLAGE OF SUSSEX, WISCONSIN**

STATEMENT OF NET POSITION  
December 31, 2022

|   | Governmental<br>Activities | Business<br>Type<br>Activities | Total          | Component<br>Unit |
|---|----------------------------|--------------------------------|----------------|-------------------|
| <b>ASSETS</b>   |                            |                                |                |                   |
| Cash and investments                                      | \$ 16,215,344              | \$ 2,395,528                   | \$ 18,610,872  | \$ 1,502,989      |
| Receivables (net of allowance for uncollectible accounts) | 7,821,505                  | 615,351                        | 8,436,856      | -                 |
| Inventories and prepaid items                             | 21,680                     | 4,654                          | 26,334         | 1,648             |
| Restricted assets   | -                          | 6,028,237                      | 6,028,237      | 1,425,937         |
| Internal balances   | (2,752,856)                | 2,752,856                      | -              | -                 |
| Other assets  |                            |                                |                |                   |
| Special assessments receivable                            | 66,158                     | 483,711                        | 549,869        | -                 |
| Extraordinary property loss                               | -                          | 129,777                        | 129,777        | -                 |
| Net pension asset   | 1,034,820                  | 470,582                        | 1,505,402      | 276,599           |
| Capital assets (net of accumulated depreciation):         |                            |                                |                |                   |
| Land  | 2,477,995                  | 483,992                        | 2,961,987      | -                 |
| Construction in progress                                  | 59,523                     | -                              | 59,523         | -                 |
| Other capital assets                                      | 49,885,630                 | 91,368,657                     | 141,254,287    | 448,141           |
| <br>TOTAL ASSETS  | 74,829,799                 | 104,733,345                    | 179,563,144    | 3,655,314         |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                     |                            |                                |                |                   |
| Deferred outflows related to pension                      | 2,037,208                  | 918,164                        | 2,955,372      | 539,515           |
| <b>LIABILITIES</b>  |                            |                                |                |                   |
| Accounts payable and other current liabilities            | 2,089,850                  | 423,654                        | 2,513,504      | 43,192            |
| Accrued interest payable                                  | 331,306                    | 2,050                          | 333,356        | -                 |
| Payable from restricted assets:                           |                            |                                |                |                   |
| Current portion of long-term debt                         | -                          | 1,211,294                      | 1,211,294      | -                 |
| Accounts payable and accrued interest payable             | -                          | 56,911                         | 56,911         | -                 |
| Due to other governments                                  | 614,506                    | -                              | 614,506        | 55,523            |
| Unearned revenue  | 600,033                    | 89,313                         | 689,346        | -                 |
| Noncurrent liabilities:                                   |                            |                                |                |                   |
| Due within one year                                       | 2,562,310                  | 136,188                        | 2,698,498      | 54,667            |
| Due in more than one year                                 | 39,653,909                 | 17,035,478                     | 56,689,387     | 1,153             |
| TOTAL LIABILITIES   | 45,851,914                 | 18,954,888                     | 64,806,802     | 154,535           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                      |                            |                                |                |                   |
| Property taxes levied for subsequent year                 | 10,275,174                 | -                              | 10,275,174     | -                 |
| Other   | 524,196                    | -                              | 524,196        | -                 |
| Deferred inflows related to pension                       | 2,435,529                  | 1,107,551                      | 3,543,080      | 650,998           |
| Deferred special assessments                              | -                          | 483,711                        | 483,711        | -                 |
| TOTAL DEFERRED INFLOWS OF RESOURCES                       | 13,234,899                 | 1,591,262                      | 14,826,161     | 650,998           |
| <b>NET POSITION</b>                                       |                            |                                |                |                   |
| Net investment in capital assets                          | 24,581,881                 | 72,338,743                     | 95,333,398     | 433,223           |
| Restricted:   |                            |                                |                |                   |
| Reserve Capacity Assessments                              | -                          | 1,584,221                      | 1,584,221      | -                 |
| Debt Service  | -                          | 2,035,995                      | 2,035,995      | -                 |
| Equipment Replacement and Depreciation                    | -                          | 3,072,099                      | 3,072,099      | -                 |
| Pension Benefits  | 636,499                    | 281,195                        | 917,694        | 165,116           |
| Park Impact Fees  | 906,593                    | -                              | 906,593        | -                 |
| Future Expansion  | -                          | -                              | -              | 1,399,877         |
| Library Books and Equipment                               | -                          | -                              | -              | 22,369            |
| Unrestricted  | (8,344,779)                | 5,793,106                      | (964,447)      | 1,368,711         |
| TOTAL NET POSITION  | \$ 17,780,194              | \$ 85,105,359                  | \$ 102,885,553 | \$ 3,389,296      |

# VILLAGE OF SUSSEX, WISCONSIN

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2022

| <u>Functions/Programs</u>         | <u>Expenses</u>      | Program Revenues                |   |   |
|-----------------------------------|----------------------|---------------------------------|---|---|
|                                   |                      | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> |
| Primary government                |                      |                                 |   |   |
| Governmental activities:          |                      |                                 |   |   |
| General government                | \$ 852,012           | \$ 64,594                       | \$ 34,466   | \$ -  |
| Protection of persons & property: |                      |                                 |   |   |
| Police                            | 1,972,565            | 289,808                         | 3,228   | -   |
| Fire                              | 1,463,089            | 413,920                         | 100,684   | 4,501   |
| Other protection                  | 262,352              | 420,651                         | -   | -   |
| Health and sanitation             | 563,685              | 503,917                         | 30,350  | -   |
| Highway and transportation        | 3,530,487            | 103,741                         | 964,618   | 2,811,872                                       |
| Library                           | 841,831              | -                               | -   | -   |
| Parks and recreation              | 2,109,588            | 678,247                         | 362,096   | 69,108  |
| Development                       | 1,728,073            | 223,873                         | 14,909  | -   |
| Interest and fiscal charges       | 1,131,317            | -                               | -   | -   |
| Total governmental activities     | <u>14,454,999</u>    | <u>2,698,751</u>                | <u>1,510,351</u>                                  | <u>2,885,481</u>                                |
| Business type activities          |                      |                                 |   |   |
| Water                             | 2,712,616            | 2,972,408                       | -   | 3,489,616                                       |
| Sewer                             | 2,878,289            | 2,787,471                       | -   | 2,286,532                                       |
| Stormwater                        | 683,426              | 737,710                         | -   | 2,512,778                                       |
| Community Development Authority   | -                    | -                               | -   | -   |
| Total business type activities    | <u>6,274,331</u>     | <u>6,497,589</u>                | <u>-</u>  | <u>8,288,926</u>                                |
| Total                             | <u>\$ 20,729,330</u> | <u>\$ 9,196,340</u>             | <u>\$ 1,510,351</u>                               | <u>\$ 11,174,407</u>                            |
| Component unit                    |                      |                                 |   |   |
| Pauline Haass Public Library      | <u>\$ 1,259,830</u>  | <u>\$ 16,726</u>                | <u>\$ 1,283,146</u>                               | <u>\$ 166,459</u>                               |

General revenues:

- Taxes
- Intergovernmental revenues not restricted to specific programs
- Investment income
- Miscellaneous
- Special item - disposal of property
- Special item - removal/abandonment of assets
- Transfers
- Total general revenues and transfers

Change in net position

Net Position - Beginning of Year

Net Position - End of Year

See accompanying notes to financial statements.

Net (Expenses) Revenues and  
Changes in Net Position

| Governmental<br>Activities | Business Type<br>Activities | Totals                | Component<br>Unit   |
|----------------------------|-----------------------------|-----------------------|---------------------|
| \$ (752,952)               | \$ -                        | \$ (752,952)          | \$ -                |
| (1,679,529)                | -                           | (1,679,529)           | -                   |
| (943,984)                  | -                           | (943,984)             | -                   |
| 158,299                    | -                           | 158,299               | -                   |
| (29,418)                   | -                           | (29,418)              | -                   |
| 349,744                    | -                           | 349,744               | -                   |
| (841,831)                  | -                           | (841,831)             | -                   |
| (1,000,137)                | -                           | (1,000,137)           | -                   |
| (1,489,291)                | -                           | (1,489,291)           | -                   |
| (1,131,317)                | -                           | (1,131,317)           | -                   |
| <u>(7,360,416)</u>         | <u>-</u>                    | <u>(7,360,416)</u>    | <u>-</u>            |
| -                          | 3,749,408                   | 3,749,408             | -                   |
| -                          | 2,195,714                   | 2,195,714             | -                   |
| -                          | 2,567,062                   | 2,567,062             | -                   |
| -                          | -                           | -                     | -                   |
| <u>-</u>                   | <u>8,512,184</u>            | <u>8,512,184</u>      | <u>-</u>            |
| <u>(7,360,416)</u>         | <u>8,512,184</u>            | <u>1,151,768</u>      | <u>-</u>            |
| <u>-</u>                   | <u>-</u>                    | <u>-</u>              | <u>206,501</u>      |
| 9,236,619                  | -                           | 9,236,619             | -                   |
| 894,651                    | -                           | 894,651               | -                   |
| 181,154                    | 225,802                     | 406,956               | 16,140              |
| 7,957                      | -                           | 7,957                 | 8,786               |
| -                          | 12,000                      | 12,000                | -                   |
| -                          | (68,834)                    | (68,834)              | -                   |
| 262,793                    | (262,793)                   | -                     | -                   |
| <u>10,583,174</u>          | <u>(93,825)</u>             | <u>10,489,349</u>     | <u>24,926</u>       |
| 3,222,758                  | 8,418,359                   | 11,641,117            | 231,427             |
| <u>14,557,436</u>          | <u>76,687,000</u>           | <u>91,244,436</u>     | <u>3,157,869</u>    |
| <u>\$ 17,780,194</u>       | <u>\$ 85,105,359</u>        | <u>\$ 102,885,553</u> | <u>\$ 3,389,296</u> |

# VILLAGE OF SUSSEX, WISCONSIN

## BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2022

|   | General              | General<br>Obligation<br>Debt<br>Service<br>Fund |
|---|----------------------|--|
| <b>ASSETS</b>   |                      |  |
| Cash and investments  | \$ 10,539,520        | \$ 1,064,087                                     |
| Receivables   |                      |  |
| Taxes   | 4,252,925            | 1,667,264  |
| Accounts  | 331,708              | -  |
| Special assessments   | 66,158               | -  |
| Notes   | -                    | -  |
| Due from other funds  | -                    | -  |
| Inventories and prepaid items   | 21,680               | -  |
| <b>TOTAL ASSETS</b>   | <b>\$ 15,211,991</b> | <b>\$ 2,731,351</b>                              |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>           |                      |  |
| Liabilities   |                      |  |
| Accounts payable  | \$ 449,542           | \$ -   |
| Accrued payroll   | 95,362               | -  |
| Due to other funds  | -                    | -  |
| Due to other governments  | 614,506              | -  |
| Unearned revenue  | 97,895               | -  |
| <b>Total liabilities</b>  | <b>1,257,305</b>     | <b>-</b>   |
| Deferred Inflows of Resources   |                      |  |
| Property taxes levied for subsequent year                                     | 6,265,108            | 2,694,624  |
| Other   | 524,196              | -  |
| <b>Total deferred inflows of resources</b>                                    | <b>6,789,304</b>     | <b>2,694,624</b>                                 |
| Fund Balances   |                      |  |
| Nonspendable  | 22,506               | -  |
| Restricted  | 61,894               | 36,727   |
| Committed   | 208,843              | -  |
| Assigned  | 6,342,504            | -  |
| Unassigned  | 529,635              | -  |
| <b>Total fund balances</b>  | <b>7,165,382</b>     | <b>36,727</b>                                    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES<br/>AND FUND BALANCES</b> | <b>\$ 15,211,991</b> | <b>\$ 2,731,351</b>                              |

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

- Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.
- Some receivables that are not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements
- The Village's proportionate share of the Wisconsin Retirement System pension plan is not an available resource; therefore, it is not reported in the fund financial statements
- Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds.

### NET POSITION OF GOVERNMENTAL ACTIVITIES



| General<br>Capital<br>Projects<br>Fund | TIF #6<br>Capital<br>Projects<br>Fund | TIF #7<br>Capital<br>Projects<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------------------------|---------------------------------------|-----------------------------------|--------------------------------|
| \$ 1,222,994                           | \$ 433,993                            | \$ 1,495,642                          | \$ 1,459,108                      | \$ 16,215,344                  |
| -                                      | 664,723                               | 149,191                               | -                                 | 6,734,103                      |
| 26,375                                 | -                                     | -                                     | -                                 | 358,083                        |
| -                                      | -                                     | -                                     | -                                 | 66,158                         |
| -                                      | -                                     | 729,319                               | -                                 | 729,319                        |
| 161,127                                | -                                     | -                                     | -                                 | 161,127                        |
| -                                      | -                                     | -                                     | -                                 | 21,680                         |
| <u>\$ 1,410,496</u>                    | <u>\$ 1,098,716</u>                   | <u>\$ 2,374,152</u>                   | <u>\$ 1,459,108</u>               | <u>\$ 24,285,814</u>           |

|                |                  |                  |                |                  |
|----------------|------------------|------------------|----------------|------------------|
| \$ 239,611     | \$ -             | \$ 1,305,307     | \$ 8           | \$ 1,994,468     |
| -              | -                | -                | 20             | 95,382           |
| -              | 1,261,127        | 1,652,856        | -              | 2,913,983        |
| -              | -                | -                | -              | 614,506          |
| -              | -                | -                | 502,138        | 600,033          |
| <u>239,611</u> | <u>1,261,127</u> | <u>2,958,163</u> | <u>502,166</u> | <u>6,218,372</u> |

|   |                  |                |   |                   |
|---|------------------|----------------|---|-------------------|
| - | 1,074,321        | 241,121        | - | 10,275,174        |
| - | -                | 729,319        | - | 1,253,515         |
| - | <u>1,074,321</u> | <u>970,440</u> | - | <u>11,528,689</u> |

|                  |                    |                    |                |                  |
|------------------|--------------------|--------------------|----------------|------------------|
| -                | -                  | -                  | -              | 22,506           |
| 655,055          | -                  | -                  | 906,593        | 1,660,269        |
| -                | -                  | -                  | 36,447         | 245,290          |
| 515,830          | -                  | -                  | 13,902         | 6,872,236        |
| -                | (1,236,732)        | (1,554,451)        | -              | (2,261,548)      |
| <u>1,170,885</u> | <u>(1,236,732)</u> | <u>(1,554,451)</u> | <u>956,942</u> | <u>6,538,753</u> |

|                     |                     |                     |                     |  |
|---------------------|---------------------|---------------------|---------------------|--|
| <u>\$ 1,410,496</u> | <u>\$ 1,098,716</u> | <u>\$ 2,374,152</u> | <u>\$ 1,459,108</u> |  |
|---------------------|---------------------|---------------------|---------------------|--|

52,423,148

729,319

636,499

(42,547,525)

\$ 17,780,194

# VILLAGE OF SUSSEX, WISCONSIN

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2022

|  | General<br>Fund | General<br>Obligation<br>Debt<br>Service<br>Fund | General<br>Capital<br>Projects<br>Fund | TIF #6<br>Capital<br>Projects<br>Fund |
|--|-----------------|--|--|---------------------------------------|
| <b>REVENUES</b>  |                 |  |  |                                       |
| Taxes  | \$ 5,830,606    | \$ 2,562,261                                     | \$ -                                   | \$ 751,897                            |
| Intergovernmental                                      | 1,339,673       | -  | -                                      | 6,631                                 |
| Public improvement revenues                            | 57,094          | -  | -                                      | -                                     |
| Licenses and permits                                   | 564,462         | -  | -                                      | -                                     |
| Fines, forfeitures and penalties                       | 276,579         | -  | -                                      | -                                     |
| Public charges for services                            | 1,596,571       | -  | -                                      | -                                     |
| Commercial revenues                                    | 256,588         | 2,447  | 8,599                                  | 1,663                                 |
| Miscellaneous revenues                                 | 252,374         | -  | 10,000                                 | -                                     |
| Total Revenues   | 10,173,947      | 2,564,708  | 18,599                                 | 760,191                               |
| <b>EXPENDITURES</b>                                    |                 |  |  |                                       |
| Current  |                 |  |  |                                       |
| General government                                     | 817,262         | -  | -                                      | 150                                   |
| Protection of persons & property                       |                 |  |  |                                       |
| Police   | 1,937,633       | -  | -                                      | -                                     |
| Fire   | 1,363,297       | -  | -                                      | -                                     |
| Other protection                                       | 252,449         | -  | -                                      | -                                     |
| Health and sanitation                                  | 552,284         | -  | -                                      | -                                     |
| Highway and transportation                             | 1,022,803       | -  | -                                      | -                                     |
| Library  | 776,395         | -  | -                                      | -                                     |
| Parks and recreation                                   | 1,570,810       | -  | -                                      | -                                     |
| Capital outlay   | 1,258,904       | -  | 80,162                                 | -                                     |
| Debt service   |                 |  |  |                                       |
| Principal retirement                                   | 4,614           | 3,150,000  | -                                      | -                                     |
| Interest and fiscal charges                            | -               | 868,173  | -                                      | 12,611                                |
| Total Expenditures                                     | 9,556,451       | 4,018,173  | 80,162                                 | 12,761                                |
| Excess (deficiency) of revenues<br>over expenditures   | 617,496         | (1,453,465)                                      | (61,563)                               | 747,430                               |
| <b>OTHER FINANCING SOURCES (USES)</b>                  |                 |  |  |                                       |
| Issuance of debt                                       | -               | -  | -                                      | -                                     |
| Other sources (bond premium)                           | -               | -  | -                                      | -                                     |
| Transfers in   | 988,002         | 1,160,937  | 470,000                                | -                                     |
| Transfers out  | (1,639,937)     | -  | -                                      | (756,931)                             |
| Total other financing sources (uses)                   | (651,935)       | 1,160,937  | 470,000                                | (756,931)                             |
| Net change in fund balances                            | (34,439)        | (292,528)  | 408,437                                | (9,501)                               |
| <b>FUND BALANCES (DEFICIT) -<br/>BEGINNING OF YEAR</b> |                 |  |  |                                       |
|  | 7,199,821       | 329,255  | 762,448                                | (1,227,231)                           |
| <b>FUND BALANCES (DEFICIT) -<br/>END OF YEAR</b>       |                 |  |  |                                       |
|  | \$ 7,165,382    | \$ 36,727  | \$ 1,170,885                           | \$ (1,236,732)                        |

| TIF #7<br>Capital<br>Projects<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---------------------------------------|-----------------------------------|--------------------------------|
| \$ 91,855                             | \$ -                              | \$ 9,236,619                   |
| -                                     | 647,227                           | 1,993,531                      |
| 40,691                                | 303,179                           | 400,964                        |
| -                                     | -                                 | 564,462                        |
| -                                     | -                                 | 276,579                        |
|                                       | 3,072                             | 1,599,643                      |
| 5,321                                 | 16,264                            | 290,882                        |
| -                                     | 3,820                             | 266,194                        |
| <u>137,867</u>                        | <u>973,562</u>                    | <u>14,628,874</u>              |
| 150                                   | -                                 | 817,562                        |
| -                                     | -                                 | 1,937,633                      |
| -                                     | -                                 | 1,363,297                      |
| -                                     | -                                 | 252,449                        |
| -                                     | 14,477                            | 566,761                        |
| -                                     | -                                 | 1,022,803                      |
| -                                     | -                                 | 776,395                        |
| -                                     | 3,894                             | 1,574,704                      |
| 1,728,073                             | -                                 | 3,067,139                      |
| 25,782                                | 490,000                           | 3,670,396                      |
| 171,986                               | 266,931                           | 1,319,701                      |
| <u>1,925,991</u>                      | <u>775,302</u>                    | <u>16,368,840</u>              |
| <u>(1,788,124)</u>                    | <u>198,260</u>                    | <u>(1,739,966)</u>             |
| 2,255,000                             | -                                 | 2,255,000                      |
| 37,726                                | -                                 | 37,726                         |
| -                                     | 765,931                           | 3,384,870                      |
| -                                     | (725,209)                         | (3,122,077)                    |
| <u>2,292,726</u>                      | <u>40,722</u>                     | <u>2,555,519</u>               |
| 504,602                               | 238,982                           | 815,553                        |
| <u>(2,059,053)</u>                    | <u>717,960</u>                    | <u>5,723,200</u>               |
| <u>\$ (1,554,451)</u>                 | <u>\$ 956,942</u>                 | <u>\$ 6,538,753</u>            |

## VILLAGE OF SUSSEX, WISCONSIN

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2022

|  |                                   |
|--|-----------------------------------|
| Net change in fund balances - total governmental funds   | \$ 815,553                        |
| 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 estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and contributed capital exceeded depreciation in the current period.  | 616,263                           |
| Debt proceeds provide 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. In addition, governmental funds report the effect of issuance costs, premium, discounts, and similar costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount in the net effect of these differences in the treatment of long-term debt and related items. | 1,527,975                         |
| Governmental funds do not report the change in the net pension asset (liability) and related deferred inflows and outflows of resources as a result of employer contributions changes in assumptions and proportionate share and the difference between the expected and actual experience of the pension plan.  | 259,702                           |
| Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.   | <u>3,265</u>                      |
| <b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>   | <b><u><u>\$ 3,222,758</u></u></b> |

**VILLAGE OF SUSSEX, WISCONSIN**

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2022

|  | Business Type Activities -<br>Enterprise Funds |                   |                       |                                       | Totals             |
|--|--|-------------------|-----------------------|---------------------------------------|--------------------|
|  | Water<br>Utility                               | Sewer<br>Utility  | Stormwater<br>Utility | Community<br>Development<br>Authority |                    |
| <b>ASSETS</b>  |  |                   |                       |                                       |                    |
| Current Assets   |  |                   |                       |                                       |                    |
| Cash and investments                                   | \$ 827,259                                     | \$ 867,329        | \$ 344,845            | \$ 356,095                            | \$ 2,395,528       |
| Accounts receivable                                    | 243,608  | 298,888           | 72,855                | -                                     | 615,351            |
| Prepaid items  | 4,233  | 306               | 115                   | -                                     | 4,654              |
| Restricted Assets                                      |  |                   |                       |                                       |                    |
| Cash and investments                                   | 278,005  | 490,436           | 60,166                | -                                     | 828,607            |
| Current portion of advance to other governmental units | -  | 240,693           | -                     | -                                     | 240,693            |
| Total current assets                                   | <u>1,353,105</u>                               | <u>1,897,652</u>  | <u>477,981</u>        | <u>356,095</u>                        | <u>4,084,833</u>   |
| Non-Current Assets                                     |  |                   |                       |                                       |                    |
| Land   | 254,310  | 178,630           | 51,052                | -                                     | 483,992            |
| Property and equipment                                 | 47,534,404                                     | 60,418,740        | 25,322,283            | -                                     | 133,275,427        |
| Accumulated depreciation                               | (12,469,726)                                   | (25,992,170)      | (3,444,874)           | -                                     | (41,906,770)       |
| Restricted Assets                                      |  |                   |                       |                                       |                    |
| Cash and investments                                   | 2,049,297                                      | 1,448,854         | 435,130               | -                                     | 3,933,281          |
| Advance to other funds                                 | -  | 2,000,000         | -                     | -                                     | 2,000,000          |
| Advance to other governmental units                    | -  | 1,025,656         | -                     | -                                     | 1,025,656          |
| Other Assets   |  |                   |                       |                                       |                    |
| Advance to other funds                                 | -  | 3,394,158         | -                     | -                                     | 3,394,158          |
| Special assessments receivable                         | 377,601  | 106,110           | -                     | -                                     | 483,711            |
| Extraordinary property loss                            | -  | 129,777           | -                     | -                                     | 129,777            |
| Net pension asset                                      | 212,603  | 197,800           | 60,179                | -                                     | 470,582            |
| Total non-current assets                               | <u>37,958,489</u>                              | <u>42,907,555</u> | <u>22,423,770</u>     | <u>-</u>                              | <u>103,289,814</u> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                  |  |                   |                       |                                       |                    |
| Deferred outflows related to pension                   | 414,204  | 386,702           | 117,258               | -                                     | 918,164            |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>              | <u>39,725,798</u>                              | <u>45,191,909</u> | <u>23,019,009</u>     | <u>356,095</u>                        | <u>108,292,811</u> |

**VILLAGE OF SUSSEX, WISCONSIN**

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2022

|   | Business Type Activities -<br>Enterprise Funds |                      |                       |                                       |                      |
|---|--|----------------------|-----------------------|---------------------------------------|----------------------|
|   | Water<br>Utility                               | Sewer<br>Utility     | Stormwater<br>Utility | Community<br>Development<br>Authority | Totals               |
| <b>LIABILITIES</b>                                    |  |                      |                       |                                       |                      |
| Current liabilities - payable from current assets:    |  |                      |                       |                                       |                      |
| Current portion of long-term debt                     | 100,000  | -                    | -                     | -                                     | 100,000              |
| Compensated absences                                  | 13,835   | 22,353               | -                     | -                                     | 36,188               |
| Accounts payable                                      | 227,492  | 154,961              | 8,581                 | -                                     | 391,034              |
| Accrued payroll                                       | 14,532   | 15,541               | 2,547                 | -                                     | 32,620               |
| Accrued interest payable                              | 2,050  | -                    | -                     | -                                     | 2,050                |
| Unearned revenue                                      | 88,413   | 900                  | -                     | -                                     | 89,313               |
| Current liabilities - payable from restricted assets: |  |                      |                       |                                       |                      |
| Current portion of revenue bonds                      | 430,000  | 701,294              | 80,000                | -                                     | 1,211,294            |
| Accrued interest payable                              | 27,172   | 22,906               | 6,833                 | -                                     | 56,911               |
| Total current liabilities                             | <u>903,494</u>                                 | <u>917,955</u>       | <u>97,961</u>         | <u>-</u>                              | <u>1,919,410</u>     |
| Long-term liabilities:                                |  |                      |                       |                                       |                      |
| General obligation debt                               | 200,000  | -                    | -                     | -                                     | 200,000              |
| Revenue bonds   | 10,360,000                                     | 4,498,085            | 1,655,000             | -                                     | 16,513,085           |
| Net unamortized bond discount and premium             | 122,311  | 34,779               | 97,873                | -                                     | 254,963              |
| Compensated absences                                  | 25,126   | 42,304               | -                     | -                                     | 67,430               |
| Advance from other funds                              | 785,857  | -                    | 1,855,445             | -                                     | 2,641,302            |
| Total long-term debt                                  | <u>11,493,294</u>                              | <u>4,575,168</u>     | <u>3,608,318</u>      | <u>-</u>                              | <u>19,676,780</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                  |  |                      |                       |                                       |                      |
| Deferred inflows related to pension                   | 500,378  | 465,537              | 141,636               | -                                     | 1,107,551            |
| Deferred special assessments                          | 377,601  | 106,110              | -                     | -                                     | 483,711              |
| TOTAL DEFERRED INFLOWS                                | <u>877,979</u>                                 | <u>571,647</u>       | <u>141,636</u>        | <u>-</u>                              | <u>1,591,262</u>     |
| TOTAL LIABILITIES AND DEFERRED INFLOWS                | <u>13,274,767</u>                              | <u>6,064,770</u>     | <u>3,847,915</u>      | <u>-</u>                              | <u>23,187,452</u>    |
| <b>NET POSITION</b>                                   |  |                      |                       |                                       |                      |
| Net investment in capital assets                      | 24,144,918                                     | 29,827,882           | 18,365,943            | -                                     | 72,338,743           |
| Restricted:   |  |                      |                       |                                       |                      |
| Reserve Capacity Assessments                          | 842,680  | 741,541              | -                     | -                                     | 1,584,221            |
| Debt Service  | 248,783  | 1,733,879            | 53,333                | -                                     | 2,035,995            |
| Equipment Replacement and Depreciation                | 382,519  | 2,380,250            | 309,330               | -                                     | 3,072,099            |
| Pension Benefits                                      | 126,429  | 118,965              | 35,801                | -                                     | 281,195              |
| Unrestricted  | <u>705,702</u>                                 | <u>4,324,622</u>     | <u>406,687</u>        | <u>356,095</u>                        | <u>5,793,106</u>     |
| TOTAL NET POSITION                                    | <u>\$ 26,451,031</u>                           | <u>\$ 39,127,139</u> | <u>\$ 19,171,094</u>  | <u>\$ 356,095</u>                     | <u>\$ 85,105,359</u> |

**VILLAGE OF SUSSEX, WISCONSIN**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - PROPRIETARY FUNDS  
For the Year Ended December 31, 2022

|   | Business Type Activities -<br>Enterprise Funds |                      |                       |                                       | Total                |
|---|--|----------------------|-----------------------|---------------------------------------|----------------------|
|   | Water<br>Utility                               | Sewer<br>Utility     | Stormwater<br>Utility | Community<br>Development<br>Authority |                      |
| <b>OPERATING REVENUES</b>                                   |  |                      |                       |                                       |                      |
| Sale of water   | \$ 2,863,935                                   | \$ -                 | \$ -                  | \$ -                                  | \$ 2,863,935         |
| Sewage collection charges                                   | -  | 2,538,845            | -                     | -                                     | 2,538,845            |
| Stormwater charges  | -  | -                    | 713,179               | -                                     | 713,179              |
| Other operating revenues                                    | 108,473  | 248,626              | 24,531                | -                                     | 381,630              |
| Total operating revenues                                    | <u>2,972,408</u>                               | <u>2,787,471</u>     | <u>737,710</u>        | <u>-</u>                              | <u>6,497,589</u>     |
| <b>OPERATING EXPENSES</b>                                   |  |                      |                       |                                       |                      |
| Operation and maintenance                                   | 1,208,819                                      | 1,591,178            | 327,362               | -                                     | 3,127,359            |
| Depreciation and amortization                               | 1,030,649                                      | 1,122,366            | 325,425               | -                                     | 2,478,440            |
| Total operating expenses                                    | <u>2,239,468</u>                               | <u>2,713,544</u>     | <u>652,787</u>        | <u>-</u>                              | <u>5,605,799</u>     |
| <b>Operating income</b>                                     | <u>732,940</u>                                 | <u>73,927</u>        | <u>84,923</u>         | <u>-</u>                              | <u>891,790</u>       |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                     |  |                      |                       |                                       |                      |
| Investment income   | 33,555   | 179,180              | 9,734                 | 3,333                                 | 225,802              |
| Interest expense  | (473,148)                                      | (164,745)            | (30,639)              | -                                     | (668,532)            |
| Total nonoperating revenues (expense)                       | <u>(439,593)</u>                               | <u>14,435</u>        | <u>(20,905)</u>       | <u>3,333</u>                          | <u>(442,730)</u>     |
| <b>Income (loss) before contributions<br/>and transfers</b> | <u>293,347</u>                                 | <u>88,362</u>        | <u>64,018</u>         | <u>3,333</u>                          | <u>449,060</u>       |
| <b>CAPITAL CONTRIBUTIONS</b>                                | 3,489,616                                      | 2,286,532            | 2,512,778             | -                                     | 8,288,926            |
| <b>DISPOSAL OF VILLAGE PROPERTY</b>                         | 12,000   | -                    | -                     | -                                     | 12,000               |
| <b>SPECIAL ITEM</b>   | (68,834)                                       | -                    | -                     | -                                     | (68,834)             |
| <b>TRANSFERS IN</b>   | 677,224  | -                    | -                     | 62,234                                | 739,458              |
| <b>TRANSFERS OUT</b>  | (510,758)                                      | (446,493)            | (45,000)              | -                                     | (1,002,251)          |
| <b>Change in net position</b>                               | <u>3,892,595</u>                               | <u>1,928,401</u>     | <u>2,531,796</u>      | <u>65,567</u>                         | <u>8,418,359</u>     |
| <b>TOTAL NET POSITION - BEGINNING OF YEAR</b>               | <u>22,558,436</u>                              | <u>37,198,738</u>    | <u>16,639,298</u>     | <u>290,528</u>                        | <u>76,687,000</u>    |
| <b>TOTAL NET POSITION - END OF YEAR</b>                     | <u>\$ 26,451,031</u>                           | <u>\$ 39,127,139</u> | <u>\$ 19,171,094</u>  | <u>\$ 356,095</u>                     | <u>\$ 85,105,359</u> |

**VILLAGE OF SUSSEX, WISCONSIN**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2022

|  | Business Type Activities -<br>Enterprise Funds |                     |                       |                                       |                     |
|--|--|---------------------|-----------------------|---------------------------------------|---------------------|
|  | Water<br>Utility                               | Sewer<br>Utility    | Stormwater<br>Utility | Community<br>Development<br>Authority | Total               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |  |                     |                       |                                       |                     |
| Receipts from customers  | \$ 3,004,764                                   | \$ 2,775,203        | \$ 731,647            | \$ -                                  | \$ 6,511,614        |
| Payments to vendors  | (784,316)                                      | (1,056,835)         | (206,120)             | (15,000)                              | (2,062,271)         |
| Payments to employees  | (480,365)                                      | (483,201)           | (135,590)             | -                                     | (1,099,156)         |
| Payments to/from other funds   | 52,721   | (56,983)            | -                     | -                                     | (4,262)             |
| Net cash flows provided (used) by operating activities               | <u>1,792,804</u>                               | <u>1,178,184</u>    | <u>389,937</u>        | <u>(15,000)</u>                       | <u>3,345,925</u>    |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>               |  |                     |                       |                                       |                     |
| Transfer in  | -  | -                   | -                     | 62,234                                | 62,234              |
| Transfer out   | (510,758)                                      | (416,496)           | (45,000)              | -                                     | (972,254)           |
| Net cash flows provided (used) by noncapital financing activities    | <u>(510,758)</u>                               | <u>(416,496)</u>    | <u>(45,000)</u>       | <u>62,234</u>                         | <u>(910,020)</u>    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>      |  |                     |                       |                                       |                     |
| Principal paid on long-term debt                                     | (6,620,000)                                    | (2,520,085)         | (80,000)              | -                                     | (9,220,085)         |
| Interest and fiscal charges paid on long-term debt                   | (325,241)                                      | (181,432)           | (42,200)              | -                                     | (548,873)           |
| Proceeds of long-term debt   | 6,450,000                                      | -                   | -                     | -                                     | 6,450,000           |
| Debt discount and issuance expenses                                  | (186,256)                                      | -                   | -                     | -                                     | (186,256)           |
| Debt premium   | 55,433   | -                   | -                     | -                                     | 55,433              |
| Transfer from other funds - use of ARPA funding                      | 647,227  | -                   | -                     | -                                     | 647,227             |
| Payment of advance from other fund                                   | -  | 77,445              | -                     | -                                     | 77,445              |
| Reserve capacity assessments received                                | 362,648  | 637,478             | -                     | -                                     | 1,000,126           |
| Principal received from other governmental units                     | -  | 234,714             | -                     | -                                     | 234,714             |
| Interest received from other governmental units                      | -  | 35,243              | -                     | -                                     | 35,243              |
| Collection of special assessment receivable                          | 10,502   | 6,863               | -                     | -                                     | 17,365              |
| Acquisition and construction of capital assets                       | (1,115,253)                                    | (602,119)           | (111,612)             | -                                     | (1,828,984)         |
| Sale of capital assets   | 12,000   | -                   | -                     | -                                     | 12,000              |
| Cost of removal of capital assets                                    | (68,833)                                       | -                   | -                     | -                                     | (68,833)            |
| Net cash provided (used) by capital and related financing activities | <u>(777,773)</u>                               | <u>(2,311,893)</u>  | <u>(233,812)</u>      | <u>-</u>                              | <u>(3,323,478)</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                          |  |                     |                       |                                       |                     |
| Interest received on advance to other fund                           | -  | 104,352             | -                     | -                                     | 104,352             |
| Interest received on investments                                     | 33,555   | 39,585              | 9,734                 | 3,333                                 | 86,207              |
| Net cash provided (used) by investing activities                     | <u>33,555</u>                                  | <u>143,937</u>      | <u>9,734</u>          | <u>3,333</u>                          | <u>190,559</u>      |
| Net increase (decrease) in cash and equivalents                      | <u>537,828</u>                                 | <u>(1,406,268)</u>  | <u>120,859</u>        | <u>50,567</u>                         | <u>(697,014)</u>    |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>                 | <u>2,616,733</u>                               | <u>4,212,887</u>    | <u>719,282</u>        | <u>305,528</u>                        | <u>7,854,430</u>    |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                       | <u>\$ 3,154,561</u>                            | <u>\$ 2,806,619</u> | <u>\$ 840,141</u>     | <u>\$ 356,095</u>                     | <u>\$ 7,157,416</u> |
| <b>Cash and Cash Equivalents per Statement of Net Position</b>       |  |                     |                       |                                       |                     |
| Unrestricted   | \$ 827,259                                     | \$ 867,329          | \$ 344,845            | \$ 356,095                            | \$ 2,395,528        |
| Restricted   | 2,327,302                                      | 1,939,290           | 495,296               | -                                     | 4,761,888           |
|  | <u>\$ 3,154,561</u>                            | <u>\$ 2,806,619</u> | <u>\$ 840,141</u>     | <u>\$ 356,095</u>                     | <u>\$ 7,157,416</u> |



**VILLAGE OF SUSSEX, WISCONSIN**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2022

|  | Business Type Activities -<br>Enterprise Funds |                     |                       |                                       |                     |
|--|--|---------------------|-----------------------|---------------------------------------|---------------------|
|  | Water<br>Utility                               | Sewer<br>Utility    | Stormwater<br>Utility | Community<br>Development<br>Authority | Total               |
| <b>RECONCILIATION OF OPERATING INCOME TO<br/>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b> |  |                     |                       |                                       |                     |
| Operating income   | \$ 732,940                                     | \$ 73,927           | \$ 84,923             | \$ -                                  | \$ 891,790          |
| Adjustments to reconcile operating income<br>to net cash provided (used) by operating activities:  |  |                     |                       |                                       |                     |
| Depreciation and amortization  | 1,051,323                                      | 1,122,366           | 325,425               | -                                     | 2,499,114           |
| Change in pension related assets, deferred outflows/inflows<br>of resources, and liabilities       | (47,390)                                       | (44,483)            | (14,065)              | -                                     | (105,938)           |
| (Increase) decrease in assets:   |  |                     |                       |                                       |                     |
| Accounts and notes receivable  | 8,912  | (12,669)            | (6,063)               | -                                     | (9,820)             |
| Prepaid expenses   | 2,239  | (245)               | (115)                 | -                                     | 1,879               |
| Increase (decrease) in liabilities:  |  |                     |                       |                                       |                     |
| Accounts payable   | 8,165  | 32,148              | 380                   | (15,000)                              | 25,693              |
| Accrued payroll and compensated absences   | 4,289  | 6,740               | (548)                 | -                                     | 10,481              |
| Other unearned revenues  | 32,326   | 400                 | -                     | -                                     | 32,726              |
| Net cash flows provided (used) by operating activities   | <u>\$ 1,792,804</u>                            | <u>\$ 1,178,184</u> | <u>\$ 389,937</u>     | <u>\$ (15,000)</u>                    | <u>\$ 3,345,925</u> |
| <b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>  |  |                     |                       |                                       |                     |
| Capital assets acquired through donation by developer  | <u>\$ 3,116,486</u>                            | <u>\$ 1,645,748</u> | <u>\$ 2,512,778</u>   | <u>\$ -</u>                           | <u>\$ 7,275,012</u> |
| Capital assets acquired in accounts payable at year end  | <u>\$ 161,739</u>                              | <u>\$ 64,868</u>    | <u>\$ -</u>           | <u>\$ -</u>                           | <u>\$ 226,607</u>   |

**VILLAGE OF SUSSEX, WISCONSIN**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
December 31, 2022

|                           | <u>Custodial Funds</u>             |
|---------------------------|------------------------------------|
|                           | <u>Tax<br/>Collection<br/>Fund</u> |
| <b>ASSETS</b>             |                                    |
| Cash and investments      | \$ 7,246,240                       |
| Taxes receivable          | <u>10,699,094</u>                  |
| <b>TOTAL ASSETS</b>       | <u>17,945,334</u>                  |
| <b>LIABILITIES</b>        |                                    |
| Due to other taxing units | 17,291,821                         |
| Deposits                  | <u>653,513</u>                     |
| <b>TOTAL LIABILITIES</b>  | <u>17,945,334</u>                  |
| <b>NET POSITION</b>       | <u>\$ -</u>                        |

**VILLAGE OF SUSSEX, WISCONSIN**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
For the Year Ended December 31, 2022

|   | <u>Custodial Funds</u>             |
|---|------------------------------------|
|   | <u>Tax<br/>Collection<br/>Fund</u> |
| <b>ADDITIONS</b>                                |                                    |
| Property tax collections for other governments  | <u>\$ 15,871,670</u>               |
| <b>DEDUCTIONS</b>                               |                                    |
| Payments of property taxes to other governments | <u>15,871,670</u>                  |
| <b>Change in net position</b>                   | -                                  |
| <b>NET POSITION - BEGINNING OF YEAR</b>         | <u>-</u>                           |
| <b>NET POSITION - END OF YEAR</b>               | <u>\$ -</u>                        |

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 1 Summary of Significant Accounting Policies

#### Introduction

The financial statements of Village of Sussex, Wisconsin (the "Village") have been prepared in conformity with the accounting principles generally accepted in the United States (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Village are described below.

#### Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

#### Reporting entity

The Village is governed by an elected seven member Board of Trustees (Board). The accompanying financial statements present the Village and entities for which the Village is considered to be financially accountable. In evaluating how to define the Village, for financial reporting purposes, the Village has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the Village and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities.

The Village is considered to be a primary government, since it is legally separate and financially independent. This report includes all of the funds of the Village. Also, the Village has identified the following component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 1 Summary of Significant Accounting Policies (Continued)

#### Sussex Community Development Authority

The Village has included the Sussex Community Development Authority as a blended component unit in its primary government financial statements.

#### Pauline Haass Public Library

The Library is governed by an eleven member board consisting of six members appointed by the Village of Sussex, four appointed by the Waukesha County Chair and one appointed by the Hamilton School District Superintendent and approved by the Village of Sussex Board. The Library is presented as a discretely presented component unit in the financial statements of the Village.

#### **Basis of presentation – government-wide financial statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Village's enterprise funds. 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### **Basis of presentation – fund financial statements**

The fund financial statements provide information about the Village's funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

The *general fund* is the Village's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *general obligation debt service fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs, other than TIF or enterprise fund debt.

The *general capital projects fund* is used to account for the acquisition or construction of major capital facilities other than those financed by TIF #6 and #7 or proprietary fund types. Capital projects are generally funded through the revenues taken from the issuance of debt. This fund didn't qualify to be presented as a major fund, but it was elected to be a major fund due to the significance of this fund to the financial statement users.

The *TIF #6 capital projects fund* accounts for the project plan costs of the Village's Tax Incremental District #6.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 1 Summary of Significant Accounting Policies (Continued)

#### Basis of presentation – fund financial statements (continued)

The *TIF #7 capital projects fund* accounts for the project plan costs of the Village's Tax Incremental District #7.

The Village reports the following major proprietary funds:

The *water fund* is used to account for activity of the Water Utility which provides service to Village residences and businesses as well as a small number of non-resident customers. The water fund is a regulated municipal utility which operates under service rules established by the Public Service Commission of Wisconsin.

The *sewer fund* is used to account for activity of the Sewer Utility which provides service to Village residences and businesses as well as several surrounding communities. The sewer fund is a non-regulated municipal utility which operates under service rules established by the Board.

The *stormwater fund* is used to account for activity of the Stormwater Utility which provides service to Village residences and businesses. The stormwater fund is a non-regulated municipal utility which operates under service rules established by the Board.

The *community development authority fund* is presented in a separate column since it is on the only nonmajor proprietary fund.

Additionally, the Village reports the following non-major governmental fund types:

*Special revenue funds* - accounts for and reports the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

*Debt service funds* – used to account for the accumulation of resources for and the payment of general long-term debt principal and interest.

*Fiduciary funds* - The Village accounts for property taxes collected on behalf of other governmental units in a *custodial fund*.

During the course of operations the Village has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### **Note 1      Summary of Significant Accounting Policies (Continued)**

#### **Basis of presentation – fund financial statements (continued)**

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

#### **Measurement focus and basis of accounting**

The government-wide financial statements, enterprise funds, and fiduciary fund are reported using the economic resources measurement focus. The government-wide financial statements, enterprise funds, and fiduciary fund are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 1 Summary of Significant Accounting Policies (Continued)

#### **Accumulated Unpaid Vacation and Sick Pay**

Under terms of employment, employees are granted sick leave, personal time, and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. Payments for compensated absences will be made at rates in effect when the benefits are used. Accumulated compensated absences are determined on the basis of current payroll rates and accumulated time to date.

Governmental Funds - Vested compensated absences at year end that will not be paid with expendable available resources are recorded as a long-term liability in the government-wide statements. There are no vested compensated absences that will be paid with expendable available resources and therefore no liability is recorded in the fund financial statements.

Enterprise Funds - Vested compensated absences are recorded as a liability when it is earned by the employee. Compensated absences are included on the Statement of Net Position under the category long-term liabilities – compensated absences and are in the fund financial statements.

#### **Use of Estimates**

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

#### **Budgetary information**

##### ***Budgetary basis of accounting***

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and using the same basis of accounting for each fund as described in Note 1 except actual (non-GAAP) revenues and expenditures do not reflect certain transactions of assigned funds. Budget is defined as the originally approved budget plus or minus approved amendments. Two additional appropriations during the year amounted to \$1,943,200 for the General Fund. An additional appropriation of \$1,200,000 was made for the Debt Service Fund. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.

Expenditures may not exceed appropriations by major departmental classifications. Amendments to the budget during the year can only be made by the Village Board.

Encumbrance accounting is not used by the Village to record commitments related to unperformed contracts for goods or services.



# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 1 Summary of Significant Accounting Policies (Continued)

#### Assets, liabilities, and net position/fund balance

##### *Cash and investments*

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

##### *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of \$5,000 or higher for governmental activities and \$1,000 for business-type activities and an estimated useful life in excess of one year. The Village follows the regulatory requirements of the Public Service Commission of Wisconsin in recording capital assets of its business-type activities. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Village chose to include all roads regardless of their acquisition date or amount. The Village was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

As the Village constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life.

| <u>Assets</u>           | Governmental | Business-type |
|-------------------------|--------------|---------------|
|                         | Activities   | Activities    |
|                         | Years        |               |
| Land improvements       | 10 - 40      | 4 - 40        |
| Buildings               | 25 - 75      | 32            |
| Machinery and equipment | 10 - 50      | 3 - 40        |
| Infrastructure          | 25           | 50 - 100      |

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### **Note 1      Summary of Significant Accounting Policies (Continued)**

#### **Assets, liabilities, and net position/fund balance (continued)**

##### ***Restricted Assets***

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. Restricted net position principally represents funds held for debt service, equipment replacement and reserve capacity assessment purposes.

A summary of restricted assets follows:

##### *Depreciation Fund*

Represents resources set aside to fund plant renewals and replacements.

##### *Water System Revenue Bond Reserve Fund*

Represents debt proceeds retained for debt service if system revenues and the special redemption fund are insufficient to satisfy the debt service requirements.

##### *Water System Revenue Bond Special Redemption Fund*

Represents resources accumulated for debt service payments over the next 12 months.

##### *Sewerage System Debt Service Fund*

Represents resources accumulated for debt service payments over the next 12 months.

##### *Sewerage System Revenue Bond Reserve Fund*

Represents debt proceeds retained for debt service if system revenues and the debt service fund are insufficient to satisfy the debt service requirements.

##### *Stormwater Utility Debt Service Fund*

Represents resources accumulated for debt service payments over the next 12 months.

##### *Stormwater Utility Revenue Bond Reserve Fund*

Represents debt proceeds retained for debt service if system revenues and the debt service fund are insufficient to satisfy the debt service requirements.

##### *Equipment Replacement Fund*

In accordance with the Village's ordinance enacting a sewer user charge system and Department of Natural Resources' regulations, the Sewer Utility has, as part of the rate structure, incorporated an equipment replacement charge. Revenues generated from this charge are to be accumulated and used for the replacement of mechanical equipment.

During 2006, the Stormwater Utility was established. As part of the original study and rate structure, an equipment replacement fund has been included in the annual budget to replace various pieces of equipment.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### **Note 1      Summary of Significant Accounting Policies (Continued)**

#### **Assets, liabilities, and net position/fund balance (continued)**

##### *Reserve Capacity Assessment Funds*

Reserve capacity assessment funds represent the accumulation of funds levied against properties benefited by water and sewer improvements. These funds are restricted by enabling legislation for future system expansion and/or the related debt service to finance such expansion.

##### *Other Assets*

Extraordinary property losses which, in 1996, resulted from the abandonment of a portion of the sewerage treatment plant are recorded as a deferred debit. These losses are amortized on a straight-line basis through 2030, which relates to the remaining life of the assets abandoned. The above costs have been recorded as assets because of the benefit which will result from the inclusion of such costs in the future authorized rate structure.

##### *Long-Term Obligations*

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

##### *Pension Plan*

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.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### **Note 1      Summary of Significant Accounting Policies (Continued)**

#### **Assets, liabilities, and net position/fund balance (continued)**

##### ***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. At this time, the Village has only one item that qualifies for reporting in this category. The deferred outflows of resources – pension represent the Village's proportionate share of collective deferred outflows of resources of the Wisconsin Retirement System and contributions subsequent to the measurement date of the collective net pension liability (asset).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents the acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the Village has five items that qualify for reporting in this category. The Village defers the 2022 property tax levy to be recognized as revenue in 2023. The same is done for garbage charges included on the 2022 tax roll. The deferred inflows of resources – pension represents the Village's proportionate share of collective deferred inflows of resources of the Wisconsin Retirement System. For the proprietary funds, the Village reports deferred special assessments on properties that are not currently in the Village and will only be recognized if the property is annexed into the Village. In the governmental funds, the Village reports a deferred inflow for a long-term receivable that will be recognized as revenue when a developer pays the related debt payments of the Village incurred on its behalf.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### **Note 1      Summary of Significant Accounting Policies (Continued)**

#### ***Fund Equity***

##### Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- Restricted fund balance - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- Committed fund balance - Amounts that are constrained for specific purposes by action of the Village Board. These constraints can only be removed or changed by the Village Board using the same action that was used to create them.
- Assigned fund balance - Amounts that are constrained for specific purposes by action of Village management. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- Unassigned fund balance - Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The Village has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

##### Government-wide and Proprietary Fund Statements

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

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- Restricted net position - Amount of net position that is subject to restrictions that are imposed 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.
- Unrestricted net position - Net position that is neither classified as restricted nor as net investment in capital assets.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 1 Summary of Significant Accounting Policies (Continued)

The Village has a formal minimum fund balance policy. The first threshold is to maintain the Unassigned Fund Balance of the General Fund at one month (8.33%) of the following year's budget. Secondly, when combined, the Unassigned and Assigned Fund Balances of the General Fund shall be maintained at not less than four months of the subsequent year's budgeted expenditures excluding the debt service portion. At December 31, 2022 the combined balance is \$6,872,139 and represents 60.3% of the 2023 budgeted expenditures.

The net position section includes an adjustment for capital assets owned by the business-type activities, but financed by the debt of the governmental activities. The amount is a reduction of "net investment in capital assets", and an increase in "unrestricted" net position, shown only in the total column. A reconciliation of this adjustment is as follows:

|                                  | Governmental<br>Activities | Business-type<br>Activities | Adjustment     | Total         |
|----------------------------------|----------------------------|-----------------------------|----------------|---------------|
| Net investment in capital assets | \$ 24,581,881              | \$ 72,338,743               | \$ (1,587,226) | \$ 95,333,398 |
| Unrestricted                     | (8,344,779)                | 5,793,106                   | 1,587,226      | (964,447)     |

### Program revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

### *Proprietary funds operating and nonoperating revenues and expenses*

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 proprietary funds are charges to customers for sales and services. Operating expenses for enterprise 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.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 1 Summary of Significant Accounting Policies (Continued)

#### Property taxes

Property tax receipts represent the receipts primarily generated by the 2021 property tax levy.

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. In addition to property taxes for the Village, taxes are collected for and remitted to the state and county governments as well as the local school districts and the technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as deferred inflows and due to other taxing units on the accompanying balance sheet. Taxes are levied in December on the assessed value as of the prior January 1.

Property tax calendar – 2022 tax roll:

|  |                  |
|--|------------------|
| Lien date and levy date                      | December, 2022   |
| Tax bills mailed                             | December, 2022   |
| Payment in full or first installment due     | January 31, 2023 |
| Second installment due                       | March 31, 2023   |
| Third installment due                        | May 31, 2023     |
| Personal property taxes due in full          | January 31, 2023 |
| Tax sale – 2022 delinquent real estate taxes | October, 2026    |

### Note 2 Reconciliation of Government-wide and Fund Financial Statements

#### Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position

a. Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

|                          |                      |
|--------------------------|----------------------|
| Capital assets           | \$ 120,263,736       |
| Accumulated depreciation | <u>(67,840,588)</u>  |
| Net capital assets       | <u>\$ 52,423,148</u> |

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 2 Reconciliation of Government-wide and Fund Financial Statements (continued)

b. Long-term liabilities applicable to the Village's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position.

|   |                        |
|---|------------------------|
| Bonds and notes payable                             | \$ (40,265,000)        |
| State loan payable                                  | (729,319)              |
| Compensated absences                                | (292,422)              |
| Accrued interest, net of interest rebate receivable | (331,306)              |
| Unamortized net debt discount and premium           | <u>(929,478)</u>       |
| Combined Adjustment for<br>Long-Term Liabilities    | <u>\$ (42,547,525)</u> |

c. In the governmental fund statements, the proportionate share of the Wisconsin Retirement System pension plan is not an available resource; therefore, it is not recorded. In the government-wide financial statements, it is reported as follows:

|                                |                    |
|--------------------------------|--------------------|
| Deferred outflows of resources | \$ 2,037,208       |
| Net pension asset              | 1,034,820          |
| Deferred inflows of resources  | <u>(2,435,529)</u> |
|                                | <u>\$ 636,499</u>  |

### Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

a. The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation explains that capital outlays are expenditures of the governmental funds; however, in the statement of activities these assets are amortized over their estimated useful lives and reported as depreciation expense. The details of this difference are as follows:

|  |                   |
|--|-------------------|
| Capital outlay items reported as capital assets  | \$ 3,894,743      |
| Depreciation expense   | (3,210,747)       |
| Net book value of assets disposed  | <u>(67,733)</u>   |
| Net adjustment to increase net changes in fund<br>balances - total governmental funds to arrive at<br>changes in net position of governmental activities | <u>\$ 616,263</u> |



# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 2 Reconciliation of Government-wide and Fund Financial Statements (continued)

b. Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this difference are as follows:

|  |                     |
|--|---------------------|
| Debt issued or incurred:   |                     |
| Long-term debt issued  | \$ (2,255,000)      |
| Net debt discount and premium  | (37,726)            |
| Amortization of debt discount and premium  | 176,087             |
| Principal repayments:  |                     |
| General obligation debt  | 3,670,396           |
| Principal repayment paid by developer  | <u>(25,782)</u>     |
| Net adjustment to decrease net changes in fund<br>balances - total governmental funds to arrive at changes<br>in net position of governmental activities | <u>\$ 1,527,975</u> |

c. Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this difference are as follows:

|  |                 |
|--|-----------------|
| Compensated absences   | \$ (9,032)      |
| Accrued interest   | <u>12,297</u>   |
| Net adjustment to decrease net changes in fund<br>balances - total governmental funds to arrive at<br>changes in net position of governmental activities | <u>\$ 3,265</u> |

### Note 3 Stewardship, Compliance and Accountability

#### Violations of legal or contractual provisions

No violations occurred for the year ended December 31, 2022.

#### Deficit fund equity

As of December 31, 2022, the TIF #6 Capital Projects Fund had a deficit fund balance of \$1,236,732 and the TIF #7 Capital Projects Fund had a deficit fund balance of \$1,554,451. Both will be eliminated through the collection of future tax increments.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 4 Cash and Investments

The Village maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Cash and investments."

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the Village's cash and investments totaled \$30,619,000 on December 31, 2022 as summarized below:

|  | Carrying<br>Value    | Bank<br>Balance      | Associated<br>Risks   |
|--|----------------------|----------------------|-----------------------|
| Demand deposits                                | \$ 15,982,655        | \$ 15,787,382        | Custodial credit risk |
| LGIP   | 13,636,843           | 13,636,843           | Credit risk           |
| Certificates of Deposit                        | 999,277              | 997,351              | Custodial credit risk |
| Petty Cash                                     | 225                  | -                    |                       |
| Total deposits and investments                 | <u>\$ 30,619,000</u> | <u>\$ 30,421,576</u> |                       |
| Reconciliation to financial statements         |                      |                      |                       |
| Per statement of net position                  |                      |                      |                       |
| Unrestricted cash and investments              | \$ 18,610,872        |                      |                       |
| Restricted cash and investments                | 4,761,888            |                      |                       |
| Per statement of net position - fiduciary fund |                      |                      |                       |
| Agency   | <u>7,246,240</u>     |                      |                       |
|  | <u>\$ 30,619,000</u> |                      |                       |

### Fair Value Measurements

The Village 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 observable inputs; Level 3 inputs are significant unobservable inputs. The Village currently has no investments subject to fair value measurement.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 4 Cash and Investments (continued)

Deposits of the Village are subject to various risks. Presented below is a discussion of the Village's deposits and the related risk.

#### **Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The Village does not have an additional custodial credit risk policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for the combined amount of all interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2022, \$14,953,959 of the Village's deposits with financial institutions was in excess of federal and state depository insurance limits. All of this was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the Village's name.

#### **Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The Village does not have an additional credit risk policy. The Village's investment in the Wisconsin local government investment pool is not rated.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

### Note 4 Cash and Investments (continued)

#### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village's investment policy requires the Village to diversify investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Unless matched to a specific cash flow or maturity, the Village will not directly invest in securities maturing more than three years from the date of purchase. Reserve funds may be invested in securities exceeding three years if the maturity is made to coincide with the expected use of the funds. The investments held by the Wisconsin local government investment pool mature in 12 months or less.

#### Investment in Wisconsin Local Government Investment Pool

The Village has investments in the Wisconsin local government investment pool of \$13,636,843 at year-end. 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 Village's share of the LGIP's assets was substantially equal to the carrying value.

### Note 5 Receivables

Receivables as of year-end for the Village's individual major funds, and aggregate non-major funds (when applicable), including the applicable allowances for uncollectible accounts, are as follows:

|                                    | General             | General<br>Obligation<br>Debt<br>Service<br>Fund | General<br>Capital<br>Projects<br>Fund | TIF #6<br>Capital<br>Projects<br>Fund | TIF #7<br>Capital<br>Projects<br>Fund | Total               |
|------------------------------------|---------------------|--|--|---------------------------------------|---------------------------------------|---------------------|
| Receivables                        |                     |  |  |                                       |                                       |                     |
| Taxes                              | \$ 4,252,925        | \$ 1,667,264                                     | \$ -                                   | \$ 664,723                            | \$ 149,191                            | \$ 6,734,103        |
| Accounts                           | 306,428             | -  | 26,375                                 | -                                     | -                                     | 332,803             |
| Other Governments                  | 55,523              | -  | -                                      | -                                     | -                                     | 55,523              |
| Notes                              | -                   | -  | -                                      | -                                     | 729,319                               | 729,319             |
| Special assessments                | 66,158              | -  | -                                      | -                                     | -                                     | 66,158              |
| Gross receivables                  | 4,681,034           | 1,667,264  | 26,375                                 | 664,723                               | 878,510                               | 7,917,906           |
| Less: Allowance for uncollectibles | 30,243              | -  | -                                      | -                                     | -                                     | 30,243              |
| Net total receivables              | <u>\$ 4,650,791</u> | <u>\$ 1,667,264</u>                              | <u>\$ 26,375</u>                       | <u>\$ 664,723</u>                     | <u>\$ 878,510</u>                     | <u>\$ 7,887,663</u> |

All of the amounts above are expected to be collected within a year other than the \$729,319 in notes.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

### Note 6 Restricted Assets

Restricted assets on December 31, 2022 totaled \$8,028,237 and consisted of cash and investments of \$4,761,888, balances due from other governments of \$1,266,349 and balances due from other funds of \$2,000,000 held for the following purposes:

| Funds                        | Amount              | Purpose  |
|------------------------------|---------------------|--|
| Enterprise funds             |                     |  |
| Water Utility                |                     |  |
| Special redemption fund      | \$ 278,005          | To accumulate funds to pay principal and interest on Revenue Bonds   |
| Depreciation                 | 382,519             | To be used for the replacement of capital assets of the water distribution plant                                       |
| Revenue bond reserve         | 824,098             | Amount required under the terms of the Revenue Bonds to be maintained in reserve                                       |
| Reserve Capacity Assessments | <u>842,680</u>      | To account for fees collected from new development to pay for reserve capacity built in the water plant                |
| Total Water Utility          | <u>2,327,302</u>    |  |
| Sewer Utility                |                     |  |
| Depreciation                 | 1,622,170           | To be used for the replacement of capital assets of the sewer utility  |
| Debt service                 | 1,756,785           | To accumulate funds to pay principal and interest on Revenue Bonds   |
| Revenue bond reserve         | 327,062             | Amount required under the terms of the Revenue Bonds to be maintained in reserve                                       |
| DNR replacement              | 758,081             | To be used for the replacement of certain assets for the sewer utility   |
| Reserve Capacity Assessments | <u>741,541</u>      | To account for fees collected from new development to pay for reserve capacity built in the wastewater treatment plant |
| Total Sewer Utility          | <u>5,205,639</u>    |  |
| Stormwater Utility           |                     |  |
| Debt service                 | 60,166              | To accumulate funds to pay principal and interest on Revenue Bonds   |
| Revenue bond reserve         | 125,800             | Amount required under the terms of the Revenue Bonds to be maintained in reserve                                       |
| Equipment replacement        | <u>309,330</u>      | To accumulate funds for future equipment replacement   |
| Total Stormwater Utility     | <u>495,296</u>      |  |
| Total                        | <u>\$ 8,028,237</u> |  |

# Village of Sussex, Wisconsin

## Notes to Financial Statements

### Note 7 Capital Assets

The governmental activities capital asset activity for the year ended December 31, 2022 is as follows:

|  | Balance<br>January 1, 2022 | Additions         | Deletions        | Balance<br>December 31,<br>2022 |
|--|----------------------------|-------------------|------------------|---------------------------------|
| <b>Governmental Activities</b>               |                            |                   |                  |                                 |
| Capital assets not being depreciated:        |                            |                   |                  |                                 |
| Land   | \$ 2,477,995               | \$ -              | \$ -             | \$ 2,477,995                    |
| Construction in progress                     | 39,618                     | 19,905            | -                | 59,523                          |
| Total capital assets, not being depreciated  | <u>2,517,613</u>           | <u>19,905</u>     | <u>-</u>         | <u>2,537,518</u>                |
| Capital assets being depreciated             |                            |                   |                  |                                 |
| Buildings                                    | 18,954,574                 | 101,914           | 7,511            | 19,048,977                      |
| Land improvements                            | 3,320,545                  | 17,216            | -                | 3,337,761                       |
| Machinery and equipment                      | 7,274,661                  | 943,836           | 362,184          | 7,856,313                       |
| Infrastructure                               | 84,671,295                 | 2,811,872         | -                | 87,483,167                      |
| Subtotals                                    | <u>114,221,075</u>         | <u>3,874,838</u>  | <u>369,695</u>   | <u>117,726,218</u>              |
| Less: accumulated depreciation for:          |                            |                   |                  |                                 |
| Buildings                                    | 3,851,874                  | 409,557           | 4,882            | 4,256,549                       |
| Land improvements                            | 838,131                    | 146,410           | -                | 984,541                         |
| Machinery and equipment                      | 3,145,429                  | 395,721           | 297,080          | 3,244,070                       |
| Infrastructure                               | 57,096,369                 | 2,259,059         | -                | 59,355,428                      |
| Subtotals                                    | <u>64,931,803</u>          | <u>3,210,747</u>  | <u>301,962</u>   | <u>67,840,588</u>               |
| Total capital assets, being depreciated, net | <u>49,289,272</u>          | <u>664,091</u>    | <u>67,733</u>    | <u>49,885,630</u>               |
| Governmental activities capital assets, net  | <u>\$ 51,806,885</u>       | <u>\$ 683,996</u> | <u>\$ 67,733</u> | 52,423,148                      |
| Less: Capital related debt                   |                            |                   |                  | (27,446,257)                    |
| Less: Debt premium                           |                            |                   |                  | (929,478)                       |
| Add: Unspent debt proceeds                   |                            |                   |                  | 534,468                         |
| Net investment in capital assets             |                            |                   |                  | <u>\$ 24,581,881</u>            |

# Village of Sussex, Wisconsin

## Notes to Financial Statements

### Note 7 Capital Assets (Continued)

|  | Balance<br>January 1,<br>2022 | Additions           | Deletions         | Balance<br>December 31,<br>2022 |
|--|-------------------------------|---------------------|-------------------|---------------------------------|
| <b>Business-type activities:</b>             |                               |                     |                   |                                 |
| Capital assets not being depreciated:        |                               |                     |                   |                                 |
| Land   | \$ 483,992                    | \$ -                | \$ -              | \$ 483,992                      |
| Construction in progress                     | 30,497                        | 896,682             | 927,179           | -                               |
| Total capital assets, not being depreciated  | <u>514,489</u>                | <u>896,682</u>      | <u>927,179</u>    | <u>483,992</u>                  |
| Capital assets being depreciated             |                               |                     |                   |                                 |
| Water Utility buildings and structures       | 5,409,633                     | 192,995             | 43,292            | 5,559,336                       |
| Water Utility machinery and equipment        | 6,801,566                     | 181,471             | 147,761           | 6,835,276                       |
| Water Utility infrastructure                 | 31,123,262                    | 4,019,992           | 3,462             | 35,139,792                      |
| Sewer Utility buildings and structures       | 5,872,634                     | 272,810             | 77,889            | 6,067,555                       |
| Sewer Utility machinery and equipment        | 16,497,133                    | 289,397             | 51,745            | 16,734,785                      |
| Sewer Utility infrastructure                 | 35,925,412                    | 1,690,988           | -                 | 37,616,400                      |
| Stormwater Utility buildings and structures  | 166,504                       | -                   | -                 | 166,504                         |
| Stormwater Utility machinery & equip         | 312,164                       | 111,613             | -                 | 423,777                         |
| Stormwater Utility infrastructure            | 22,219,224                    | 2,512,778           | -                 | 24,732,002                      |
| Subtotals                                    | <u>124,327,532</u>            | <u>9,272,044</u>    | <u>324,149</u>    | <u>133,275,427</u>              |
| Less: accumulated depreciation for:          |                               |                     |                   |                                 |
| Water Utility buildings and structures       | 1,559,260                     | 174,183             | 43,292            | 1,690,151                       |
| Water Utility machinery and equipment        | 1,562,082                     | 302,723             | 147,761           | 1,717,044                       |
| Water Utility infrastructure                 | 8,491,576                     | 574,417             | 3,462             | 9,062,531                       |
| Sewer Utility buildings and structures       | 2,825,095                     | 119,402             | 77,889            | 2,866,608                       |
| Sewer Utility machinery and equipment        | 12,644,071                    | 465,545             | 51,745            | 13,057,871                      |
| Sewer Utility infrastructure                 | 9,556,418                     | 511,273             | -                 | 10,067,691                      |
| Stormwater Utility buildings and structures  | 30,526                        | 5,550               | -                 | 36,076                          |
| Stormwater Utility machinery & equip         | 137,543                       | 18,761              | -                 | 156,304                         |
| Stormwater Utility infrastructure            | 2,951,379                     | 301,115             | -                 | 3,252,494                       |
| Subtotals                                    | <u>39,757,950</u>             | <u>2,472,969</u>    | <u>324,149</u>    | <u>41,906,770</u>               |
| Total capital assets, being depreciated, net | <u>84,569,582</u>             | <u>6,799,075</u>    | <u>-</u>          | <u>91,368,657</u>               |
| Business-type activities capital assets, net | <u>\$ 85,084,071</u>          | <u>\$ 7,695,757</u> | <u>\$ 927,179</u> | 91,852,649                      |
| Less: Capital related debt                   |                               |                     |                   | (20,920,644)                    |
| Add: Extraordinary property loss             |                               |                     |                   | 129,777                         |
| Add: Unspent debt proceeds                   |                               |                     |                   | 1,276,961                       |
| Net investment in capital assets             |                               |                     |                   | <u>\$ 72,338,743</u>            |

# Village of Sussex, Wisconsin

## Notes to Financial Statements

### Note 7 Capital Assets (Continued)

Depreciation expense was charged to function of the Village as follows:

#### Governmental Activities

|   |                     |
|---|---------------------|
| General Government  | \$ 34,988           |
| Protection of persons and property  | 215,722             |
| Highway and transportation, which includes the depreciation of infrastructure | 2,470,333           |
| Library   | 75,509              |
| Parks and recreation  | 414,195             |
| Total Governmental Activities   | <u>\$ 3,210,747</u> |

#### Business-type Activities

|            |                     |
|------------|---------------------|
| Water      | \$ 1,051,323        |
| Sewer      | 1,096,220           |
| Stormwater | 325,426             |
|            | <u>\$ 2,472,969</u> |

### Note 8 Long-Term Obligations

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2022:

|  | Beginning<br>Balance | Issued              | Retired             | Ending<br>Balance    | Due Within<br>One Year |
|--|----------------------|---------------------|---------------------|----------------------|------------------------|
| <b>Governmental Activities</b>                   |                      |                     |                     |                      |                        |
| General Obligation Debt                          |                      |                     |                     |                      |                        |
| Bonds  | \$ 32,415,000        | \$ -                | \$ 2,460,000        | \$ 29,955,000        | \$ 1,440,000           |
| Notes  | 2,774,614            | 2,255,000           | 839,614             | 4,190,000            | 595,000                |
| Community Development Bonds                      | 6,465,000            | -                   | 345,000             | 6,120,000            | 350,000                |
| Total General Obligation Debt                    | <u>41,654,614</u>    | <u>2,255,000</u>    | <u>3,644,614</u>    | <u>40,265,000</u>    | <u>2,385,000</u>       |
| State Infrastructure Bank Loan                   | 755,101              | -                   | 25,782              | 729,319              | 26,301                 |
| Debt (discount) and premium                      | 1,067,839            | 37,726              | 176,087             | 929,478              | -                      |
| Compensated absences                             | 283,390              | 168,769             | 159,737             | 292,422              | 151,009                |
| Governmental Activities<br>Long-Term Obligations | <u>\$ 43,760,944</u> | <u>\$ 2,461,495</u> | <u>\$ 4,006,220</u> | <u>\$ 42,216,219</u> | <u>\$ 2,562,310</u>    |



# Village of Sussex, Wisconsin

## Notes to Financial Statements

### Note 8 Long-Term Obligations (Continued)

|                                 | Beginning<br>Balance | Issued              | Retired             | Ending<br>Balance    | Due Within<br>One Year |
|---------------------------------|----------------------|---------------------|---------------------|----------------------|------------------------|
| <b>Business-type Activities</b> |                      |                     |                     |                      |                        |
| General Obligation Debt         |                      |                     |                     |                      |                        |
| Bonds                           | \$ 1,835,000         | \$ -                | \$ 1,835,000        | \$ -                 | \$ -                   |
| Notes                           | 400,000              | -                   | 100,000             | 300,000              | 100,000                |
| Total General Obligation Debt   | 2,235,000            | -                   | 1,935,000           | 300,000              | 100,000                |
| Revenue Bonds                   | 13,454,464           | 6,450,000           | 2,180,085           | 17,724,379           | 1,211,294              |
| Revenue Bond Anticipation Notes | 5,105,000            | -                   | 5,105,000           | -                    | -                      |
| Debt (discount) and premium     | 252,446              | 55,433              | 52,916              | 254,963              | -                      |
| Compensated absences            | 98,157               | 49,083              | 43,622              | 103,618              | 36,188                 |
| Total Business-type Activities  |                      |                     |                     |                      |                        |
| Long-Term Liabilities           | <u>\$ 21,145,067</u> | <u>\$ 6,554,516</u> | <u>\$ 9,316,623</u> | <u>\$ 18,382,960</u> | <u>\$ 1,347,482</u>    |

Total interest paid during the year on long-term debt totaled \$1,778,217.

### General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

|                                | Date of<br>Issue | Final<br>Maturity | Interest<br>Rates | Original<br>Amount   | Balance<br>12/31/2022 |
|--------------------------------|------------------|-------------------|-------------------|----------------------|-----------------------|
| <b>Governmental Activities</b> |                  |                   |                   |                      |                       |
| <b>General Obligation Debt</b> |                  |                   |                   |                      |                       |
| General Obligation Bonds       | 9/17/2013        | 9/1/2030          | 2.0 - 4.0         | 1,855,000            | 1,205,000             |
|                                | 10/13/2015       | 6/1/2035          | 2.0 - 3.25        | 4,490,000            | 3,605,000             |
|                                | 3/24/2016        | 3/1/2036          | 2.0 - 3.0         | 4,795,000            | 4,435,000             |
|                                | 11/1/2016        | 9/1/2036          | 2.0 - 2.6         | 3,100,000            | 2,615,000             |
|                                | 5/1/2017         | 3/1/2037          | 2.0 - 3.5         | 2,975,000            | 2,675,000             |
|                                | 12/1/2017        | 9/1/2037          | 2.0 - 3.15        | 2,500,000            | 2,300,000             |
|                                | 7/16/2018        | 3/1/2038          | 3.0 - 3.5         | 2,790,000            | 2,660,000             |
|                                | 8/14/2018        | 3/1/2038          | 3.0 - 3.375       | 3,340,000            | 3,140,000             |
|                                | 6/4/2019         | 3/1/2033          | 2.0 - 3.0         | 2,445,000            | 2,345,000             |
|                                | 9/17/2019        | 10/1/2030         | 5.0               | 4,185,000            | 3,275,000             |
|                                | 6/30/2020        | 3/1/2039          | 2.0 - 2.25        | 7,920,000            | 7,820,000             |
|                                |                  |                   |                   |                      | <u>36,075,000</u>     |
| General Obligation Notes       | 6/15/2015        | 6/1/2025          | 2.0 - 2.3         | 2,620,000            | 760,000               |
|                                | 8/25/2015        | 3/1/2025          | 1.05 - 2.2        | 735,000              | 295,000               |
|                                | 2/22/2016        | 2/1/2026          | 2.0               | 1,605,000            | 880,000               |
|                                | 11/1/2022        | 5/1/2027          | 3.8               | 2,255,000            | 2,255,000             |
|                                |                  |                   |                   | <u>4,190,000</u>     |                       |
|                                |                  |                   |                   | <u>\$ 40,265,000</u> |                       |

# Village of Sussex, Wisconsin

## Notes to Financial Statements

### Note 8 Long-Term Obligations (Continued)

#### General Obligation Debt (continued)

|                                 | Date of<br>Issue | Final<br>Maturity | Interest<br>Rates | Original<br>Amount | Balance<br>12/31/2022 |
|---------------------------------|------------------|-------------------|-------------------|--------------------|-----------------------|
| <b>Business-type Activities</b> |                  |                   |                   |                    |                       |
| <b>General Obligation Debt</b>  |                  |                   |                   |                    |                       |
| Promissory Notes                | 8/25/2015        | 3/1/2025          | 1.05 - 2.2        | 1,250,000          | \$ 300,000            |
| Total Business-type Activities  |                  |                   |                   |                    |                       |
| General Obligation Debt         |                  |                   |                   |                    | <u>\$ 300,000</u>     |

Annual principal and interest maturities of the outstanding general obligation debt of \$40,565,000 on December 31, 2022 are detailed below:

|             | Governmental Activities<br>General Obligation Debt |                     | Business Type Activities<br>General Obligation Debt |                 |
|-------------|--|---------------------|---|-----------------|
|             | Principal  | Interest            | Principal   | Interest        |
| 2023        | \$ 2,385,000                                       | \$ 1,144,018        | \$ 100,000  | \$ 5,200        |
| 2024        | 2,525,000  | 1,078,581           | 100,000   | 3,225           |
| 2025        | 2,600,000  | 1,010,170           | 100,000   | 1,100           |
| 2026        | 2,670,000  | 937,169             | -   | -               |
| 2027        | 4,945,000  | 861,344             | -   | -               |
| 2028 - 2032 | 13,165,000   | 2,660,966           | -   | -               |
| 2033 - 2037 | 10,425,000   | 931,792             | -   | -               |
| 2038 - 2039 | 1,550,000  | 38,706              | -   | -               |
| Totals      | <u>\$ 40,265,000</u>                               | <u>\$ 8,662,746</u> | <u>\$ 300,000</u>                                   | <u>\$ 9,525</u> |

For governmental activities, the other long-term liabilities are generally funded by the General Fund.

#### State Infrastructure Bank Loan – Direct borrowing

In August, 2020, the Village entered into a loan agreement with the State of Wisconsin on behalf of the developer for TIF #7. Proceeds of \$799,000 were received by the Village and were paid out on behalf of the developer for construction of roads within the district. The first payment was due on July 1, 2021, with subsequent quarterly payments required beginning October 1, 2021 with a final balloon payment due on April 1, 2025. The interest rate is 2%. All loan payments will be made by the Village with reimbursement from the developer.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 8 Long-Term Obligations (Continued)

Annual principal and interest maturities of the State Infrastructure Bank Loan on December 31, 2022 are detailed below:

|        | Principal         | Interest         | Total             |
|--------|-------------------|------------------|-------------------|
| 2023   | \$ 26,301         | \$ 14,390        | \$ 40,691         |
| 2024   | 26,698            | 13,993           | 40,691            |
| 2025   | 676,320           | 6,796            | 683,116           |
| Totals | <u>\$ 729,319</u> | <u>\$ 35,179</u> | <u>\$ 764,498</u> |

### Legal Margin for New Debt

The Village's legal margin for creation of additional general obligation debt on December 31, 2022 was \$55,501,060 as follows:

|   |               |                      |
|---|---------------|----------------------|
| Equalized valuation of the Village  |               | \$ 1,921,321,200     |
| Statutory limitation percentage   |               | (x) 5%               |
| General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes |               | <u>96,066,060</u>    |
| Total outstanding general obligation debt applicable to debt limitation         | \$ 40,565,000 |                      |
| Less: Amounts available for financing general obligation debt                   |               |                      |
| Debt service funds  | <u>36,727</u> |                      |
| Net outstanding general obligation debt applicable to debt limitation           |               | <u>40,528,273</u>    |
| Legal margin for new debt   |               | <u>\$ 55,537,787</u> |

### Revenue Bonds

The Water Public Utility, Sewer Utility and Stormwater Utility have \$17,724,379 in Water, Sewer and Stormwater System Revenue Bonds outstanding at December 31, 2022. The bonds are not general obligations of the Village of Sussex and are payable from income and revenues derived from the operations of the water, sewer and stormwater systems in accordance with the resolutions adopted in conjunction with the issuance of the debt. The resolutions create a statutory mortgage lien upon the systems and their revenues in accordance with Section 66 of Wisconsin Statutes. The Village has established certain funds, as described in the resolution, to account for the allocation of the Utilities' gross revenue. The Utilities have complied with the bond covenants. The water, sewer and stormwater systems and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

The principal and interest paid during the year on the Water Utility Revenue Bonds was \$1,666,392. Total net revenues as defined by the bond covenants for the same period were \$2,136,719. Annual principal and interest payments are expected to require 36% of net revenue.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

### Note 8 Long-Term Obligations (Continued)

The principal and interest paid during the year on the Sewer System Revenue Bonds was \$830,802. Total net revenues as defined by the bond covenants for the same period were \$1,829,502. Annual principal and interest payments are expected to require 27% of net revenue.

The principal and interest paid during the year on the Stormwater System Revenue Bonds was \$122,200. Total net revenues as defined by the bond covenants for the same period were \$410,348. Annual principal and interest payments are expected to require 30% of net revenue.

Revenue bonds outstanding on December 31, 2022 totaled \$17,724,379 and were comprised of the following issues:

|   | <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Original Amount</u> | <u>Balance 12/31/2022</u> |
|---|----------------------|-----------------------|-----------------------|------------------------|---------------------------|
| <b>Business-type Activities</b>             |                      |                       |                       |                        |                           |
| Water and Sewer System Revenue Bonds        |                      |                       |                       |                        |                           |
| Water Utility                               | 5/17/2016            | 6/1/2024              | 0.8 - 1.65            | 1,515,000              | 345,000                   |
|   | 9/12/2017            | 6/1/2037              | 3.0 - 3.25            | 4,295,000              | 3,995,000                 |
|   | 5/18/2022            | 6/1/2042              | 2.05 - 3.30           | 6,450,000              | 6,450,000                 |
| Sewer Utility                               | 8/22/2007            | 5/1/2027              | 2.547                 | 7,633,281              | 2,374,379                 |
|   | 8/14/2018            | 5/1/2033              | 3.0 - 3.25            | 2,540,000              | 2,015,000                 |
|   | 6/30/2020            | 5/1/2030              | 1.0 - 2.0             | 1,010,000              | 810,000                   |
| Stormwater Utility                          | 1/4/2021             | 5/1/2039              | 2.0 - 3.0             | 1,815,000              | <u>1,735,000</u>          |
| Total Business-type Activities Revenue Debt |                      |                       |                       |                        | <u>\$ 17,724,379</u>      |

Annual principal and interest maturities of the outstanding revenue bonds of \$17,724,379 on December 31, 2022 are detailed below:

|             | <u>Business-type Activities</u> |                     |                      |
|-------------|---------------------------------|---------------------|----------------------|
|             | <u>Principal</u>                | <u>Interest</u>     | <u>Total</u>         |
| 2023        | \$ 1,211,294                    | \$ 490,402          | \$ 1,701,696         |
| 2024        | 1,232,788                       | 461,067             | 1,693,855            |
| 2025        | 1,244,576                       | 429,397             | 1,673,973            |
| 2026        | 1,376,663                       | 393,710             | 1,770,373            |
| 2027        | 1,409,058                       | 354,738             | 1,763,796            |
| 2028 - 2032 | 4,745,000                       | 1,327,141           | 6,072,141            |
| 2033 - 2037 | 4,160,000                       | 666,450             | 4,826,450            |
| 2038 - 2042 | <u>2,345,000</u>                | <u>179,816</u>      | <u>2,524,816</u>     |
| Totals      | <u>\$ 17,724,379</u>            | <u>\$ 4,302,721</u> | <u>\$ 22,027,100</u> |

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### **Note 8 Long-Term Obligations (Continued)**

#### ***Compensated Absences***

Estimated payments of \$396,039 are not included in the debt service requirement schedules. The compensated absences liability will be liquidated by the General Fund and the Water and Sewer Utilities.

#### ***Conduit Debt Obligations***

From time to time, the Village has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Village, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2022, there were eight outstanding Industrial Revenue Bonds with an aggregate principal amount payable of \$21,654,404.

### **Note 9 Employee's Retirement System**

The Village of Sussex remits monthly the required contributions of the Pauline Haass Public Library. As a result, required contributions of the Library are included with the Village's WRS contributions. The Library's proportionate share of the net pension liability (asset) and the corresponding deferred outflow of resources and deferred inflows of resources of the Library are reported in the Village's basic financial statements.

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

ETF issues a standalone 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.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### **Note 9 Employee's Retirement System (Continued)**

#### **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 plan participants, if hired on or before 12/31/2016) are entitled to receive a retirement benefit based on a formula factor, their final 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 received 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.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially- reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may 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.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 9 Employee's Retirement System (Continued)

#### Postretirement 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:

| <b>Year</b> | <b>Core<br/>Fund<br/>Adjustment</b> | <b>Variable<br/>Fund<br/>Adjustment</b> |
|-------------|-------------------------------------|---|
| 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, including teachers, and executives and elected officials. Starting on January 1, 2016, the executive 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 \$271,896 in contributions from the employer.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

### Note 9 Employee's Retirement System (Continued)

Contribution rates as of December 31, 2022, are as follows:

| Employee Category   | Employee | Employer |
|---|----------|----------|
| General (including teachers, executives, and elected officials) | 6.50%    | 6.50%    |
| Protective with Social Security                                 | 6.50%    | 12.00%   |
| Protective without Social Security                              | 6.50%    | 16.40%   |

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

At December 31, 2022, the Village reported an asset of \$1,782,001 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 Village's proportion of the net pension asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the Village's proportion was 0.02210870%, which was an increase of 0.00080538% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Village recognized pension expense of \$(151,625).

At December 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Primary Government                   |                                     | Component Unit                       |                                     |
|---|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
|   | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
| Differences between expected and actual experience  | \$ 2,431,899                         | \$ 175,366                          | \$ 447,207                           | \$ 32,221                           |
| Net differences between projected and actual earnings on pension plan investments                             | -                                    | 3,367,710                           | -                                    | 618,776                             |
| Changes in assumptions  | 280,856                              | -                                   | 51,604                               | -                                   |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 6,621                                | 4                                   | 1,216                                | 1                                   |
| Employer contributions subsequent to the measurement date   | 235,996                              | -                                   | 39,488                               | -                                   |
| Total   | \$ 2,955,372                         | \$ 3,543,080                        | \$ 539,515                           | \$ 650,998                          |



# Village of Sussex, Wisconsin

## Notes to Financial Statements

### Note 9 Employee's Retirement System (Continued)

\$275,484 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 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:

| Year Ended December 31: | Primary             | Component           |
|-------------------------|---------------------|---------------------|
|                         | Government          | Unit                |
|                         | Net Deferred        | Net Deferred        |
|                         | Outflows (Inflows)  | Outflows (Inflows)  |
|                         | of Resources        | of Resources        |
| 2023                    | \$ (67,614)         | \$ (12,423)         |
| 2024                    | (405,819)           | (74,564)            |
| 2025                    | (178,135)           | (32,730)            |
| 2026                    | (172,136)           | (31,254)            |
|                         | <u>\$ (823,704)</u> | <u>\$ (150,971)</u> |

### Actuarial Assumptions

The total pension liability in the December 31, 2020 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<br>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:                                 |  |
| Inflation   | 3.0%   |
| Seniority/Merit                                   | 0.1% - 5.6%  |
| Mortality 2                                       | 020 WRS Experience Mortality Table                                 |
| Postretirement adjustments*                       | 1.7%   |

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.79% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

### Note 9 Employee's Retirement System (Continued)

Actuarial assumptions are based on 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 on a rollforward of the liability calculated from the December 31, 2020, actuarial valuation.

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

| Asset Class                | Asset Allocation % | Long-Term Expected Nominal Rate of Return % | Long-Term Expected Real Rate of Return % |
|----------------------------|--------------------|---|--|
| Core fund:                 |                    |   |  |
| Global equities            | 52.0%              | 6.8%  | 4.2%                                     |
| Fixed income               | 25.0%              | 4.3%  | 1.8%                                     |
| Inflation sensitive assets | 19.0%              | 2.7%  | 0.2%                                     |
| Real estate                | 7.0%               | 5.6%  | 3.0%                                     |
| Private equity/debt        | 12.0%              | 9.7%  | 7.0%                                     |
| <b>Total core fund</b>     | <b>115.0%</b>      | <b>6.6%</b>                                 | <b>4.0%</b>                              |
| Variable fund:             |                    |   |  |
| U.S. equities              | 70.0%              | 6.3%  | 3.7%                                     |
| International equities     | 30.0%              | 7.2%  | 4.6%                                     |
| <b>Total variable fund</b> | <b>100.0%</b>      | <b>6.8%</b>                                 | <b>4.2%</b>                              |

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.5%

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

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%.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

---

### Note 9 Employee's Retirement System (Continued)

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 6.80% 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 municipal bond 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 Village's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.80%) or 1 percentage point higher (7.80%) than the current rate:

|  | 1% Decrease to<br>Discount Rate<br>(5.8%) | Current<br>Discount Rate<br>(6.8%) | 1% Increase to<br>Discount Rate<br>(7.8%) |
|--|---|------------------------------------|---|
| Proportionate share of the net pension liability (asset) |   |                                    |   |
| Primary government                                       | \$ 1,068,189                              | \$ (1,505,402)                     | \$ (3,357,910)                            |
| Component unit   | 196,267                                   | (276,599)                          | (616,975)                                 |
|  | <u>\$ 1,264,456</u>                       | <u>\$ (1,782,001)</u>              | <u>\$ (3,974,885)</u>                     |

### 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>.

### Payables to the Pension Plan

At December 31, 2022, the Village reported a payable of \$42,314 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2022.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

### Note 10 Interfund balances

Interfund receivables and payables between individual funds of the Village, as reported in the fund financial statements, as of December 31, 2022 are detailed below:

|   | Interfund<br>Receivables | Interfund<br>Payables |
|---|--------------------------|-----------------------|
| Cash advances to finance operating deficits and construction projects |                          |                       |
| Governmental Funds  |                          |                       |
| General Capital Projects Fund   | \$ 161,127               | \$ -                  |
| TIF #6 Capital Projects Fund  | -                        | 1,261,127             |
| TIF #7 Capital Projects Fund  | -                        | 1,652,856             |
| Proprietary Funds   |                          |                       |
| Water Utility   | -                        | 785,857               |
| Sewer Utility   | 5,394,158                | -                     |
| Stormwater Utility  | -                        | 1,855,445             |
| Totals  | <u>\$ 5,555,285</u>      | <u>\$ 5,555,285</u>   |

The interfund receivables and payables are expected to be collected from operating revenues and future tax increments.

During the year ended December 31, 2022, the following interfund transfers were made:

| Fund                            | Transfer<br>In      | Transfer<br>Out     |
|---------------------------------|---------------------|---------------------|
| General                         | \$ 988,002          | \$ 1,639,937        |
| ARPA Funds                      | -                   | 647,227             |
| Park Trust Fund                 | -                   | 76,227              |
| Recreation Scholarship          | -                   | 1,755               |
| Cemetery                        | 9,000               |                     |
| General Obligation Debt Service | 1,160,937           | -                   |
| TIF #6 Debt Service             | 756,931             | -                   |
| General Capital Projects        | 470,000             | -                   |
| TIF #6 Capital Projects         | -                   | 756,931             |
| Water Utility                   | 677,224             | 510,758             |
| Sewer Utility                   | -                   | 446,493             |
| Stormwater Utility              | -                   | 45,000              |
| Community Development Authority | 62,234              | -                   |
|                                 | <u>\$ 4,124,328</u> | <u>\$ 4,124,328</u> |

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 10 Interfund balances

Interfund transfers were made for the following purposes:

|  |                     |
|--|---------------------|
| Annual subsidy by the General Fund paid to the Cemetery Fund                                     | \$ 9,000            |
| Transfer of funds from the General Fund to the General Debt Service Fund to call debt            | 1,100,000           |
| Share of interest on Civic Campus paid from the General Fund to the General Debt Service Fund    | 60,937              |
| Annual set aside funds for roads paid from the General Fund to the General Capital Projects Fund | 470,000             |
| Transfer of ARPA funds to the Water Utility to partially fund the watermain looping project      | 647,227             |
| Transfer of park impact fees to the General Fund for park outlay                                 | 76,227              |
| Transfer scholarship funds to the General Fund   | 1,755               |
| Tax equivalent payment made by the Water Utility to the General Fund                             | 510,758             |
| Tax equivalent payment made by the Sewer Utility to the General Fund                             | 4,262               |
| Utility dividends paid by the Sewer Utility to the General Fund                                  | 350,000             |
| Utility dividends paid by the Stormwater Utility to the General Fund                             | 45,000              |
| Tax increment from TIF #6 Capital Projects to TIF #6 Debt Service for principal and interest     | 756,931             |
| Annual depreciation on backwash tanks from the Sewer Utility to the Water Utility                | 29,997              |
| Transfer a portion of interest paid by TIF #7 to the CDA Fund for development                    | 62,234              |
|  | <u>\$ 4,124,328</u> |

### Note 11 Fund Balances

#### *Governmental Activities*

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

|   |                      |
|---|----------------------|
| Net investment in capital assets                      |                      |
| Land  | \$ 2,477,995         |
| Construction in progress                              | 59,523               |
| Other capital assets, net of accumulated depreciation | 49,885,630           |
| Less: related long-term debt outstanding              | (27,446,257)         |
| Premium on long-term debt                             | (929,478)            |
| Add back unspent construction cash                    | 534,468              |
| Total Net Investment in Capital Assets                | <u>24,581,881</u>    |
| Restricted  |                      |
| Park impact fees                                      | 636,499              |
| Pension benefits                                      | 906,593              |
| Total Restricted                                      | <u>1,543,092</u>     |
| Unrestricted  | <u>(8,344,779)</u>   |
| Total Governmental Activities Net Position            | <u>\$ 17,780,194</u> |

Governmental fund balances reported on the fund financial statements at December 31, 2022 include the following:

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 11 Fund Balances (Continued)

|   |                     |
|---|---------------------|
| <b>Nonspendable</b>                                   |                     |
| Major Funds   |                     |
| General Fund  |                     |
| Noncurrent receivables, inventories and prepaids      | \$ 22,506           |
| <b>Restricted</b>                                     |                     |
| Major Funds   |                     |
| General Fund  |                     |
| Ambulance grants                                      | 61,894              |
| Debt Service Fund                                     |                     |
| Debt service  | 36,727              |
| Capital Projects Fund - General                       |                     |
| Park improvements                                     | 452,028             |
| Emergency government outlay                           | 26,669              |
| Road projects   | 176,358             |
| Non-major Funds                                       |                     |
| Special Revenue Funds                                 |                     |
| Park Fund - playground improvements                   | 906,593             |
| Total Restricted Fund Balances                        | <u>1,660,269</u>    |
| <b>Committed</b>                                      |                     |
| Major Funds   |                     |
| General Fund  |                     |
| Post employment health plan payments                  | 208,843             |
| Non-major Funds                                       |                     |
| Special Revenue Funds                                 |                     |
| Recreation Scholarship Fund - recreation scholarships | 36,447              |
| Total Committed Fund Balances                         | <u>245,290</u>      |
| <b>Assigned</b>                                       |                     |
| Major Funds   |                     |
| General Fund  |                     |
| Capital expenditures                                  | 5,869,227           |
| 2023 budgeted expenditures                            | 364,658             |
| Insurance contingencies                               | 76,100              |
| Senior programming                                    | 32,519              |
| Capital Projects Fund - General                       |                     |
| Other capital projects                                | 515,830             |
| Non-major Funds                                       |                     |
| Special Revenue Funds                                 |                     |
| ARPA Fund - other projects                            | 5,816               |
| Cemetery Fund   | 8,086               |
| Total Assigned Fund Balances                          | <u>6,872,236</u>    |
| <b>Unassigned</b>                                     |                     |
| Major Funds   |                     |
| General Fund  | 529,635             |
| Capital Projects Fund - TIF #6                        | (1,236,732)         |
| Capital Projects Fund - TIF #7                        | (1,554,451)         |
| Total Unassigned Fund Balances                        | <u>(2,261,548)</u>  |
| Total Governmental Fund Balances                      | <u>\$ 6,538,753</u> |

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 11 Fund Balances (Continued)

#### ***Business-type Activities***

Business-type activities net position reported on the government-wide statement of net position at December 31, 2022 includes the following:

|   |                      |
|---|----------------------|
| Net investment in capital assets                        |                      |
| Land  | \$ 483,992           |
| Other capital assets, net of accumulated depreciation   | 91,368,657           |
| Less: related long-term debt outstanding                | (20,920,644)         |
| Extraordinary property loss                             | 129,777              |
| Add back unspent construction cash                      | <u>1,276,961</u>     |
| Total Net Investment in Capital Assets                  | <u>72,338,743</u>    |
| Restricted  |                      |
| Reserve Capacity Assessment Fund                        | <u>1,584,221</u>     |
| Debt Service  |                      |
| Special Redemption fund                                 | 278,005              |
| Reserve Fund  | 1,276,961            |
| Debt Service Fund                                       | 1,816,951            |
| Less: related long-term debt outstanding                | (1,276,961)          |
| Less: accrued interest payable                          | <u>(58,961)</u>      |
| Total Restricted for Debt Service                       | <u>2,035,995</u>     |
| Construction and Equipment Replacement                  |                      |
| Equipment Replacement                                   | 1,067,411            |
| Depreciation Fund                                       | <u>2,004,688</u>     |
| Total Restricted Construction and Equipment Replacement | <u>3,072,099</u>     |
| Pension Benefits  | <u>281,195</u>       |
| Unrestricted  | <u>5,793,106</u>     |
| Total Business-type Activities Net Position             | <u>\$ 85,105,359</u> |

### Note 12 Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to handle such risks of loss, the Village purchases commercial insurance with minimal deductibles. 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.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### **Note 13      Subsequent Events/Commitments**

On February 14, 2023 the Village Board approved a construction contract and inspection contract plus a contingency for the 2023 road program in the total amount of \$6,437,643.

On February 14, 2023 the Village Board approved the sale of General Obligation Street Improvement Bonds in the amount of \$2,945,000. The bond sale took place on March 14, 2023 and the final amount issued was \$2,915,000.

On February 14, 2023 the Village Board approved the call of \$530,000 of outstanding General Obligation Community Development Bonds.

On February 28, 2023 the Village Board approve a contract for the Melinda Weaver Park project in the amount of \$388,670.

On March 14, 2023 the Village Board approved an amendment to the 2022 General Fund Budget.

As of December 31, 2022, the Village had 2 outstanding contracts for construction related to the watermain looping project and for new roofs at well 5 and the wastewater treatment plant. The total balance outstanding on all the contracts is \$0 which does not include \$89,655 included in accounts payable at December 31, 2022.

### **Note 14      Contingencies**

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



# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 15 Component Units

This report contains the Pauline Haass Public Library, which is included as a component unit. Financial information is presented as discrete columns in the statement of net position and statement of activities.

In addition to the basic financial statements and preceding notes to the financial statements, which apply, the following additional disclosures are considered necessary for a fair presentation.

#### **Basis of Accounting**

The Pauline Haass Public Library follows the accrual basis of accounting.

#### **Cash and Investments**

The carrying amount of the Library's cash and investments totaled \$2,374,026 as summarized below:

|  | Carrying<br>Value   | Bank<br>Balance     | Associated<br>Risks   |
|--|---------------------|---------------------|---|
| Demand deposits                        | \$ 1,366,127        | \$ 1,368,103        | Custodial credit risk                                       |
| Certificates of deposit                | 498,536             | 498,536             | Custodial credit risk<br>Credit risk, interest rate<br>risk |
| LGIP                                   | <u>509,363</u>      | <u>509,363</u>      |   |
| Total cash and investments             | <u>\$ 2,374,026</u> | <u>\$ 2,376,002</u> |   |
| Reconciliation to financial statements |                     |                     |   |
| Per statement of net position          |                     |                     |   |
| Unrestricted cash and investments      | \$ 1,502,989        |                     |   |
| Restricted cash and investments        | <u>871,037</u>      |                     |   |
| Total cash and investments             | <u>\$ 2,374,026</u> |                     |   |

#### **Restricted Assets**

Restricted assets on December 31, 2022 totaled \$1,425,936 and consisted of cash and investments plus amounts due from other governments held for the following purposes:

| Purpose                             | Amount              |
|-------------------------------------|---------------------|
| Capital Projects & Future Expansion | \$ 1,400,950        |
| Restricted Donations                | <u>24,986</u>       |
|                                     | <u>\$ 1,425,936</u> |

# Village of Sussex, Wisconsin

## Notes to Financial Statements

### Note 15 Component Units (continued)

#### Capital Assets

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

|  | Balance<br>January 1,<br>2022 | Additions          | Deletions     | Balance<br>December<br>31, 2022 |
|--|-------------------------------|--------------------|---------------|---------------------------------|
| Capital assets being depreciated           |                               |                    |               |                                 |
| Equipment and furnishings                  | \$ 429,377                    | \$ 1,045           | \$ 1,269      | \$ 429,153                      |
| Books and library media                    | <u>709,313</u>                | <u>97,787</u>      | <u>97,378</u> | <u>709,722</u>                  |
| Total Capital Assets<br>at Historical Cost | <u>1,138,690</u>              | <u>98,832</u>      | <u>98,647</u> | <u>1,138,875</u>                |
| Less: accumulated depreciation for:        |                               |                    |               |                                 |
| Equipment and furnishings                  | 347,017                       | 23,310             | 1,269         | 369,058                         |
| Books and library media                    | <u>317,724</u>                | <u>101,330</u>     | <u>97,378</u> | <u>321,676</u>                  |
| Total Accumulated Depreciation             | <u>664,741</u>                | <u>124,640</u>     | <u>98,647</u> | <u>690,734</u>                  |
| Total Capital Assets                       | <u>\$ 473,949</u>             | <u>\$ (25,808)</u> | <u>\$ -</u>   | <u>\$ 448,141</u>               |

#### Finance Purchase Lease

The Pauline Haass Public Library has entered into lease agreements for the purpose of purchasing capital assets. At December 31, 2022, the Library had \$51,058 of financed purchase leases. The following is a schedule of the minimum lease payments remaining under the lease agreements and the present value of the minimum lease payments at December 31, 2022:

| <u>Year Ending December 31,</u>                | <u>Annual<br/>Requirements</u> |
|--|--------------------------------|
| 2023   | \$ 14,580                      |
| 2024   | <u>1,215</u>                   |
| Total required minimum lease payments          | 15,795                         |
| Less: Amounts representing interest            | <u>878</u>                     |
| Present value of future minimum lease payments | <u>\$ 14,917</u>               |

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### **Note 16 Tax Incremental Financing Districts**

The Village has established a separate capital projects fund for Tax Incremental District (TID) Number 6 which was created by the Village in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the District was created, the property tax base within the District was “frozen” and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the Village to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The Village’s district is still eligible to incur project costs.

Since creation of the above District, various funds of the Village have provided financing to the TID. The amounts are recorded as liabilities in the TID capital projects fund. Annual interest at 1% is paid by the TID to the other funds. There is no set repayment schedule for the principal. It will occur when there is sufficient revenue available.

Unless terminated by the Village prior thereto, the statutory termination year of the District is 2041.

During 2019, Tax Incremental District (TID) Number 7 was created in accordance with Section 66.1105 of the Wisconsin Statutes. A separate capital projects fund for the District was created. At the time the District was created, the property tax base within the District was “frozen” and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the Village to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The Village’s district is still eligible to incur project costs.

Since creation of TID #7, the Sewer Utility has provided financing to the District. The amounts are recorded as liabilities in the TID capital projects fund. Annual interest at 4.5% is paid by the TID to the Sewer Utility. A portion of the interest collected is then transferred to the CDA Fund to enhance development. There is no set repayment schedule for the principal. It will occur when there is sufficient revenue available.

During 2021, TID #7 was amended to include approximately 76 acres of land acquired by the developer.

Unless terminated by the Village prior thereto, the statutory termination year of the District is 2038.

### **Note 17 Sewer Utility Rate Increase/Decrease**

During 2020, the Sewer Utility contracted for a rate study. In July 2020, the Village Board approved a resolution to implement new rates for the next four years starting January 1, 2021 and continuing until January 1, 2024.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### **Note 18      Stormwater Utility Rate Increase**

During 2020, the Stormwater Utility contracted for a rate study. In July 2020, the Village Board approved a resolution to implement new rates for the next five years starting January 1, 2021 and continuing through January 1, 2025.

### **Note 19      Special Item**

During 2022 as part of the watermain looping project, the Water Utility incurred costs to remove and abandon utility infrastructure. The total recorded as a special item is \$68,834 in the Water Utility.

## Required Supplementary Information

## VILLAGE OF SUSSEX, WISCONSIN

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON - GAAP) GENERAL FUND

For the Year Ended December 31, 2022

|   | Budgeted Amounts |                | Actual       | Variance with<br>Final Budget |
|---|------------------|----------------|--------------|-------------------------------|
|   | Original         | Final          |              |                               |
| <b>REVENUES</b>   |                  |                |              |                               |
| Taxes   | \$ 5,812,118     | \$ 5,812,118   | \$ 5,830,606 | \$ 18,488                     |
| Intergovernmental   | 1,301,000        | 1,301,000      | 1,313,874    | 12,874                        |
| Licenses and permits  | 375,675          | 457,675        | 564,462      | 106,787                       |
| Fines, forfeitures and penalties  | 173,800          | 173,800        | 276,579      | 102,779                       |
| Public charges for services   | 1,190,730        | 1,395,730      | 1,596,571    | 200,841                       |
| Public improvement revenue  | -                | -              | 8,894        | 8,894                         |
| Commercial revenues   | 147,135          | 147,135        | 196,781      | 49,646                        |
| Miscellaneous revenues  | 100,875          | 220,875        | 249,179      | 28,304                        |
| Total Revenues  | 9,101,333        | 9,508,333      | 10,036,946   | 528,613                       |
| <b>EXPENDITURES</b>   |                  |                |              |                               |
| Current   |                  |                |              |                               |
| General government  | 937,879          | 866,679        | 817,262      | 49,417                        |
| Protection of persons & property  |                  |                |              |                               |
| Police  | 2,013,351        | 2,013,351      | 1,937,633    | 75,718                        |
| Fire  | 1,519,579        | 1,519,579      | 1,363,297    | 156,282                       |
| Other protection  | 302,334          | 288,734        | 252,449      | 36,285                        |
| Health and sanitation   | 568,813          | 568,813        | 552,284      | 16,529                        |
| Highway and transportation  | 872,926          | 1,010,926      | 1,022,803    | (11,877)                      |
| Library   | 776,395          | 776,395        | 776,395      | -                             |
| Parks and recreation  | 1,447,832        | 1,619,332      | 1,570,810    | 48,522                        |
| Capital outlay  | 2,047,343        | 1,269,400      | 1,258,904    | 10,496                        |
| Debt Service  |                  |                |              |                               |
| Principal retirement  | 4,616            | 4,616          | 4,614        | 2                             |
| Total Expenditures  | 10,491,068       | 9,937,825      | 9,556,451    | 381,374                       |
| Excess of revenues<br>over expenditures   | (1,389,735)      | (429,492)      | 480,495      | 909,987                       |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                  |                |              |                               |
| Transfers in  | 1,314,768        | 1,913,068      | 1,987,949    | 74,881                        |
| Transfers out   | (79,937)         | (2,576,380)    | (2,788,129)  | (211,749)                     |
| Net change in fund balances<br>- budgetary basis                                | \$ (154,904)     | \$ (1,092,804) | (319,685)    | \$ 773,119                    |
| Adjustment to generally accepted accounting<br>principles basis                 |                  |                |              |                               |
| Appropriations to reserve funds   |                  |                | 1,148,192    |                               |
| Revenue credited to reserve funds   |                  |                | 137,001      |                               |
| Expenditures and transfers charged to<br>reserve funds                          |                  |                | (999,947)    |                               |
| Net change in fund balances - generally<br>accepted accounting principles basis |                  |                | (34,439)     |                               |
| FUND BALANCE - BEGINNING OF YEAR  |                  |                | 7,199,821    |                               |
| <b>FUND BALANCE - END OF YEAR</b>   |                  |                | \$ 7,165,382 |                               |

**VILLAGE OF SUSSEX, WISCONSIN**  
Schedule of Proportionate Share of the Net Pension Liability (Asset)  
Wisconsin Retirement System  
Last 10 Fiscal Years\*

**Primary Government**

| Fiscal<br>Year Ending | Proportion of<br>the Net Pension<br>Liability (Asset) | Proportionate<br>Share of the<br>Net Pension<br>Liability (Asset) | Covered<br>Payroll | Proportionate<br>Share of the Net<br>Pension Liability<br>(Asset) as a<br>Percentage of<br>Covered Payroll | Plan Fiduciary<br>Net Position as a<br>Percentage of the<br>Total Pension<br>Liability |
|-----------------------|---|---|--------------------|--|--|
| 12/31/22              | 0.018677%   | \$ (1,505,402)  | \$ 2,906,169       | -51.80%  | 106.02%  |
| 12/31/21              | 0.017795%   | (1,110,943)   | 2,712,407          | -40.96%  | 105.26%  |
| 12/31/20              | 0.016684%   | (537,980)   | 2,454,961          | -21.91%  | 102.96%  |
| 12/31/19              | 0.015743%   | 560,075   | 2,360,450          | 23.73%   | 96.45%   |
| 12/31/18              | 0.014603%   | (433,567)   | 2,114,567          | -20.50%  | 102.93%  |
| 12/31/17              | 0.013880%   | 114,168   | 1,942,066          | 5.88%  | 99.12%   |
| 12/31/16              | 0.013513%   | 219,584   | 1,902,634          | 11.54%   | 98.20%   |
| 12/31/15              | 0.013363%   | (328,226)   | 1,789,027          | -18.35%  | 102.74%  |

**Component Unit**

| Fiscal<br>Year Ending | Proportion of<br>the Net Pension<br>Liability (Asset) | Proportionate<br>Share of the<br>Net Pension<br>Liability (Asset) | Covered<br>Payroll | Proportionate<br>Share of the Net<br>Pension Liability<br>(Asset) as a<br>Percentage of<br>Covered Payroll | Plan Fiduciary<br>Net Position as a<br>Percentage of the<br>Total Pension<br>Liability |
|-----------------------|---|---|--------------------|--|--|
| 12/31/22              | 0.003432%   | \$ (276,599)  | \$ 589,532         | -46.92%  | 106.02%  |
| 12/31/21              | 0.003509%   | (219,052)   | 566,815            | -38.65%  | 105.26%  |
| 12/31/20              | 0.003566%   | (114,979)   | 558,446            | -20.59%  | 102.96%  |
| 12/31/19              | 0.003528%   | 125,531   | 561,839            | 22.34%   | 96.45%   |
| 12/31/18              | 0.003476%   | (103,219)   | 528,426            | -19.53%  | 102.93%  |
| 12/31/17              | 0.003476%   | 28,649  | 486,761            | 5.89%  | 99.12%   |
| 12/31/16              | 0.003572%   | 58,037  | 497,990            | 11.65%   | 98.20%   |
| 12/31/15              | 0.003347%   | (82,211)  | 495,599            | -16.59%  | 102.74%  |

\* The amounts presented for each fiscal year were determined as of the calendar year-end of the prior year.

**VILLAGE OF SUSSEX, WISCONSIN**  
Schedule of Contributions  
Wisconsin Retirement System  
Last 10 Fiscal Years\*

| <b>Primary Government</b> |                                      | Contributions in Relation to the     |                                  |                 | Contributions as a Percentage of Covered Payroll |  |
|---------------------------|--------------------------------------|--------------------------------------|----------------------------------|-----------------|--|--|
| Fiscal Year Ending        | Contractually Required Contributions | Contractually Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | as a Percentage of Covered Payroll               |  |
| 12/31/22                  | \$ 236,291                           | \$ 236,291                           | \$ -                             | \$ 3,009,896    | 7.85%  |  |
| 12/31/21                  | 232,749                              | 232,749                              | -                                | 2,906,169       | 8.01%  |  |
| 12/31/20                  | 213,330                              | 213,330                              | -                                | 2,712,407       | 7.86%  |  |
| 12/31/19                  | 178,447                              | 178,447                              | -                                | 2,454,961       | 7.27%  |  |
| 12/31/18                  | 178,681                              | 178,681                              | -                                | 2,360,450       | 7.57%  |  |
| 12/31/17                  | 158,170                              | 158,170                              | -                                | 2,114,567       | 7.48%  |  |
| 12/31/16                  | 134,640                              | 134,640                              | -                                | 1,942,066       | 6.93%  |  |
| 12/31/15                  | 135,194                              | 135,194                              | -                                | 1,902,634       | 7.11%  |  |

| <b>Component Unit</b> |                                      | Contributions in Relation to the     |                                  |                 | Contributions as a Percentage of Covered Payroll |  |
|-----------------------|--------------------------------------|--------------------------------------|----------------------------------|-----------------|--|--|
| Fiscal Year Ending    | Contractually Required Contributions | Contractually Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | as a Percentage of Covered Payroll               |  |
| 12/31/22              | \$ 39,488                            | \$ 39,488                            | \$ -                             | \$ 607,524      | 6.50%  |  |
| 12/31/21              | 39,793                               | 39,793                               | -                                | 589,532         | 6.75%  |  |
| 12/31/20              | 38,260                               | 38,260                               | -                                | 566,815         | 6.75%  |  |
| 12/31/19              | 36,578                               | 36,578                               | -                                | 558,446         | 6.55%  |  |
| 12/31/18              | 37,644                               | 37,644                               | -                                | 561,839         | 6.70%  |  |
| 12/31/17              | 35,933                               | 35,933                               | -                                | 528,426         | 6.80%  |  |
| 12/31/16              | 32,124                               | 32,124                               | -                                | 486,761         | 6.60%  |  |
| 12/31/15              | 33,862                               | 33,862                               | -                                | 497,990         | 6.80%  |  |

\* The amounts presented for each fiscal year were determined as of the calendar year-end of the prior year.



# Village of Sussex, Wisconsin

## Notes to Required Supplemental Information

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### **Budgets**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States. Annual appropriated budgets are adopted (at the fund level) for all funds on the modified accrual basis with a department level of expenditures. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year-end.

The Village follows these procedures in establishing the budgetary data reflected in the financial statements.

1. During September, the Village Administrator submits to the Village Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. Following several budget workshops, the final proposed budget is ready for the public hearing.

2. During November, a Public hearing is conducted to obtain taxpayer comments.

Following the public hearing, the proposed budget, including authorized additions and deletions, is legally enacted by Village Board action. This is the amount reported as original budget.

3. Expenditures may not exceed appropriations by major departmental classifications. Amendments to the budget during the year can only be made by the Village Board.

4. Budgets are adopted and formal budgetary integration is employed as a management control device during the year for all funds.

5. All budgets for these funds are adopted on a basis consistent with generally accepted accounting principles except for certain transactions of assigned funds.

6. Budgetary authority lapses at year-end.

# Village of Sussex, Wisconsin

## Notes to Required Supplemental Information

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### Wisconsin Retirement System

*Changes of benefit terms:* There were no changes of benefit terms for any participating employer in WRS.

*Changes of 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.

\*These schedules are intended to present information for the last 10 years. Additional information will be presented as it becomes available.

# Village of Sussex, Wisconsin

## Notes to Required Supplemental Information

|                                       | 2021  | 2020  | 2019  | 2018  | 2017  |
|---------------------------------------|---|---|---|---|---|
| Valuation Date:                       | December 31, 2019   | December 31, 2018   | December 31, 2017   | December 31, 2016   | December 31, 2015   |
| Actuarial Cost Method:                | Frozen Entry Age  | Frozen Entry Age  | Frozen Entry Age  | Frozen Entry Age  | Frozen Entry Age  |
| Amortization Method:                  | Level Percent of Payroll-Closed Amortization Period   | Level Percent of Payroll-Closed Amortization Period   | Level Percent of Payroll-Closed Amortization Period   | Level Percent of Payroll-Closed Amortization Period   | Level Percent of Payroll-Closed Amortization Period   |
| Amortization Period:                  | 30 Year closed from date of participation in WRS  | 30 Year closed from date of participation in WRS  | 30 Year closed from date of participation in WRS  | 30 Year closed from date of participation in WRS  | 30 Year closed from date of participation in WRS  |
| Asset Valuation Method:               | Five Year Smoothed Market (Closed)  | Five Year Smoothed Market (Closed)  | Five Year Smoothed Market (Closed)  | Five Year Smoothed Market (Closed)  | Five Year Smoothed Market (Closed)  |
| <b>Actuarial Assumptions</b>          |   |   |   |   |   |
| Net Investment Rate of Return:        | 5.4%  | 5.4%  | 5.5%  | 5.5%  | 5.5%  |
| Weighted based on assumed rate for:   |   |   |   |   |   |
| Pre-retirement:                       | 7.0%  | 7.0%  | 7.2%  | 7.2%  | 7.2%  |
| Post-retirement:                      | 5.0%  | 5.0%  | 5.0%  | 5.0%  | 5.0%  |
| <b>Salary Increases</b>               |   |   |   |   |   |
| Wage Inflation:                       | 3.0%  | 3.0%  | 3.2%  | 3.2%  | 3.2%  |
| Seniority/Merit:                      | 0.1%-5.6%   | 0.1%-5.6%   | 0.1%-5.6%   | 0.1%-5.6%   | 0.1%-5.6%   |
| Post-retirement Benefit Adjustments*: | 1.9%  | 1.9%  | 2.1%  | 2.1%  | 2.1%  |
| Retirement Age:                       | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.            | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015 - 2017.          | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.          | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.          | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.          |
| Mortality:                            | Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%). | Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%). | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). |

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

# Village of Sussex, Wisconsin

## Notes to Required Supplemental Information

|                                       | 2016   | 2015   | 2014   | 2013   |
|---------------------------------------|--|--|--|--|
| Valuation Date:                       | December 31, 2014  | December 31, 2013  | December 31, 2012  | December 31, 2011  |
| Actuarial Cost Method:                | Frozen Entry Age   | Frozen Entry Age   | Frozen Entry Age   | Frozen Entry Age   |
| Amortization Method:                  | Level Percent of Payroll-Closed Amortization Period  | Level Percent of Payroll-Closed Amortization Period  | Level Percent of Payroll-Closed Amortization Period  | Level Percent of Payroll-Closed Amortization Period  |
| Amortization Period:                  | 30 Year closed from date of participation in WRS   | 30 Year closed from date of participation in WRS   | 30 Year closed from date of participation in WRS   | 30 Year closed from date of participation in WRS   |
| Asset Valuation Method:               | Five Year Smoothed Market (Closed)   | Five Year Smoothed Market (Closed)   | Five Year Smoothed Market (Closed)   | Five Year Smoothed Market (Closed)   |
| Actuarial Assumptions                 |  |  |  |  |
| Net Investment Rate of Return:        | 5.5%   | 5.5%   | 5.5%   | 5.5%   |
| Weighted based on assumed rate for:   |  |  |  |  |
| Pre-retirement:                       | 7.2%   | 7.2%   | 7.2%   | 7.2%   |
| Post-retirement:                      | 5.0%   | 5.0%   | 5.0%   | 5.0%   |
| Salary Increases                      |  |  |  |  |
| Wage Inflation:                       | 3.2%   | 3.2%   | 3.2%   | 3.2%   |
| Seniority/Merit:                      | 0.1%-5.6%  | 0.1%-5.6%  | 0.1%-5.6%  | 0.1%-5.6%  |
| Post-retirement Benefit Adjustments*: | 2.1%   | 2.1%   | 2.1%   | 2.1%   |
| Retirement Age:                       | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011. | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011. | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011. | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation pursuant to an experience study of the period 2006 - 2008. |
| Mortality:                            | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.                         | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.                         | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.                         | Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table - 2005 for men.  |

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

## Supplementary Information

# VILLAGE OF SUSSEX, WISCONSIN

## NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

December 31, 2022

|   | Special Revenue Funds |                      |                  |                                   | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|-----------------------|----------------------|------------------|-----------------------------------|--|
|   | Park Fund             | Federal<br>ARPA Fund | Cemetery<br>Fund | Recreation<br>Scholarship<br>Fund |  |
| <b>ASSETS</b>                           |                       |                      |                  |                                   |  |
| Cash and investments                    | \$ 906,593            | \$ 507,954           | \$ 8,114         | \$ 36,447                         | \$ 1,459,108                               |
| TOTAL ASSETS                            | <u>\$ 906,593</u>     | <u>\$ 507,954</u>    | <u>\$ 8,114</u>  | <u>\$ 36,447</u>                  | <u>\$ 1,459,108</u>                        |
| <b>LIABILITIES AND FUND BALANCES</b>    |                       |                      |                  |                                   |  |
| Liabilities                             |                       |                      |                  |                                   |  |
| Accounts payable                        | \$ -                  | \$ -                 | \$ 8             | \$ -                              | \$ 8                                       |
| Accrued payroll and related liabilities | -                     | -                    | 20               | -                                 | 20   |
| Unearned revenue                        | -                     | 502,138              | -                | -                                 | 502,138                                    |
| Total liabilities                       | <u>-</u>              | <u>502,138</u>       | <u>28</u>        | <u>-</u>                          | <u>502,166</u>                             |
| Fund Balances                           |                       |                      |                  |                                   |  |
| Restricted                              | 906,593               | -                    | -                | -                                 | 906,593                                    |
| Committed                               | -                     | -                    | -                | 36,447                            | 36,447                                     |
| Assigned                                | -                     | 5,816                | 8,086            | -                                 | 13,902                                     |
| Total fund balances                     | <u>906,593</u>        | <u>5,816</u>         | <u>8,086</u>     | <u>36,447</u>                     | <u>956,942</u>                             |
| TOTAL LIABILITIES AND<br>FUND BALANCES  | <u>\$ 906,593</u>     | <u>\$ 507,954</u>    | <u>\$ 8,114</u>  | <u>\$ 36,447</u>                  | <u>\$ 1,459,108</u>                        |

# VILLAGE OF SUSSEX, WISCONSIN

## NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2022

|  | Special Revenue Funds |                      |                  |                                   |
|--|-----------------------|----------------------|------------------|-----------------------------------|
|  | Park Fund             | Federal ARPA<br>Fund | Cemetery<br>Fund | Recreation<br>Scholarship<br>Fund |
|  | Park Fund             | Fund                 | Fund             | Fund                              |
| <b>REVENUES</b>                                      |                       |                      |                  |                                   |
| Taxes  | \$ -                  | \$ -                 | \$ -             | \$ -                              |
| Intergovernmental revenues                           | -                     | 647,227              | -                | -                                 |
| Public improvement revenues                          | 303,179               | -                    | -                | -                                 |
| Public charges for services                          | -                     | -                    | 800              | 2,272                             |
| Commercial revenues                                  | 10,121                | 5,602                | 121              | 420                               |
| Miscellaneous revenues                               | -                     | -                    | -                | 3,820                             |
| Total revenues                                       | 313,300               | 652,829              | 921              | 6,512                             |
| <b>EXPENDITURES</b>                                  |                       |                      |                  |                                   |
| Current:   |                       |                      |                  |                                   |
| Health and sanitation                                | -                     | -                    | 14,477           | -                                 |
| Parks and recreation                                 | -                     | -                    | -                | 3,894                             |
| Debt service   | -                     | -                    | -                | -                                 |
| Total expenditures                                   | -                     | -                    | 14,477           | 3,894                             |
| Excess (deficiency)<br>of revenues over expenditures | 313,300               | 652,829              | (13,556)         | 2,618                             |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                       |                      |                  |                                   |
| Transfers in   | -                     | -                    | 9,000            | -                                 |
| Transfers out  | (76,227)              | (647,227)            | -                | (1,755)                           |
| Total other financing sources (uses)                 | (76,227)              | (647,227)            | 9,000            | (1,755)                           |
| Net change in fund balances                          | 237,073               | 5,602                | (4,556)          | 863                               |
| <b>FUND BALANCES -<br/>BEGINNING OF YEAR</b>         | 669,520               | 214                  | 12,642           | 35,584                            |
| <b>FUND BALANCES - END OF YEAR</b>                   | \$ 906,593            | \$ 5,816             | \$ 8,086         | \$ 36,447                         |

| Debt Service<br>Funds |  |  |
|-----------------------|--|--|
| TIF #6<br>Debt Fund   | Total<br>Nonmajor<br>Governmental<br>Funds |  |
| \$ -                  | \$ -                                       |  |
| -                     | 647,227                                    |  |
| -                     | 303,179                                    |  |
| -                     | 3,072                                      |  |
| -                     | 16,264                                     |  |
| -                     | 3,820                                      |  |
| -                     | <u>973,562</u>                             |  |
|                       | 14,477                                     |  |
|                       | 3,894                                      |  |
| <u>756,931</u>        | <u>756,931</u>                             |  |
| <u>756,931</u>        | <u>775,302</u>                             |  |
| <u>(756,931)</u>      | <u>198,260</u>                             |  |
| 756,931               | 765,931                                    |  |
| -                     | <u>(725,209)</u>                           |  |
| <u>756,931</u>        | <u>40,722</u>                              |  |
| -                     | 238,982                                    |  |
| -                     | <u>717,960</u>                             |  |
| <u>\$ -</u>           | <u>\$ 956,942</u>                          |  |