

August 23, 2024

Village Board
Sussex, Wisconsin

Dear Village Board:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Sussex, Wisconsin (the "Village") for the year ended December 31, 2023. Professional standards require that we provide you with the following information related to the audit:

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 16, 2023, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit accordingly to the planned scope, timing, and with respect to significant risks identified by us, all of which were previously communicated in our letter dated March 27, 2024, in addition to our engagement letter dated August 16, 2023, accepted by management.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village of Sussex are described in Note 1 to the financial statements. A new accounting policy related to Governmental Accounting Standards Board Statement 96, Subscription-Based Information Technology Arrangements was implemented during the year and was determined to have no significant impact on the financial statements.

We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements were the significant useful lives in calculating accumulated depreciation, the allowance for doubtful accounts receivable, and the net pension liability.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

The completion of our audit was delayed because accounts were not reconciled until May and June 2024 for us to complete our audit testing.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 23, 2024.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Village's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

Required Supplementary Information Accompanying Audited Financial Statements

We applied certain limited procedures to the management discussion and analysis, the budgetary comparison schedules, and the schedule of proportionate share of the net pension liability (asset) and contributions – Wisconsin Retirement System, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Supplementary Information Accompanying Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Internal Control Matters

In planning and performing our audit of the financial statements of the Village of Sussex, Wisconsin as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Village's internal control over financial reporting (internal control) as a basis for designing our audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing opinions on the effectiveness of the Village's internal control. Accordingly, we do not express opinions on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore significant deficiencies or material weaknesses may exist that have not been identified. However, as listed below, we identified a deficiency in internal control that we consider to be a material weakness and deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and corrected on a timely basis. We identified a deficiency in internal control, as listed as item 2023-001 that we consider to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies as listed as items 2023-002 and 2023-003 to be significant deficiencies.

This communication is intended solely for the information and use of Village Board and, if appropriate, management of the Village of Sussex, and is not intended to be, and should not be used by anyone other than these specified parties.

We appreciate the opportunity to be of service to Village of Sussex, Wisconsin.

Sincerely,



Wipfli LLP

Village of Sussex, Wisconsin

Schedule of Findings and Responses (Continued)

Section I - Audit Findings in Relation to Financial Statements

2023-001

Account Reconciliations

Criteria or Specific Requirement: An accounting system should provide timely and accurate information for management. The reconciliation of account balances is an integral internal control activity to determine that stated account balances are accurate and fairly reported. Village management and accounting personnel should reconcile general ledger accounts to subsidiary ledgers and other supporting documents in a timely and effective manner.

Condition: Improperly designed internal controls and account reconciliation procedures allowed for the Village to perform inadequate reconciliation of the following accounts: cash, capital assets, accounts payable, and debt as explained below.

- The software conversion caused issues with the bank reconciliation process and that delayed completion of the bank reconciliations. The procedure was not completed until June 2024 resulting in variance material transactions not being identified and accounted for properly until that time.
- Capital assets records were not updated and reconciled until June 2024 resulting in various material adjustments to the cost and accumulated depreciation of capital assets.
- Accounts payable balances were not reconciled until May 2024 resulting in material journal entries to reverse prior year transactions, record amounts in the proper fund and reverse current year charged made to accounts payable incorrectly.
- Various debt transactions including debt payments and amortization of bond premiums were not entered in the accounting system and reconciled until May 2024.

Context: In planning and performing our audit procedures, we obtained an understanding of the design and implementation of internal controls for significant audit risk and performed audit procedures assessing the effectiveness of internal controls. Additionally, we performed substantive audit procedures to obtain audit evidence verifying the completeness, validity, and accuracy of the financial records.

Effect: Without performing adequate account reconciliations, information provided to management is inaccurate. Also, the probability that fraud or material errors will occur and go undetected generally increases.

Cause: The Village did not perform adequate reconciliations of cash, capital assets, accounts payable, and debt to verify the completeness, validity, and accuracy of their financial records.

Repeat: No

Auditor's Recommendations: Village management should implement policies and procedures requiring accountability to monitor the accuracy of monthly reconciliations. This would allow the Village to ensure completeness and accuracy, enhancing the control system in the accounting department. Management personnel involved in the reconciliation process should sign supporting documentation to attest that not only the process was complete, but it also had been reviewed.

View of Responsible Officials: The Village agrees with the finding and will appropriately record all transactions in the future.

Village of Sussex, Wisconsin

Schedule of Findings and Responses (Continued)

2023-002

Financial Statement Preparation

Criteria or Specific Requirement: Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including the related disclosures, in conformity with U.S. generally accepted accounting principles (GAAP).

Condition: The Village does not have an internal control policy in place over annual financial reporting that would enable management to prepare its annual financial statements and ensure related footnote disclosures are complete and presented in accordance with GAAP.

Context: The Village does not currently prepare its annual financial statements in accordance with GAAP.

Effect: The completeness of the financial statement disclosures and the accuracy of the overall financial presentation is negatively impacted as external auditors do not have the same comprehensive understanding of the Village as its internal staff.

Cause: The Village relies on the audit firm to prepare the annual financial statements and related footnote disclosures. However, the Village Board has reviewed and approved the annual financial statements and related footnote disclosures.

Auditor's Recommendation: Management should continue to review and approve the annual financial statements and related footnote disclosures.

2023-003

Improper Segregation of Duties

Criteria or Specific Requirement: Internal controls should be in place that provide reasonable assurance that not one individual handles a transaction from its inception to its completion.

Condition: The size of the Village's staff in charge of accounting and reporting functions indicates a lack of segregated duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction, which decreases the likelihood that unauthorized or false transactions will be prevented, or detected and corrected, in a timely manner.

Context: The Village should have adequate staffing to properly segregate duties.

Effect: As a result of this condition, there is a higher risk that errors or irregularities could occur and not be detected and corrected within a timely period.

Cause: The Village has a limited number of staff to allow for adequate segregation of duties.

Auditor's Recommendation: Management and the Board's close supervision and review of accounting information appears to be the most economical and appropriate manner to help prevent and detect errors and irregularities in the Village's accounting and financial reporting.

Village of Sussex, Wisconsin

Sussex, Wisconsin

Annual Financial Report

December 31, 2023

Village of Sussex, Wisconsin

Year Ended December 31, 2023

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Village of Sussex, Wisconsin

Year Ended December 31, 2023

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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, 2023, 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, 2023, 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
August 23, 2024
Madison, Wisconsin

Management's Discussion and Analysis



Management's Discussion and Analysis (Unaudited) As of and for the Year Ended December 31, 2023

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, 2023 and 2022.

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 2023 by \$108.5 million compared to the 2022 excess of 102.9 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 \$5.6 million in 2023 compared to an increase of \$11.6 million in 2022. 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 \$9.2 million, an increase of about \$2.7 million 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 increased \$2.8 million after the collection of taxes and operating transfers in to pay debt obligations. The General Capital Projects Fund increased \$468,110 mainly due to an issuance of debt to pay for the 2023 road program. TIF #6 decreased slightly at less than \$0.2 million as funds were used to call future debt earlier than scheduled. TIF #7 increased slightly due to payment of debt charges debt. Non-major funds showed increases in fund balance except for the Recreation Scholarship Fund for an overall increase of \$0.4 million. The increases were mainly a result of the collection of Park Impact Fees and use of ARPA funds received in a prior year for park projects.
- 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, 2023 the combined balance of General Fund assigned and unassigned funds is \$6.1 million and represents 64.1% of the 2024 budgeted expenditures as defined in the policy.
- The Village of Sussex's total debt showed a net decrease of \$0.5 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 liability that was \$1,041,790 as of December 31, 2023 after reporting a pension asset of \$1,505,402 as of December 31, 2022. This change was due primarily to decreased investment returns in 2023. 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, 2023**

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
(Unaudited)
As of and for the Year Ended December 31, 2023**

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 general capital projects fund, the TIF #6 capital projects fund, and the TIF #7 capital projects fund, all of which are considered to be major funds. 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 71 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 - 70 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.

**Village of Sussex
Management's Discussion and Analysis
(Unaudited)
As of and for the Year Ended December 31, 2023**

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	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Current and other assets	\$ 23,213,918	\$ 22,406,651	\$ 11,902,445	\$ 12,880,696	\$ 35,116,363	\$ 35,287,347
Capital assets	53,367,412	52,423,148	92,922,451	91,852,649	146,289,863	144,275,797
Total assets	<u>76,581,330</u>	<u>74,829,799</u>	<u>104,824,896</u>	<u>104,733,345</u>	<u>181,406,226</u>	<u>179,563,144</u>
Deferred outflows of resources						
Pension benefits	<u>2,761,235</u>	<u>2,037,208</u>	<u>1,151,045</u>	<u>918,164</u>	<u>3,912,280</u>	<u>2,955,372</u>
Current and other liabilities	1,815,283	6,198,005	1,604,344	1,919,410	3,419,627	8,117,415
Long-term liabilities	42,797,911	39,653,909	16,085,802	17,035,478	58,883,713	56,689,387
Total liabilities	<u>44,613,194</u>	<u>45,851,914</u>	<u>17,690,146</u>	<u>18,954,888</u>	<u>62,303,340</u>	<u>64,806,802</u>
Deferred inflows of resources						
Property taxes	11,779,794	10,275,174	-	-	11,779,794	10,275,174
Other	65,181	524,196	-	-	65,181	524,196
Pension benefits	1,551,162	2,435,529	647,457	1,107,551	2,198,619	3,543,080
Special assessments	-	-	437,205	483,711	437,205	483,711
Total deferred inflows	<u>13,396,137</u>	<u>13,234,899</u>	<u>1,084,662</u>	<u>1,591,262</u>	<u>14,480,799</u>	<u>14,826,161</u>
Net position						
Net investment in capital assets	25,626,407	24,581,881	74,850,039	72,338,743	100,476,446	84,683,756
Restricted	3,684,900	1,543,092	6,454,199	6,973,510	10,139,099	8,968,219
Unrestricted	<u>(7,978,073)</u>	<u>(8,344,779)</u>	<u>5,896,895</u>	<u>5,793,106</u>	<u>(2,081,178)</u>	<u>(2,407,539)</u>
Total net position	<u>\$ 21,333,234</u>	<u>\$ 17,780,194</u>	<u>\$ 87,201,133</u>	<u>\$ 85,105,359</u>	<u>\$ 108,534,367</u>	<u>\$ 102,885,553</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 \$100.5 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, \$10.1 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is \$(2.1) million.

The government's net position increased by about \$5.6 million during the current fiscal year. There was an increase of about \$3.6 million in the governmental activities, while the business-type activities had an increase in net position of about \$2.1 million.

**Village of Sussex
Management's Discussion and Analysis
(Unaudited)
As of and for the Year Ended December 31, 2023**

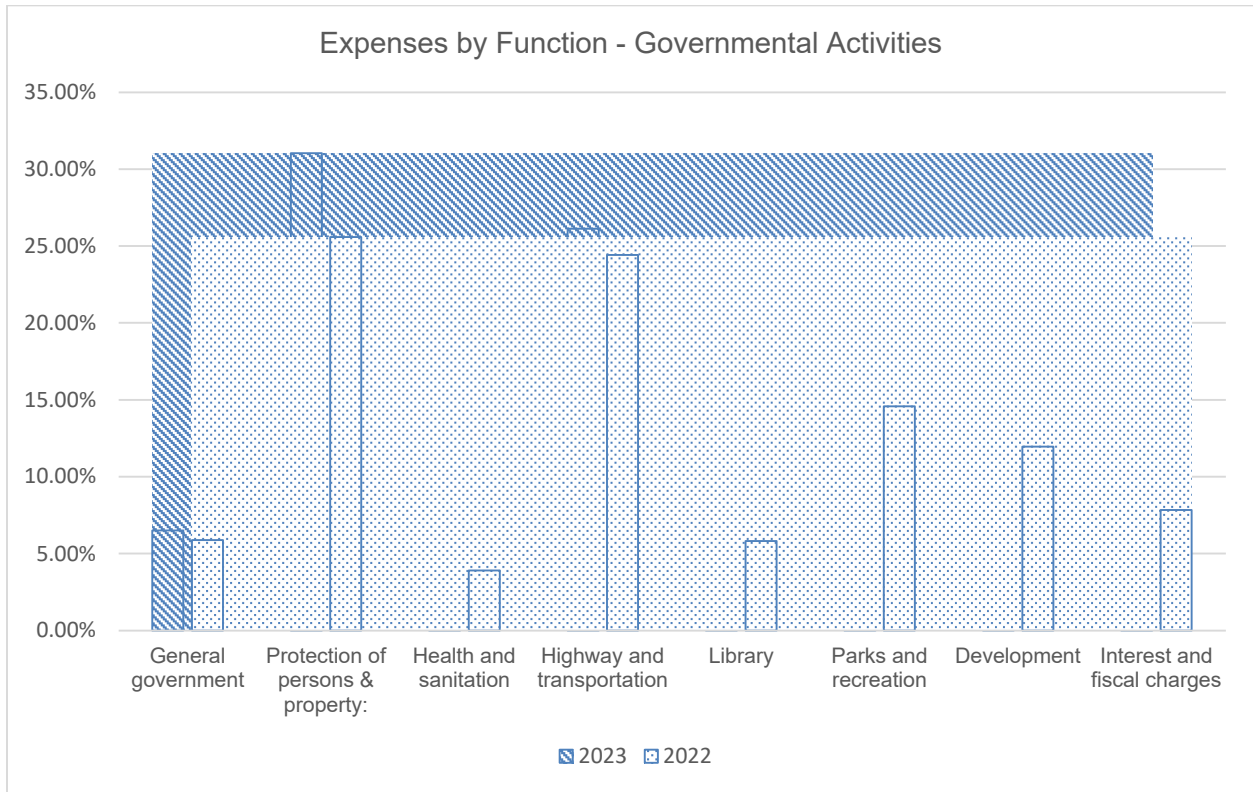
Governmental activities. Governmental activities often show a decrease in the Village of Sussex's net position as a result of depreciation of capital assets; however, 2023 again resulted in an increase of \$5,648,814 compared to an increase for 2022 of \$3,222,758. Most of the increase for 2023 was due to the collection of an increased amount of property taxes and the addition of roads by developers, and interest income offset by the costs of the 2023 road program.

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

VILLAGE OF SUSSEX'S CHANGES IN NET POSITION

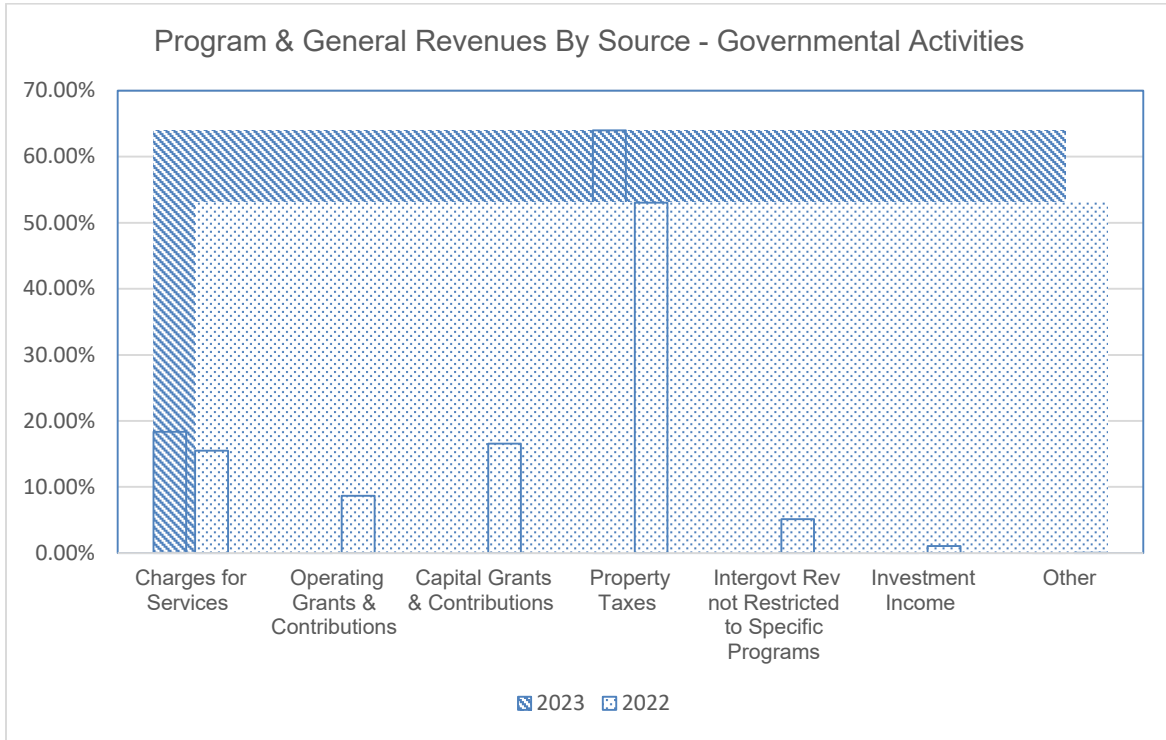
	Governmental Activities		Business-type Activities		Total	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Revenues						
Program revenues						
Charges for services	\$ 2,960,067	\$ 2,698,751	\$ 6,752,094	\$ 6,497,589	\$ 9,712,161	\$ 9,196,340
Operating grants and contributions	1,668,561	1,510,351	-	-	1,668,561	1,510,351
Capital grants and contributions	56,600	2,885,481	2,448,363	8,288,926	2,504,963	11,174,407
General revenues						
Property taxes	10,310,483	9,236,619	-	-	10,310,483	9,236,619
Intergovernmental revenues not restricted to specific programs	533,470	894,651	-	-	533,470	894,651
Investment income	571,254	181,154	380,861	225,802	952,115	406,956
Other	10,350	7,957	891	-	11,241	7,957
Total revenues	<u>16,110,785</u>	<u>17,414,964</u>	<u>9,582,209</u>	<u>15,012,317</u>	<u>25,692,994</u>	<u>32,427,281</u>
Expenses						
General government	882,415	852,012	-	-	882,415	852,012
Public safety	4,207,274	3,698,006	-	-	4,207,274	3,698,006
Highway and transportation	3,541,954	3,530,487	-	-	3,541,954	3,530,487
Health and sanitation	647,569	563,685	-	-	647,569	563,685
Library	861,969	841,831	-	-	861,969	841,831
Parks and recreation	2,170,104	2,109,588	-	-	2,170,104	2,109,588
Development	80,883	1,728,073	-	-	80,883	1,728,073
Interest and fiscal charges	1,163,667	1,131,317	-	-	1,163,667	1,131,317
Water	-	-	2,826,955	2,712,616	2,826,955	2,712,616
Sewer	-	-	2,906,477	2,878,289	2,906,477	2,878,289
Stormwater	-	-	744,188	683,426	744,188	683,426
Community Development Authority	-	-	10,725	-	10,725	-
Total expenses	<u>13,555,835</u>	<u>14,454,999</u>	<u>6,488,345</u>	<u>6,274,331</u>	<u>20,044,180</u>	<u>20,729,330</u>
Increase (Decrease) in net position before special items and transfers	2,554,950	2,959,965	3,093,864	8,737,986	5,648,814	11,697,951
Special items	-	-	-	(56,834)	-	(56,834)
Transfers	998,090	262,793	(998,090)	(262,793)	-	-
Increase (decrease) in net position	<u>3,553,040</u>	<u>3,222,758</u>	<u>2,095,774</u>	<u>8,418,359</u>	<u>5,648,814</u>	<u>11,641,117</u>
Net position - January 1	<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>
Net position - December 31	<u>\$ 21,333,234</u>	<u>\$ 17,780,194</u>	<u>\$ 87,201,133</u>	<u>\$ 85,105,359</u>	<u>\$ 108,534,367</u>	<u>\$ 102,885,553</u>

**Village of Sussex
Management's Discussion and Analysis
(Unaudited)
As of and for the Year Ended December 31, 2023**



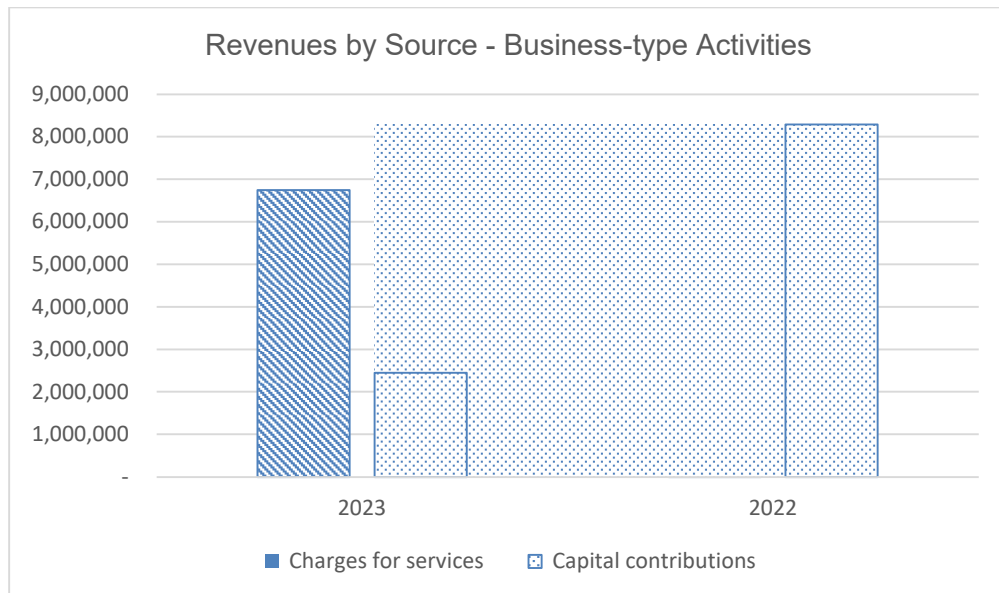
The largest increase is in the area of Protection of persons & property as a result of depreciation on capital assets and changes in net pension expense. Development decreased because of TIF expenses being completed in 2023 compared to 2022. All other areas remained fairly stable between 2023 and 2022.

**Village of Sussex
Management's Discussion and Analysis
(Unaudited)
As of and for the Year Ended December 31, 2023**

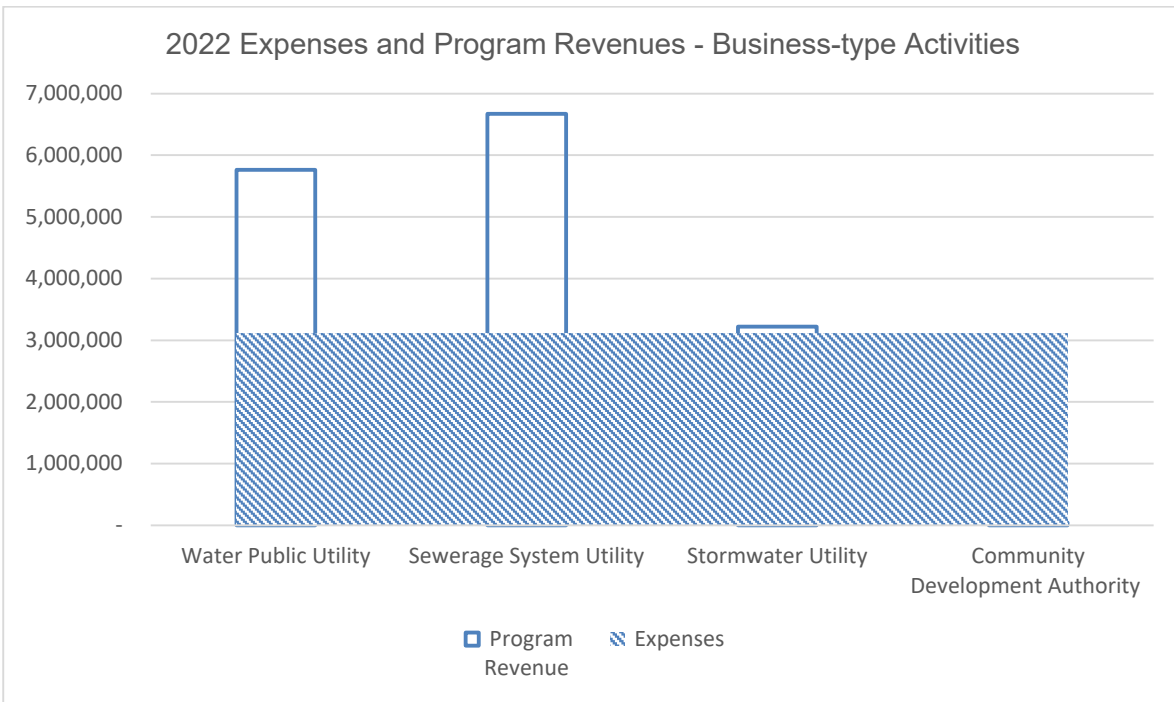
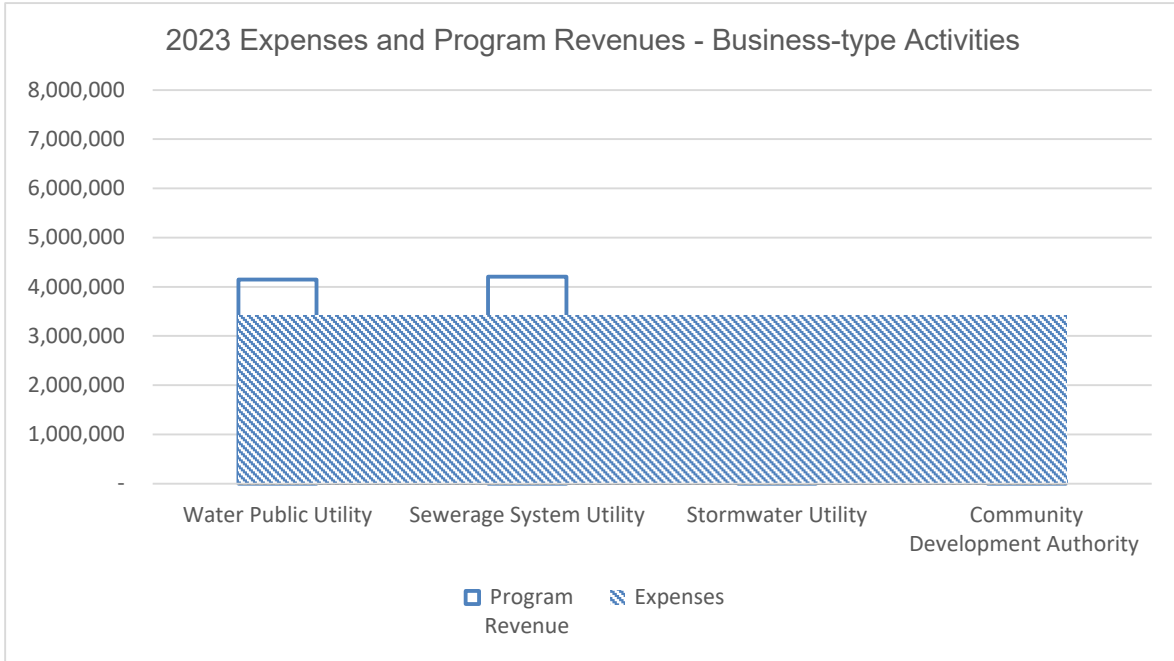


Taxes continue to be the main source of revenue for governmental funds.

Business-type activities. Business-type activities increased the Village of Sussex's net position by \$2,095,774 in 2023 compared to an increase of \$8,418,359 in 2022. Increases in the Water, Sewer and Stormwater Utilities and the CDA were \$731,631, \$869,342, \$444,054 and \$50,747 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, 2023**



**Village of Sussex
Management's Discussion and Analysis
(Unaudited)
As of and for the Year Ended December 31, 2023**

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 2023, the Village of Sussex's governmental funds reported combined ending fund balances of \$9.23 million compared to the 2022 ending balance of \$6.54 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 \$16,932 represents assets that are not readily convertible to cash, the majority in the form of inventory and prepaid expenses.
- Restricted – the balance of \$4,678,679 represents funds that have constraints on them by third parties such as creditors, grantor, laws or enabling legislation.
- Committed – the balance of \$240,839 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 \$7,197,833 represents funds that have been set aside for specific purposes.
- Unassigned – these are residual funds available. At December 31, 2023 this balance was (\$2,899,652) 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 2023, the balance was \$6,372,742 compared to the ending balance of \$7,165,382 in 2022.

The fund balance of the Village of Sussex's general fund decreased on a budgetary basis by \$2.3 million during the current fiscal year compared to a budget of expenditures equaling revenues. 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 \$1,873,981 under budget. In addition, revenues were \$1,573,376 under the final budget. Revenues over budget were mainly for building permits 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 \$255,825. The payments and transfers were to cover purchases for the IT department, parks and public works. Supply chain issues delayed the purchases from previous years. Appropriations of \$1,630,831 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 \$200,076 which was interest earned, insurance proceeds, library capital project reimbursement, fire department grant funds and public improvement revenues for tree preservation

**Village of Sussex
Management's Discussion and Analysis
(Unaudited)
As of and for the Year Ended December 31, 2023**

There are two debt service funds with a total fund balance of about \$2.8 million, 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 2023 amounted to \$1.02 million, \$4.38 million, \$94,083 and \$406,842 respectively compared to \$0.71 million, \$4.32 million, \$406,687 and \$356,095 respectively for 2022. The changes in the total net position for the funds were increases of \$731,631, \$869,342, \$444,054 and \$50,747 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, 2023. 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

One budget amendment was adopted relating to the 2023 budget of the General Fund. The General Fund amendment was made to account increases in charges for public services such as garbage fees and recreation programs. The General Fund expenditure budget was amended to show additional expenditures related to Parks and Recreation to cover additional costs for programming which are offset by user charges as well as increased sanitation fees because of increase in development.

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, 2023, amounts to \$146.3 million compared to \$144.3 million at December 31, 2022. 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)
As of and for the Year Ended December 31, 2023**

Major capital assets include the following:

VILLAGE OF SUSSEX'S NET INVESTMENT IN CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Land	\$ 2,477,995	\$ 2,477,995	\$ 483,992	\$ 483,992	\$ 2,961,987	\$ 2,961,987
Construction in progress	442,547	59,523	1,781,268	-	2,223,815	59,523
Buildings	14,550,667	14,795,428	6,913,142	7,200,560	21,463,809	21,995,988
Land improvements	2,256,582	2,353,220	-	-	2,256,582	2,353,220
Machinery & equipment	4,544,558	4,612,243	8,845,307	9,062,619	13,389,865	13,674,862
Infrastructure	29,095,063	28,127,739	74,898,742	75,105,478	103,993,805	103,233,217
Total	\$ 53,367,412	\$ 52,426,148	\$ 92,922,451	\$ 91,852,649	\$ 146,289,863	\$ 144,278,797

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 \$60.1 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 \$1.03 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	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
General obligation bonds & notes	\$ 40,265,000	\$ 40,265,000	\$ 200,000	\$ 300,000	\$ 40,465,000	\$ 40,565,000
State Infrastructure Bank Loan	703,018	729,319	-	-	703,018	729,319
Revenue bonds	-	-	16,513,084	17,724,379	16,513,084	17,724,379
Net pension liability	735,000	-	306,790	-	1,041,790	-
Compensated absences	252,248	292,422	75,443	103,618	327,691	396,040
Unamortized (discount)/premium	842,645	929,478	223,273	254,963	1,065,918	1,184,441
Total	\$ 42,797,911	\$ 42,216,219	\$ 17,318,590	\$ 18,382,960	\$ 60,116,501	\$ 60,599,179

The Village of Sussex's total debt decreased by \$0.5 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 2023 received a rating of Aa3. The revenue bonds of the Sewer and Stormwater Utilities are Aa3.

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 \$113.0 million which is significantly in excess of the Village of Sussex's outstanding general obligation debt of \$40.5 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.

**Village of Sussex
Management's Discussion and Analysis
(Unaudited)
As of and for the Year Ended December 31, 2023**

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for Waukesha County at December 31, 2023 is 2.4%. This compares favorably to the state's December unemployment rate of 3.4%. 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 2023.

The Village's 2024 adopted budget increased by approximately \$2.14 million compared to the 2023 budget or approximately 15%. 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 \$1,214,000. In the 2024 budget, the Fire Department continues to add funding for staff to be in the station around the clock. Parks and Recreation continue to increase as programs continue their popularity and seasonal staffing costs continue to increase. Debt service decreased about \$215,000. All other areas of the budget showed minor increases as well.

During 2023, the Village experienced an increase in state transportation aid of about \$88,500 from the prior budget. The 2024 transportation aid is anticipated to increase almost \$25,000 as a result of the past spending on road projects. State shared revenues are expected to increase by about \$285,000. Other state aids are expected to remain at or slightly higher than the 2023 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 (2023) and Stormwater Utilities (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, 2022.

Interest rates have seen an increase during 2023 and all funds' interest earnings exceeded their budgets for 2023. 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 \$4,037,084 in 2014 to \$6,372,742 in 2023. 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 2023. During 2023, funds that were used for the 2023 road program. Also funds were used for the plow truck and accessory purchases, IT software and equipment, and park maintenance and improvements.

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, 2023

	Governmental Activities	Business Type Activities	Total	Component Unit
ASSETS				
Cash and investments	\$ 17,699,478	\$ 2,143,320	\$ 19,842,798	\$ 1,494,898
Receivables (net of allowance for uncollectible accounts)	8,315,422	593,673	8,909,095	199,023
Inventories and prepaid items	17,133	6,735	23,868	660
Restricted assets	-	5,784,156	5,784,156	1,432,248
Internal balances	(2,827,234)	2,827,234	-	-
Other assets				
Special assessments receivable	9,119	437,205	446,324	-
Extraordinary property loss	-	110,122	110,122	-
Capital assets (net of accumulated depreciation):				
Land	2,477,995	483,992	2,961,987	-
Construction in progress	442,547	1,781,268	2,223,815	-
Other capital assets	50,446,870	90,657,191	141,104,061	457,425
TOTAL ASSETS	<u>76,581,330</u>	<u>104,824,896</u>	<u>181,406,226</u>	<u>3,584,254</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	<u>2,761,235</u>	<u>1,151,045</u>	<u>3,912,280</u>	<u>664,659</u>
LIABILITIES				
Accounts payable and other current liabilities	602,199	255,730	857,929	45,872
Accrued interest payable	383,989	1,416	385,405	-
Payable from restricted assets:				
Current portion of long-term debt	-	1,232,788	1,232,788	-
Accounts payable and accrued interest payable	-	51,580	51,580	-
Due to other governments	603,727	-	603,727	153,293
Unearned revenue	225,368	62,830	288,198	-
Noncurrent liabilities:				
Due within one year	2,551,698	132,764	2,684,462	45,905
Due in more than one year	40,246,213	15,953,038	56,199,251	178,216
TOTAL LIABILITIES	<u>44,613,194</u>	<u>17,690,146</u>	<u>62,303,340</u>	<u>423,286</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	11,779,794	-	11,779,794	-
Other	65,181	-	65,181	-
Deferred inflows related to pension	1,551,162	647,457	2,198,619	376,111
Deferred special assessments	-	437,205	437,205	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>13,396,137</u>	<u>1,084,662</u>	<u>14,480,799</u>	<u>376,111</u>
NET POSITION				
Net investment in capital assets	25,626,407	74,850,039	100,476,446	455,558
Restricted:				
Reserve Capacity Assessments	-	1,678,269	1,678,269	-
Debt Service	2,381,286	1,736,969	4,118,255	-
Equipment Replacement and Depreciation	-	3,038,961	3,038,961	-
Park Impact Fees	1,303,614	-	1,303,614	-
Future Expansion	-	-	-	1,411,786
Library Books and Equipment	-	-	-	20,462
Unrestricted	<u>(7,978,073)</u>	<u>5,896,895</u>	<u>(2,081,178)</u>	<u>1,561,710</u>
TOTAL NET POSITION	<u>\$ 21,333,234</u>	<u>\$ 87,201,133</u>	<u>\$ 108,534,367</u>	<u>\$ 3,449,516</u>

VILLAGE OF SUSSEX, WISCONSIN

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government				
Governmental activities:				
General government	\$ 882,415	\$ 71,424	\$ 50,873	\$ -
Protection of persons & property:				
Police	2,146,005	160,833	3,256	-
Fire	1,712,052	404,985	81,119	2,607
Other protection	349,217	498,426	-	-
Health and sanitation	647,569	610,294	30,358	-
Highway and transportation	3,541,954	346,022	1,052,888	-
Library	861,969	-	-	-
Parks and recreation	2,170,104	702,502	435,158	53,993
Development	80,883	165,581	14,909	-
Interest and fiscal charges	1,163,667	-	-	-
Total governmental activities	<u>13,555,835</u>	<u>2,960,067</u>	<u>1,668,561</u>	<u>56,600</u>
Business type activities				
Water	2,826,955	3,159,225	-	843,079
Sewer	2,906,477	2,789,969	-	1,199,601
Stormwater	744,188	802,900	-	405,683
Community Development Authority	10,725	-	-	-
Total business type activities	<u>6,488,345</u>	<u>6,752,094</u>	<u>-</u>	<u>2,448,363</u>
Total	<u>\$ 20,044,180</u>	<u>\$ 9,712,161</u>	<u>\$ 1,668,561</u>	<u>\$ 2,504,963</u>
Component unit				
Pauline Haass Public Library	<u>\$ 1,402,428</u>	<u>\$ 18,089</u>	<u>\$ 1,348,258</u>	<u>\$ 41,820</u>

General revenues:

- Taxes
- Intergovernmental revenues not restricted to specific programs
- Investment income
- Miscellaneous
- Gain on sale of property
- 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 Activities	Business Type Activities	Totals	Component Unit
\$ (760,118)	\$ -	\$ (760,118)	\$ -
(1,981,916)	-	(1,981,916)	-
(1,223,341)	-	(1,223,341)	-
149,209	-	149,209	-
(6,917)	-	(6,917)	-
(2,143,044)	-	(2,143,044)	-
(861,969)	-	(861,969)	-
(978,451)	-	(978,451)	-
99,607	-	99,607	-
<u>(1,163,667)</u>	<u>-</u>	<u>(1,163,667)</u>	<u>-</u>
<u>(8,870,607)</u>	<u>-</u>	<u>(8,870,607)</u>	<u>-</u>
-	1,175,349	1,175,349	-
-	1,083,093	1,083,093	-
-	464,395	464,395	-
-	<u>(10,725)</u>	<u>(10,725)</u>	<u>-</u>
-	<u>2,712,112</u>	<u>2,712,112</u>	<u>-</u>
<u>(8,870,607)</u>	<u>2,712,112</u>	<u>(6,158,495)</u>	<u>-</u>
-	-	-	<u>5,739</u>
10,310,483	-	10,310,483	-
533,470	-	533,470	-
571,254	380,861	952,115	45,773
10,350	-	10,350	8,708
-	891	891	-
<u>998,090</u>	<u>(998,090)</u>	<u>-</u>	<u>-</u>
<u>12,423,647</u>	<u>(616,338)</u>	<u>11,807,309</u>	<u>54,481</u>
3,553,040	2,095,774	5,648,814	60,220
<u>17,780,194</u>	<u>85,105,359</u>	<u>102,885,553</u>	<u>3,389,296</u>
<u>\$ 21,333,234</u>	<u>\$ 87,201,133</u>	<u>\$ 108,534,367</u>	<u>\$ 3,449,516</u>

VILLAGE OF SUSSEX, WISCONSIN

BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2023

	General	General Obligation Debt Service Fund
ASSETS		
Cash and investments	\$ 9,565,352	\$ 3,853,129
Receivables		
Taxes	4,513,967	1,822,496
Accounts	268,365	-
Special assessments	9,119	-
Notes	-	-
Due from other funds	531,096	-
Inventories and prepaid items	16,932	-
TOTAL ASSETS	\$ 14,904,831	\$ 5,675,625
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 509,386	\$ -
Accrued payroll	77,099	-
Due to other funds	-	-
Due to other governments	603,727	-
Unearned revenue	16,255	-
Total liabilities	1,206,467	-
Deferred Inflows of Resources		
Property taxes levied for subsequent year	7,260,441	2,910,350
Other	65,181	-
Total deferred inflows of resources	7,325,622	2,910,350
Fund Balances		
Nonspendable	16,932	-
Restricted	61,894	2,765,275
Committed	208,843	-
Assigned	6,048,094	-
Unassigned	36,979	-
Total fund balances	6,372,742	2,765,275
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 14,904,831	\$ 5,675,625

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 Capital Projects Fund	TIF #6 Capital Projects Fund	TIF #7 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,492,551	\$ 777,029	\$ 407,978	\$ 1,603,439	\$ 17,699,478
-	683,633	323,943	-	7,344,039
-	-	-	-	268,365
-	-	-	-	9,119
-	-	703,018	-	703,018
161,127	-	-	-	692,223
-	-	-	201	17,133
<u>\$ 1,653,678</u>	<u>\$ 1,460,662</u>	<u>\$ 1,434,939</u>	<u>\$ 1,603,640</u>	<u>\$ 26,733,375</u>

\$ 14,683	\$ -	754	\$ 16	\$ 524,839
-	-	-	261	77,360
-	1,792,223	1,727,234	-	3,519,457
-	-	-	-	603,727
-	-	-	209,113	225,368
<u>14,683</u>	<u>1,792,223</u>	<u>1,727,988</u>	<u>209,390</u>	<u>4,950,751</u>

-	1,091,696	1,220,325	-	12,482,812
-	-	-	-	65,181
<u>-</u>	<u>1,091,696</u>	<u>1,220,325</u>	<u>-</u>	<u>12,547,993</u>

-	-	-	-	16,932
547,896	-	-	1,303,614	4,678,679
-	-	-	31,996	240,839
1,091,099	-	-	58,640	7,197,833
-	(1,423,257)	(1,513,374)	-	(2,899,652)
<u>1,638,995</u>	<u>(1,423,257)</u>	<u>(1,513,374)</u>	<u>1,394,250</u>	<u>9,234,631</u>

<u>\$ 1,653,678</u>	<u>\$ 1,460,662</u>	<u>\$ 1,434,939</u>	<u>\$ 1,603,640</u>	
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53,367,412

703,018

475,073

(42,446,900)

\$ 21,333,234

VILLAGE OF SUSSEX, WISCONSIN

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

For the Year Ended December 31, 2023

	General Fund	General Obligation Debt Service Fund	General Capital Projects Fund	TIF #6 Capital Projects Fund
REVENUES				
Taxes	\$ 6,300,417	\$ 2,694,624	\$ -	\$ 1,074,321
Intergovernmental	1,409,795	-	-	-
Public improvement revenues	351,086	-	-	-
Licenses and permits	605,763	-	-	-
Fines, forfeitures and penalties	160,833	-	-	-
Public charges for services	1,662,269	-	-	-
Commercial revenues	168,836	23,048	11,143	15,069
Miscellaneous revenues	566,542	-	30,500	-
Total Revenues	11,225,541	2,717,672	41,643	1,089,390
EXPENDITURES				
Current				
General government	894,367	-	-	150
Protection of persons & property				
Police	2,106,073	-	-	-
Fire	1,416,551	-	-	-
Other protection	338,703	-	-	-
Health and sanitation	634,588	-	-	-
Highway and transportation	917,174	-	-	-
Library	786,460	-	-	-
Parks and recreation	1,732,004	-	-	-
Capital outlay	667,681	-	3,610,738	-
Debt service				
Principal retirement	-	1,890,000	-	-
Interest and fiscal charges	-	793,748	85,818	-
Total Expenditures	9,493,601	2,683,748	3,696,556	150
Excess (deficiency) of revenues over expenditures	1,731,940	33,924	(3,654,913)	1,089,240
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	2,915,000	-
Other sources (bond premium)	-	-	85,499	-
Transfers in	894,669	2,694,624	1,122,524	-
Transfers out	(3,419,249)	-	-	(1,275,765)
Total other financing sources (uses)	(2,524,580)	2,694,624	4,123,023	(1,275,765)
Net change in fund balances	(792,640)	2,728,548	468,110	(186,525)
FUND BALANCES (DEFICIT) -				
BEGINNING OF YEAR	7,165,382	36,727	1,170,885	(1,236,732)
FUND BALANCES (DEFICIT) -				
END OF YEAR	\$ 6,372,742	\$ 2,765,275	\$ 1,638,995	\$ (1,423,257)

TIF #7 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 241,121	\$ -	\$ 10,310,483
-	293,025	1,702,820
40,691	399,609	791,386
-	-	605,763
-	-	160,833
-	-	1,662,269
32,862	52,482	303,440
-	3,050	600,092
<u>314,674</u>	<u>748,166</u>	<u>16,137,086</u>
150	-	894,667
-	-	2,106,073
-	-	1,416,551
-	-	338,703
-	11,120	645,708
-	-	917,174
-	-	786,460
-	5,260	1,737,264
94,160	-	4,372,579
26,301	1,025,000	2,941,301
152,986	250,765	1,283,317
<u>273,597</u>	<u>1,292,145</u>	<u>17,439,797</u>
<u>41,077</u>	<u>(543,979)</u>	<u>(1,302,711)</u>
-	-	2,915,000
-	-	85,499
-	1,288,765	6,000,582
-	(307,478)	(5,002,492)
-	981,287	3,998,589
41,077	437,308	2,695,878
<u>(1,554,451)</u>	<u>956,942</u>	<u>6,538,753</u>
<u>\$ (1,513,374)</u>	<u>\$ 1,394,250</u>	<u>\$ 9,234,631</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, 2023

Net change in fund balances - total governmental funds	\$ 2,695,878
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.	944,264
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.	86,834
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.	(161,426)
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>(12,510)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 3,553,040</u></u>

VILLAGE OF SUSSEX, WISCONSIN

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 December 31, 2023

	Business Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Stormwater Utility	Community Development Authority	
ASSETS					
Current Assets					
Cash and investments	\$ 908,706	\$ 827,772	\$ -	\$ 406,842	\$ 2,143,320
Accounts receivable	260,691	259,661	73,321	-	593,673
Prepaid items	5,200	421	1,114	-	6,735
Restricted Assets					
Cash and investments	290,787	413,680	59,238	-	763,705
Current portion of advance to other governmental units	-	246,843	-	-	246,843
Total current assets	<u>1,465,384</u>	<u>1,748,377</u>	<u>133,673</u>	<u>406,842</u>	<u>3,754,276</u>
Non-Current Assets					
Land	254,310	178,630	51,052	-	483,992
Construction in progress	596,536	419,732	765,000	-	1,781,268
Property and equipment	48,184,593	61,041,744	25,784,595	-	135,010,932
Accumulated depreciation	(13,574,194)	(26,951,536)	(3,828,011)	-	(44,353,741)
Restricted Assets					
Cash and investments	1,765,856	1,923,214	305,121	-	3,994,191
Advance to other funds	-	2,000,000	-	-	2,000,000
Advance to other governmental units	-	779,417	-	-	779,417
Other Assets					
Advance to other funds	-	3,450,372	-	-	3,450,372
Special assessments receivable	337,782	99,423	-	-	437,205
Extraordinary property loss	-	110,122	-	-	110,122
Total non-current assets	<u>37,564,883</u>	<u>43,051,118</u>	<u>23,077,757</u>	<u>-</u>	<u>103,693,758</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pension	<u>512,614</u>	<u>494,138</u>	<u>144,293</u>	<u>-</u>	<u>1,151,045</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>39,542,881</u>	<u>45,293,633</u>	<u>23,355,723</u>	<u>406,842</u>	<u>108,599,079</u>

VILLAGE OF SUSSEX, WISCONSIN

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2023

	Business Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Stormwater Utility	Community Development Authority	
LIABILITIES					
Current liabilities - payable from current assets:					
Current portion of long-term debt	100,000	-	-	-	100,000
Compensated absences	19,890	12,874	-	-	32,764
Accounts payable	22,106	179,100	112	-	201,318
Accrued payroll	25,849	23,821	4,742	-	54,412
Accrued interest payable	1,416	-	-	-	1,416
Unearned revenue	61,929	901	-	-	62,830
Current liabilities - payable from restricted assets:					
Current portion of revenue bonds	430,000	717,788	85,000	-	1,232,788
Accrued interest payable	25,073	20,074	6,433	-	51,580
Total current liabilities	686,263	954,558	96,287	-	1,737,108
Long-term liabilities:					
General obligation debt	100,000	-	-	-	100,000
Revenue bonds	9,930,000	3,780,297	1,570,000	-	15,280,297
Net unamortized bond discount and premium	108,434	27,619	87,219	-	223,272
Compensated absences	15,382	27,297	-	-	42,679
Advance from other funds	755,860	-	1,867,278	-	2,623,138
Net pension liability	137,119	131,158	38,513	-	306,790
Total long-term debt	11,046,795	3,966,371	3,563,010	-	18,576,176
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension	289,379	276,800	81,278	-	647,457
Deferred special assessments	337,782	99,423	-	-	437,205
TOTAL DEFERRED INFLOWS	627,161	376,223	81,278	-	1,084,662
TOTAL LIABILITIES AND DEFERRED INFLOWS	12,360,219	5,297,152	3,740,575	-	21,397,946
NET POSITION					
Net investment in capital assets	24,961,049	30,600,051	19,288,939	-	74,850,039
Restricted:					
Reserve Capacity Assessments	559,239	1,119,030	-	-	1,678,269
Debt Service	264,298	1,419,866	52,805	-	1,736,969
Equipment Replacement and Depreciation	382,519	2,477,121	179,321	-	3,038,961
Unrestricted	1,015,557	4,380,413	94,083	406,842	5,896,895
TOTAL NET POSITION	\$ 27,182,662	\$ 39,996,481	\$ 19,615,148	\$ 406,842	\$ 87,201,133

VILLAGE OF SUSSEX, WISCONSIN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUNDS
For the Year Ended December 31, 2023

	Business Type Activities - Enterprise Funds				Total
	Water Utility	Sewer Utility	Stormwater Utility	Community Development Authority	
OPERATING REVENUES					
Sale of water	\$ 3,019,614	\$ -	\$ -	\$ -	\$ 3,019,614
Sewage collection charges	-	2,469,764	-	-	2,469,764
Stormwater charges	-	-	768,736	-	768,736
Other operating revenues	139,611	320,205	34,164	-	493,980
Total operating revenues	<u>3,159,225</u>	<u>2,789,969</u>	<u>802,900</u>	<u>-</u>	<u>6,752,094</u>
OPERATING EXPENSES					
Operation and maintenance	1,430,523	1,754,000	332,305	10,725	3,527,553
Depreciation and amortization	1,084,813	985,815	383,137	-	2,453,765
Total operating expenses	<u>2,515,336</u>	<u>2,739,815</u>	<u>715,442</u>	<u>10,725</u>	<u>5,981,318</u>
Operating income (loss)	<u>643,889</u>	<u>50,154</u>	<u>87,458</u>	<u>(10,725)</u>	<u>770,776</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	116,855	217,461	34,659	11,886	380,861
Interest expense	(311,619)	(166,662)	(28,746)	-	(507,027)
Total nonoperating revenues (expense)	<u>(194,764)</u>	<u>50,799</u>	<u>5,913</u>	<u>11,886</u>	<u>(126,166)</u>
Income before contributions and transfers	449,125	100,953	93,371	1,161	644,610
CAPITAL CONTRIBUTIONS	843,079	1,199,601	405,683	-	2,448,363
DISPOSAL OF VILLAGE PROPERTY	891	-	-	-	891
TRANSFERS IN	29,997	2,500	-	49,586	82,083
TRANSFERS OUT	(591,461)	(433,712)	(55,000)	-	(1,080,173)
Change in net position	731,631	869,342	444,054	50,747	2,095,774
TOTAL NET POSITION - BEGINNING OF YEAR	<u>26,451,031</u>	<u>39,127,139</u>	<u>19,171,094</u>	<u>356,095</u>	<u>85,105,359</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 27,182,662</u>	<u>\$ 39,996,481</u>	<u>\$ 19,615,148</u>	<u>\$ 406,842</u>	<u>\$ 87,201,133</u>

VILLAGE OF SUSSEX, WISCONSIN

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2023

	Business Type Activities - Enterprise Funds				
	Water Utility	Sewer Utility	Stormwater Utility	Community Development Authority	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 3,115,658	\$ 2,829,197	\$ 802,435	\$ -	\$ 6,747,290
Payments to vendors	(1,012,502)	(1,081,506)	(111,880)	(10,725)	(2,216,613)
Payments to employees	(438,078)	(653,321)	(204,566)	-	(1,295,965)
Payments to/from other funds	23,384	(27,513)	-	-	(4,129)
Net cash flows from operating activities	<u>1,688,462</u>	<u>1,066,857</u>	<u>485,989</u>	<u>(10,725)</u>	<u>3,230,583</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfer in	29,997	2,500	-	49,586	82,083
Transfer out	(591,461)	(433,712)	(55,000)	-	(1,080,173)
Net cash flows from noncapital financing activities	<u>(561,464)</u>	<u>(431,212)</u>	<u>(55,000)</u>	<u>49,586</u>	<u>(998,090)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on long-term debt	(530,000)	(701,294)	(80,000)	-	(1,311,294)
Interest and fiscal charges paid on long-term debt	(328,229)	(176,654)	(39,800)	-	(544,683)
Payment of advance from other fund	(29,997)	(56,214)	-	-	(86,211)
Reserve capacity assessments received	450,360	791,410	-	-	1,241,770
Principal received from other governmental units	-	240,089	-	-	240,089
Interest received from other governmental units	-	29,792	-	-	29,792
Collection of special assessment receivable	-	6,687	-	-	6,687
Acquisition and construction of capital assets	(996,090)	(599,083)	(821,630)	-	(2,416,803)
Sale of capital assets	891	-	-	-	891
Net cash from capital and related financing activities	<u>(1,433,065)</u>	<u>(465,267)</u>	<u>(941,430)</u>	<u>-</u>	<u>(2,839,762)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received on advance to other fund	-	74,379	-	-	74,379
Interest received on investments	116,855	113,290	34,659	11,886	276,690
Net cash from investing activities	<u>116,855</u>	<u>187,669</u>	<u>34,659</u>	<u>11,886</u>	<u>351,069</u>
Net increase (decrease) in cash and equivalents	<u>(189,212)</u>	<u>358,047</u>	<u>(475,782)</u>	<u>50,747</u>	<u>(256,200)</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>3,154,561</u>	<u>2,806,619</u>	<u>840,141</u>	<u>356,095</u>	<u>7,157,416</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,965,349</u>	<u>\$ 3,164,666</u>	<u>\$ 364,359</u>	<u>\$ 406,842</u>	<u>\$ 6,901,216</u>
Cash and Cash Equivalents per Statement of Net Position					
Unrestricted	\$ 908,706	\$ 827,772	\$ -	\$ 406,842	\$ 2,143,320
Restricted	2,056,643	2,336,894	364,359	-	4,757,896
	<u>\$ 2,965,349</u>	<u>\$ 3,164,666</u>	<u>\$ 364,359</u>	<u>\$ 406,842</u>	<u>\$ 6,901,216</u>

VILLAGE OF SUSSEX, WISCONSIN

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2023

	Business Type Activities - Enterprise Funds				
	Water Utility	Sewer Utility	Stormwater Utility	Community Development Authority	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income	\$ 643,889	\$ 50,154	\$ 87,458	\$ (10,725)	\$ 770,776
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization	1,084,813	985,815	383,137	-	2,453,765
Change in pension related assets, deferred outflows/inflows of resources, and liabilities	40,313	32,785	11,299	-	84,397
(Increase) decrease in assets:					
Accounts and notes receivable	(17,083)	39,227	(465)	-	21,679
Prepaid expenses	(967)	(115)	(999)	-	(2,081)
Increase (decrease) in liabilities:					
Accounts payable	(43,647)	(24,804)	(8,469)	-	(76,920)
Accrued payroll and compensated absences	7,628	(16,206)	2,195	-	(6,383)
Due to other funds		-	11,833	-	11,833
Other unearned revenues	(26,484)	1	-	-	(26,483)
Net cash flows provided (used) by operating activities	<u>\$ 1,688,462</u>	<u>\$ 1,066,857</u>	<u>\$ 485,989</u>	<u>\$ (10,725)</u>	<u>\$ 3,230,583</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital assets acquired through donation by developer	<u>\$ 392,719</u>	<u>\$ 408,191</u>	<u>\$ 405,683</u>	<u>\$ -</u>	<u>\$ 1,206,593</u>
Capital assets acquired in accounts payable at year end	<u>\$ -</u>	<u>\$ 113,811</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,811</u>

VILLAGE OF SUSSEX, WISCONSIN

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2023

	<u>Custodial Funds</u>
	<u>Tax Collection Fund</u>
ASSETS	
Cash and investments	7,741,378
Taxes receivable	11,353,887
TOTAL ASSETS	<u>19,095,265</u>
LIABILITIES	
Due to other taxing units	18,175,152
Deposits	920,113
TOTAL LIABILITIES	<u>19,095,265</u>
NET POSITION	<u>\$ -</u>

VILLAGE OF SUSSEX, WISCONSIN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended December 31, 2023

	<u>Custodial Funds</u>
	<u>Tax Collection Fund</u>
ADDITIONS	
Property tax collections for other governments	17,291,821
DEDUCTIONS	
Payments of property taxes to other governments	<u>17,291,821</u>
Change in net position	-
NET POSITION - BEGINNING OF YEAR	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ -</u>

Village of Sussex, Wisconsin

Notes to Financial Statements

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

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.

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

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

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

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. 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

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>	<u>Governmental</u>	<u>Business-type</u>
	<u>Activities</u>	<u>Activities</u>
	<u>Years</u>	
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

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

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

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

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

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the 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

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 2023 property tax levy to be recognized as revenue in 2024. The same is done for garbage charges included on the 2023 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

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

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, 2023 the combined balance is \$6,085,073 and represents 64.1% of the 2024 budgeted expenditures.

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

Note 1 Summary of Significant Accounting Policies (Continued)

Property taxes

Property tax receipts represent the receipts primarily generated by the 2022 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 – 2023 tax roll:

Lien date and levy date	December, 2023
Tax bills mailed	December, 2023
Payment in full or first installment due	January 31, 2024
Second installment due	March 31, 2024
Third installment due	May 31, 2024
Personal property taxes due in full	January 31, 2024
Tax sale – 2023 delinquent real estate taxes	October, 2027

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	\$ 124,529,307
Accumulated depreciation	<u>(71,161,895)</u>
Net capital assets	<u>\$ 53,367,412</u>

Village of Sussex, Wisconsin

Notes to Financial Statements

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	(703,018)
Compensated absences	(252,248)
Accrued interest, net of interest rebate receivable	(383,989)
Unamortized net debt discount and premium	<u>(842,645)</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ (42,446,900)</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	\$ 2,761,235
Net pension liability	(735,000)
Deferred inflows of resources	<u>(1,551,162)</u>
	<u>\$ 475,073</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	\$ 4,291,698
Depreciation expense	(3,343,079)
Net book value of assets disposed	<u>(4,355)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 944,264</u>

Village of Sussex, Wisconsin

Notes to Financial Statements

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	\$ (2,915,000)
Net debt discount and premium	(85,499)
Amortization of debt discount and premium	172,333
Principal repayments:	
General obligation debt	2,941,301
Principal repayment paid by developer	<u>(26,301)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 86,834</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	\$ 40,174
Accrued interest	<u>(52,684)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (12,510)</u>

Note 3 Stewardship, Compliance and Accountability

Violations of legal or contractual provisions

No violations occurred for the year ended December 31, 2023.

Deficit fund equity

As of December 31, 2023, the TIF #6 Capital Projects Fund had a deficit fund balance of \$1,423,257 and the TIF #7 Capital Projects Fund had a deficit fund balance of \$1,513,374. Both will be eliminated through the collection of future tax increments.

Village of Sussex, Wisconsin

Notes to Financial Statements

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 \$32,342,072 on December 31, 2023 as summarized below:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 15,073,335	\$ 8,457,550	Custodial credit risk
LGIP	16,278,976	16,278,976	Credit risk
Certificates of Deposit	988,994	988,994	Custodial credit risk
Petty Cash	767	-	
Total deposits and investments	<u>\$ 32,342,072</u>	<u>\$ 25,725,520</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 19,842,798		
Restricted cash and investments	4,757,896		
Per statement of net position - fiduciary fund			
Agency	<u>7,741,378</u>		
	<u>\$ 32,342,072</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

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, 2023, \$8,805,223 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 \$16,278,976 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, 2023, 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 Obligation Debt Service Fund	General Capital Projects Fund	TIF #6 Capital Projects Fund	TIF #7 Capital Projects Fund	Total
Receivables						
Taxes	\$ 4,513,967	\$ 1,822,496	\$ -	\$ 683,633	\$ 323,943	\$ 7,344,039
Accounts	192,416	-	-	-	-	192,416
Other Governments	153,293	-	-	-	-	153,293
Notes	-	-	-	-	703,018	703,018
Special assessments	9,119	-	-	-	-	9,119
Gross receivables	4,868,795	1,822,496	-	683,633	1,026,961	8,401,885
Less: Allowance for uncollectibles	77,344	-	-	-	-	77,344
Net total receivables	<u>\$ 4,791,451</u>	<u>\$ 1,822,496</u>	<u>\$ -</u>	<u>\$ 683,633</u>	<u>\$ 1,026,961</u>	<u>\$ 8,324,541</u>

All of the amounts above are expected to be collected within a year other than the \$703,018 in notes.

Village of Sussex, Wisconsin

Notes to Financial Statements

Note 6 Restricted Assets

Restricted assets on December 31, 2023 totaled \$7,784,156 and consisted of cash and investments of \$4,757,896, balances due from other governments of \$1,026,260 and balances due from other funds of \$2,000,000 held for the following purposes:

<u>Funds</u>	<u>Amount</u>	<u>Purpose</u>
Enterprise funds		
Water Utility		
Special redemption fund	\$ 290,787	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>559,239</u>	To account for fees collected from new development to pay for reserve capacity built in the water plant
Total Water Utility	<u>2,056,643</u>	
Sewer Utility		
Depreciation	1,719,041	To be used for the replacement of capital assets of the sewer utility
Debt service	1,439,940	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>1,119,030</u>	To account for fees collected from new development to pay for reserve capacity built in the wastewater treatment plant
Total Sewer Utility	<u>5,363,154</u>	
Stormwater Utility		
Debt service	59,238	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>179,321</u>	To accumulate funds for future equipment replacement
Total Stormwater Utility	<u>364,359</u>	
Total	<u>\$ 7,784,156</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, 2023 is as follows:

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 2,477,995	\$ -	\$ -	\$ 2,477,995
Construction in progress	59,523	383,024	-	442,547
Total capital assets, not being depreciated	<u>2,537,518</u>	<u>383,024</u>	<u>-</u>	<u>2,920,542</u>
Capital assets being depreciated				
Buildings	19,048,977	170,308	-	19,219,285
Land improvements	3,337,761	89,465	-	3,427,226
Machinery and equipment	7,856,313	354,115	26,127	8,184,301
Infrastructure	87,483,167	3,294,786	-	90,777,953
Subtotals	<u>117,726,218</u>	<u>3,908,674</u>	<u>26,127</u>	<u>121,608,765</u>
Less: accumulated depreciation for:				
Buildings	4,256,549	412,069	-	4,668,618
Land improvements	984,541	186,103	-	1,170,644
Machinery and equipment	3,244,070	417,445	21,772	3,639,743
Infrastructure	59,355,428	2,327,462	-	61,682,890
Subtotals	<u>67,840,588</u>	<u>3,343,079</u>	<u>21,772</u>	<u>71,161,895</u>
Total capital assets, being depreciated, net	<u>49,885,630</u>	<u>565,595</u>	<u>4,355</u>	<u>50,446,870</u>
Governmental activities capital assets, net	<u>\$ 52,423,148</u>	<u>\$ 948,619</u>	<u>\$ 4,355</u>	53,367,412
Less: Capital related debt				(27,446,256)
Less: Debt premium				(842,645)
Add: Unspent debt proceeds				547,896
Net investment in capital assets				<u>\$ 25,626,407</u>

Village of Sussex, Wisconsin

Notes to Financial Statements

Note 7 Capital Assets (Continued)

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 483,992	\$ -	\$ -	\$ 483,992
Construction in progress	-	1,781,268	-	1,781,268
Total capital assets, not being depreciated	<u>483,992</u>	<u>1,781,268</u>	<u>-</u>	<u>2,265,260</u>
Capital assets being depreciated				
Water Utility buildings and structures	5,559,336	-	-	5,559,336
Water Utility machinery and equipment	6,835,276	181,295	-	7,016,571
Water Utility infrastructure	35,139,792	468,891	-	35,608,683
Sewer Utility buildings and structures	6,067,555	16,224	-	6,083,779
Sewer Utility machinery and equipment	16,734,785	212,071	6,794	16,940,062
Sewer Utility infrastructure	37,616,400	401,505	-	38,017,905
Stormwater Utility buildings and structures	166,504	-	-	166,504
Stormwater Utility machinery & equip	423,777	56,630	-	480,407
Stormwater Utility infrastructure	<u>24,732,002</u>	<u>405,683</u>	<u>-</u>	<u>25,137,685</u>
Subtotals	<u>133,275,427</u>	<u>1,742,299</u>	<u>6,794</u>	<u>135,010,932</u>
Less: accumulated depreciation for:				
Water Utility buildings and structures	1,690,151	176,579	-	1,866,730
Water Utility machinery and equipment	1,717,044	317,490	-	2,034,534
Water Utility infrastructure	9,062,531	610,399	-	9,672,930
Sewer Utility buildings and structures	2,866,608	121,513	-	2,988,121
Sewer Utility machinery and equipment	13,057,871	327,559	6,794	13,378,636
Sewer Utility infrastructure	10,067,691	517,089	-	10,584,780
Stormwater Utility buildings and structures	36,076	5,550	-	41,626
Stormwater Utility machinery & equip	156,304	22,259	-	178,563
Stormwater Utility infrastructure	<u>3,252,494</u>	<u>355,327</u>	<u>-</u>	<u>3,607,821</u>
Subtotals	<u>41,906,770</u>	<u>2,453,765</u>	<u>6,794</u>	<u>44,353,741</u>
Total capital assets, being depreciated, net	<u>91,368,657</u>	<u>(711,466)</u>	<u>-</u>	<u>90,657,191</u>
Business-type activities capital assets, net	<u>\$ 91,852,649</u>	<u>\$ 1,069,802</u>	<u>\$ -</u>	<u>92,922,451</u>
Less: Capital related debt				(18,182,534)
Add: Extraordinary property loss				110,122
Add: Unspent debt proceeds				-
Net investment in capital assets				<u>\$ 74,850,039</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	2,602,665
Library	75,509
Parks and recreation	414,195
Total Governmental Activities	<u>\$ 3,343,079</u>

Business-type Activities

Water	\$ 1,084,813
Sewer	985,815
Stormwater	383,137
	<u>\$ 2,453,765</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, 2023:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Debt					
Bonds	\$ 29,955,000	\$ -	\$ 1,440,000	\$ 28,515,000	\$ 1,540,000
Notes	4,190,000	-	595,000	3,595,000	605,000
Community Development Bonds	6,120,000	2,915,000	880,000	8,155,000	380,000
Total General Obligation Debt	40,265,000	2,915,000	2,915,000	40,265,000	2,525,000
State Infrastructure Bank Loan	729,319	-	26,301	703,018	26,698
Debt (discount) and premium	929,478	85,499	172,332	842,645	-
Net pension liability	-	735,000	-	735,000	-
Compensated absences	292,422	-	40,174	252,248	-
Governmental Activities Long-Term Obligations	<u>\$ 42,216,219</u>	<u>\$ 3,735,499</u>	<u>\$ 3,153,807</u>	<u>\$ 42,797,911</u>	<u>\$ 2,551,698</u>

Village of Sussex, Wisconsin

Notes to Financial Statements

Note 8 Long-Term Obligations (Continued)

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Business-type Activities					
General Obligation Debt					
Notes	\$ 300,000	\$ -	\$ 100,000	\$ 200,000	\$ 100,000
Revenue Bonds	17,724,379	-	1,211,294	16,513,085	1,232,788
Debt (discount) and premium	254,963	-	31,691	223,272	-
Net pension liability	-	306,790	-	306,790	-
Compensated absences	103,618	-	28,175	75,443	32,764
Total Business-type Activities					
Long-Term Liabilities	<u>\$ 18,382,960</u>	<u>\$ 306,790</u>	<u>\$ 1,371,160</u>	<u>\$ 17,318,590</u>	<u>\$ 1,365,552</u>

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2023
Governmental Activities					
General Obligation Debt					
General Obligation Bonds	9/17/2013	9/1/2030	2.0 - 4.0	1,855,000	\$ 575,000
	10/13/2015	6/1/2035	2.0 - 3.25	4,490,000	3,415,000
	3/24/2016	3/1/2036	2.0 - 3.0	4,795,000	4,235,000
	11/1/2016	9/1/2036	2.0 - 2.6	3,100,000	2,465,000
	5/1/2017	3/1/2037	2.0 - 3.5	2,975,000	2,525,000
	12/1/2017	9/1/2037	2.0 - 3.15	2,500,000	2,200,000
	7/16/2018	3/1/2038	3.0 - 3.5	2,790,000	2,530,000
	8/14/2018	3/1/2038	3.0 - 3.375	3,340,000	2,985,000
	6/4/2019	3/1/2033	2.0 - 3.0	2,445,000	2,245,000
	9/17/2019	10/1/2030	5.0	4,185,000	2,910,000
	6/30/2020	3/1/2039	2.0 - 2.25	7,920,000	7,670,000
	4/5/2023	4/5/2043	4	2,915,000	2,915,000
					<u>36,670,000</u>
General Obligation Notes	6/15/2015	6/1/2025	2.0 - 2.3	2,620,000	465,000
	8/25/2015	3/1/2025	1.05 - 2.2	735,000	200,000
	2/22/2016	2/1/2026	2.0	1,605,000	675,000
	11/1/2022	5/1/2027	3.8	2,255,000	2,255,000
					<u>3,595,000</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 Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2023
Business-type Activities					
General Obligation Debt					
Promissory Notes	8/25/2015	3/1/2025	1.05 - 2.2	1,250,000	\$ 200,000
Total Business-type Activities					
General Obligation Debt					<u>\$ 200,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$40,565,000 on December 31, 2023 are detailed below:

	Governmental Activities General Obligation Debt		Business Type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2024	\$ 2,525,000	\$ 1,221,694	\$ 100,000	\$ 3,225
2025	2,705,000	1,103,895	100,000	1,100
2026	2,780,000	1,026,594	-	-
2027	5,060,000	946,268	-	-
2028	2,705,000	778,156	-	-
2029 - 2033	13,175,000	2,682,090	-	-
2034 - 2038	9,780,000	932,169	-	-
2039 - 2043	1,535,000	110,575	-	-
Totals	<u>\$ 40,265,000</u>	<u>\$ 8,801,441</u>	<u>\$ 200,000</u>	<u>\$ 4,325</u>

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

State Infrastructure Bank Loan – Direct borrowing

In August, 2021, 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, 2022, with subsequent quarterly payments required beginning October 1, 2022 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

Note 8 Long-Term Obligations (Continued)

Annual principal and interest maturities of the State Infrastructure Bank Loan on December 31, 2023 are detailed below:

	Principal	Interest	Total
2024	\$ 26,698	\$ 13,993	\$ 40,691
2025	676,320	6,796	683,116
Totals	<u>\$ 703,018</u>	<u>\$ 20,789</u>	<u>\$ 723,807</u>

Legal Margin for New Debt

The Village's legal margin for creation of additional general obligation debt on December 31, 2023 was \$75,278,820 as follows:

Equalized valuation of the Village	\$ 2,259,570,900
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	112,978,545
Total outstanding general obligation debt applicable to debt limitation	\$ 40,465,000
Less: Amounts available for financing general obligation debt	
Debt service funds	<u>2,765,275</u>
Net outstanding general obligation debt applicable to debt limitation	<u>37,699,725</u>
Legal margin for new debt	<u>\$ 75,278,820</u>

Revenue Bonds

The Water Public Utility, Sewer Utility and Stormwater Utility have \$16,513,085 in Water, Sewer and Stormwater System Revenue Bonds outstanding at December 31, 2023. 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 \$751,661. Total net revenues as defined by the bond covenants for the same period were \$2,283,187. 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 \$830,235. Total net revenues as defined by the bond covenants for the same period were \$1,996,517. 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 \$119,800. Total net revenues as defined by the bond covenants for the same period were \$436,431. Annual principal and interest payments are expected to require 30% of net revenue.

Revenue bonds outstanding on December 31, 2023 totaled \$16,513,085 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 12/31/2023</u>
Business-type Activities					
Water and Sewer System					
Revenue Bonds					
Water Utility	5/17/2016	6/1/2024	0.8 - 1.65	1,515,000	\$ 170,000
	9/12/2017	6/1/2037	3.0 - 3.25	4,295,000	3,895,000
	5/18/2022	6/1/2042	2.05 - 3.30	6,450,000	6,295,000
Sewer Utility	8/22/2007	5/1/2027	2.547	7,633,281	1,923,085
	8/14/2018	5/1/2033	3.0 - 3.25	2,540,000	1,865,000
	6/30/2020	5/1/2030	1.0 - 2.0	1,010,000	710,000
Stormwater Utility	1/4/2021	5/1/2039	2.0 - 3.0	1,815,000	1,655,000
Total Business-type					
Activities Revenue Debt					<u>\$ 16,513,085</u>

Annual principal and interest maturities of the outstanding revenue bonds of \$16,513,085 on December 31, 2023 are detailed below:

	Business-type Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	940,000	321,195	1,261,195
2029 - 2033	4,765,000	1,187,797	5,952,797
2034 - 2038	3,715,000	549,753	4,264,753
2039 - 2042	1,830,000	114,661	1,944,661
Totals	<u>\$ 16,513,085</u>	<u>\$ 3,812,318</u>	<u>\$ 20,325,403</u>

Village of Sussex, Wisconsin

Notes to Financial Statements

Note 8 Long-Term Obligations (Continued)

Compensated Absences

Estimated payments of \$327,691 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, 2023, 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

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

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:

Year	Core Fund Adjustment	Variable Fund Adjustment
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%
2022	7.4%	15.0%

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 \$275,602 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, 2023, are as follows:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.80%	6.80%
Protective with Social Security	6.80%	13.20%
Protective without Social Security	6.80%	18.10%

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

At December 31, 2023, the Village reported a liability of \$1,041,790 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to December 31, 2022. 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 liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the Village's proportion was 0.02302895%, which was an increase of 0.00092025% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Village recognized pension expense of \$617,369.

At December 31, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,659,247	\$ 2,179,879	\$ 283,843	\$ 372,906
Net differences between projected and actual earnings on pension plan investments	1,769,760	-	302,748	-
Changes in assumptions	204,858	-	35,045	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,017	18,739	686	3,205
Employer contributions subsequent to the measurement date	274,398	-	42,337	-
Total	\$ 3,912,280	\$ 2,198,618	\$ 664,659	\$ 376,111

Village of Sussex, Wisconsin

Notes to Financial Statements

Note 9 Employee's Retirement System (Continued)

\$316,735 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, 2024. 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
2024	\$ 57,372	\$ 9,814
2025	297,140	50,831
2026	303,516	51,921
2027	781,236	133,645
	<u>\$ 1,439,264</u>	<u>\$ 246,211</u>

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2021
Measurement date of net pension liability (asset)	December 31, 2022
Experience study	January 1, 2018 - December 31, 2021 Published November 19, 2022
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	2020 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. The total pension liability for December 31, 2022, is based on a rollforward of the liability calculated from the December 31, 2021, 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, 2022

Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core fund: Global equities	48.0%	7.6%	5.0%
Fixed income	25.0%	5.3%	2.7%
Inflation sensitive assets	19.0%	3.6%	1.1%
Real estate	8.0%	5.2%	2.6%
Private equity/debt	15.0%	9.6%	6.9%
Total core fund	115.0%	7.4%	4.8%
Variable fund:			
U.S. equities	70.0%	7.2%	4.6%
International equities	30.0%	8.1%	5.5%
Total variable fund	100.0%	7.7%	5.1%

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 for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05% (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, 2022. 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 Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
Proportionate share of the net pension liability (asset)			
Primary government	\$ 3,457,665	\$ 1,041,790	\$ (620,126)
Component unit	591,493	178,216	(106,083)
	<u>\$ 4,049,158</u>	<u>\$ 1,220,006</u>	<u>\$ (726,209)</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>.

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, 2023 are detailed below:

	Interfund Receivables	Interfund Payables
Cash advances to finance operating deficits and construction projects		
Governmental Funds		
General Capital Projects Fund	\$ 161,127	\$ -
General Fund	531,096	
TIF #6 Capital Projects Fund	-	1,792,223
TIF #7 Capital Projects Fund	-	1,727,234
Proprietary Funds		
Water Utility	-	755,860
Sewer Utility	5,450,372	-
Stormwater Utility	-	1,867,278
Totals	<u>\$ 6,142,595</u>	<u>\$ 6,142,595</u>

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

During the year ended December 31, 2023, the following interfund transfers were made:

Fund	Transfer In	Transfer Out
General	\$ 1,045,544	\$ 3,570,124
ARPA Funds	-	293,025
Park Trust Fund	-	8,208
Recreation Scholarship	-	6,245
Cemetery	13,000	
General Obligation Debt Service	2,694,624	-
TIF #6 Debt Service	1,275,765	-
General Capital Projects	1,122,524	-
TIF #6 Capital Projects	-	1,275,765
Water Utility	29,997	591,461
Sewer Utility	2,500	433,712
Stormwater Utility	-	55,000
Community Development Authority	49,586	-
	<u>\$ 6,233,540</u>	<u>\$ 6,233,540</u>

Village of Sussex, Wisconsin

Notes to Financial Statements

Note 10 Interfund balances

Interfund transfers were made for the following purposes:

Annual subsidy by the General Fund paid to the Cemetery Fund	\$ 13,000
Transfer of funds from the General Fund to the General Debt Service Fund to call debt	2,694,624
Annual set aside funds for roads paid from the General Fund to the General Capital Projects Fund	860,000
Transfer of ARPA funds to capital projects to subsidize an eligible project	293,025
Transfers equipment from the General Fund to the Sewer Fund	2,500
Transfer of park impact fees to the General Fund for park outlay	8,208
Transfer scholarship funds to the General Fund	6,245
Tax equivalent payment made by the Water Utility to the General Fund	591,461
Tax equivalent payment made by the Sewer Utility to the General Fund	4,129
Utility dividends paid by the Sewer Utility to the General Fund	350,000
Utility dividends paid by the Stormwater Utility to the General Fund	55,000
Tax increment from TIF #6 Capital Projects to TIF #6 Debt Service for principal and interest	1,275,765
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	49,586
	<u>\$ 6,233,540</u>

Note 11 Fund Balances

Governmental Activities

Governmental activities net position reported on the government-wide statement of net position at December 31, 2023 includes the following:

Net investment in capital assets	
Land	\$ 2,477,995
Construction in progress	442,547
Other capital assets, net of accumulated depreciation	50,446,870
Less: related long-term debt outstanding	(27,446,257)
Premium on long-term debt	(842,644)
Add back unspent construction cash	547,896
Total Net Investment in Capital Assets	<u>25,626,407</u>
Restricted	
Debt service	2,381,286
Park impact fees	1,303,614
Total Restricted	<u>3,684,900</u>
Unrestricted	<u>(7,978,073)</u>
Total Governmental Activities Net Position	<u>\$ 21,333,234</u>

Village of Sussex, Wisconsin

Notes to Financial Statements

Note 11 Fund Balances (Continued)

Governmental fund balances reported on the fund financial statements at December 31, 2023 include the following:

Nonspendable	
Major Funds	
General Fund	
Noncurrent receivables, inventories and prepaids	\$ <u>16,932</u>
Restricted	
Major Funds	
General Fund	
Ambulance grants	61,894
Debt Service Fund	
Debt service	2,765,275
Capital Projects Fund - General	
Park improvements	547,896
Non-major Funds	
Special Revenue Funds	
Park Fund - playground improvements	<u>1,303,614</u>
Total Restricted Fund Balances	<u>4,678,679</u>
Committed	
Major Funds	
General Fund	
Post employment health plan payments	208,843
Non-major Funds	
Special Revenue Funds	
Recreation Scholarship Fund - recreation scholarships	<u>31,996</u>
Total Committed Fund Balances	<u>240,839</u>
Assigned	
Major Funds	
General Fund	
Capital expenditures	5,939,907
Insurance contingencies	76,100
Senior programming	32,087
Capital Projects Fund - General	
Other capital projects	1,091,099
Non-major Funds	
Special Revenue Funds	
ARPA Fund - other projects	22,998
Cemetery Fund	<u>35,642</u>
Total Assigned Fund Balances	<u>7,197,833</u>
Unassigned	
Major Funds	
General Fund	36,979
Capital Projects Fund - TIF #6	(1,423,257)
Capital Projects Fund - TIF #7	<u>(1,513,374)</u>
Total Unassigned Fund Balances	<u>(2,899,652)</u>
Total Governmental Fund Balances	<u>\$ 9,234,631</u>

Village of Sussex, Wisconsin

Notes to Financial Statements

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, 2023 includes the following:

Net investment in capital assets	
Land	\$ 483,992
Construction in progress	1,781,268
Other capital assets, net of accumulated depreciation	90,657,191
Less: related long-term debt outstanding	(19,459,495)
Extraordinary property loss	110,122
Add back unspent construction cash	<u>1,276,961</u>
Total Net Investment in Capital Assets	<u>74,850,039</u>
Restricted	
Reserve Capacity Assessment Fund	<u>1,678,269</u>
Debt Service	
Special Redemption fund	290,787
Reserve Fund	1,276,961
Debt Service Fund	1,499,178
Less: related long-term debt outstanding	(1,276,961)
Less: accrued interest payable	<u>(52,996)</u>
Total Restricted for Debt Service	<u>1,736,969</u>
Construction and Equipment Replacement	
Equipment Replacement	1,156,442
Depreciation Fund	<u>1,882,519</u>
Total Restricted Construction and Equipment Replacement	<u>3,038,961</u>
Unrestricted	<u>5,896,895</u>
Total Business-type Activities Net Position	<u>\$ 87,201,133</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

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. Approximately \$4.6 million has been expended as of December 31, 2023 leaving a commitment of approximately \$1,850,000.

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

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 Value	Bank Balance	Associated Risks
Demand deposits	\$ 1,339,183	\$ 1,362,301	Custodial credit risk
Certificates of deposit	508,279	508,279	Custodial credit risk Credit risk, interest rate risk
LGIP	<u>535,564</u>	<u>535,564</u>	
Total cash and investments	<u>\$ 2,383,026</u>	<u>\$ 2,406,144</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 1,494,898		
Restricted cash and investments	<u>888,128</u>		
Total cash and investments	<u>\$ 2,383,026</u>		

Restricted Assets

Restricted assets on December 31, 2023 totaled \$1,432,248 and consisted of cash and investments plus amounts due from other governments held for the following purposes:

Purpose	Amount
Capital Projects & Future Expansion	\$ 1,411,786
Restricted Donations	<u>20,462</u>
	<u>\$ 1,432,248</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, 2023 was as follows:

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
Capital assets being depreciated				
Equipment and furnishings	\$ 429,153	\$ 35,602	\$ 3,169	\$ 461,586
Books and library media	<u>709,722</u>	<u>101,821</u>	<u>97,787</u>	<u>713,756</u>
Total Capital Assets at Historical Cost	<u>1,138,875</u>	<u>137,423</u>	<u>100,956</u>	<u>1,175,342</u>
Less: accumulated depreciation for:				
Equipment and furnishings	369,058	24,352	3,169	390,241
Books and library media	<u>321,676</u>	<u>103,787</u>	<u>97,787</u>	<u>327,676</u>
Total Accumulated Depreciation	<u>690,734</u>	<u>128,139</u>	<u>100,956</u>	<u>717,917</u>
Total Capital Assets	<u>\$ 448,141</u>	<u>\$ 9,284</u>	<u>\$ -</u>	<u>\$ 457,425</u>

Finance Purchase Lease

The Pauline Haass Public Library has entered into lease agreements for the purpose of purchasing capital assets. At December 31, 2023, 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, 2023:

Year Ending December 31,	Annual Requirements
2024	\$ 1,215
Less: Amounts representing interest	<u>652</u>
Present value of future minimum lease payments	<u>\$ 1,867</u>

Village of Sussex, Wisconsin

Notes to Financial Statements

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 2022, 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 2021, the Sewer Utility contracted for a rate study. In July 2021, the Village Board approved a resolution to implement new rates for the next four years starting January 1, 2022 and continuing until January 1, 2024.

Note 18 Stormwater Utility Rate Increase

During 2021, the Stormwater Utility contracted for a rate study. In July 2021, the Village Board approved a resolution to implement new rates for the next five years starting January 1, 2022 and continuing through January 1, 2025.

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, 2023

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 8,959,733	\$ 6,300,417	\$ (2,659,316)
Intergovernmental	1,399,487	1,409,795	10,308
Licenses and permits	279,125	605,763	326,638
Fines, forfeitures and penalties	293,000	160,833	(132,167)
Public charges for services	1,393,498	1,662,269	268,771
Public improvement revenue	-	333,672	333,672
Commercial revenues	153,673	366,466	212,793
Miscellaneous revenues	120,325	186,250	65,925
Total Revenues	12,598,841	11,025,465	(1,573,376)
EXPENDITURES			
Current			
General government	925,790	894,367	31,423
Protection of persons & property			
Police	2,115,816	2,106,073	9,743
Fire	1,657,269	1,416,551	240,718
Other protection	311,905	338,703	(26,798)
Health and sanitation	624,123	634,588	(10,465)
Highway and transportation	909,189	917,174	(7,985)
Library	786,460	786,460	-
Parks and recreation	1,659,698	1,732,004	(72,306)
Capital outlay	2,377,332	667,681	1,709,651
Debt Service			
Principal retirement	-	-	-
Total Expenditures	11,367,582	9,493,601	1,873,981
Excess of revenues over expenditures	1,231,259	1,531,864	300,605
OTHER FINANCING SOURCES (USES)			
Transfers in	1,486,365	1,150,494	(335,871)
Transfers out	(2,717,624)	(5,050,080)	(2,332,456)
Net change in fund balances - budgetary basis	\$ -	(2,367,722)	\$ (2,367,722)
Adjustment to generally accepted accounting principles basis			
Appropriations to reserve funds		1,630,831	
Revenue credited to reserve funds		200,076	
Expenditures and transfers charged to reserve funds		(255,825)	
Net change in fund balances - generally accepted accounting principles basis		(792,640)	
FUND BALANCE - BEGINNING OF YEAR		7,165,382	
FUND BALANCE - END OF YEAR		\$ 6,372,742	

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

Primary Government

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/23	0.019665%	\$ 1,041,790	\$ 3,064,480	34.00%	95.72%
12/31/22	0.018677%	(1,505,402)	2,999,179	-50.19%	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 Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/23	0.003364%	\$ 178,216	\$ 607,524	29.33%	95.72%
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*

Primary Government		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	
12/31/23	\$ 274,398	\$ 274,398	\$ -	\$ 3,219,032	8.52%	
12/31/22	236,291	236,291	-	2,999,179	7.88%	
12/31/21	232,749	232,749	-	2,712,407	8.58%	
12/31/20	213,330	213,330	-	2,454,961	8.69%	
12/31/19	178,447	178,447	-	2,360,450	7.56%	
12/31/18	178,681	178,681	-	2,114,567	8.45%	
12/31/17	158,170	158,170	-	1,942,066	8.14%	
12/31/16	134,640	134,640	-	1,902,634	7.08%	
12/31/15	135,194	135,194	-	1,789,027	7.56%	

Component Unit		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	
12/31/23	\$ 42,337	\$ 42,337	\$ -	622,603	6.80%	
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.

Required Supplementary Information

Village of Sussex, Wisconsin

Notes to Required Supplemental Information

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

Schedule of the Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System

Last 10 Years*

Notes to the Schedules:

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.

See Independent Auditor's Report.

Village of Sussex, Wisconsin

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	2022	2021	2020	2019	2018
Valuation Date:	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
	Level Percent of	Level Percent of	Level Percent of	Level Percent of	Level Percent of
	Payroll-Closed	Payroll-Closed	Payroll-Closed	Payroll-Closed	Payroll-Closed
Amortization Method:	Amortization Period	Amortization Period	Amortization Period	Amortization Period	Amortization Period
	30 Year closed from	30 Year closed from	30 Year closed from	30 Year closed from	30 Year closed from
	date of participation in	date of participation in	date of participation in	date of participation in	date of participation in
Amortization Period:	WRS	WRS	in WRS	WRS	WRS
	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed
Asset Valuation Method:	Market (Closed)	Market (Closed)	Market (Closed)	Market (Closed)	Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.0%	7.0%	7.0%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	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%	1.9%	2.1%	2.1%

Village of Sussex, Wisconsin

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

	2022	2021	2020	2019	2018
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 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.
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 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%).

*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

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

	2017	2016	2015	2014	2013
Valuation Date:	December 31, 2015	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	Frozen Entry Age
	Level Percent of	Level Percent of	Level Percent of	Level Percent of	Level Percent of
	Payroll-Closed	Payroll-Closed	Payroll-Closed	Payroll-Closed	Payroll-Closed
Amortization Method:	Amortization Period	Amortization Period	Amortization Period	Amortization Period	Amortization Period
	30 Year closed from	30 Year closed from	30 Year closed from	30 Year closed from	30 Year closed from
	date of participation in	date of participation in	date of participation in	date of participation in	date of participation in
	WRS	WRS	in WRS	in WRS	in WRS
Amortization Period:	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed
Asset Valuation Method:	Market (Closed)	Market (Closed)	Market (Closed)	Market (Closed)	Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	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%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%	2.1%

Village of Sussex, Wisconsin

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

<i>Year Ended December 31, 2023</i>	2017	2016	2015	2014	2013	
Retirement Age:	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 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 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 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 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 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, 2023

	Special Revenue Funds				Total Nonmajor Governmental Funds
		Federal	Cemetery	Recreation	
	Park Fund	ARPA Fund	Fund	Scholarship Fund	
ASSETS					
Cash and investments	\$ 1,303,614	\$ 232,111	\$ 35,918	\$ 31,796	\$ 1,603,439
Prepays	-	-	1	200	201
TOTAL ASSETS	<u>\$ 1,303,614</u>	<u>\$ 232,111</u>	<u>\$ 35,919</u>	<u>\$ 31,996</u>	<u>\$ 1,603,640</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 16	\$ -	\$ 16
Accrued payroll and related liabilities	-	-	261	-	261
Unearned revenue	-	209,113	-	-	209,113
Total liabilities	<u>-</u>	<u>209,113</u>	<u>277</u>	<u>-</u>	<u>209,390</u>
Fund Balances					
Restricted	1,303,614	-	-	-	1,303,614
Committed	-	-	-	31,996	31,996
Assigned	-	22,998	35,642	-	58,640
Total fund balances	<u>1,303,614</u>	<u>22,998</u>	<u>35,642</u>	<u>31,996</u>	<u>1,394,250</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,303,614</u>	<u>\$ 232,111</u>	<u>\$ 35,919</u>	<u>\$ 31,996</u>	<u>\$ 1,603,640</u>

VILLAGE OF SUSSEX, WISCONSIN

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

For the Year Ended December 31, 2023

	Special Revenue Funds			
	Park Fund	Federal ARPA Fund	Cemetery Fund	Recreation Scholarship Fund
	Park Fund	Fund	Fund	Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	293,025	-	-
Public improvement revenues	371,788	-	-	-
Public charges for services	-	-	25,094	2,727
Commercial revenues	33,441	17,182	582	1,277
Miscellaneous revenues	-	-	-	3,050
Total revenues	405,229	310,207	25,676	7,054
EXPENDITURES				
Current:				
Health and sanitation	-	-	11,120	-
Parks and recreation	-	-	-	5,260
Debt service	-	-	-	-
Total expenditures	-	-	11,120	5,260
Excess (deficiency) of revenues over expenditures	405,229	310,207	14,556	1,794
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	13,000	-
Transfers out	(8,208)	(293,025)	-	(6,245)
Total other financing sources (uses)	(8,208)	(293,025)	13,000	(6,245)
Net change in fund balances	397,021	17,182	27,556	(4,451)
FUND BALANCES - BEGINNING OF YEAR	906,593	5,816	8,086	36,447
FUND BALANCES - END OF YEAR	\$ 1,303,614	\$ 22,998	\$ 35,642	\$ 31,996

<u>Debt Service Funds</u>			
TIF #6 Debt Fund	Total Nonmajor Governmental Funds		
\$ -	\$ -		
-	293,025		
-	371,788		
-	27,821		
-	52,482		
-	3,050		
<u>-</u>	<u>748,166</u>		
	11,120		
	5,260		
<u>1,275,765</u>	<u>1,275,765</u>		
<u>1,275,765</u>	<u>1,292,145</u>		
<u>(1,275,765)</u>	<u>(543,979)</u>		
1,275,765	1,288,765		
<u>-</u>	<u>(307,478)</u>		
<u>1,275,765</u>	<u>981,287</u>		
-	437,308		
<u>-</u>	<u>956,942</u>		
<u>\$ -</u>	<u>\$ 1,394,250</u>		

**SUSSEX SEWERAGE SYSTEM UTILITY
An Enterprise Fund of the
VILLAGE OF SUSSEX, WISCONSIN
WAUKESHA COUNTY, WISCONSIN**

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2023 AND 2022

SUSSEX SEWERAGE SYSTEM UTILITY
An Enterprise Fund of the
VILLAGE OF SUSSEX, WISCONSIN
Waukesha County, Wisconsin

December 31, 2023

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Independent Auditor's Report

To the Village Board
Sussex, Wisconsin

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of Sussex Sewerage System Utility (the "Utility"), an Enterprise Fund of the Village of Sussex, Wisconsin (the "Village") as of and for the years ended December 31, 2023 and 2022, and the related notes to the 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 financial position of the Utility as of December 31, 2023 and 2022, and the respective changes in financial position and cash flows thereof, for the years 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 Utility, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note A, the financial statements present only the Sussex Sewerage System Utility, an enterprise fund of the Village of Sussex, and do not purport to, and do not, present fairly the financial position of the Village of Sussex, as of December 31, 2023 and 2022, and the changes in its financial position or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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 Utility'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.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the 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 Utility's financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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
August 23, 2024
Madison, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

SUSSEX SEWERAGE SYSTEM UTILITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

As of and for the Years Ended December 31, 2023 and 2022

The purpose of this section is to provide users with an objective easy to read overview of the financial activities of the Sussex Sewerage System Utility for the years ended December 31, 2023 and 2022. This section should be read in conjunction with the financial statements and the accompanying notes that follow.

FINANCIAL HIGHLIGHTS

- The Utility went from operating income of \$73,927 in 2022 to operating income of \$50,154 in 2023. This was due to an increase in operating expenses of over \$26,000 with only a slight increase in operating income. The 2022 income before capital contributions and transfers of \$88,362 increased to \$100,953 in 2023, an increase of \$12,591.
- The Utility's total cash position increased to \$3,164,666, an increase of \$358,047 from 2022. Unrestricted cash decreased \$39,557 from operations and call of debt. Restricted cash increased \$397,604 due to the receipt of reserve capacity assessments.
- The Utility's total net position increased in 2023 to \$39,996,481 up \$869,342 from the 2022 total of \$39,127,139. The majority of the increase was from developer contributions of fixed assets.

REQUIRED FINANCIAL STATEMENTS

The financial statements report information of the Utility using accounting methods similar to those used by private sector companies. These statements offer short and long-term information about its activities. The Statement of Net Position includes all the Utility's assets, liabilities and deferred outflows/inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to Utility creditors (liabilities). It also provides the basis for evaluating the capital structure of the Utility and assessing the liquidity and financial flexibility of the Utility.

All the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the Utility's operations over the past year and can be used to measure profitability and credit worthiness and to determine whether the Utility has successfully recovered all its costs through the user fees and other charges.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where cash came from, what was cash used for, and what was the change in the cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE UTILITY

An important question that is asked and needs to be answered is "how have this past year's activities affected the overall financial health of the Utility?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position will help to answer this question. The Statement of Net Position, which shows the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, can be analyzed over a period to help the reader determine whether the financial condition of the Utility is improving or deteriorating. This statement must be reviewed in conjunction with several other non-financial factors that can have an impact on the financial health of the Utility. For instance, changes in local economic conditions, legislative changes, demographic changes, even weather, can affect, positively or negatively, the financial health of a Utility.

SUSSEX SEWERAGE SYSTEM UTILITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

As of and for the Years Ended December 31, 2023 and 2022

FINANCIAL ANALYSIS OF THE UTILITY (continued)

As shown in Table A-1 below, the Sewerage System Utility's total net position increased by \$869,342 during 2023, an increase of 2.2%. Since 2014, the Utility has had annual increases in net position. The 2023 increase is a result mainly of capital contributions.

During 2022, the Utility's total net position increased by \$1,928,401, an increase of 5.2%.

TABLE A-1
CONDENSED SUMMARY OF NET POSITION

	2023	2022	2021	Percentage Increase (Decrease)	
				2023 vs 2022	2022 vs 2021
Current and other assets	\$ 4,747,771	\$ 4,994,368	\$ 5,665,599	-4.9%	-11.8%
Restricted assets	5,363,154	5,205,639	6,259,040	3.0%	-16.8%
Capital assets	34,688,570	34,605,200	33,448,225	0.2%	3.5%
Total Assets	<u>44,799,495</u>	<u>44,805,207</u>	<u>45,372,864</u>	0.0%	-1.3%
Deferred outflows of resources	<u>494,138</u>	<u>386,702</u>	<u>264,980</u>	27.8%	45.9%
Current Liabilities	216,696	193,755	381,027	11.8%	-49.1%
Current liabilities payable from restricted assets	737,862	724,200	710,751	1.9%	1.9%
Non-current liabilities	<u>3,966,371</u>	<u>4,575,168</u>	<u>6,887,294</u>	-13.3%	-33.6%
Total Liabilities	<u>4,920,929</u>	<u>5,493,123</u>	<u>7,979,072</u>	-10.4%	-31.2%
Deferred inflows of resources	<u>376,223</u>	<u>571,647</u>	<u>460,034</u>	-34.2%	24.3%
Net investment in capital assets	30,600,051	29,827,882	26,168,994	2.6%	14.0%
Restricted	5,016,017	4,974,635	5,974,840	0.8%	-16.7%
Unrestricted	<u>4,380,413</u>	<u>4,324,622</u>	<u>5,054,904</u>	1.3%	-14.4%
Total Net Position	<u>\$ 39,996,481</u>	<u>\$ 39,127,139</u>	<u>\$ 37,198,738</u>	2.2%	5.2%

SUSSEX SEWERAGE SYSTEM UTILITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

As of and for the Years Ended December 31, 2023 and 2022

FINANCIAL ANALYSIS OF THE UTILITY (continued)

TABLE A-2
CONDENSED SUMMARY OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION

	2023	2022	2021	Percentage Increase (Decrease)	
				2023 vs 2022	2022 vs 2021
Operating revenues	\$ 2,789,969	\$ 2,787,471	\$ 2,784,491	0.1%	0.1%
Non-operating revenues	217,461	179,180	125,656	21.4%	42.6%
Total Revenues	<u>3,007,430</u>	<u>2,966,651</u>	<u>2,910,147</u>	1.4%	1.9%
Operating expenses	2,739,815	2,713,544	2,315,646	1.0%	17.2%
Non-operating expenses	<u>166,662</u>	<u>164,745</u>	<u>186,830</u>	1.2%	-11.8%
Total Expenses	<u>2,906,477</u>	<u>2,878,289</u>	<u>2,502,476</u>	1.0%	15.0%
Net Income (Loss) Before Capital Contributions and transfers	100,953	88,362	407,671	14.2%	-78.3%
Capital contributions	1,199,601	2,286,532	3,758,917	-47.5%	-39.2%
Interfund transfers	<u>(431,212)</u>	<u>(446,493)</u>	<u>(380,441)</u>	-3.4%	17.4%
Change in Net Position	869,342	1,928,401	3,786,147	-54.9%	-49.1%
Beginning Net Position	<u>39,127,139</u>	<u>37,198,738</u>	<u>33,412,591</u>	5.2%	11.3%
Ending Net Position	<u>\$ 39,996,481</u>	<u>\$ 39,127,139</u>	<u>\$ 37,198,738</u>	2.2%	5.2%

While the Summary of Net Position (Table A-1) shows the change in our financial position, the Statement of Revenues, Expenses and Changes in Net Position provides answers as to the nature and source of these changes. As can be seen in Table A-2 the operating revenues increased \$2,498 and non-operating revenues increased \$38,281 in 2023 when compared to 2022. Charges for services and sales decreased slightly by about \$66,000 in 2023 but were offset by increased revenue from waste haulers by about \$28,000 and service charges of \$36,000 for the overall increase in total revenues. The increase in non-operating revenue is a result of increased interest earnings after rates increased in 2023. Operating expenses increased \$26,271 and non-operating expenses increased \$1,917 in 2023. The increase in operating expenses was a result of increased phosphorus removal costs as well as general plant maintenance. Depreciation expense decreased as a result of assets being fully depreciated during 2023. Non-operating expenses (interest on long-term debt) remained stable from the prior year.

SUSSEX SEWERAGE SYSTEM UTILITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

As of and for the Years Ended December 31, 2023 and 2022

FINANCIAL ANALYSIS OF THE UTILITY (continued)

Capital contributions fluctuate greatly from year to year. Additions in 2023 consisted of RCA fees paid from new residential properties and one commercial property as well as contributions from one new subdivisions and a business park. In 2022, there were RCA fees paid from residential properties and two commercial properties and contributions from three new subdivisions. This account is unpredictable and can vary greatly depending on subdivisions added, RCA fees collected, or special assessments levied in the current year. Dollar amounts here are generally offset by capital assets added to the Utility.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of 2023 the Utility had \$34.7 million invested in property, plant and equipment in service. This reflects an increase of \$0.1 million during 2023. There was one subdivision added by developers as other smaller additions which were offset by current depreciation to account for the increase.

At the end of 2022 the Utility had \$34.6 million invested in property, plant and equipment in service. This reflects an increase of \$1.2 million during 2022. There were two subdivisions added by developers and the second phase of a business park added by a developer as well as other smaller additions which were offset by current depreciation to account for the increase.

**TABLE A-3
CAPITAL ASSETS**

	2023	2022	2021	Percentage	
				Increase (Decrease)	
				2023 vs 2022	2022 vs 2021
Land & Land Rights	\$ 178,630	\$ 178,630	\$ 178,630	0.0%	0.0%
Construction in Progress	419,732	-	-	#DIV/0!	#DIV/0!
Collection System	38,332,739	37,931,236	36,240,246	1.1%	4.7%
Collection System Pumping	1,188,288	1,188,288	1,188,288	0.0%	0.0%
Treatment and Disposal Plant	20,959,631	20,933,606	20,529,795	0.1%	2.0%
General	561,086	365,610	336,850	53.5%	8.5%
Subtotal	<u>61,640,106</u>	<u>60,597,370</u>	<u>58,473,809</u>	1.7%	3.6%
Less:					
Accumulated Depreciation	<u>(26,951,536)</u>	<u>(25,992,170)</u>	<u>(25,025,584)</u>	3.7%	3.9%
Net Capital Assets	<u>\$ 34,688,570</u>	<u>\$ 34,605,200</u>	<u>\$ 33,448,225</u>	0.2%	3.5%

DEBT

The Utility has outstanding debt of \$4,498,085 at year end. This represents a decrease of \$701,294 during 2023. All debt backed by the full faith and credit of the government was called during 2023. The remaining debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). Just over \$1.0 million of the balance of the revenue bonds will be paid with payments from other governmental units.

SUSSEX SEWERAGE SYSTEM UTILITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

As of and for the Years Ended December 31, 2023 and 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In July 2020, the Village Board approved a resolution to implement new rates for the next four years beginning January 1, 2021. The Utility has reserves on hand to cover future contingencies.

CONTACTING THE UTILITY FINANCIAL MANAGEMENT

This financial report is designed to provide a general easy to read overview of the finances of the Sussex Sewerage System Utility and to provide a glimpse at plans for the future and how those plans may affect the financial health of the Utility. If you have any questions about this report or would like to obtain additional information, please feel free to contact the Village of Sussex Finance Director, N64W23760 Main Street, Sussex, WI 53089.

FINANCIAL STATEMENTS

SUSSEX SEWERAGE SYSTEM UTILITY

An Enterprise Fund of the
VILLAGE OF SUSSEX, WISCONSIN

STATEMENTS OF NET POSITION

December 31, 2023 and 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and investments	827,772	\$ 867,329
Accounts receivable	259,661	298,888
Prepaid items	421	306
Restricted assets		
Cash and investments	413,680	490,436
Current portion of advance to other governmental units	<u>246,843</u>	<u>240,693</u>
Total Current Assets	<u>1,748,377</u>	<u>1,897,652</u>
NONCURRENT ASSETS		
Restricted assets		
Cash and investments	1,923,214	1,448,854
Advance to other governmental units	779,417	1,025,656
Advance to other Village of Sussex Funds	2,000,000	2,000,000
Utility plant		
Land	178,630	178,630
Construction in progress	419,732	-
Plant in service	61,041,744	60,418,740
Accumulated depreciation	(26,951,536)	(25,992,170)
Other assets		
Special assessments receivable	99,423	106,110
Advance to other Village of Sussex Funds	3,450,372	3,394,158
Extraordinary property loss	110,122	129,777
Net pension asset	<u>-</u>	<u>197,800</u>
Total Noncurrent Assets	<u>43,051,118</u>	<u>42,907,555</u>
 Total Assets	 <u>44,799,495</u>	 <u>44,805,207</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	<u>494,138</u>	<u>386,702</u>
 Total Assets and Deferred Outflows of Resources	 <u>45,293,633</u>	 <u>\$ 45,191,909</u>

SUSSEX SEWERAGE SYSTEM UTILITY

An Enterprise Fund of the
VILLAGE OF SUSSEX, WISCONSIN

STATEMENTS OF NET POSITION (continued)

December 31, 2023 and 2022

LIABILITIES	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Accounts payable	\$ 179,100	\$ 154,961
Accrued payroll and compensated absences	36,695	37,894
Unearned revenue	900	900
Current liabilities payable from restricted assets		
Current portion of revenue bonds	717,788	701,294
Accrued interest payable	<u>20,074</u>	<u>22,906</u>
Total Current Liabilities	<u>954,558</u>	<u>917,955</u>
NONCURRENT LIABILITIES		
Compensated absences	27,297	42,304
Long-term debt		
Revenue bonds	3,780,297	4,498,085
Unamortized debt discount & expense	27,619	34,779
Net pension liability	<u>131,158</u>	<u>-</u>
Total Noncurrent Liabilities	<u>3,966,371</u>	<u>4,575,168</u>
Total Liabilities	<u>4,920,929</u>	<u>5,493,123</u>
DEFERRED INFLOWS OF RESOURCES		
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	276,800	465,537
Deferred special assessments	<u>99,423</u>	<u>106,110</u>
Total Deferred Inflows of Resources	<u>376,223</u>	<u>571,647</u>
Total Liabilities and Deferred Inflows of Resources	<u>5,297,152</u>	<u>6,064,770</u>
NET POSITION		
NET POSITION		
Net investment in capital assets	30,600,051	29,827,882
Restricted		
Reserve capacity assessments	1,119,030	741,541
Debt service	1,419,866	1,733,879
Equipment replacement and depreciation	2,477,121	2,380,250
Pension benefits	-	118,965
Unrestricted	<u>4,380,413</u>	<u>4,324,622</u>
TOTAL NET POSITION	<u>39,996,481</u>	<u>\$ 39,127,139</u>

SUSSEX SEWERAGE SYSTEM UTILITY

An Enterprise Fund of the
VILLAGE OF SUSSEX, WISCONSIN

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Charges for services and sales	2,469,764	\$ 2,538,845
Other operating revenues	<u>320,205</u>	<u>248,626</u>
Total Operating Revenues	<u>2,789,969</u>	<u>2,787,471</u>
OPERATING EXPENSES		
Operation and maintenance	1,754,000	1,591,178
Depreciation and amortization	<u>985,815</u>	<u>1,122,366</u>
Total Operating Expenses	<u>2,739,815</u>	<u>2,713,544</u>
Operating Income	<u>50,154</u>	<u>73,927</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	217,461	179,180
Interest on long term debt	<u>(166,662)</u>	<u>(164,745)</u>
Total Nonoperating Revenues (Expenses)	<u>50,799</u>	<u>14,435</u>
Income Before Capital Contributions and Transfers	100,953	88,362
CAPITAL CONTRIBUTIONS	1,199,601	2,286,532
TRANSFERS IN	2,500	-
TRANSFERS OUT	<u>(433,712)</u>	<u>(446,493)</u>
CHANGE IN NET POSITION	869,342	1,928,401
NET POSITION - Beginning of Year	<u>39,127,139</u>	<u>37,198,738</u>
NET POSITION - END OF YEAR	<u>\$ 39,996,481</u>	<u>\$ 39,127,139</u>

SUSSEX SEWERAGE SYSTEM UTILITY

An Enterprise Fund of the
VILLAGE OF SUSSEX, WISCONSIN

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 2,829,197	\$ 2,775,203
Payments to municipality for services	(27,513)	(56,983)
Payments to vendors	(1,081,506)	(1,056,835)
Payments to employees	(653,321)	(483,201)
Net Cash From Operating Activities	1,066,857	1,178,184
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers received from municipality	2,500	-
Transfers paid to municipality	(433,712)	(416,496)
Net Cash From Non-Capital Financing Activities	(431,212)	(416,496)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(599,083)	(602,119)
Principal paid on long-term debt	(701,294)	(2,520,085)
Interest paid on long term debt	(176,654)	(181,432)
Reserve capacity assessments received	791,410	637,478
Payment of advance from other fund	(56,214)	77,445
Principal received from other governmental units	240,089	234,714
Interest received from other governmental units	29,792	35,243
Collections on special assessments	6,687	6,863
Net Cash From Capital and Related Financing Activities	(465,267)	(2,311,893)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on advance to other fund	74,379	104,352
Interest on investments	113,290	39,585
Net Cash From Investing Activities	187,669	143,937
Net Change in Cash and Cash Equivalents	358,047	(1,406,268)
CASH AND CASH EQUIVALENTS - Beginning of Year	2,806,619	4,212,887
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,164,666	\$ 2,806,619
CASH AND CASH EQUIVALENTS - END OF YEAR		
Unrestricted	\$ 827,772	\$ 867,329
Restricted	2,336,894	1,939,290
	\$ 3,164,666	\$ 2,806,619

SUSSEX SEWERAGE SYSTEM UTILITY

An Enterprise Fund of the
VILLAGE OF SUSSEX, WISCONSIN

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 50,154	\$ 73,927
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation and amortization expense	985,815	1,122,366
Changes in pension related assets, deferred outflows/inflows of resources and liabilities	32,785	(44,483)
Changes in Assets and Liabilities		
Accounts receivable	39,227	(12,669)
Prepaid items	(115)	(245)
Accounts payable	(24,804)	32,148
Accrued payroll and compensated absences	(16,206)	6,740
Unearned revenues	<u>1</u>	<u>400</u>
Net Cash Provided by Operating Activities	<u>\$ 1,066,857</u>	<u>\$ 1,178,184</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital assets acquired through donation by developer	<u>\$ 408,191</u>	<u>\$ 1,645,748</u>
Capital assets acquired in accounts payable at year end	<u>\$ 113,811</u>	<u>\$ 64,868</u>

SUSSEX SEWERAGE SYSTEM UTILITY

An Enterprise Fund of the
VILLAGE OF SUSSEX, WISCONSIN
Waukesha County, Wisconsin
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sussex Sewerage System Utility (Utility) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental 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 Utility are described below:

1. Reporting Entity

The Utility is a separate enterprise fund of the Village of Sussex (Village). The Utility accounts for the cost of operations on a continuing basis and is managed by the Village Board. The Utility provides sewer service to both properties within the municipality and other governmental units.

The Utility charges rates and operates under service rules established by the seven-member elected Board of the Village of Sussex.

2. Measurement Focus and Basis of Accounting

The term measurement focus is used to denote what is being measured and reported in the Utility's operating statement. The Utility is accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether the Utility is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on the Utility's operating statement. The Utility uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

The Utility is presented as an enterprise fund of the municipality. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and net income is necessary for management accountability.

3. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

a. 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.

b. Accounts Receivable

Transactions between the Utility and other funds of the municipality that are representative of lending/borrowing arrangements outstanding at year end are referred to as advances to/from other funds. All other outstanding balances between the Utility and other funds of the municipality are reported as due to/from other funds.

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. The Utility has the right under Wisconsin statutes to place delinquent sewer bills on the tax roll for collection. As such, no allowance for uncollectible customer accounts is considered necessary.

SUSSEX SEWERAGE SYSTEM UTILITY

An Enterprise Fund of the
VILLAGE OF SUSSEX, WISCONSIN
Waukesha County, Wisconsin
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Restricted Assets

The revenue bond resolution requires segregation of the proceeds of the bond issue and the creation and continual funding of several accounts from operating revenue as described below:

Debt Service Fund - Principal and Interest: A monthly amount equal to one-sixth (1/6) of the next installment of interest coming due and an amount equal to one-twelfth (1/12) of the installment of principal of the bonds coming due on the next succeeding principal payment date.

Debt Service 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.

Depreciation Fund - Revenues shall be deposited in an amount sufficient to provide a proper and adequate depreciation account for the system.

Assets of the Utility are also restricted for the following purposes:

Equipment Replacement Fund - In accordance with the Village’s ordinance enacting a sewer user charge system and Department of Natural Resources’ regulations, the 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.

Reserve Capacity Assessment Funds - Represent the accumulation of funds levied against properties benefited by sewer improvements. These funds will be used for future system expansion and the related debt service.

d. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

e. Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets and are defined by the Utility as assets with an initial, individual cost of \$1,000 or higher and an estimated useful life in excess of one year. 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. Major outlays for utility plant are capitalized as projects are constructed. Utility plant in service is depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Buildings and improvements	25 - 75
Improvements other than buildings – sewer utility infrastructure	10 - 80
Machinery and equipment	4 - 50

SUSSEX SEWERAGE SYSTEM UTILITY

An Enterprise Fund of the
VILLAGE OF SUSSEX, WISCONSIN
Waukesha County, Wisconsin
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Compensated Absences

Employee vacation allowances are not cumulative and must be used in the year after they are earned. Employees earn sick leave at the rate of one day per month. Hourly employees may accumulate sick leave to 120 days. Those hourly employees who accumulate 120 days are paid one-half day's pay for each day of sick leave earned but not used in excess of 120 days each calendar year. Hourly employees who are age 55 or older and retire after twenty years of full-time service to the Village will have varying percentages (based on date of hire) of accumulated sick leave at current pay rates placed into a deposit account designated by the Village which shall be a post-employment health plan. The money shall be restricted to the payment of insurance premiums or other IRS authorized medical expenses. Salaried employees may accumulate 150 days of sick leave. Those salaried employees who accumulate 150 days are paid one-half day's pay for each day of sick leave earned but not used in excess of 150 days each calendar year. Upon resignation, salaried employees are paid varying percentages of accumulated sick leave at current pay rates, based upon length of service to the Village and date of hire, to a maximum of 90 accumulated sick days. Upon retirement, salaried employees will have the same percentages up to a maximum of 95 accumulated sick days paid at current pay rates placed into a deposit account designated by the Village which shall be a post-employment health plan. Vested vacation and sick leave pay is accrued when earned in the financial statements.

g. Long-term Obligations

Long-term debt and other obligations are reported as liabilities in the proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

h. Unearned Revenues

Unearned revenues principally represent amounts received which have not been earned. Amounts will be recognized as revenue in the period they are earned by the Utility.

i. 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 Utility has only one item that qualifies for reporting in this category. The deferred outflows of resources – pension represent the Utility'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 Utility has two items that qualify for reporting in this category. The deferred inflows of resources – pension represents the Utility's proportionate share of collective deferred inflows of resources of the Wisconsin Retirement System. In addition, the Utility reports deferred special assessments on properties that are not currently in the Utility and will only be recognized if the property is annexed into the Village.

SUSSEX SEWERAGE SYSTEM UTILITY

An Enterprise Fund of the
VILLAGE OF SUSSEX, WISCONSIN
Waukesha County, Wisconsin
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Pensions

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

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

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the 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.

l. Fund Equity

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.

The Utility has adopted a policy regarding the order in which net position will be utilized. Restricted funds would be spent first then unrestricted resources as they are needed.

4. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

5. Revenues and Expenses

a. Operating Revenues

The Utility distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering services in connection with the Utility's principal ongoing operations. The principal operating revenues of the Utility are charges to customers for services at rates established by the Village Board. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

b. Capital Contributions

Capital contributions represent certain assets that have been contributed by utility customers.

SUSSEX SEWERAGE SYSTEM UTILITY

An Enterprise Fund of the
VILLAGE OF SUSSEX, WISCONSIN
Waukesha County, Wisconsin
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE B - CASH, CASH EQUIVALENTS AND TEMPORARY INVESTMENTS

The Utility's deposits and investments at December 31, 2023 were comprised of the following:

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risks</u>
Demand deposits	\$ 3,164,666	\$ 3,164,666	Custodial credit risk
Total deposits and investments	<u>\$ 3,164,666</u>	<u>\$ 3,164,666</u>	
Reconciliation to financial statements			
Per statements of net position			
Current Assets:			
Unrestricted cash and investments	\$ 827,772		
Restricted cash and investments	413,680		
Non Current Assets:			
Restricted cash and investments	<u>1,923,214</u>		
	<u>\$ 3,164,666</u>		

The Utility's deposits and investments at December 31, 2022 were comprised of the following:

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risks</u>
Demand deposits	\$ 2,806,619	\$ 2,806,619	Custodial credit risk
Total deposits and investments	<u>\$ 2,806,619</u>	<u>\$ 2,806,619</u>	
Reconciliation to financial statements			
Per statements of net position			
Current Assets:			
Unrestricted cash and investments	\$ 867,329		
Restricted cash and investments	490,436		
Non Current Assets:			
Restricted cash and investments	<u>1,448,854</u>		
	<u>\$ 2,806,619</u>		

SUSSEX SEWERAGE SYSTEM UTILITY

An Enterprise Fund of the
VILLAGE OF SUSSEX, WISCONSIN
Waukesha County, Wisconsin
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE B - CASH, CASH EQUIVALENTS AND TEMPORARY INVESTMENTS (Continued)

Fair Value Measurements

The Utility 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 Utility currently has no investments subject to fair value measurement.

Deposits of the Utility are subject to various risks. Presented below is a discussion of the Utility'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 Utility 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.

The Utility, as an Enterprise Fund of the Village of Sussex, maintains cash and investment accounts at the same financial institutions utilized by the Village. Federal depository insurance and the State Guarantee fund insurance apply to the Village of Sussex as an individual municipality and, accordingly, the amount of insured funds is not determinable for the Utility as an Enterprise fund of the Village. The Utility, as part of the Village, is subject to the Village's investment policy. Please refer to the Village of Sussex financial statements for information concerning the investment policy.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will fulfill its obligation. The Utility had no investments with credit risk at December 31, 2023 and 2022.

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 Utility's investment policy requires the Utility 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 Utility 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.

SUSSEX SEWERAGE SYSTEM UTILITY

An Enterprise Fund of the
VILLAGE OF SUSSEX, WISCONSIN
Waukesha County, Wisconsin
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE C – RECEIVABLES

Receivables as of December 31, 2023 and 2022, are as follows:

	Amount		Amount
	12/31/2023		12/31/2022
Receivables			
Customers	\$ 177,234	\$	173,114
Accounts	82,427		44,485
Other governments	-		81,289
Special assessments	<u>99,423</u>		<u>106,110</u>
Net total receivables	<u>\$ 359,084</u>	\$	<u>404,998</u>

NOTE D - RESTRICTED ASSETS

Restricted assets at December 31, 2023 and 2022 consisted of cash and investments, balances due from other governments and balances due from other funds held for the following purposes:

Funds	Amount	Amount	Purpose
	12/31/2023	12/31/2022	
Depreciation	\$ 1,719,041	\$ 1,622,170	To be used for the replacement of capital assets of the sewer utility
Debt service	1,439,940	1,756,785	To accumulate funds to pay principal and interest on Revenue Bonds
Debt service reserve	327,062	327,062	Amount required under the terms of the Revenue Bonds to be maintained in reserve
DNR replacement	758,081	758,081	To be used for the replacement of certain assets for the sewer utility
Reserve Capacity Assessments	<u>1,119,030</u>	<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>\$ 5,363,154</u>	<u>\$ 5,205,639</u>	
Restricted Assets are Composed of:			
Cash and cash equivalents	\$ 2,336,894	\$ 1,939,290	
Advance to other governmental units	1,026,260	1,266,349	
Due from other funds	<u>2,000,000</u>	<u>2,000,000</u>	
	<u>\$ 5,363,154</u>	<u>\$ 5,205,639</u>	

The Utility temporarily advanced the Village’s Tax Incremental District No. 6 capital project fund \$1,100,000 to finance project costs and \$900,000 to the Stormwater Utility to finance infrastructure construction. The breakdown of the advances are \$900,000 from the depreciation fund, \$600,000 from its replacement fund and \$500,000 from its reserve capacity assessment funds. No formal repayment schedule exists as of December 31, 2023.

SUSSEX SEWERAGE SYSTEM UTILITY

An Enterprise Fund of the
VILLAGE OF SUSSEX, WISCONSIN
Waukesha County, Wisconsin
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE E - CAPITAL ASSETS

A summary of changes in capital assets for 2023 follows:

	Balance 12/31/2022	Additions	Retirements	Balance 12/31/2023
Capital assets, not being depreciated				
Land and land rights	\$ 178,630	\$ -	\$ -	\$ 178,630
Construction in progress	<u>-</u>	<u>419,732</u>	<u>-</u>	<u>419,732</u>
Total Capital Assets Not Being Depreciated	<u>178,630</u>	<u>419,732</u>	<u>-</u>	<u>598,362</u>
Capital assets being depreciated				
Buildings and improvements	6,067,555	16,224	-	6,083,779
Sewer Utility infrastructure	37,616,400	401,505	-	38,017,905
Machinery and equipment	<u>16,734,785</u>	<u>212,069</u>	<u>6,794</u>	<u>16,940,060</u>
Total Capital Assets Being Depreciated	<u>60,418,740</u>	<u>629,798</u>	<u>6,794</u>	<u>61,041,744</u>
Total Capital Assets	<u>60,597,370</u>	<u>1,049,530</u>	<u>6,794</u>	<u>61,640,106</u>
Less: Accumulated depreciation				
Buildings and improvements	(2,866,608)	(121,514)	-	(2,988,122)
Sewer Utility infrastructure	(10,067,691)	(517,088)	-	(10,584,779)
Machinery and equipment	<u>(13,057,871)</u>	<u>(327,558)</u>	<u>(6,794)</u>	<u>(13,378,635)</u>
Total accumulated depreciation	<u>(25,992,170)</u>	<u>(966,160)</u>	<u>(6,794)</u>	<u>(26,951,536)</u>
Net Utility Plant	<u>\$ 34,605,200</u>	<u>\$ 83,370</u>	<u>\$ -</u>	<u>\$ 34,688,570</u>

SUSSEX SEWERAGE SYSTEM UTILITY

An Enterprise Fund of the
VILLAGE OF SUSSEX, WISCONSIN
Waukesha County, Wisconsin
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE E - CAPITAL ASSETS (Continued)

A summary of changes in capital assets for 2022 follows:

	Balance 12/31/2021	Additions	Retirements	Balance 12/31/2022
Capital assets, not being depreciated				
Land and land rights	\$ 178,630	\$ -	\$ -	\$ 178,630
Total Capital Assets Not Being Depreciated	<u>178,630</u>	<u>-</u>	<u>-</u>	<u>178,630</u>
Capital assets being depreciated				
Buildings and improvements	5,872,634	272,810	77,889	6,067,555
Sewer Utility infrastructure	35,925,412	1,690,988	-	37,616,400
Machinery and equipment	<u>16,497,133</u>	<u>289,397</u>	<u>51,745</u>	<u>16,734,785</u>
Total Capital Assets Being Depreciated	<u>58,295,179</u>	<u>2,253,195</u>	<u>129,634</u>	<u>60,418,740</u>
Total Capital Assets	<u>58,473,809</u>	<u>2,253,195</u>	<u>129,634</u>	<u>60,597,370</u>
Less: Accumulated depreciation				
Buildings and improvements	(2,825,095)	(119,402)	(77,889)	(2,866,608)
Sewer Utility infrastructure	(9,556,418)	(511,273)	-	(10,067,691)
Machinery and equipment	<u>(12,644,071)</u>	<u>(465,545)</u>	<u>(51,745)</u>	<u>(13,057,871)</u>
Total accumulated depreciation	<u>(25,025,584)</u>	<u>(1,096,220)</u>	<u>(129,634)</u>	<u>(25,992,170)</u>
Net Utility Plant	<u>\$ 33,448,225</u>	<u>\$ 1,156,975</u>	<u>\$ -</u>	<u>\$ 34,605,200</u>

SUSSEX SEWERAGE SYSTEM UTILITY

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December 31, 2023 and 2022

NOTE F - LONG-TERM OBLIGATIONS

1. The Utility's long-term obligations consist of Sewerage System Revenue Bonds and General Obligation Sewerage Bonds. The transactions related to long-term obligations for the years ending December 31, 2023 and 2022 are summarized below:

	Balance 12/31/2022	Additions	Deductions	Balance 12/31/2023	Current Portion
Revenue Bonds	\$ 5,199,379	\$ -	\$ 701,294	\$ 4,498,085	\$ 717,788
Vested compensated absences	42,304	-	15,007	27,297	-
Unamortized (discount) premium	34,779	-	7,160	27,619	-
Net pension liability	-	131,158	-	131,158	-
	<u>\$ 5,276,462</u>	<u>\$ 131,158</u>	<u>\$ 723,461</u>	<u>\$ 4,684,159</u>	<u>\$ 717,788</u>

	Balance 12/31/2021	Additions	Deductions	Balance 12/31/2022	Current Portion
Revenue Bonds	\$ 5,884,464	\$ -	\$ 685,085	\$ 5,199,379	\$ 701,294
General Obligation Corporate Purpose Bonds	1,835,000	-	1,835,000	-	-
Sub-total long-term debt	<u>7,719,464</u>	<u>-</u>	<u>2,520,085</u>	<u>5,199,379</u>	<u>701,294</u>
Vested compensated absences	41,653	7,853	7,202	42,304	-
Unamortized (discount) premium	36,262	-	1,483	34,779	-
	<u>\$ 7,797,379</u>	<u>\$ 7,853</u>	<u>\$ 2,528,770</u>	<u>\$ 5,276,462</u>	<u>\$ 701,294</u>

Total interest paid during 2023 and 2022 on long-term debt totaled \$176,654 and \$181,432, respectively.

SUSSEX SEWERAGE SYSTEM UTILITY

An Enterprise Fund of the
VILLAGE OF SUSSEX, WISCONSIN
Waukesha County, Wisconsin
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE F - LONG-TERM OBLIGATIONS (Continued)

2. Details of long-term debt outstanding at December 31, 2023 are as follows:

Type	Date of Loan	Interest Rate	Principal Payable	Interest Payable	Original Amount	Balance 12/31/2023
Sewerage System Revenue Bonds	8/22/2007	2.547%	5/1/09-27	5/1&11/1	\$ 7,813,187	\$ 1,923,085
Sewerage System Revenue Bonds	8/14/2018	3.0 - 3.25%	5/1/19-33	5/1&11/1	\$ 2,540,000	1,865,000
Sewerage System Revenue Bonds	6/30/2020	1.0 - 2.0%	5/1/21-30	5/1&11/1	\$ 1,010,000	710,000
						<u>4,498,085</u>
Less: Current portion of long-term debt						<u>717,788</u>
						<u>\$ 3,780,297</u>

Annual principal and interest maturities of the outstanding debt of \$5,199,379 on December 31, 2023 are detailed below:

Year	Principal	Interest	Total	Balance Outstanding 12/31
2023				\$ 4,498,085
2024	\$ 717,788	\$ 111,225	\$ 829,013	3,780,297
2025	739,576	92,487	832,063	3,040,721
2026	756,663	73,221	829,884	2,284,058
2027	774,058	53,493	827,551	1,510,000
2028	285,000	39,738	324,738	1,225,000
2029 - 2033	<u>1,225,000</u>	<u>87,006</u>	<u>1,312,006</u>	-
	<u>\$ 4,498,085</u>	<u>\$ 457,170</u>	<u>\$ 4,955,255</u>	

3. Revenue Bonds

The Sewerage System Revenue Bonds are not general obligations of the Village of Sussex, Wisconsin, and are payable from income and revenues derived from the operations of the system. The Utility has established separate funds, as described in Note A, to account for the allocation of the Utility's gross revenues in compliance with the debt resolutions. The Utility has complied with the bond covenants. The sewer system 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 2023 and 2022 on the Sewer System Revenue Bonds was \$830,235 and \$830,802, respectively. Total net revenues as defined by the bond covenants for the same periods were \$1,996,517 in 2023 and \$2,102,771 in 2022. Annual principal and interest payments are expected to require 27% of net revenue.

SUSSEX SEWERAGE SYSTEM UTILITY

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Waukesha County, Wisconsin
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE G - NET POSITION

Net position reported on the statement of net position at December 31, 2023 and 2022 includes the following:

	2023	2022
Net investment in capital assets		
Land	\$ 178,630	\$ 178,630
Other Capital assets	34,509,940	34,426,570
Less: related long-term debt	<u>(4,088,519)</u>	<u>(4,777,318)</u>
Total net investment in capital assets	30,600,051	29,827,882
Restricted		
Reserve Capacity Assessments	1,119,030	741,541
Debt Service	1,419,866	1,733,879
Equipment Replacement and Depreciation	2,477,121	2,380,250
Pension Benefits	<u>-</u>	<u>118,965</u>
Total Restricted	5,016,017	4,974,635
Unrestricted	<u>4,380,413</u>	<u>4,324,622</u>
Total Net Position	<u>\$ 39,996,481</u>	<u>\$ 39,127,139</u>

NOTE H - PENSION PLAN

The Village of Sussex participates in the Wisconsin Retirement System (“WRS”) and, as an enterprise fund of the Village, the Utility reports its proportionate share of the net pension liability (asset) and corresponding deferred outflows and inflows of resources in its 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.

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.

SUSSEX SEWERAGE SYSTEM UTILITY

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Waukesha County, Wisconsin
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE H - PENSION PLAN (continued)

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.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
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%
2022	7.4%	15.0%

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 \$29,394 in contributions from the Utility.

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Waukesha County, Wisconsin
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE H - PENSION PLAN (continued)

Contribution rates as of December 31, 2023 and 2022 are:

Employee Category	2023		2022	
	Employee	Employer	Employee	Employer
General (including teachers)	6.80%	6.80%	6.50%	6.50%
Protective with social security	6.80%	13.20%	6.50%	12.00%
Protective without social security	6.80%	18.10%	6.50%	16.40%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2023 and 2022, the Utility reported a liability (asset) of \$131,158 and (\$197,800) for its proportionate share of the Net Pension Liability (Asset). The Net Pension Liability (Asset) was measured as of December 31, 2022 and 2021, and the Total Pension Liability used to calculate the net pension liability (asset) was determined by an actuarial valuation one year prior to and rolled forward to the measurement date. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utility's proportion of the Net Pension Liability (Asset) was based on the Utility's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022 and 2021, the Utility's proportion was 0.0025% and 0.0025%, which was a decrease of .0001% from the previous year.

For the year ended December 31, 2023 and 2022, the Utility recognized pension expense of \$66,371 and (\$15,089).

At December 31, 2023 and 2022, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 208,894	\$ 274,440	\$ 319,535	\$ 23,042
Net differences between projected and actual earnings on pension plan investments	222,808	-	-	442,494
Changes in assumptions	25,791	-	36,903	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	506	2,360	870	1
Employer contributions subsequent to the measurement date	36,139	-	29,394	-
Total	\$ 494,138	\$ 276,800	\$ 386,702	\$ 465,537

SUSSEX SEWERAGE SYSTEM UTILITY

An Enterprise Fund of the
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Waukesha County, Wisconsin
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE H - PENSION PLAN (continued)

\$36,139 reported as deferred outflows related to pension resulting from the Utility's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	Net Deferred Outflows (Inflows) of Resources
2024	\$ 7,223
2025	37,409
2026	38,212
2027	98,355
	<u>\$ 181,199</u>

Actuarial assumptions - The Total Pension Liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2021</u>	<u>2021</u>
Actuarial valuation date	December 31, 2021	December 31, 2020
Measurement date of net pension liability (asset)	December 31, 2022	December 31, 2021
	1/1/2018-12/31/2020	1/1/2018-12/31/2020
Experience study	Published 11/19/2021	Published 11/19/2021
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	Fair value	Fair value
Long-term expected rate of return	6.80%	6.80%
Discount rate	6.80%	6.80%
Salary increases:		
Inflation	3.00%	3.00%
Seniority/Merit	0.1% - 5.6%	0.1% - 5.6%
	2020 WRS Experience	2020 WRS Experience
Mortality	Mortality Table	Mortality Table
Post-retirement adjustments*	1.70%	1.70%

* 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.

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. The total pension liability for December 31, 2022, is based on a rollforward of the liability calculated from the December 31, 2021, 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:

SUSSEX SEWERAGE SYSTEM UTILITY

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VILLAGE OF SUSSEX, WISCONSIN
Waukesha County, Wisconsin
Notes to the Financial Statements
December 31, 2023 and 2022

NOTE H - PENSION PLAN (continued)

Asset Allocation Targets and Expected Returns
As of December 31, 2022

Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core fund:			
Global equities	48.0%	7.6%	5.0%
Fixed income	25.0%	5.3%	2.7%
Inflation sensitive assets	19.0%	3.6%	1.1%
Real estate	8.0%	5.2%	2.6%
Private equity/debt	15.0%	9.6%	6.9%
Total core fund	115.0%	7.4%	4.8%
Variable fund:			
U.S. equities	70.0%	7.2%	4.6%
International equities	30.0%	8.1%	5.5%
Total variable fund	100.0%	7.7%	5.1%

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%.

Single Discount Rate - A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05% (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, 2022. 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.

SUSSEX SEWERAGE SYSTEM UTILITY

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Waukesha County, Wisconsin
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NOTE H - PENSION PLAN (continued)

Sensitivity of the Utility's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate The following presents the Utility's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the Utility'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:

	2023		
	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
Proportionate share of the net pension liability (asset)	\$ 435,310	\$ 131,158	\$ (78,072)
	2022		
	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
Proportionate share of the net pension liability (asset)	\$ 140,353	\$ (197,800)	\$ (441,208)

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>

1. Payables to the Pension Plan

At December 31, 2023, the Utility reported a payable of \$0 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2023.

NOTE I - RISK MANAGEMENT

The Utility is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Village completes an annual review of its insurance coverage to ensure adequate coverage. Settlements have not exceeded insurance coverage for each of the past three years. There has been no significant change in insurance coverage from the prior year.

NOTE J - CONTINGENCIES

From time to time, the Utility is party to other various 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 Attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Utility's financial position or results of operations.

NOTE K - SEWER RATE INCREASE

During 2021, the Sewer Utility contracted for a rate study. In July, 2021, the Village Board approved a resolution to implement new rates for the next four years starting January 1, 2022 and continuing until January 1, 2024.

SUSSEX SEWERAGE SYSTEM UTILITY

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December 31, 2023 and 2022

NOTE L - OTHER ASSETS

In 1994, the Utility upgraded and expanded its treatment plant and abandoned a portion of its existing treatment plant and related equipment. The net book value of the abandoned assets has been reflected as a deferred debit and is amortized on a straight-line method over the years 1994 through 2030. The period of amortization relates to the estimated 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. At December 31, 2023 and 2022, \$110,122 and \$129,777, respectively (net of accumulated amortization of \$653,665 and \$634,010, respectively) has been reported as an other asset.

NOTE M - ADVANCE TO OTHER GOVERNMENTAL UNITS

In accordance with the terms of intermunicipal agreements, the Town of Lisbon and the Villages of Menomonee Falls and Lannon share in the cost of the sewer treatment plant by paying a percentage of the interest and principal payments of the 2007 Sewerage System Revenue Bonds. Accordingly, the total principal amount was reported in the financial statements as contributions in aid of construction and advance to other governmental units. Principal due as of December 31, 2023 and 2022 was \$1,026,260 and \$1,266,349, respectively. Interest of \$29,792 and \$41,147 was recorded as non-operating income during 2023 and 2022, respectively.

Additionally, an intermunicipal agreement has been entered into with the Lisbon Sanitary District No. 1 to share in the cost of the sewer treatment plant. The District's share of the cost is financed through the user charges to the District. The agreement is in effect through the year 2025.

REQUIRED SUPPLEMENTARY INFORMATION

SUSSEX SEWERAGE SYSTEM UTILITY

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

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/23	0.0025%	\$ 131,158	\$ 452,216	29.00%	95.72%
12/31/22	0.0025%	(197,800)	420,417	-47.05%	106.02%
12/31/21	0.0026%	(160,120)	407,341	-39.31%	105.26%
12/31/20	0.0027%	(87,458)	398,653	-21.94%	102.96%
12/31/19	0.0028%	99,421	425,832	23.35%	96.45%
12/31/18	0.0028%	(83,979)	427,353	-19.65%	102.93%
12/31/17	0.0028%	22,264	394,562	5.64%	99.12%
12/31/16	0.0029%	41,704	409,115	10.19%	98.20%
12/31/15	0.0026%	(67,545)	348,376	-19.39%	102.74%

Schedule of Contributions
 Wisconsin Retirement System
 Last 10 Fiscal Years*

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/23	\$ 36,139	\$ 36,139	\$ -	\$ 531,456	6.80%
12/31/22	29,394	29,394	-	452,216	6.50%
12/31/21	28,368	28,368	-	420,417	6.75%
12/31/20	27,492	27,492	-	407,341	6.75%
12/31/19	26,114	26,114	-	398,653	6.55%
12/31/18	28,614	28,614	-	425,832	6.72%
12/31/17	29,060	29,060	-	427,353	6.80%
12/31/16	26,041	26,041	-	394,562	6.60%
12/31/15	27,821	27,821	-	409,115	6.80%

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

SUSSEX SEWERAGE SYSTEM UTILITY

Schedule of the Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System

Last 10 Years*

Notes to the Schedules:

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.

See Independent Auditor's Report.

SUSSEX SEWERAGE SYSTEM UTILITY

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	2022	2021	2020	2019	2018
Valuation Date:	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
	Level Percent of	Level Percent of	Level Percent of	Level Percent of	Level Percent of
	Payroll-Closed	Payroll-Closed	Payroll-Closed	Payroll-Closed	Payroll-Closed
Amortization Method:	Amortization Period	Amortization Period	Amortization Period	Amortization Period	Amortization Period
	30 Year closed from	30 Year closed from	30 Year closed from	30 Year closed from	30 Year closed from
	date of participation in	date of participation in	date of participation in	date of participation in	date of participation in
Amortization Period:	WRS	WRS	in WRS	WRS	WRS
	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed
Asset Valuation Method:	Market (Closed)	Market (Closed)	Market (Closed)	Market (Closed)	Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.0%	7.0%	7.0%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	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%	1.9%	2.1%	2.1%

SUSSEX SEWERAGE SYSTEM UTILITY

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

	2022	2021	2020	2019	2018
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 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.
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 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%).

*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.

SUSSEX SEWERAGE SYSTEM UTILITY

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

	2017	2016	2015	2014	2013
Valuation Date:	December 31, 2015	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	Frozen Entry Age
	Level Percent of	Level Percent of	Level Percent of	Level Percent of	Level Percent of
	Payroll-Closed	Payroll-Closed	Payroll-Closed	Payroll-Closed	Payroll-Closed
Amortization Method:	Amortization Period	Amortization Period	Amortization Period	Amortization Period	Amortization Period
	30 Year closed from	30 Year closed from	30 Year closed from	30 Year closed from	30 Year closed from
	date of participation in	date of participation in	date of participation in	date of participation in	date of participation in
	WRS	WRS	in WRS	in WRS	in WRS
Amortization Period:	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed
Asset Valuation Method:	Market (Closed)	Market (Closed)	Market (Closed)	Market (Closed)	Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	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%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%	2.1%

SUSSEX SEWERAGE SYSTEM UTILITY

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

<i>Year Ended December 31, 2023</i>	2017	2016	2015	2014	2013	
Retirement Age:	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 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 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 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 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 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

SUSSEX SEWERAGE SYSTEM UTILITY

An Enterprise Fund of the
VILLAGE OF SUSSEX, WISCONSIN

SCHEDULE OF OPERATING EXPENSES

For the Year Ended December 31, 2022

With Comparative Totals For the Year Ended December 31, 2022

	2023			Total	2022
	Collection	Treatment	Lannon Contract		
Operation Expenses					
Supervision and labor	\$ 33,370	\$ 200,143	\$ 6,555	\$ 240,068	\$ 179,986
Chemicals	-	120,134	-	120,134	40,302
Power for pumping	8,427	177,972	-	186,399	178,553
Other operating expenses	5,929	252,985	-	258,914	361,334
Transportation expenses	2,129	4,303	-	6,432	5,050
Meter expenses	51,508	-	-	51,508	48,459
Total operation expenses	<u>101,363</u>	<u>755,537</u>	<u>6,555</u>	<u>863,455</u>	<u>813,684</u>
Maintenance Expenses					
Maintenance of sewage collection system	66,381	-	-	66,381	127,554
Maintenance of pumping equipment	4,195	-	-	4,195	24,770
Maintenance of treatment and disposal equipment	-	41,478	-	41,478	28,390
Maintenance of general plant and equipment	24,024	81,517	7,474	113,015	42,723
Total maintenance expenses	<u>94,600</u>	<u>122,995</u>	<u>7,474</u>	<u>225,069</u>	<u>223,437</u>
Administrative and General Expenses					
Administrative and general salaries	22,525	281,948	-	304,473	309,957
Office supplies and expenses	7,656	14,198	-	21,854	24,254
Outside services employed	24,928	64,550	-	89,478	69,998
Insurance expenses	3,181	47,041	-	50,222	44,192
Employees' pensions and benefits	26,449	151,754	971	179,174	95,176
Miscellaneous general expenses	11,996	7,774	505	20,275	10,480
Total Administrative and General Expenses	<u>96,735</u>	<u>567,265</u>	<u>1,476</u>	<u>665,476</u>	<u>554,057</u>
Total Operation and Maintenance Expenses	<u>292,698</u>	<u>1,445,797</u>	<u>15,505</u>	<u>1,754,000</u>	<u>1,591,178</u>
Depreciation and Amortization	<u>578,088</u>	<u>407,727</u>	<u>-</u>	<u>985,815</u>	<u>1,122,366</u>
TOTAL EXPENSES	<u>\$ 870,786</u>	<u>\$ 1,853,524</u>	<u>\$ 15,505</u>	<u>\$ 2,739,815</u>	<u>\$ 2,713,544</u>

SUSSEX SEWERAGE SYSTEM UTILITY

An Enterprise Fund of the
VILLAGE OF SUSSEX, WISCONSIN

UTILITY PLANT IN SERVICE
For the Year Ended December 31, 2023

	Utility Plant in Service				Depreciation Rate	Accumulated Depreciation			
	Balance 12/31/2022	Additions	Retirements	Balance 12/31/2023		Balance 12/31/2022	Provisions	Retirements	Balance 12/31/2023
Collecting system:									
Land and land rights	\$ 7,500	\$ -	\$ -	\$ 7,500	0.00%	\$ -	\$ -	\$ -	\$ -
Service connections, traps and accessories	6,206,865	82,869	-	6,289,734	2.50	2,193,139	156,207	-	2,349,346
Collecting mains	21,169,521	318,636	-	21,488,157	1.25	4,312,416	232,881	-	4,545,297
Interceptor mains	8,602,496	-	-	8,602,496	1.25	3,221,981	107,531	-	3,329,512
Force mains	1,637,517	-	-	1,637,517	1.25	340,155	20,469	-	360,624
Supervisory control system	314,835	-	-	314,835	6.67	199,616	20,999	-	220,615
Collecting system pumping installations:									
Structures and improvements	1,031,336	-	-	1,031,336	2.00	378,056	20,627	-	398,683
Electric pumping equipment	130,715	-	-	130,715	4.00	103,022	5,228	-	108,250
Other power pumping equipment	26,237	-	-	26,237	4.00	26,237	-	-	26,237
Treatment and disposal plant:									
Land and land rights	171,130	-	-	171,130	0.00	-	-	-	-
Structures and improvements	5,036,219	16,224	-	5,052,443	2.00	2,488,552	100,887	-	2,589,439
Preliminary treatment equipment	1,692,791	-	-	1,692,791	10.00	1,653,448	39,343	-	1,692,791
Secondary treatment equipment	5,456,078	9,800	-	5,465,878	3.00	2,890,311	163,829	-	3,054,140
Advanced treatment equipment	1,722,334	-	-	1,722,334	5.90	1,722,334	-	-	1,722,334
Chlorination equipment	735,808	-	-	735,808	5.20	590,629	38,262	-	628,891
Sludge treatment equipment	4,435,418	-	-	4,435,418	7.50	4,435,418	-	-	4,435,418
Plant site piping	1,576,308	-	-	1,576,308	2.30	816,918	36,255	-	853,173
Flow metering and monitoring equipment	273,377	-	-	273,377	10.00	273,377	-	-	273,377
Outfall sewer pipes	5,274	-	-	5,274	5.00	5,274	-	-	5,274
General plant:									
Office furniture and equipment	70,294	34,365	6,794	97,865	10.0 - 25.0	66,951	16,889	6,794	77,046
Transportation equipment	214,335	161,052	-	375,387	10.00	214,337	-	-	214,337
Other general equipment	80,982	6,852	-	87,834	8.00	59,999	6,753	-	66,752
Total Utility plant in service	60,597,370	629,798	6,794	61,220,374		25,992,170	966,160	6,794	26,951,536
Construction in progress	-	419,732	-	419,732		-	-	-	-
Total Utility plant	\$ 60,597,370	\$ 1,049,530	\$ 6,794	\$ 61,640,106		\$ 25,992,170	\$ 966,160	\$ 6,794	\$ 26,951,536