



Celebrating 100 YEARS | Est. 1924

Annual Financial Report to the Citizens

For the year ending December 31, 2023



One of the Village Board's goals is to improve communication with the public. Towards that goal, this report has been prepared to summarize the past year's results in an easy-to-understand manner. The financial information presented is taken from the annual audit report, which is available in its entirety online at www.villagesussex.org/government/finance. This report's focus is on the funds of interest to most citizens and does not include all of the Village's operations.

The funds included are as follows:

Funds that Use Property Tax Revenues

- **General Fund:** Includes general government (administration, clerk, election, IT and finance), police, fire, building inspection, public works, parks, recreation, health and sanitation (garbage and recycling), planning and library.
- **Debt Service Funds:** Used for external debt issuance and repayment.
- **Tax Increment Financing District (TIF):** Funds established to encourage development by providing assistance to the developer.

Enterprise Funds that use Service Fees and Operate Like Private Businesses

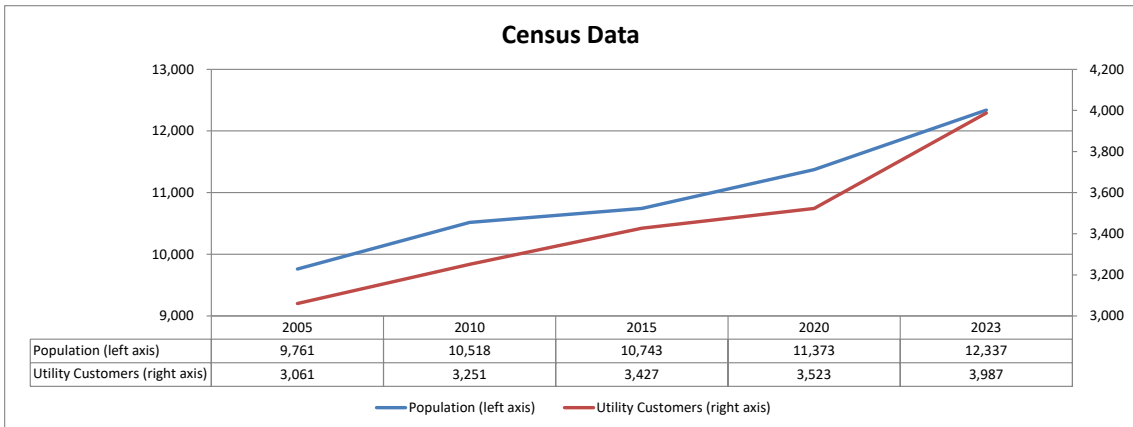
- **Water Utility:** Supplies safe drinking water to residents and businesses.
- **Wastewater (Sewer) Utility:** Treats all wastewater generated in Sussex, as well as parts of the Town of Lisbon/Lisbon Sanitary District, Lannon and Menomonee Falls.
- **Stormwater Utility:** Carries out the Village's Stormwater Management Plan and addresses the requirements of the Village's State Stormwater Discharge NR 216 permit.

If you have questions or comments about how to improve this report or requests for additional information, please contact the Village's Finance Department by email to twalls@sussexwi.gov or by phone (262) 246-5200.



Front Row: Trustee Greg Zoellick, Village President Anthony LeDonne, Trustee Stacy Riedel. Back Row: Trustees Ron Wells, Scott Adkins, Lee Uecker, and Ben Jarvis.

The Village of Sussex is a full-service mid-size village providing services that include fire and police protection; thoughtful development and economic growth; maintenance of the Village’s infrastructure (roads, sidewalks, water, sewer and stormwater facilities); quality of life options such as parks, recreation, senior services, the library; and municipal-owned utilities.

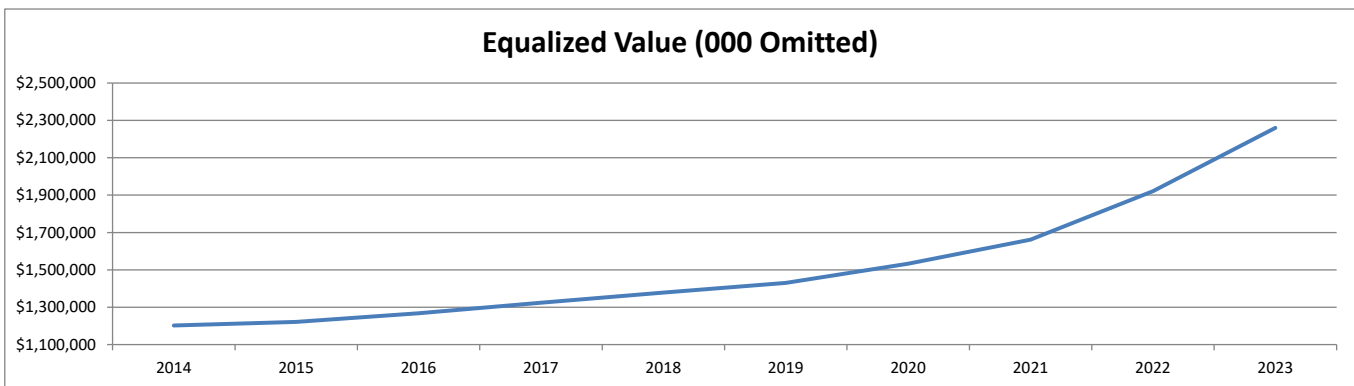


During the period shown, the population has increased 26.4% and the average number of utility customers increased 30.2%.

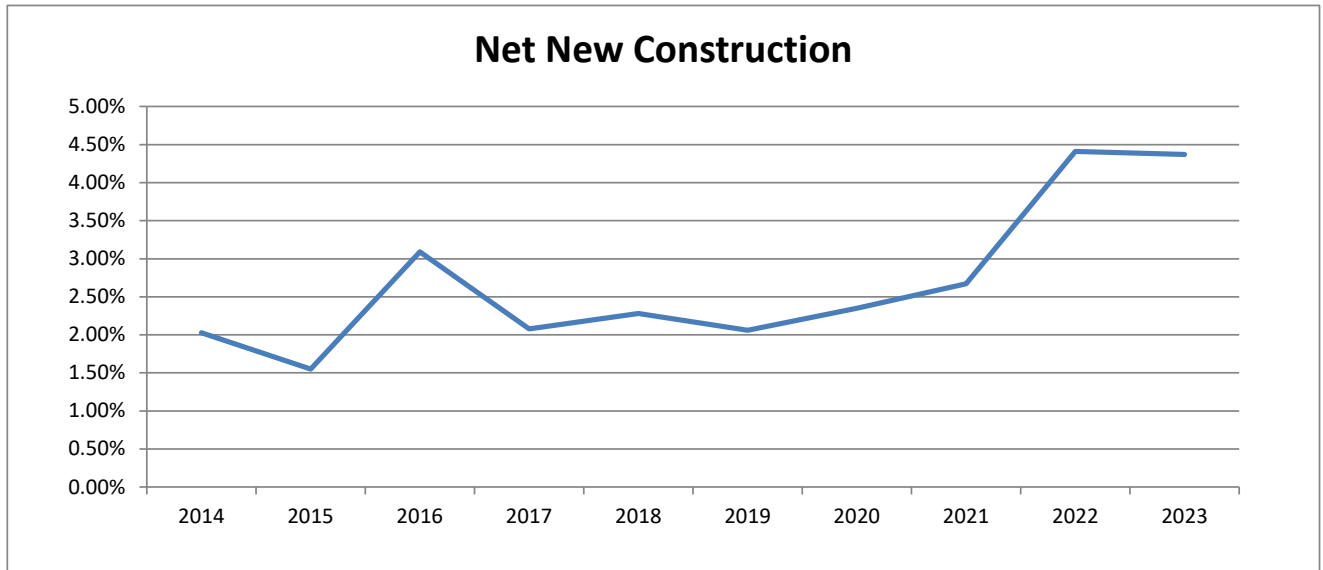
2023 saw 126 new building permits issued. About 87% of those permits were for single-family homes, as several subdivisions are under construction. In all, the Village saw over \$81 million of new construction in 2023.

One of the primary statistics used to determine the size of a municipality is the dollar value of the property within the municipality’s borders. The Village contracts with an outside appraiser who places an assessed value on each parcel; however, to make the values comparable across communities, the Wisconsin Department of Revenue converts the assessed values to a uniform level through equalization. The converted amounts are called equalized values or “estimated fair market values” and are a better source when comparing values across different municipalities.

The Village has seen nearly 88% growth in equalized value over the past 10 years, as shown below. The Village’s equalized value increased by 17.6% from 2022 to 2023, which is the highest annual growth rate in the past decade and second year in a row of setting the record.



Another statistic that indicates growth from one year to the next is **Net New Construction**. This is the change in our equalized value due to new growth less demolished property. This percentage is one of the primary factors in our levy limit calculations. It indicates the percentage that the tax levy can increase from one year to the next (excluding certain debt service costs).



For more information about assessed and equalized values, see the publication "Guide for Property Owners," available on the Department of Revenue website <https://www.revenue.wi.gov/DOR%20Publications/pb060.pdf>

Many businesses and multi-family complexes call the Village of Sussex home and provide employment/living opportunities for our residents. The largest property value exceeds \$52 million in value and the top 10 equal almost 10.9% of the total tax base. The growth of the general tax base has lessened the top 10 from over 12% last year, which is a sign of a healthy economy. In the last 10 years three new entities, Mammoth Springs, Meijer, and Courtyard, have joined the top 10 and resulted in almost \$88 million to the tax base. Over the decade, the top taxpayer has dropped to only 2.5% of the tax base, which is important as one business is not able to have too large of an impact on the local economy.



Highlands Business Park/Marek Group

MAJOR EMPLOYERS

Employer	Business Services	Employees
Quad/Graphics, Inc.	Printer/manufacturer	3,601
Beer Capitol Distributing	Distributor	464
Amazon	Retail	365
Sussex IM	Custom plastic molder	370
Nature's Path	Manufacturer of organic cereal	250
Sharp Packaging	Plastic products	216
Pick 'N Save	Grocer	156
Reinders	Lawn Retail and distribution	200
Quad/Med	Healthcare	106
Meijer	Retail	203
Hamilton School District	Education	151
Power Test Inc.	Manufacturer of testing equipment	125

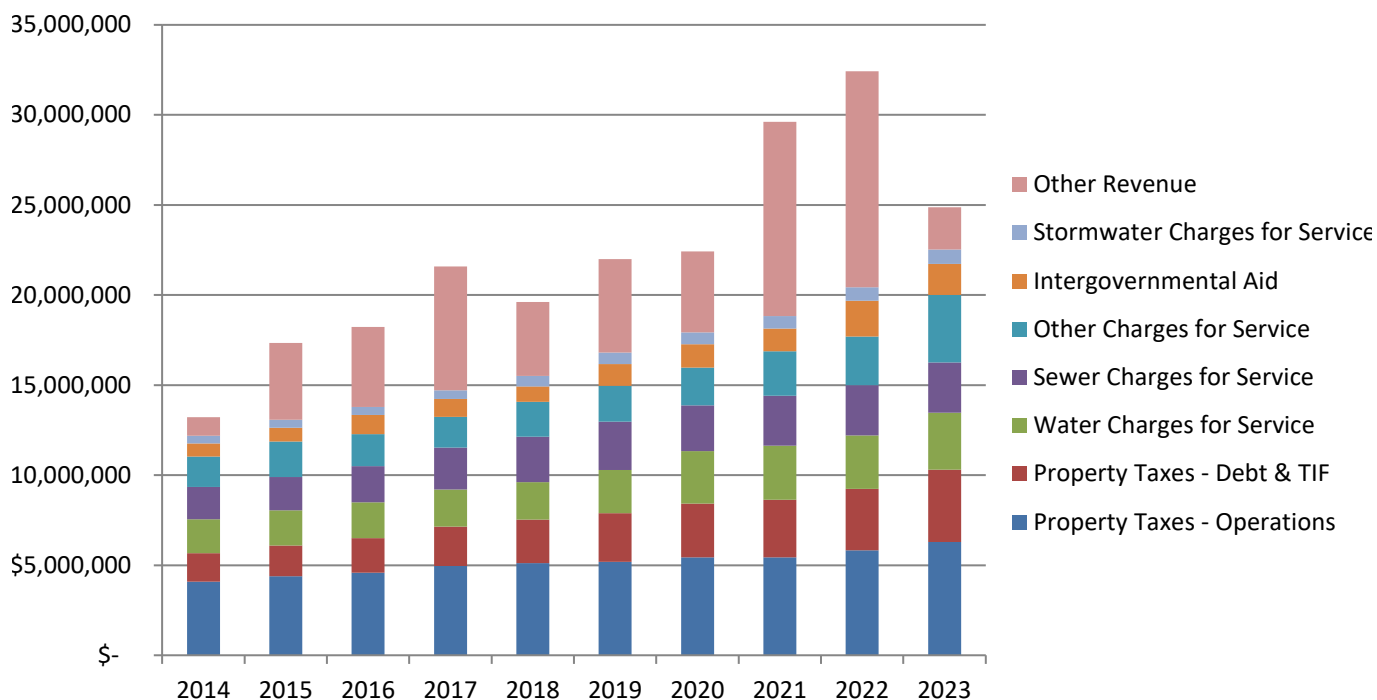
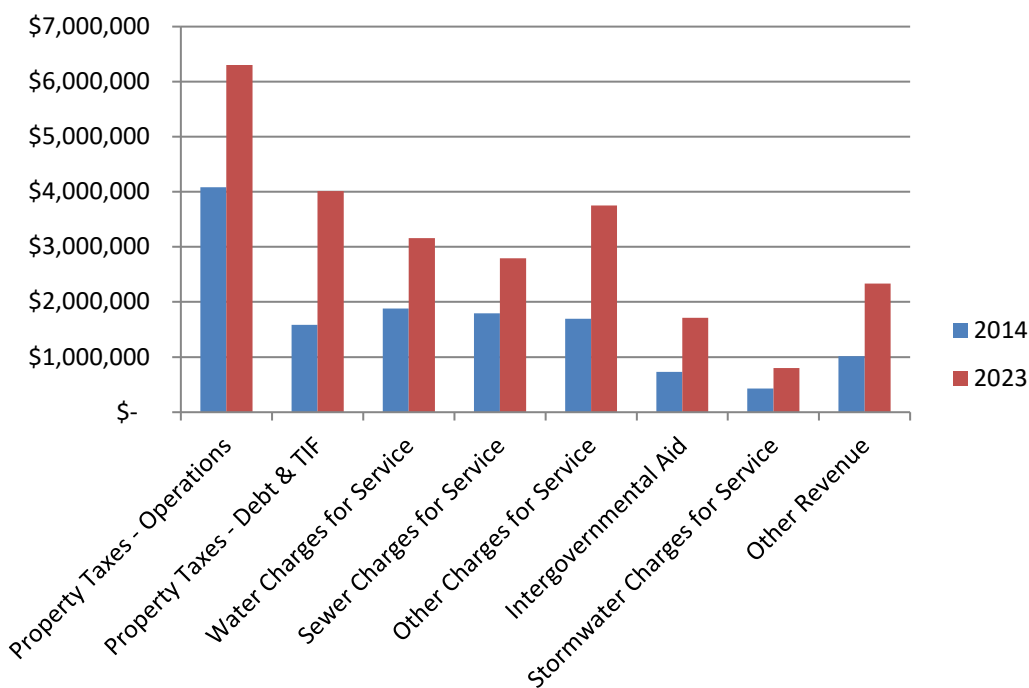
LARGEST TAXPAYERS

Taxpayer	2023 Assessed Value	Percent of Total Assessed Valuation
Quad/Graphics, Inc.	\$ 52,583,900	2.49%
Mammoth Spring Apartments	\$ 48,987,300	2.32%
Meijer Stores	\$ 22,833,000	1.08%
Beer Capital Distributing	\$ 18,587,500	0.88%
FFV WI Sussex, LLC (Amazon)	\$ 16,711,500	0.79%
Seasons Apartments	\$ 16,432,500	0.78%
Hickory Drive Property LLC (Courtyard)	\$ 15,980,500	0.76%
Maple Creek/Grove Apts	\$ 13,724,400	0.65%
Sussex IM	\$ 13,542,500	0.64%
Exchangeright Net Leased Portfolio (McAdams Realty)	\$ 10,105,500	0.48%
Top 10 TOTAL	\$229,488,600	10.88%
TOTAL ASSESSED VALUE FOR 2023	\$2,109,089,800	

Most of the money the Village receives is from two sources: **property tax levy** and **utility charges to customers**. The following graphs of the revenues by source (excluding transfers between funds) compare the most recent results with 10 years ago. Most of these accounts have increased on a linear fashion, but charges for services has seen a significant increase to \$3.8 million from \$1.7 million a decade ago. This relates to the growth in the recreation program, the volume of ambulance service, and cost increases of garbage and recycling. Garbage and recycling are pass-through accounts, producing very limited net revenue.

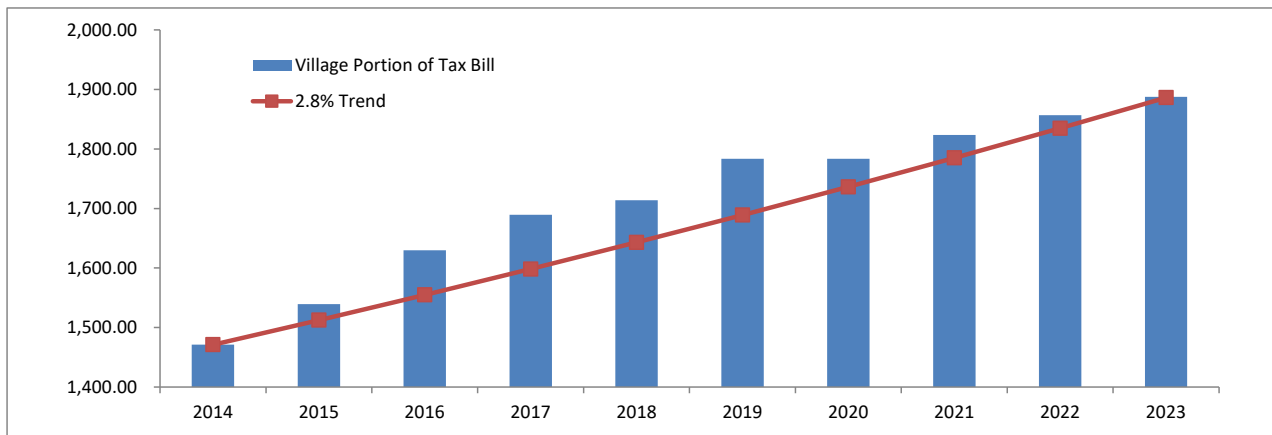
Where the Money Comes From

A 10-year comparison of these same revenue sources follows:



In 2014, the average home value used for comparing residential taxes year after year was \$284,262. Since that time, the value has fluctuated based on annual reassessments. In the following chart, the value used for the average home was \$353,189 in 2022, and \$392,039 in 2023 (a 37.7% increase over the decade).

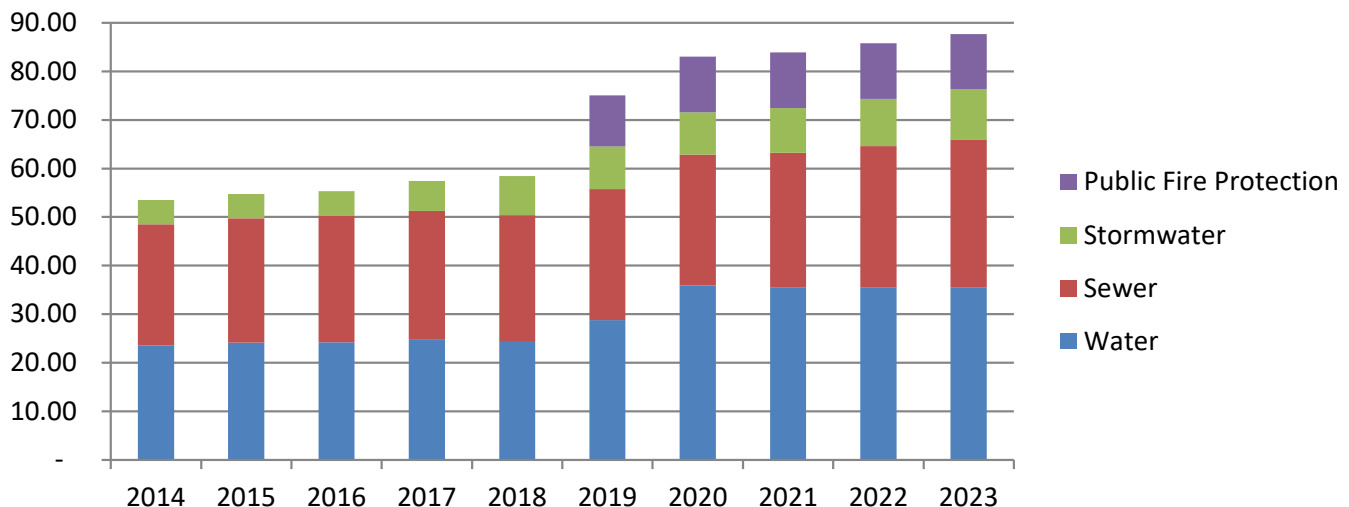
Over the past 10 years, the Village share of the property taxes on the average home value is as follows:



Since 2014, the overall tax bill has increased at a rate of just over 2.8%, but most of that change was in the first part of the decade. In the last five years, the tax bill has increased 1.1% a year or about \$21 per year. One main driver of this increase has been for debt service, as the Village has taken on major infrastructure projects in the decade. The Village has continued to take steady approaches to long-term costs in preparation for build out. In 2023 the Village portion of the tax bill increased by 1.7% and \$30.74 for the average resident.

Utility charges are collected for all three of the Village-owned utilities (Water, Sewer and Stormwater) and are primarily based on the water meter size and individual usage for water and sewer. Stormwater charges are based on the number of ERUs (Equivalent Runoff Units), with a single-family residence being charged one ERU. In 2019, the utilities changed to a monthly billing cycle (prior years converted to monthly). In 2019, the charge for public fire protection was converted to a direct charge to customers and is shown as a separate charge.

Average Household Monthly Utility Bill



A rate study was conducted for both Sewer and Stormwater in 2020, and Sewer again in 2023. New rates were approved to increase on January 1, 2021, and annually each year after that through 2028 for sewer, and through 2025 for Stormwater. Stormwater and Water rates will need adjustment in 2025.

Water usage is measured in gallons and the sewer usage is based on the number of gallons of water used. There are currently five categories of utility customers: residential, commercial, industrial, public and multi-family residential. Volumetric charges are the same for all types of customers. The quarterly service charges for water vary based on the meter size for water and the number of ERUs for stormwater. The following shows the history of rates based on a single-family residence. Bolded rates are the years when there was a rate increase.

Year Ended December 31,	Water			Sewer		Storm
	Volume Charge per 1,000 gal of water	Service Charge	Public Fire Protection	Volume Charge per 1,000 gal of water	Service Charge	Service Charge
2014	2.83	10.82	-	4.64	6.10	5.00
2015	2.83	10.82	-	4.78	6.28	5.00
2016	3.05	11.00	-	4.92	6.47	5.00
2017	3.05	11.00	-	4.97	6.54	7.32
2018	3.14	11.33	-	5.09	6.70	8.04
2019	3.71	12.50	10.55	5.14	6.77	8.76
2020	4.55	13.00	11.45	5.14	4.77	8.76
2021	4.55	13.00	11.45	5.34	5.28	9.22
2022	4.55	13.00	11.45	5.55	5.78	9.96
2023	4.55	13.00	11.45	5.75	6.29	10.28

The Village collects property taxes for taxing jurisdictions including the county, schools and technical college.



For every dollar collected from taxpayers, \$0.34 is for Village government purposes.

Information about the taxing entities can be found at:



Tax Rates Over Time

2014	\$ 5.1688
2023	\$ 4.8148



2014	\$10.0996
2023	\$ 7.4819

Arrowhead School District



2014	\$11.2120
2023	\$ 4.6259



2014	\$2.1528
2023	\$1.4897



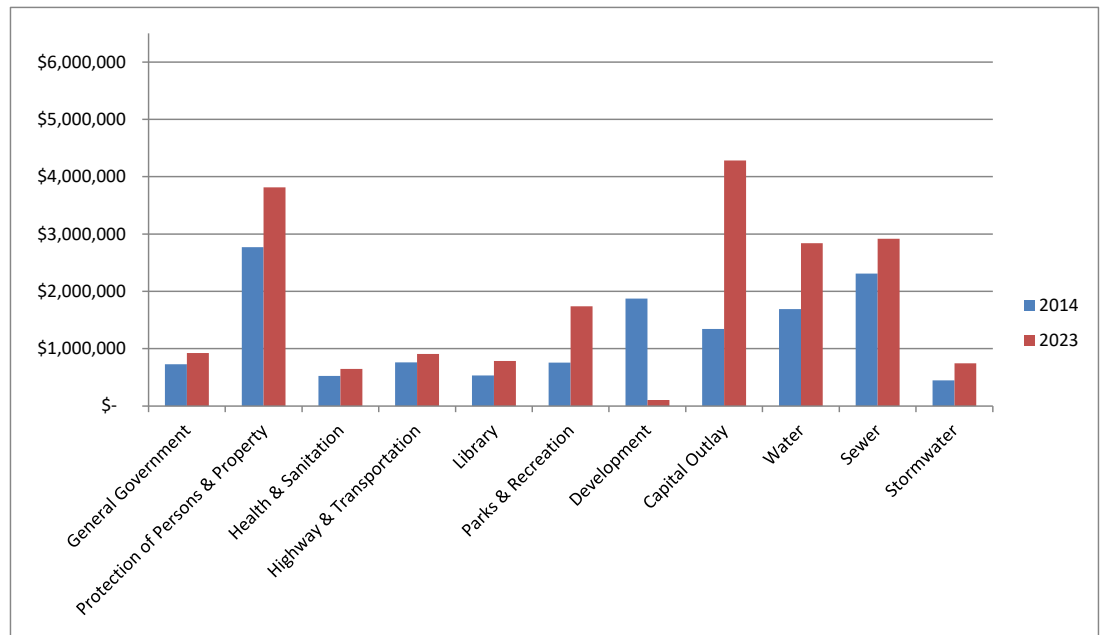
**WAUKESHA
COUNTY TECHNICAL
COLLEGE**

2014	\$.4025
2023	\$.2684

There are three main categories of expenses: operating, capital and debt. The capital assets purchased are discussed in the **What We Have** section and the debt payments are discussed in the **What We Owe** section.

This chart compares the Village’s operating expenses for 2023 with 10 years ago.

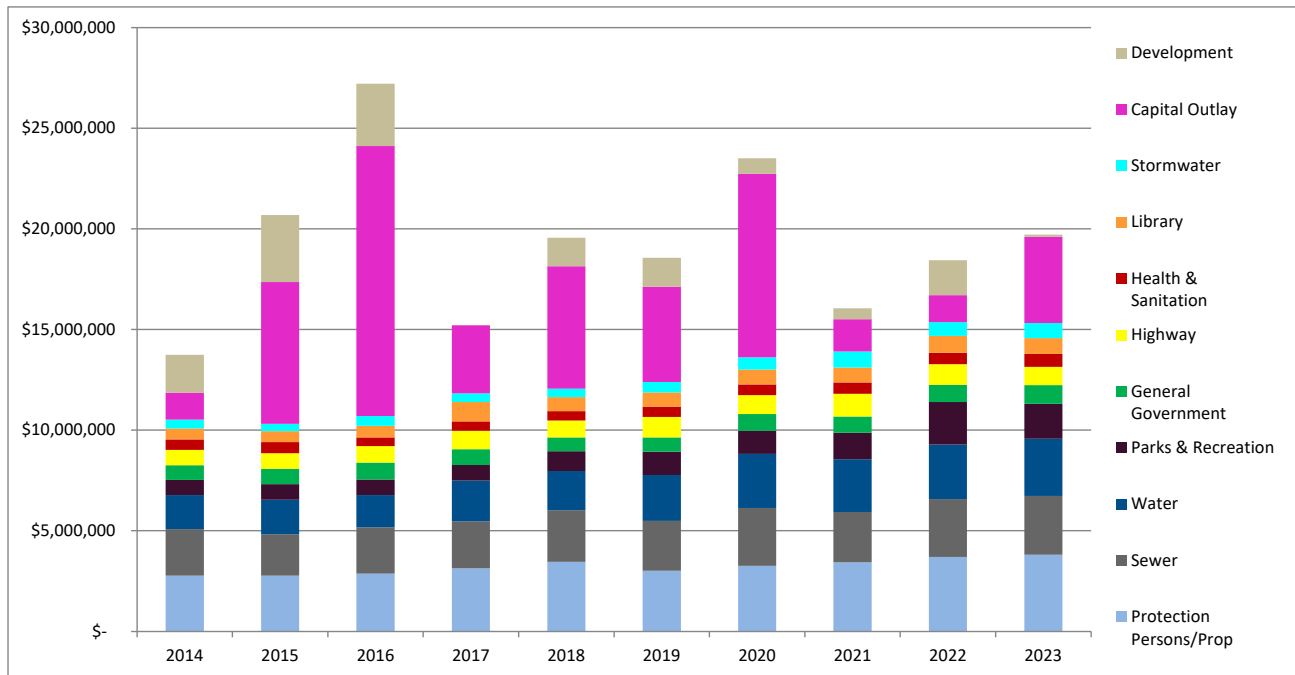
Where the Money Goes



The services provided in each of the categories shown above are as follows:

- **General Government:** Includes the offices of the Village Administrator (HR, Communications, Legal, and IT), Village Clerk-Treasurer, Finance Department, and the Village Board and Committees.
- **Protection of Persons & Property:** All services provided by the Fire Department, Building Inspection & Development, and contracted services provided by the Waukesha County Sheriff’s Department. The increase in the past 10 years is the result of adding personnel and shifts to both fire and police.
- **Health & Sanitation:** Includes costs to provide garbage and recycling services to residential properties. This also includes the costs of the annual brush pickup.
- **Highway & Transportation:** This category includes costs to maintain all Village streets, including street lighting. It also includes the costs of the Village engineering staff and general building maintenance.
- **Library:** Includes the Village of Sussex contribution to the operating and capital budget of the Pauline Haass Public Library.
- **Parks & Recreation:** All costs to maintain 15 Village parks and natural areas, provide recreational and senior programming, plan and execute all special events are covered by this category.
- **Development:** Costs associated with the Tax Incremental Financing District fall into this category, as well as payments for downtown development and improvements.
- **Capital Outlay:** This category includes spending for equipment purchases, road reconstruction and building construction. Over the past decade this amount has increased significantly as the Village depreciates its assets.
- **Water, Sewer, Stormwater:** All costs to run these Village utilities are included in these categories.

The amount spent for Capital Outlay is generally the spending of funds borrowed for specific projects. Oftentimes spending for capital outlay is for the construction or acquisition of capital assets, but it could also be for maintenance of the capital assets, such as the annual road program or development incentives.



The above chart shows a 10-year spending history for the Village.

The majority of expenses show minimal increases from year to year. The average spend is \$19.3 million over the past decade and 2023 was \$19.7 million; however, Outlay and Development shows fluctuations that typically coincide with the years that the Village has borrowed money for major projects (2016 Civic Campus and Main Street, 2020 Maple Avenue) or major developments were built through TIF (TIF #6 2014-2016, 2018; and TIF #7 2019-2022), thus adding atypical expenses. These projects also often have impacts on Utility costs.



Dennis Wolf Trail

Included in the operating expenses are personnel costs. Excluding seasonal or very part-time positions, such as the Village Board and its committees, paid-on-call firefighters, recreation instructors and election workers, the Village provides all of the above services with 74 full-time equivalent employees, including 18 for the library. Police services are provided through a contract with the Waukesha County Sheriff's Department.

Protection of Persons & Property - Police			
	2022	2023	% Change
Calls for Service	6,683	6,600	-1.24%
Citations	1,900	1,950	2.63%
Traffic Incidents	925	1,006	8.76%
Other Incidents	1,545	1,808	17.02%
House/Building Checks	4,437	3,888	-12.37%
Protection of Persons & Property - Fire			
EMS Calls	785	816	3.95%
Fire Calls	249	250	0.40%
Fire Inspections	996	1,022	2.61%
Protection of Persons & Property - Building Inspection			
Permits - Single Family Homes	81	110	35.80%
Permits - Multi-Family Buildings	11	16	45.45%
Permits - Commercial/Industrial	2	-	-100.00%
Permits - All Other	1,806	2,016	11.63%
Public Works Department			
Lane Miles of Roads Maintained	58	62	6.90%
Miles of Sidewalks Maintained	26.90	27.50	2.23%
Parks and Recreation Department			
Acres of Parks Maintained	274	286	4.38%
Number of Playgrounds	11	11	0.00%
Community Special Events	24	25	4.17%
Registered Participants (Rec prog & spec events)	8,970	9,200	2.56%

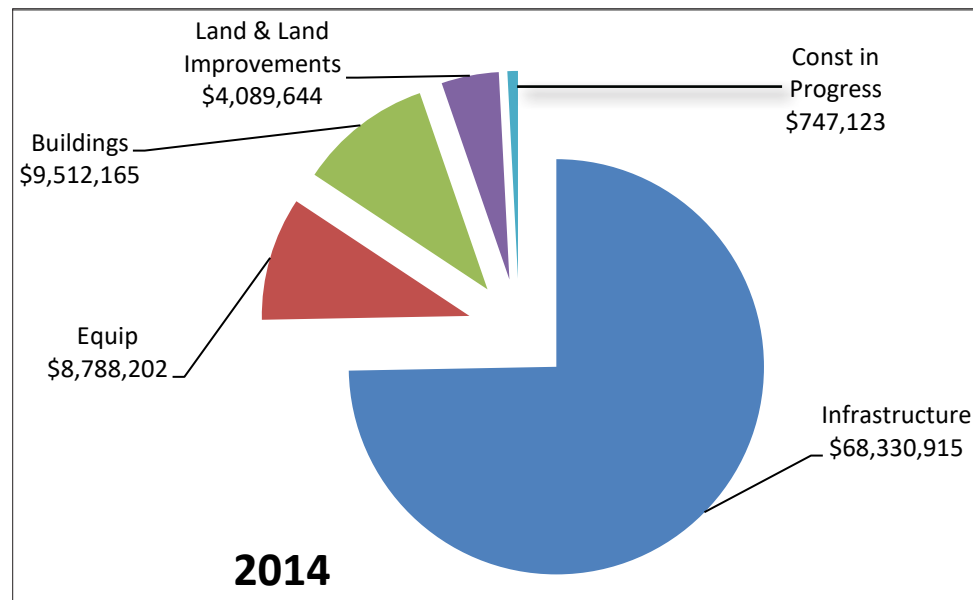
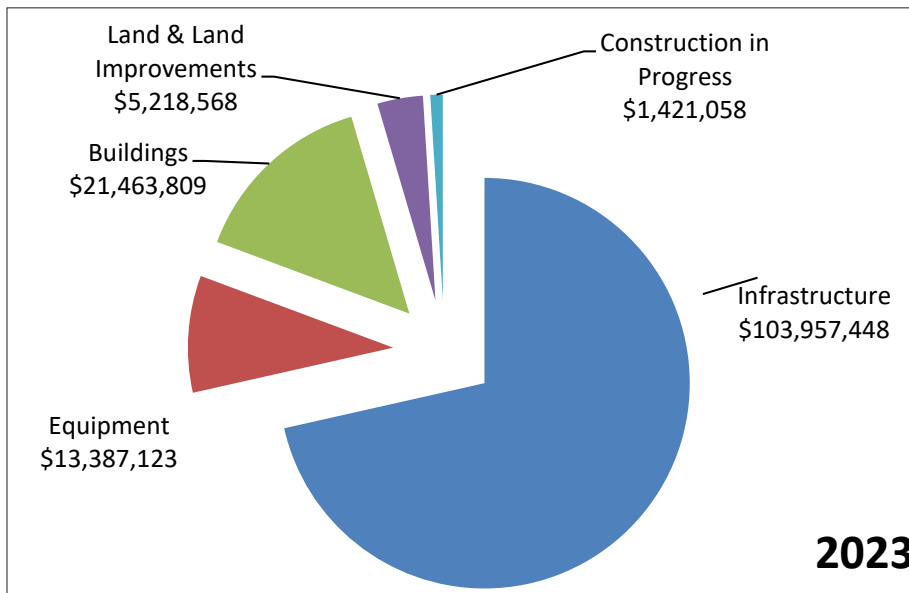


Snow Removal Crew

To assist in our planning for the replacement of large capital assets and other major expenses, the Village prepares a ten-year Capital Improvement Program (CIP). The CIP is a tool to assess the long-term capital needs, values and desires of the Village and to establish funding of high-priority projects in a timely, cost-effective manner. The current CIP is available on the Village’s website at www.villagesussex.org under the Finance Department.

The major component of the CIP is capital asset replacement. Capital assets consist of equipment, buildings, land and infrastructure owned by the Village that are expected to serve our residents over multiple years. The Village had \$145.5 million (net of depreciation) in capital assets across all departments and functions at the end of 2023.

What We Have



For comparison, the balances at year end 2023 are compared to year end 2014 (\$54 million) above. The largest component, infrastructure, includes 62 miles of roads, as well as water, sewer and stormwater mains and the water towers and hydrants. As development has occurred the Village has grown its assets almost 5.9% per year.

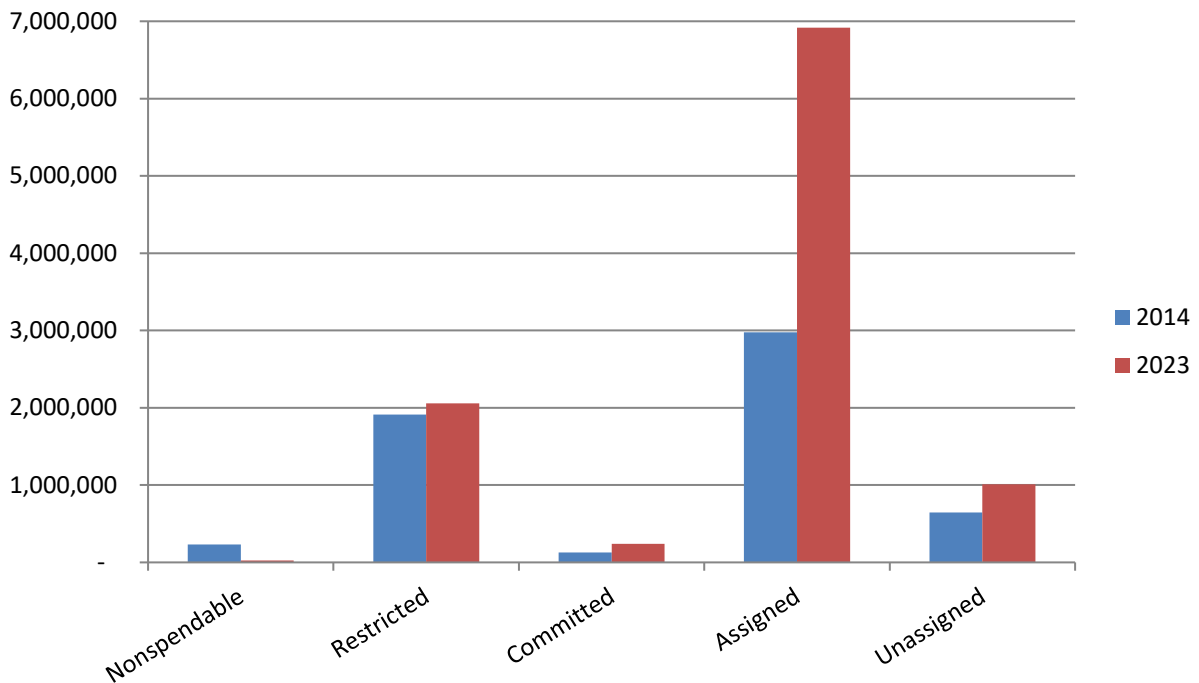
Beginning with the 2009 budget, the Village has been working towards setting aside replacement funds on an annual basis to move to a pay-as-you-go system and limit borrowing to major projects. As of December 31, 2023, the Village has about \$6.9 million set aside for future replacement of equipment and buildings and will reduce future borrowings by that amount, plus avoid interest payments on the same. These funds will serve as a funding source for future CIPs, as well as equipment purchases in the annual operating budget.

Another value often used to determine the financial stability of a municipality is equity. Having adequate equity balances provides flexibility to a municipality to address shortfalls and unexpected costs. The previously mentioned replacement funds are set aside as equity within the Village’s **General Fund**.

Within the Village’s General Fund (the main operating fund of the Village, excluding utilities), equity is called **Fund Balance** and is classified using the following categories:

- **Nonspendable:** Items that cannot be readily turned into cash, such as prepaid expenses and long-term receivables, and therefore cannot be spent within the next year.
- **Restricted:** Fund balance that is restricted by an outside organization to be used for a specific purpose.
- **Committed:** Fund balance that is committed by the Village Board to be used for specific purposes.
- **Assigned:** Fund balance that is assigned to specific purposes by the Village Administrator and/or Finance Director
- **Unassigned:** Remaining fund balance that does not fall into one of the above categories and is used for working capital, unforeseen emergencies, and to finance one-time projects if needed.

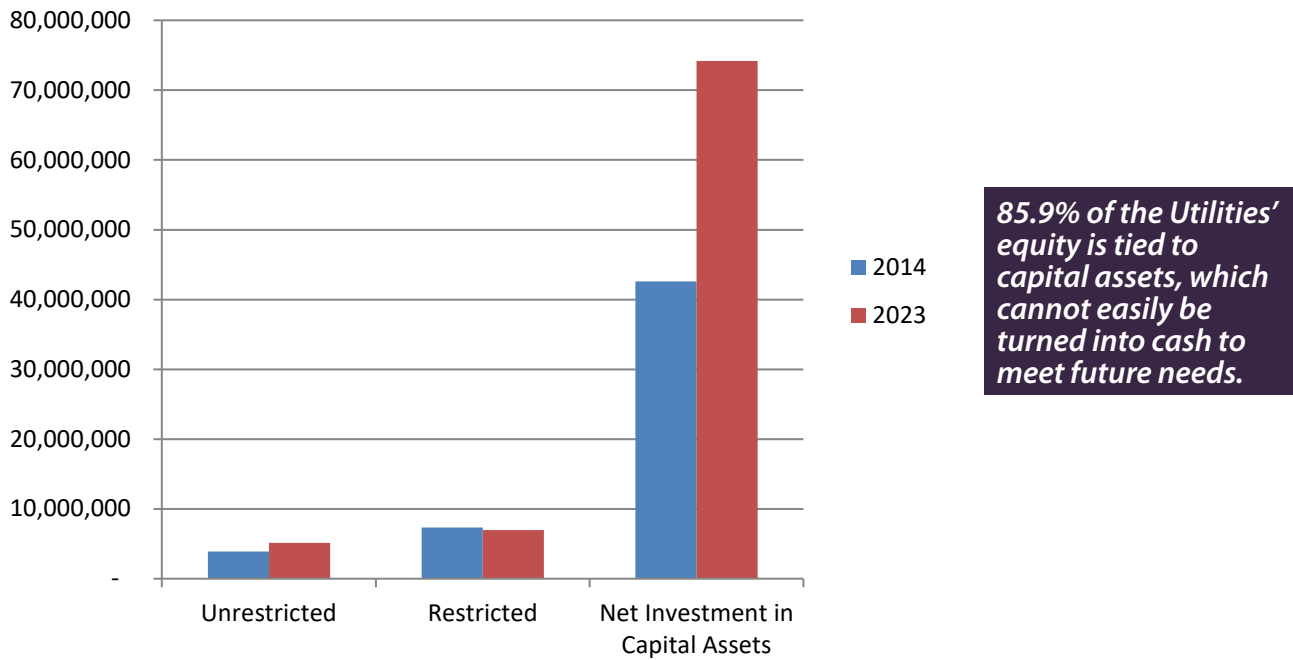
The fund balances at December 31, 2023, compared to December 31, 2014, are as follows:



Included in the 2023 Assigned Fund Balance is \$6.1 million that has been set aside year after year to accumulate for replacement of equipment and facilities.

Within the three utilities, equity is called **Net Position**, which is made up of three components: **Net Investment in Capital Assets**, **Restricted Net Position**, and **Unrestricted Net Position**. Following is the total net position held by the three utilities comparing the most recent year end with 10 years ago:

Utility Net Position



85.9% of the Utilities' equity is tied to capital assets, which cannot easily be turned into cash to meet future needs.

Overall, the Village is financially healthy. The establishment of the Equipment Replacement Fund was specifically recognized by our credit rating agency during their last report. The Village's credit rating remains at Aa2 for general obligation debt, Aa3 for Water, Sewer and Stormwater Utility revenue bonds.



Redford Hills Subdivision

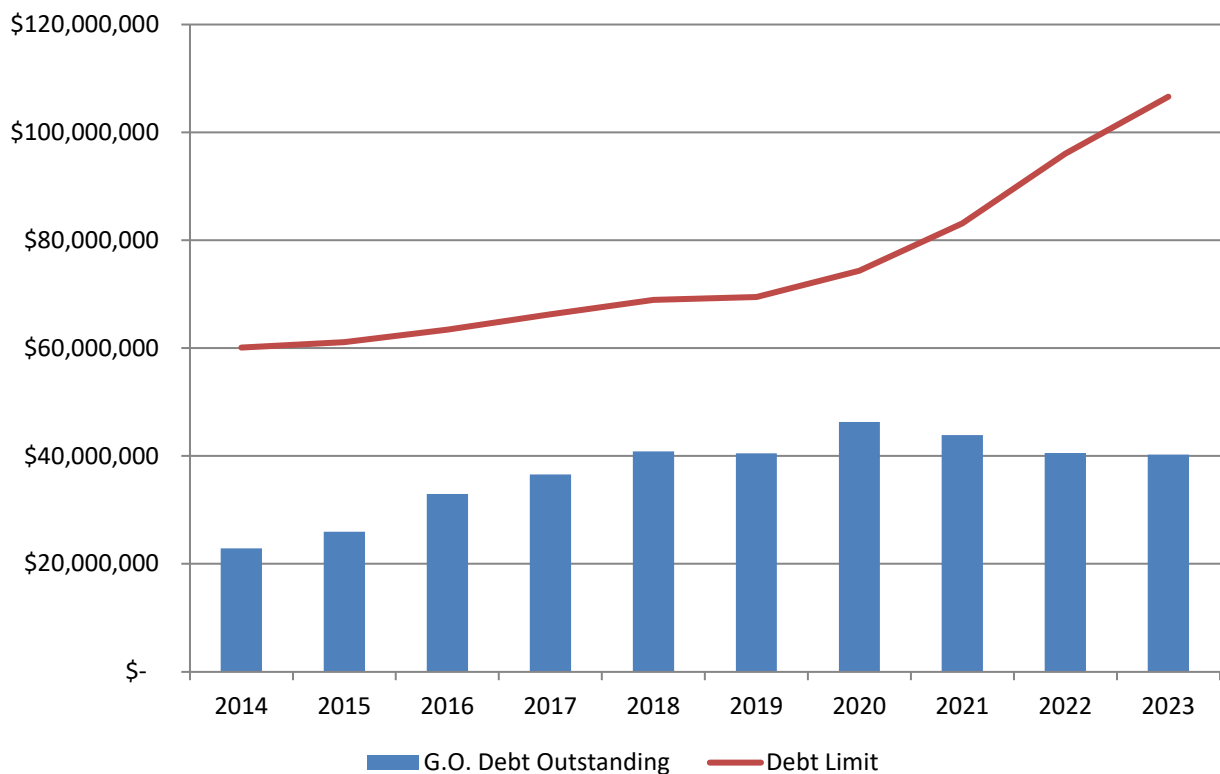
It is the Village's practice to issue debt for projects that cannot be financed from current revenues or reserves. Debt is paid back within a period of time not to exceed the useful life of the project being funded, which, in general, is at or below 20 years.

A benefit of issuing debt to pay for large projects is to allocate the payment of the project to those that benefit from the project. In other words, the debt payments will be made by future generations that use the asset acquired through the project rather than by previous generations that did not have access to the particular asset.

In general, the Village borrows every two to three years depending on the scheduled project in the CIP, as well as the current interest rates. Debt issues are structured to maintain level payments over the life of the outstanding debt in order to avoid large fluctuations in the tax rate.

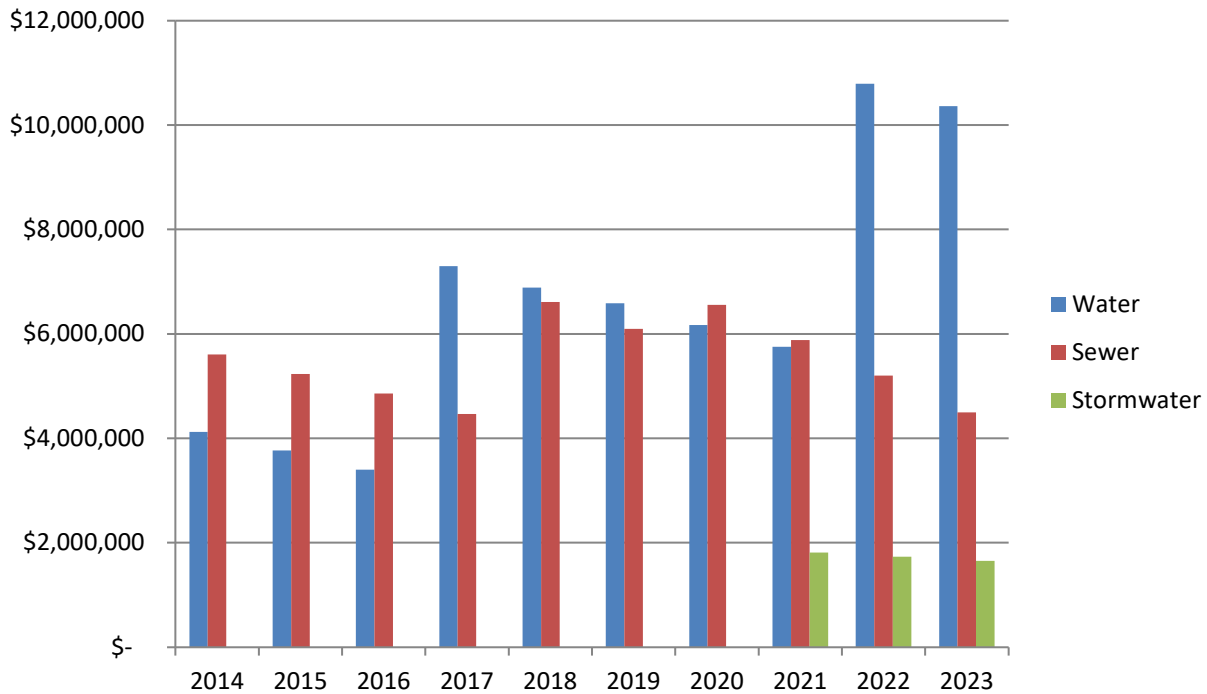
General obligation (G.O.) debt is external debt owed by the Village that is supported by the ability to levy property taxes to make the payments. Other than debt held for the utilities, most of the Village's external borrowing is G.O. debt. State statutes limit the amount of G.O. debt we are allowed to hold at 5% of our equalized value. In the past decade the Village completed several large infrastructure projects that resulted in the Village hitting 62.3% of the debt limit in 2020. As shown on the chart below, the Village in following its financial plans has drawn that debt load down to 37.8% in 2023, which is the best ratio in over 15 years. The Village has been able to stabilize its outstanding debt at about \$40 million for the past eight years.

What We Owe



Utility Debt

Revenue bonds are external debt owed by the Village utilities that is supported by future customer revenues. The revenue bonds held by the Water, Sewer and Stormwater Utilities are subject to debt covenants that require a certain level of revenues be pledged towards payment of the debt. Each month, the pledged portion is segregated into a separate fund and the cash is reserved for the upcoming debt payments. Reserve funds are established when the debt is issued and is intended to subsidize any future decrease in revenues that results in an inability to make debt payments. Throughout the debt, the reserve funds have not been needed.



The Water Utility reduced the existing debt before the 2017 borrowing for radium costs. During 2018 and 2019, the Water Utility incurred additional debt in the form of Revenue Bond Anticipation Notes (BANs) of \$5,105,000, which are not included in the chart until the permanent financing is shown in the 2022 data. Radium costs will impact water rates for at least 15 years, but the Village held rate increases to 26% versus the 75% rate increase the PSC (the State agency that regulates rates) wanted in order to cushion the impact to customers. The Sewer Utility debt is about one-third from the 2007 plant expansion and two-thirds from road program associated utility costs. The stormwater debt is tied to the Village's road program. Debt is likely to increase for this utility.



Well 5 Watertower

Where We Are Going

Within the next 10 years, the population of the Village is expected to increase to about 17,000 and the Village will reach its boundary limit with the Village of Lisbon. This makes the decade incredibly important to address the needs of that growth and provide the Village with a sustainable future. Here are some of the changes for the next decade.

Downtown Development

The Sussex Downtown continues to adjust with a walkable center, new construction, re-use of older buildings and economic revitalization. About 1,000 new residents have moved into the downtown, adding to a core base to support downtown retail. There will be a continued emphasis on downtown special events and community gathering to spur a quality of life for the community. Long term this will be an important area for redevelopment and growth after the boundary is reached and no new green development is possible.

Village Park Master Plan

With The Grove completed, the rest of the Village Park update will occur over the next four years, with a goal that the park has been refreshed and ready to meet the needs of a community of 17,000 by the 75th Anniversary of the park in 2028.

Village Infrastructure

The Village will focus on the sustainable roadway and utility infrastructure maintenance to ensure 13–15 year cycles with 60-plus year lifespans for the most efficient use of resources and quality of experience for the residents. The goal over the next decade is get to a place where these costs are built into the annual budget so as to avoid long-term borrowing once growth is done. At the end of the decade, there may be need for one more well in the water system, but the Wastewater Treatment Plant is sized for Village needs (the plant will double in size for growth in Menomonee Falls).

Other Projects

The Village will continue to see older neighborhoods transition to younger families, driving the median age younger. The last farmland of the Village will develop over the next decade (along Plainview Road) and along STH 164. Some infill projects will remain to develop. Some type of transition on commercial properties will likely occur as that market adjusts to new shopping behaviors. You'll see some industrial expansions, but no new business parks, as there is no land to develop on. By the end of the decade you'll see a significant shift in staffing, as positions move from growth mode to maintenance mode and the different needs therein are addressed.

Pauline Haass Public Library

The Library Board is in the process of examining its needs for the future of the library, which will likely include expansion and remodeling needs at the existing Civic Campus location. The debt loads will have fallen by that expansion date to allow financing for the Library.



Main Street Block Party



Summer Dance Recital



Adults Over 50 Holiday Dinner Party

