

# Village of Sussex, Wisconsin

Sussex, Wisconsin

## Annual Financial Report

December 31, 2019

# Village of Sussex, Wisconsin

Year Ended December 31, 2019

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# Village of Sussex, Wisconsin

Year Ended December 31, 2019

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## **Independent Auditor's Report**

To the Village Board  
Sussex, Wisconsin

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, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes 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 Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the 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 remaining aggregate fund information of Village of Sussex, Wisconsin, as of December 31, 2019, 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.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 3 through 16 and the budgetary comparison information and pension information on pages 72 through 75 be presented to supplement the basic financial statements. Such information, 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, 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. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Wipfli LLP*

Wipfli LLP  
April 28, 2020  
Madison, Wisconsin

## Management's Discussion and Analysis



## **Management's Discussion and Analysis (Unaudited) As of and for the Year Ended December 31, 2019**

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, 2019 and 2018.

### ***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 2019 by \$80.3 million compared to the 2018 excess of \$78.0 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 and park impact fees received.
- The government's total net position increased by about \$2.3 million in 2019 compared to an increase of \$1.5 million in 2018. The main reasons for the increase are construction and acquisition of capital assets and unspent bond funds.
- As of the close of the current fiscal year, the Village of Sussex's governmental funds reported combined ending fund balances of \$4.9 million, a decrease of \$0.4 million, in comparison with the prior year. The largest increase of \$1.4 million was in the General Capital Projects Fund due to remaining bond proceeds and remaining funds transferred in from other funds for the Village Park Master Plan. Other major funds showing increases were the General Debt Service Fund with an increase of \$92,792; the majority of the increase is bond premium received which will be used in 2020 for debt service and the TIF #6 Capital Projects Fund showed an increase of \$57,851 now that construction is completed and the tax increment exceeds debt service payments. The General Fund decreased \$0.6 million as a result of using previously accumulated funds to purchase a fire truck which was planned to be about \$1.0 million. The TIF #7 fund decreased \$0.6 million due to the beginning of expenditures. All non-major funds except the Recreation Scholarship Fund showed decreases in fund balance for a combined decrease of \$0.8 million. These decreases were a result of transferring funds for the Village Park Master Plan.
- 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, 2019 the combined balance of General Fund assigned and unassigned funds is \$4,716,789 and represents 51.4% of the 2020 budgeted expenditures as defined in the policy.
- The Village of Sussex's total debt showed a net increase of \$1.8 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 \$560,075 as of December 31, 2019 after reporting a pension asset of \$433,567 as of December 31, 2018. This change was due primarily to declining investment returns in 2018. 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)  
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**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 17 - 19 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.



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

The Village of Sussex maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the general obligation debt service fund, the 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 20 - 24 of this report.

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, and Stormwater Utilities, which are considered to be major funds of the Village of Sussex. The Community Development Authority is not considered a major fund but is also included in the proprietary fund financial statements

The basic proprietary fund financial statements can be found on pages 25 - 29 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 30 and 31 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 32 - 71 of this report.

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining statements and schedules can be found on pages 76 - 78 of this report.

**Village of Sussex  
Management's Discussion and Analysis  
(Unaudited)  
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**Government-wide Financial Analysis**

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

VILLAGE OF SUSSEX NET POSITION

	Governmental Activities		Business-type Activities		Total	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Current and other assets	\$ 16,507,676	\$ 15,689,052	\$ 12,743,424	\$ 14,776,074	\$ 29,251,100	\$ 30,465,126
Capital assets	48,750,400	48,214,378	75,324,512	71,295,546	124,074,912	119,509,924
Total assets	<u>65,258,076</u>	<u>63,903,430</u>	<u>88,067,936</u>	<u>86,071,620</u>	<u>153,326,012</u>	<u>149,975,050</u>
Deferred outflows of resources						
Pension benefits	<u>949,108</u>	<u>492,559</u>	<u>578,208</u>	<u>322,645</u>	<u>1,527,316</u>	<u>815,204</u>
Current and other liabilities	4,389,411	3,930,529	2,237,792	3,057,897	6,627,203	6,988,426
Long-term liabilities	37,990,759	36,527,664	19,595,181	19,596,414	57,585,940	56,124,078
Total liabilities	<u>42,380,170</u>	<u>40,458,193</u>	<u>21,832,973</u>	<u>22,654,311</u>	<u>64,213,143</u>	<u>63,112,504</u>
Deferred inflows of resources						
Property taxes	9,031,509	8,294,646	-	-	9,031,509	8,294,646
Pension benefits	479,100	512,575	298,060	351,288	777,160	863,863
Special assessments	-	-	515,637	519,652	515,637	519,652
Total deferred inflows	<u>9,510,609</u>	<u>8,807,221</u>	<u>813,697</u>	<u>870,940</u>	<u>10,324,306</u>	<u>9,678,161</u>
Net position						
Net investment in capital assets	23,945,376	23,047,835	53,254,768	51,862,508	76,561,427	74,086,192
Restricted	160,918	1,119,883	7,012,033	7,010,764	7,172,951	8,130,647
Unrestricted	<u>(9,789,889)</u>	<u>(9,037,143)</u>	<u>5,732,673</u>	<u>3,995,742</u>	<u>(3,418,499)</u>	<u>(4,217,250)</u>
Total net position	<u>\$ 14,316,405</u>	<u>\$ 15,130,575</u>	<u>\$ 65,999,474</u>	<u>\$ 62,869,014</u>	<u>\$ 80,315,879</u>	<u>\$ 77,999,589</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 \$76.6 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, \$7.2 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is \$(3.4) million.

The government's net position increased by about \$2.3 million during the current fiscal year. There was a decrease of about \$814,000 in the governmental activities, while the business-type activities had an increase in net position of about \$3,130,000.

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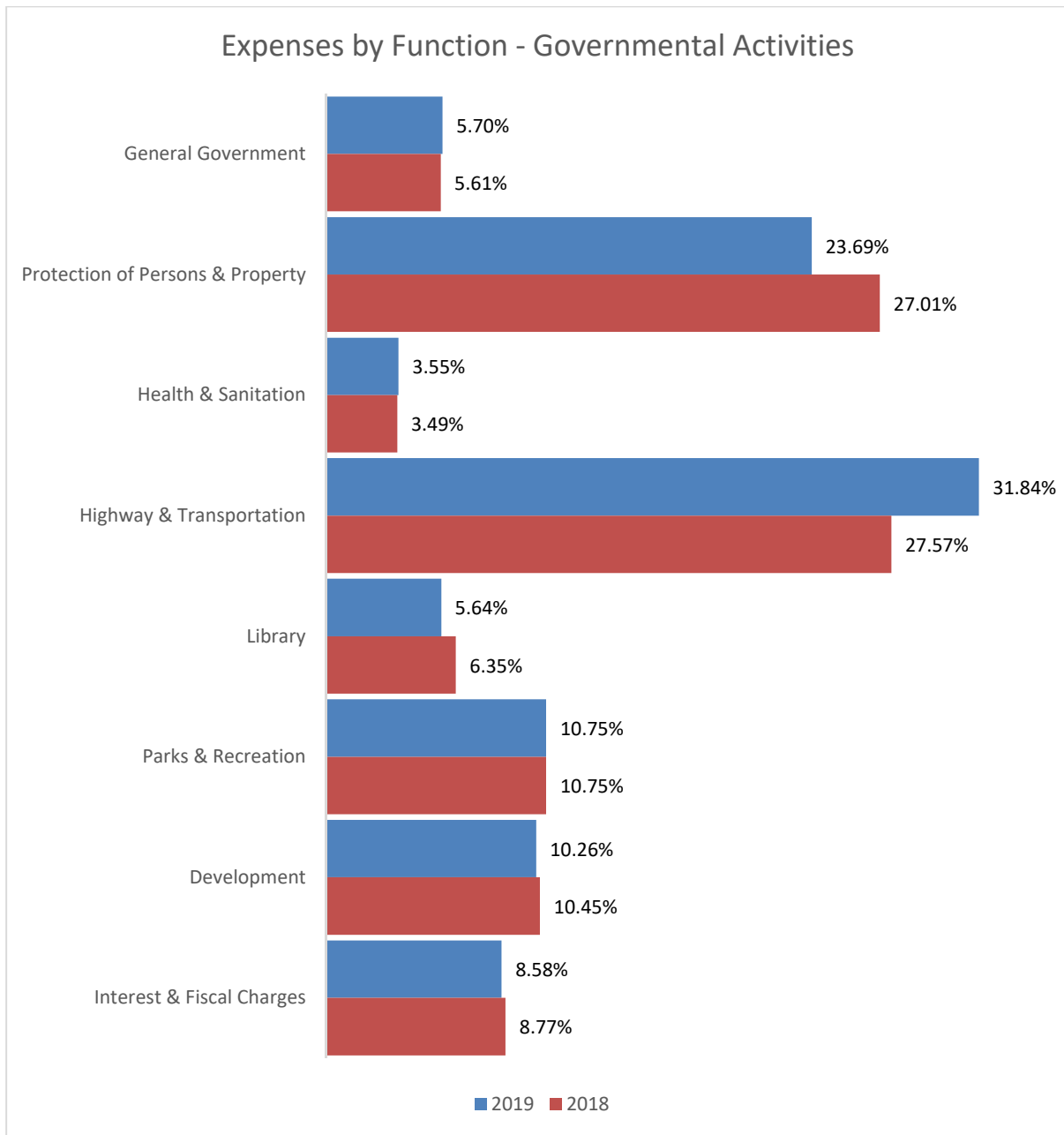
**Governmental activities.** Governmental activities often show a decrease in the Village of Sussex's net position as a result of depreciation of capital assets. The decrease for 2019 was \$814,170

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

VILLAGE OF SUSSEX'S CHANGES IN NET POSITION

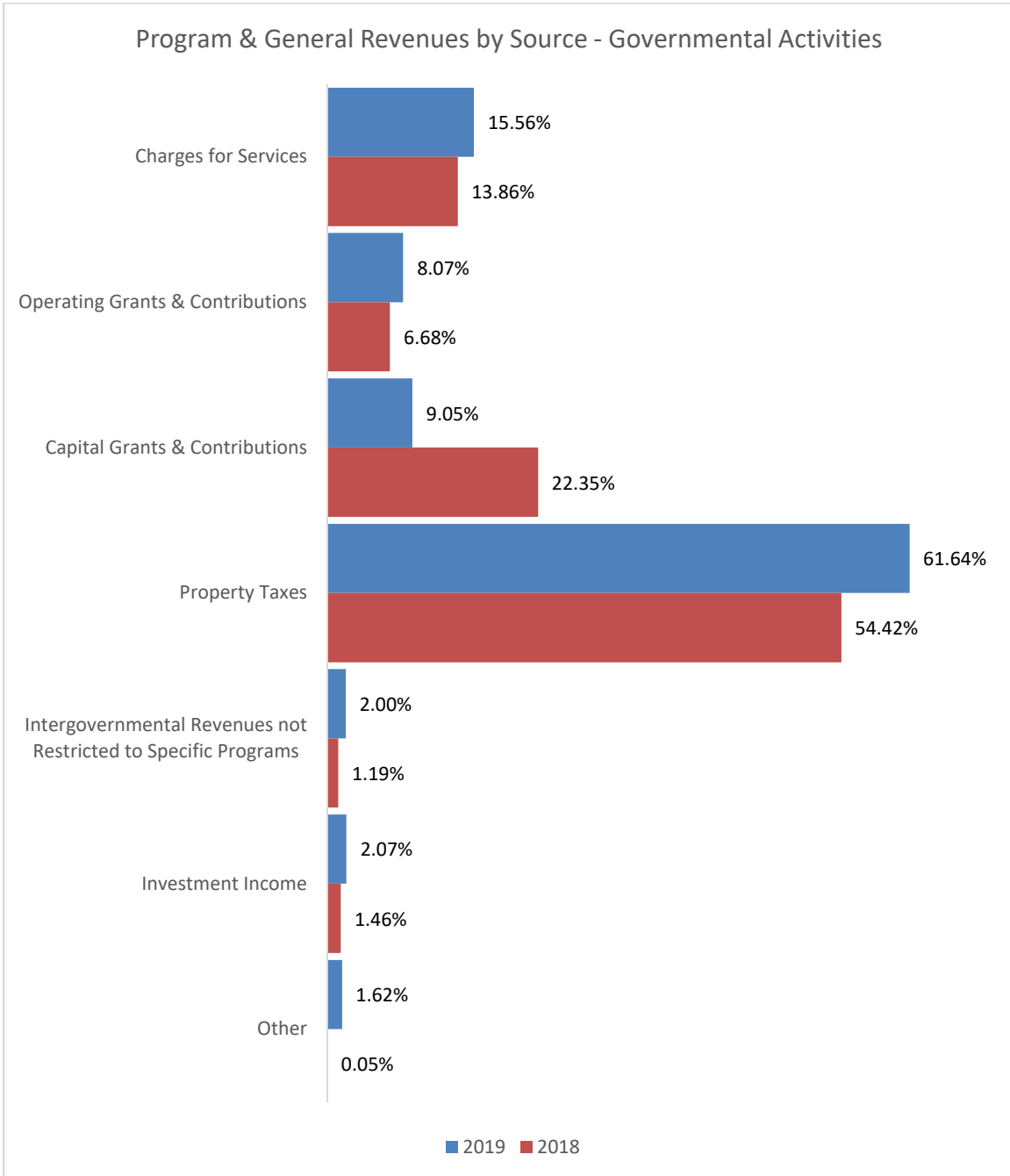
	Governmental Activities		Business-type Activities		Total	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 1,992,037	\$ 1,926,662	\$ 5,708,937	\$ 5,192,010	\$ 7,700,974	\$ 7,118,672
Operating grants and contributions	1,033,482	928,437	-	-	1,033,482	928,437
Capital grants and contributions	1,159,081	3,106,689	3,204,206	528,934	4,363,287	3,635,623
General revenues						
Property taxes	7,893,197	7,565,925	-	-	7,893,197	7,565,925
Intergovernmental revenues not restricted to specific programs	256,341	165,618	-	-	256,341	165,618
Investment income	264,682	202,732	269,662	235,053	534,344	437,785
Other	206,812	7,102	-	-	206,812	7,102
Total revenues	<u>12,805,632</u>	<u>13,903,165</u>	<u>9,182,805</u>	<u>5,955,997</u>	<u>21,988,437</u>	<u>19,859,162</u>
<b>Expenses</b>						
General government	801,290	751,384	-	-	801,290	751,384
Public safety	3,329,636	3,618,458	-	-	3,329,636	3,618,458
Highway and transportation	4,475,203	3,692,274	-	-	4,475,203	3,692,274
Health and sanitation	498,558	467,421	-	-	498,558	467,421
Library	791,996	850,092	-	-	791,996	850,092
Parks and recreation	1,510,795	1,439,385	-	-	1,510,795	1,439,385
Development	1,441,579	1,400,211	-	-	1,441,579	1,400,211
Interest and fiscal charges	1,205,718	1,175,141	-	-	1,205,718	1,175,141
Water	-	-	2,269,576	1,939,954	2,269,576	1,939,954
Sewer	-	-	2,477,194	2,565,818	2,477,194	2,565,818
Stormwater	-	-	521,325	429,090	521,325	429,090
Community Development Authority	-	-	169	16,648	169	16,648
Total expenses	<u>14,054,775</u>	<u>13,394,366</u>	<u>5,268,264</u>	<u>4,951,510</u>	<u>19,323,039</u>	<u>18,345,876</u>
Increase (Decrease) in net position before special items and transfers	(1,249,143)	508,799	3,914,541	1,004,487	2,665,398	1,513,286
Special items	-	-	(349,108)	-	(349,108)	-
Transfers	434,973	413,692	(434,973)	(413,692)	-	-
Increase (decrease) in net position	<u>(814,170)</u>	<u>922,491</u>	<u>3,130,460</u>	<u>590,795</u>	<u>2,316,290</u>	<u>1,513,286</u>
Net position - January 1	<u>15,130,575</u>	<u>14,208,084</u>	<u>62,869,014</u>	<u>62,278,219</u>	<u>77,999,589</u>	<u>76,486,303</u>
Net position - December 31	<u>\$ 14,316,405</u>	<u>\$ 15,130,575</u>	<u>\$ 65,999,474</u>	<u>\$ 62,869,014</u>	<u>\$ 80,315,879</u>	<u>\$ 77,999,589</u>

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The decrease in Protection of Persons and Property in 2019 was due to moving Public Fire Protection charges from the Fire Department to a direct charge on the utility bills. This decrease was about \$509,000.

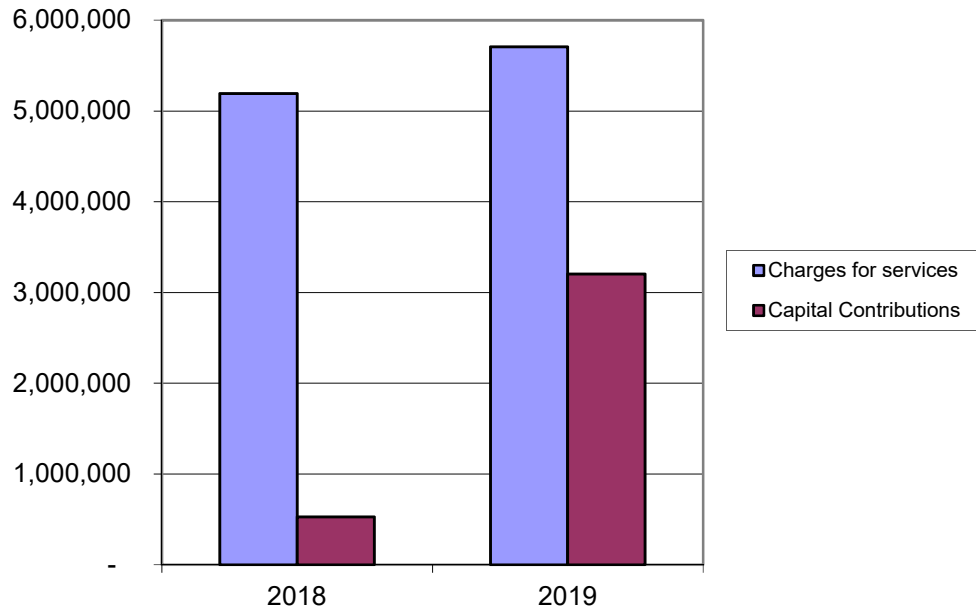
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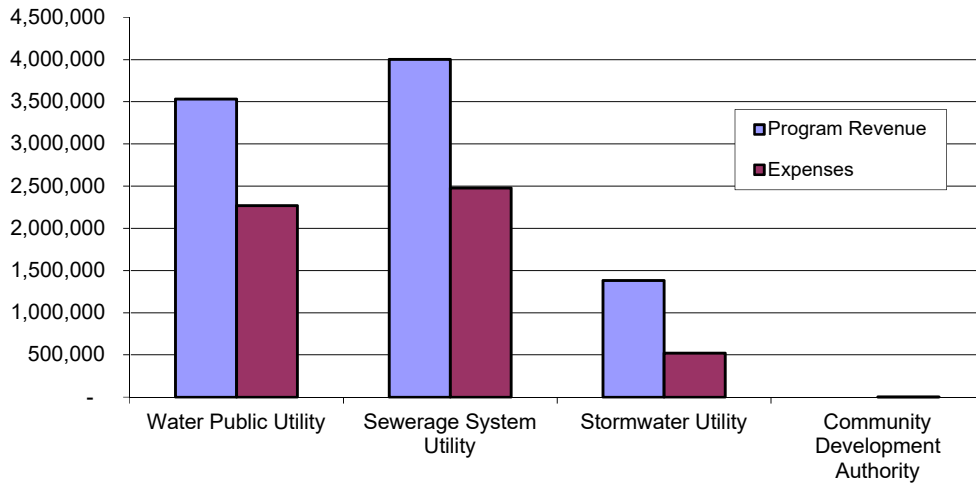
**Business-type activities.** Business-type activities increased the Village of Sussex's net position by \$3,130,460 in 2019 compared to an increase of \$590,795 in 2018. Increases in the Water, Sewer and Stormwater Utilities and the CDA were \$583,224, \$1,675,780, \$855,449 and \$16,007 respectively. The utility increases were mainly a result of capital contributions from developers although all utilities implemented rate increases in 2019. 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.

**Revenues by Source - Business-type Activities**

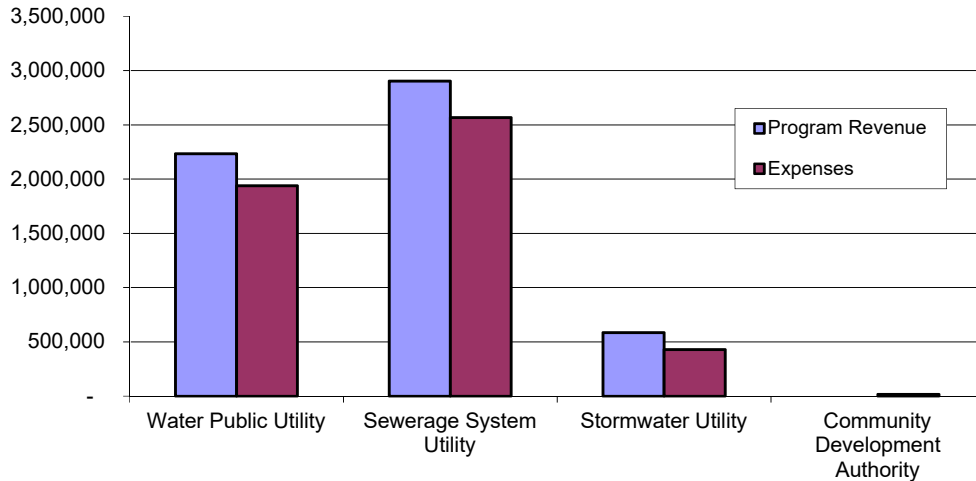


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**2019 Expenses & Program Revenues - Business-type Activities**



**2018 Expenses & Program Revenues - Business-type Activities**



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***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 2019, the Village of Sussex's governmental funds reported combined ending fund balances of \$4.94 million compared to the 2018 ending balance of \$5.33 million. Fund balances are segregated into five categories in accordance with accounting standards with details provided in the footnotes beginning on page 65. A summary of the categories are:

- Nonspendable – the balance of \$5,700 represents assets that are not readily convertible to cash, the majority in the form of inventory and prepaid expenses.
- Restricted – the balance of \$2,312,208 represents funds that have constraints on them by third parties such as creditors, grantor, laws or enabling legislation.
- Committed – the balance of \$54,969 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 \$3,798,064 represents funds that have been set aside for specific purposes.
- Unassigned – these are residual funds available. At December 31, 2019 this balance was (\$1,234,081) 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 2019, the balance was \$4,819,947 compared to the ending balance of \$5,383,512 in 2018.

The fund balance of the Village of Sussex's general fund increased on a budgetary basis by \$501,952 during the current fiscal year compared to an original budgeted use of surplus of \$39,037. Revenues credited and expenditures charged to assigned funds resulted in a total decrease of \$563,565 in the general fund. Key factors in the final outcome are as follows:

Village departments made concerted efforts during the year to continue with spending reductions and increased efficiency which resulted in departmental expenditures less than the budget. All departments showed expenditures less than budgeted. In addition, revenues were \$86,710 over budget. There was no one area causing the excess; however, permit fees, public charges for services and interest earnings were the top three areas.

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 \$1,787,810. The payments and transfers were mainly to cover fire department equipment purchases and provide funding for the Village Park Master Plan projects. Appropriations of \$638,670 were made to the reserve funds. Most were set aside for future equipment purchases with a small amount being set aside for post-employment health plan payments. Revenues credited to reserve funds were \$83,623 with the majority of that being interest earned.



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There are two debt service funds with a total fund balance of about \$417,000, all of which is restricted for the payment of debt service.

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

Unrestricted net position of the Water Utility, Sewer Utility, Stormwater Utility and Community Development Authority at the end of 2019 amounted to \$0.96 million, \$4.36 million, \$198,426 and \$214,912 respectively compared to \$0.8 million, \$2.7 million, \$245,064 and \$198,905 respectively for 2018. The changes in net position for the funds were increases of \$583,224, \$1,675,780, \$855,449 and \$16,007 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.

The Sewer Utility last increased rates in January, 2019. It is the Village Board policy to review rates on an annual basis in order to keep increases to manageable levels. The Village Board has already approved a decrease of \$2 to the monthly service charge for the Sewer Utility which began January 1, 2020. The Water Utility last increased rates in January, 2019 as the first step of a two-step increase approved by the Public Service Commission of Wisconsin to fund the radium treatment construction that began in 2017. The second step of the increase was implemented on January 1, 2020. During the 2017 budget approval process, the Village Board approved a three year plan to implement small increases to the Stormwater Utility rates. The first increase took place July 1, 2017, the second increase took place January 1, 2018 and the final increase took place on January 1, 2019. There were no increases implemented for 2020; however, the utility has contracted for a rate study in 2020.

**General Fund Budgetary Highlights**

One budget amendment was adopted relating to the 2019 budgets of the General Fund and the General Debt Service Fund. The General Fund amendment was made to account for reduced revenues from cable franchise fees and fines and forfeitures and increases to all other revenue categories. The General Fund expenditure budget was amended to show additional expenditures related to building costs for the Civic Center, Public Works costs related to snow removal and vehicle maintenance and various costs in the Park and Recreation Department as well as savings across all departments in wages and benefits. The Debt Service revenue budget was amended to account for the revenues and expenditures related to the refunding that took place in 2019.

**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, 2019, amounts to \$124.1 million compared to \$119.5 million at December 31, 2018. 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, 2019**

Major capital assets include the following:

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

	Governmental Activities		Business-type Activities		Total	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Land	\$ 2,477,995	\$ 2,477,995	\$ 501,492	\$ 501,492	\$ 2,979,487	\$ 2,979,487
Construction in progress	2,552,598	197,449	104,236	2,985,439	2,656,834	3,182,888
Buildings	13,901,376	14,253,952	7,712,130	5,300,563	21,613,506	19,554,515
Land improvements	2,200,081	2,310,685	-	-	2,200,081	2,310,685
Machinery & equipment	4,132,248	3,435,234	10,067,041	8,465,167	14,199,289	11,900,401
Infrastructure	23,486,102	25,539,063	56,939,613	54,042,885	80,425,715	79,581,948
<b>Total</b>	<b>\$ 48,750,400</b>	<b>\$ 48,214,378</b>	<b>\$ 75,324,512</b>	<b>\$ 71,295,546</b>	<b>\$ 124,074,912</b>	<b>\$ 119,509,924</b>

Additional information on the Village of Sussex's capital assets can be found in Note 7 on pages 50 -52 of this report.

**Long-term debt.** At the end of the current fiscal year, the Village of Sussex had total debt outstanding of \$60.9 million. Of this amount, \$40.5 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). Just under \$2.0 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	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
General obligation bonds & notes	\$ 37,648,844	\$ 37,698,460	\$ 2,860,000	\$ 3,165,000	\$ 40,508,844	\$ 40,863,460
State Infrastructure Bank Loan	799,000	-	-	-	799,000	-
Revenue bonds	-	-	12,682,114	13,495,215	12,682,114	13,495,215
Bond Anticipation Notes	-	-	5,105,000	3,805,000	5,105,000	3,805,000
Compensated absences	261,442	284,549	81,968	78,968	343,410	363,517
Unamortized (discount)/premium	1,248,542	365,219	176,885	203,419	1,425,427	568,638
<b>Total</b>	<b>\$ 39,957,828</b>	<b>\$ 38,348,228</b>	<b>\$ 20,905,967</b>	<b>\$ 20,747,602</b>	<b>\$ 60,863,795</b>	<b>\$ 59,095,830</b>

The Village of Sussex's total debt increased by \$1.8 million during the current fiscal year.

**Village of Sussex  
Management's Discussion and Analysis  
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The Village of Sussex maintained its bond rating by Moody's for its general obligation debt at Aa2. The revenue bonds of the Water Utility have ratings between AA and A1 because of the purchase of insurance.

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 \$69.5 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 52 – 57 of this report.

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

The unemployment rate for Waukesha County at December 31, 2019 is 2.6%. This compares favorably to the state's December unemployment rate of 3.2%. 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 2019.

The Village's 2020 adopted budget decreased by approximately \$218,000 compared to the 2019 budget or approximately (1.9%). Excluding the decrease to the capital outlay budget offset with a corresponding decrease to the revenue budget to use previously accumulated funds, the budget increased about \$711,000. In the 2020 budget, the Fire Department continues to add funding for staff to be in the station around the clock. About \$150,000 was added to the budget in the area of Parks, Recreation and Special Events. Debt service increased about \$155,000. All other areas of the budget showed minor increases as well.

During 2019, the Village experienced an increase in state transportation aid of about \$40,000 from the prior budget. The 2020 transportation aid is anticipated to increase significantly as a result of the past spending on road projects. Other state aids are expected to remain at or slightly higher than the 2019 levels.

The Water Utility increased its rates in January, 2019 as the first of a two-step increase approved by the Public Service Commission of Wisconsin. The second step of the increase began January 1, 2020. To offset the impact of the water rate increase, the Village Board approved a decrease in the monthly sewer service charge of \$2 per month beginning January 1, 2020 after a 1% increase in sewer rates in 2019. The final phase of a three year increase to stormwater rates took place in 2019. The Village plans to have rate studies prepared for both the Sewer and Stormwater Utilities in 2020. Existing rates are reviewed annually to determine if increases are needed.

Interest rates have continued to increase and the General Fund earnings have exceeded the budget for 2019. There are very few options for reinvesting at more than nominal rates, although 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 nine fiscal years, the general fund balance has increased from \$1,859,326 in 2010 to \$4,819,947 in 2019. The majority of these funds have been used to begin saving for equipment replacement and reflect the Village Board's commitment to this purpose. This effort has already begun to reduce long-term borrowing needs of the Village as evidenced in 2019. During 2019, funds were available for the purchase of a large fire truck which decreased the fund balance from the year before but allowed for the purchases without borrowing. Previously accumulated funds were also used for portions of the Village Park Master Plan.

**Village of Sussex  
Management's Discussion and Analysis  
(Unaudited)  
As of and for the Year Ended December 31, 2019**

***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, 2019

	Governmental Activities	Business Type Activities	Total	Component Unit
<b>ASSETS</b>				
Cash and investments	\$ 13,371,769	\$ 2,121,802	\$ 15,493,571	\$ 1,231,938
Receivables (net of allowance for uncollectible accounts)	5,560,725	582,972	6,143,697	-
Inventories and prepaid items	4,981	3,833	8,814	-
Restricted assets	-	6,769,487	6,769,487	753,403
Internal balances	(2,560,952)	2,560,952	-	-
Other assets				
Special assessments receivable	131,153	515,637	646,790	-
Extraordinary property loss	-	188,741	188,741	-
Capital assets (net of accumulated depreciation):				
Land	2,477,995	501,492	2,979,487	-
Construction in progress	2,552,598	104,236	2,656,834	-
Other capital assets	43,719,807	74,718,784	118,438,591	429,980
<b>TOTAL ASSETS</b>	<u>65,258,076</u>	<u>88,067,936</u>	<u>153,326,012</u>	<u>2,415,321</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension	<u>949,108</u>	<u>578,208</u>	<u>1,527,316</u>	<u>338,903</u>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	1,310,249	169,382	1,479,631	36,420
Accrued interest payable	336,762	10,507	347,269	-
Payable from restricted assets:				
Current portion of long-term debt	-	968,495	968,495	-
Accounts payable and accrued interest payable	-	450,139	450,139	-
Due to other governments	377,461	-	377,461	26,443
Unearned revenue	52,597	82,175	134,772	-
Noncurrent liabilities:				
Due within one year	1,967,069	342,292	2,309,361	37,027
Due in more than one year	37,990,759	19,595,181	57,585,940	-
Net pension liability	345,273	214,802	560,075	125,531
<b>TOTAL LIABILITIES</b>	<u>42,380,170</u>	<u>21,832,973</u>	<u>64,213,143</u>	<u>225,421</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes levied for subsequent year	9,031,509	-	9,031,509	-
Deferred inflows related to pension	479,100	298,060	777,160	174,186
Deferred special assessments	-	515,637	515,637	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>9,510,609</u>	<u>813,697</u>	<u>10,324,306</u>	<u>174,186</u>
<b>NET POSITION</b>				
Net investment in capital assets	23,945,376	53,254,768	76,561,427	429,980
Restricted:				
Reserve Capacity Assessments	-	1,514,306	1,514,306	-
Debt Service	80,043	2,542,584	2,622,627	-
Equipment Replacement and Depreciation	-	2,955,143	2,955,143	-
Park Impact Fees	80,875	-	80,875	-
Future Expansion	-	-	-	732,856
Library Books and Equipment	-	-	-	19,311
Unrestricted	(9,789,889)	5,732,673	(3,418,499)	1,172,470
<b>TOTAL NET POSITION</b>	<u>\$ 14,316,405</u>	<u>\$ 65,999,474</u>	<u>\$ 80,315,879</u>	<u>\$ 2,354,617</u>

# VILLAGE OF SUSSEX, WISCONSIN

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

<b><u>Functions/Programs</u></b>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 801,290	\$ 149,564	\$ 41,958	\$ -
Protection of persons & property:				
Police	1,784,943	190,469	2,128	-
Fire	1,304,028	271,493	75,829	11,622
Other protection	240,665	236,952	-	-
Health and sanitation	498,558	438,964	32,779	-
Highway and transportation	4,475,203	4,898	720,232	868,457
Library	791,996	-	-	-
Parks and recreation	1,510,795	512,750	160,556	219,939
Development	1,441,579	186,947	-	-
Interest and fiscal charges	1,205,718	-	-	59,063
Total governmental activities	14,054,775	1,992,037	1,033,482	1,159,081
Business type activities				
Water	2,269,576	2,399,221	-	1,130,753
Sewer	2,477,194	2,673,679	-	1,329,645
Stormwater	521,325	636,037	-	743,808
Community Development Authority	169	-	-	-
Total business type activities	5,268,264	5,708,937	-	3,204,206
Total	\$ 19,323,039	\$ 7,700,974	\$ 1,033,482	\$ 4,363,287
Component unit				
Pauline Haass Public Library	\$ 1,145,678	\$ 25,962	\$ 1,182,810	\$ 101,026

General revenues:

  Taxes

  Intergovernmental revenues not restricted to specific programs

  Investment income

  Miscellaneous

Special item - abandonment of wells

Transfers

  Total general revenues, special items 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
\$ (609,768)	\$ -	\$ (609,768)	\$ -
(1,592,346)	-	(1,592,346)	-
(945,084)	-	(945,084)	-
(3,713)	-	(3,713)	-
(26,815)	-	(26,815)	-
(2,881,616)	-	(2,881,616)	-
(791,996)	-	(791,996)	-
(617,550)	-	(617,550)	-
(1,254,632)	-	(1,254,632)	-
(1,146,655)	-	(1,146,655)	-
<u>(9,870,175)</u>	<u>-</u>	<u>(9,870,175)</u>	<u>-</u>
-	1,260,398	1,260,398	-
-	1,526,130	1,526,130	-
-	858,520	858,520	-
-	(169)	(169)	-
<u>-</u>	<u>3,644,879</u>	<u>3,644,879</u>	<u>-</u>
<u>(9,870,175)</u>	<u>3,644,879</u>	<u>(6,225,296)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>164,120</u>
7,893,197	-	7,893,197	-
256,341	-	256,341	-
264,682	269,662	534,344	31,513
206,812	-	206,812	8,874
-	(349,108)	(349,108)	-
434,973	(434,973)	-	-
<u>9,056,005</u>	<u>(514,419)</u>	<u>8,541,586</u>	<u>40,387</u>
<u>(814,170)</u>	<u>3,130,460</u>	<u>2,316,290</u>	<u>204,507</u>
<u>15,130,575</u>	<u>62,869,014</u>	<u>77,999,589</u>	<u>2,150,110</u>
<u>\$ 14,316,405</u>	<u>\$ 65,999,474</u>	<u>\$ 80,315,879</u>	<u>\$ 2,354,617</u>



# VILLAGE OF SUSSEX, WISCONSIN

## BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2019

	General	General Obligation Debt Service Fund
<b>ASSETS</b>		
Cash and investments	\$ 8,268,922	\$ 1,619,802
Receivables		
Taxes	2,823,790	1,084,311
Accounts	221,364	-
Special assessments	131,153	-
Notes	-	-
Due from other funds	-	-
Inventories and prepaid items	4,981	-
<b>TOTAL ASSETS</b>	<b>\$ 11,450,210</b>	<b>\$ 2,704,113</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
Liabilities		
Accounts payable	\$ 281,651	\$ -
Accrued payroll	65,602	-
Due to other funds	-	-
Due to other governments	377,461	-
Unearned revenue	52,597	-
<b>Total liabilities</b>	<b>777,311</b>	<b>-</b>
Deferred Inflows of Resources		
Property taxes levied for subsequent year	5,852,952	2,287,308
Other	-	-
<b>Total deferred inflows of resources</b>	<b>5,852,952</b>	<b>2,287,308</b>
Fund Balances		
Nonspendable	5,700	-
Restricted	61,454	416,805
Committed	36,004	-
Assigned	3,789,245	-
Unassigned	927,544	-
<b>Total fund balances</b>	<b>4,819,947</b>	<b>416,805</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 11,450,210</b>	<b>\$ 2,704,113</b>

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

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

### NET POSITION OF GOVERNMENTAL ACTIVITIES

General Capital Projects Fund	TIF #6 Capital Projects Fund	TIF #7 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,095,162	\$ 477,725	\$ 801,477	\$ 108,681	\$ 13,371,769
-	422,501	-	-	4,330,602
209,759	-	-	-	431,123
-	-	-	-	131,153
-	-	799,000	-	799,000
411,127	-	-	-	411,127
-	-	-	-	4,981
<u>\$ 2,716,048</u>	<u>\$ 900,226</u>	<u>\$ 1,600,477</u>	<u>\$ 108,681</u>	<u>\$ 19,479,755</u>
\$ 962,974	\$ -	\$ -	\$ 7	\$ 1,244,632
-	-	-	15	65,617
-	1,511,127	1,460,952	-	2,972,079
-	-	-	-	377,461
-	-	-	-	52,597
<u>962,974</u>	<u>1,511,127</u>	<u>1,460,952</u>	<u>22</u>	<u>4,712,386</u>
-	891,249	-	-	9,031,509
-	-	799,000	-	799,000
-	<u>891,249</u>	<u>799,000</u>	-	<u>9,830,509</u>
-	-	-	-	5,700
1,753,074	-	-	80,875	2,312,208
-	-	-	18,965	54,969
-	-	-	8,819	3,798,064
-	(1,502,150)	(659,475)	-	(1,234,081)
<u>1,753,074</u>	<u>(1,502,150)</u>	<u>(659,475)</u>	<u>108,659</u>	<u>4,936,860</u>
<u>\$ 2,716,048</u>	<u>\$ 900,226</u>	<u>\$ 1,600,477</u>	<u>\$ 108,681</u>	
				48,750,400
				799,000
				124,735
				<u>(40,294,590)</u>
				<u>\$ 14,316,405</u>

## VILLAGE OF SUSSEX, WISCONSIN

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

For the Year Ended December 31, 2019

	General Fund	General Obligation Debt Service Fund	General Capital Projects Fund	TIF #6 Capital Projects Fund
<b>REVENUES</b>				
Taxes	\$ 5,195,048	\$ 2,131,820	\$ -	\$ 566,329
Intergovernmental	996,102	-	209,759	3,327
Public improvement revenues	180	-	155,437	-
Licenses and permits	403,804	-	-	-
Fines, forfeitures and penalties	173,386	-	-	-
Public charges for services	1,204,860	-	637	-
Intergovernmental charges for services	-	-	-	-
Commercial revenues	371,879	15,743	19,102	3,499
Miscellaneous revenues	134,278	78,472	-	-
Total Revenues	8,479,537	2,226,035	384,935	573,155
<b>EXPENDITURES</b>				
Current				
General government	704,083	-	-	900
Protection of persons & property				
Police	1,742,832	-	-	-
Fire	1,044,337	-	-	-
Other protection	231,676	-	-	-
Health and sanitation	482,033	-	-	-
Highway and transportation	1,026,365	-	-	-
Library	717,010	-	-	-
Parks and recreation	1,157,571	-	-	-
Development	-	-	-	-
Capital outlay	1,218,418	-	3,508,909	509
Debt service				
Principal retirement	4,616	1,475,000	-	-
Interest and fiscal charges	-	873,222	70,525	15,486
Total Expenditures	8,328,941	2,348,222	3,579,434	16,895
Excess (deficiency) of revenues over expenditures	150,596	(122,187)	(3,194,499)	556,260
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	-	4,185,000	2,445,000	-
Other sources (bond premium)	-	969,042	-	-
Debt service - principal	-	(5,000,000)	-	-
Transfers in	436,742	60,937	2,209,001	-
Transfers out	(1,150,903)	-	-	(498,409)
Total other financing sources (uses)	(714,161)	214,979	4,654,001	(498,409)
Net change in fund balances	(563,565)	92,792	1,459,502	57,851
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	5,383,512	324,013	293,572	(1,560,001)
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<b>\$ 4,819,947</b>	<b>\$ 416,805</b>	<b>\$ 1,753,074</b>	<b>\$ (1,502,150)</b>

TIF #7 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 7,893,197
-	-	1,209,188
-	132,192	287,809
-	-	403,804
-	-	173,386
70	8,484	1,214,051
-	-	-
2,477	15,664	428,364
-	203,492	416,242
<u>2,547</u>	<u>359,832</u>	<u>12,026,041</u>
-	-	704,983
-	-	1,742,832
-	-	1,044,337
-	-	231,676
-	15,098	497,131
-	-	1,026,365
-	-	717,010
-	4,868	1,162,439
-	-	-
1,441,070	-	6,168,906
-	200,000	1,679,616
19,952	298,409	1,277,594
<u>1,461,022</u>	<u>518,375</u>	<u>16,252,889</u>
<u>(1,458,475)</u>	<u>(158,543)</u>	<u>(4,226,848)</u>
799,000	-	7,429,000
-	-	969,042
-	-	(5,000,000)
-	507,909	3,214,589
-	(1,130,304)	(2,779,616)
<u>799,000</u>	<u>(622,395)</u>	<u>3,833,015</u>
(659,475)	(780,938)	(393,833)
-	889,597	5,330,693
<u>\$ (659,475)</u>	<u>\$ 108,659</u>	<u>\$ 4,936,860</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, 2019

Net change in fund balances - total governmental funds	\$ (393,833)
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.	536,022
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In addition, governmental funds report the effect of issuance costs, premium, discounts, and similar costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount in the net effect of these differences in the treatment of long-term debt and related items.	(1,632,707)
As part of the TIF #7 development, the Village received bond proceeds of a State of Wisconsin Bank Infrastructure Loan. In the government-wide statement of net position, there is a loan receivable from the developer recorded; in the statement of activities this has been shown as a capital grant. In the fund statements, this amount is shown as a deferred inflow until received.	799,000
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.	(112,507)
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>(10,145)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ (814,170)</u></u></b>

## VILLAGE OF SUSSEX, WISCONSIN

### STATEMENT OF NET POSITION

#### PROPRIETARY FUNDS

December 31, 2019

	Business Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Stormwater Utility	Community Development Authority	
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and investments	\$ 846,680	\$ 909,506	\$ 150,704	\$ 214,912	\$ 2,121,802
Accounts receivable	271,157	241,299	61,301	-	573,757
Special assessment receivable	2,607	4,721	-	-	7,328
Taxes receivable	1,388	499	-	-	1,887
Prepaid items	3,072	612	149	-	3,833
<b>Restricted Assets</b>					
Cash and investments	653,146	396,936	-	-	1,050,082
Current portion of due from other governments	-	223,200	-	-	223,200
<b>Total current assets</b>	<b>1,778,050</b>	<b>1,776,773</b>	<b>212,154</b>	<b>214,912</b>	<b>3,981,889</b>
<b>Non-Current Assets</b>					
Land	271,810	178,630	51,052	-	501,492
Construction in progress	15,641	38,012	50,583	-	104,236
Property and equipment	39,224,492	53,363,819	17,967,519	-	110,555,830
Accumulated depreciation	(9,876,723)	(23,350,885)	(2,609,438)	-	(35,837,046)
<b>Restricted Assets</b>					
Cash and investments	1,795,359	1,699,416	271,482	-	3,766,257
Due from other funds	-	2,000,000	-	-	2,000,000
Due from other governments	-	1,729,948	-	-	1,729,948
<b>Other Assets</b>					
Due from other funds	-	3,292,245	-	-	3,292,245
Special assessments receivable	391,321	124,316	-	-	515,637
Extraordinary property loss	-	188,741	-	-	188,741
<b>Total non-current assets</b>	<b>31,821,900</b>	<b>39,264,242</b>	<b>15,731,198</b>	<b>-</b>	<b>86,817,340</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pension	241,642	265,557	71,009	-	578,208
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>33,841,592</b>	<b>41,306,572</b>	<b>16,014,361</b>	<b>214,912</b>	<b>91,377,437</b>

## VILLAGE OF SUSSEX, WISCONSIN

### STATEMENT OF NET POSITION

#### PROPRIETARY FUNDS

December 31, 2019

	Business Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Stormwater Utility	Community Development Authority	
<b>LIABILITIES</b>					
Current liabilities - payable from current assets:					
Current portion of long-term debt	100,000	210,000	-	-	310,000
Compensated absences	12,440	19,852	-	-	32,292
Accounts payable	65,442	58,466	20,132	-	144,040
Accrued payroll	12,195	10,722	2,425	-	25,342
Accrued interest payable	3,650	6,857	-	-	10,507
Due to other funds	875,848	-	1,855,445	-	2,731,293
Unearned revenue	81,197	978	-	-	82,175
Current liabilities - payable from restricted assets:					
Current portion of long-term debt	415,000	553,495	-	-	968,495
Accounts payable	396,214	-	-	-	396,214
Accrued interest payable	25,986	27,939	-	-	53,925
Total current liabilities	1,987,972	888,309	1,878,002	-	4,754,283
Long-term debt:					
General obligation debt	500,000	2,050,000	-	-	2,550,000
Revenue bonds	6,170,000	5,543,619	-	-	11,713,619
Revenue bond anticipation notes	5,105,000				5,105,000
Net unamortized bond discount and premium	162,496	14,389	-	-	176,885
Compensated absences	18,281	31,396	-	-	49,677
Net pension liability - Wisconsin Retirement System	89,338	99,421	26,043	-	214,802
Total long-term debt	12,045,115	7,738,825	26,043	-	19,809,983
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pension	123,966	137,957	36,137	-	298,060
Deferred special assessments	391,321	124,316	-	-	515,637
TOTAL DEFERRED INFLOWS	515,287	262,273	36,137	-	813,697
TOTAL LIABILITIES AND DEFERRED INFLOWS	14,548,374	8,889,407	1,940,182	-	25,377,963
<b>NET POSITION</b>					
Net investment in capital assets	17,251,118	22,399,379	13,604,271	-	53,254,768
Restricted:					
Reserve Capacity Assessments	468,597	1,045,709	-	-	1,514,306
Debt Service	227,296	2,315,288	-	-	2,542,584
Equipment Replacement and Depreciation	382,519	2,301,142	271,482	-	2,955,143
Unrestricted	963,688	4,355,647	198,426	214,912	5,732,673
TOTAL NET POSITION	\$ 19,293,218	\$ 32,417,165	\$ 14,074,179	\$ 214,912	\$ 65,999,474

**VILLAGE OF SUSSEX, WISCONSIN**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - PROPRIETARY FUNDS  
For the Year Ended December 31, 2019

	Business Type Activities - Enterprise Funds				Total
	Water Utility	Sewer Utility	Stormwater Utility	Community Development Authority	
<b>OPERATING REVENUES</b>					
Sale of water	\$ 2,300,072	\$ -	\$ -	\$ -	\$ 2,300,072
Sewage collection charges	-	2,567,804	-	-	2,567,804
Stormwater charges	-	-	614,195	-	614,195
Other operating revenues	99,149	105,875	21,842	-	226,866
Total operating revenues	<u>2,399,221</u>	<u>2,673,679</u>	<u>636,037</u>	<u>-</u>	<u>5,708,937</u>
<b>OPERATING EXPENSES</b>					
Operation and maintenance	1,134,915	1,351,167	290,086	169	2,776,337
Depreciation and amortization	810,973	915,587	211,231	-	1,937,791
Total operating expenses	<u>1,945,888</u>	<u>2,266,754</u>	<u>501,317</u>	<u>169</u>	<u>4,714,128</u>
<b>Operating income (loss)</b>	<u>453,333</u>	<u>406,925</u>	<u>134,720</u>	<u>(169)</u>	<u>994,809</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	64,035	191,433	10,319	3,875	269,662
Interest expense	(323,688)	(210,440)	(20,008)	-	(554,136)
Total nonoperating revenues (expense)	<u>(259,653)</u>	<u>(19,007)</u>	<u>(9,689)</u>	<u>3,875</u>	<u>(284,474)</u>
<b>Income (loss) before contributions, special items and transfers</b>	193,680	387,918	125,031	3,706	710,335
<b>CAPITAL CONTRIBUTIONS</b>	1,130,753	1,329,645	743,808	-	3,204,206
<b>DISPOSAL OF VILLAGE PROPERTY</b>	13,390		(13,390)	-	-
<b>SPECIAL ITEM</b>	(349,108)				(349,108)
<b>TRANSFERS IN</b>	24,075			13,301	37,376
<b>TRANSFERS OUT</b>	(429,566)	(41,783)	-	(1,000)	(472,349)
<b>Change in net position</b>	583,224	1,675,780	855,449	16,007	3,130,460
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>	<u>18,709,994</u>	<u>30,741,385</u>	<u>13,218,730</u>	<u>198,905</u>	<u>62,869,014</u>
<b>TOTAL NET POSITION - END OF YEAR</b>	<u>\$ 19,293,218</u>	<u>\$ 32,417,165</u>	<u>\$ 14,074,179</u>	<u>\$ 214,912</u>	<u>\$ 65,999,474</u>



**VILLAGE OF SUSSEX, WISCONSIN**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2019

	Business Type Activities - Enterprise Funds				
	Water Utility	Sewer Utility	Stormwater Utility	Community Development Authority	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 2,553,786	\$ 3,019,186	\$ 723,280	\$ -	\$ 6,296,252
Payments to vendors	(681,626)	(905,452)	(131,824)	(169)	(1,719,071)
Payments to employees	(405,596)	(414,920)	(128,842)	-	(949,358)
Payments to/from other funds	42,999	(47,406)	-	-	(4,407)
Net cash flows provided (used) by operating activities	<u>1,509,563</u>	<u>1,651,408</u>	<u>462,614</u>	<u>(169)</u>	<u>3,623,416</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfer in	-	-	-	13,301	13,301
Transfer out	(429,566)	(17,708)	-	(1,000)	(448,274)
Net cash flows provided (used) by noncapital financing activities	<u>(429,566)</u>	<u>(17,708)</u>	<u>-</u>	<u>12,301</u>	<u>(434,973)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal paid on long-term debt	(400,000)	(718,101)	-	-	(1,118,101)
Interest paid on long-term debt	(310,145)	(234,078)	-	-	(544,223)
Proceeds of long-term debt	1,300,000	-	-	-	1,300,000
Debt discount and issuance expenses	(43,665)	-	-	-	(43,665)
Debt premium	6,877	-	-	-	6,877
Advance from other fund	-	-	746,607	-	746,607
Payment of advance from other fund	-	-	(300,000)	-	(300,000)
Interest on advance from other fund	-	-	(20,008)	-	(20,008)
Reserve capacity assessments received	369,448	328,654	-	-	698,102
Treatment plant capacity purchase by other governmental unit	-	220,160	-	-	220,160
Principal received from other governmental units	-	217,656	-	-	217,656
Interest received from other governmental units	-	52,519	-	-	52,519
Collection of special assessment receivable	5,066	1,972	-	-	7,038
Payment to Water Utility for the construction of capital assets	-	(358,933)	-	-	(358,933)
Acquisition and construction of capital assets	(3,686,291)	(394,685)	(831,369)	-	(4,912,345)
Sale of capital assets	13,350	-	-	-	13,350
Net cash used by capital and related financing activities	<u>(2,745,360)</u>	<u>(884,836)</u>	<u>(404,770)</u>	<u>-</u>	<u>(4,034,966)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Advance to other fund	-	(1,887,607)	-	-	(1,887,607)
Interest received on investments	64,035	118,963	10,319	3,875	197,192
Net cash provided (used) by investing activities	<u>64,035</u>	<u>(1,768,644)</u>	<u>10,319</u>	<u>3,875</u>	<u>(1,690,415)</u>
Net increase (decrease) in cash and equivalents	<u>(1,601,328)</u>	<u>(1,019,780)</u>	<u>68,163</u>	<u>16,007</u>	<u>(2,536,938)</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>4,896,513</u>	<u>4,025,638</u>	<u>354,023</u>	<u>198,905</u>	<u>9,475,079</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 3,295,185</u>	<u>\$ 3,005,858</u>	<u>\$ 422,186</u>	<u>\$ 214,912</u>	<u>\$ 6,938,141</u>
<b>Cash and Cash Equivalents per Statement of Net Position</b>					
Unrestricted	\$ 846,680	\$ 909,506	\$ 150,704	\$ 214,912	\$ 2,121,802
Restricted	2,448,505	2,096,352	271,482	-	4,816,339
	<u>\$ 3,295,185</u>	<u>\$ 3,005,858</u>	<u>\$ 422,186</u>	<u>\$ 214,912</u>	<u>\$ 6,938,141</u>

**VILLAGE OF SUSSEX, WISCONSIN**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2019

	Business Type Activities - Enterprise Funds				
	Water Utility	Sewer Utility	Stormwater Utility	Community Development Authority	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ 453,333	\$ 406,925	\$ 134,720	\$ (169)	\$ 994,809
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	834,085	915,587	211,231	-	1,960,903
Change in pension related assets, deferred outflows/inflows of resources, and liabilities	33,092	40,380	8,848	-	82,320
(Increase) decrease in assets:					
Accounts and notes receivable	162,947	345,107	87,243	-	595,297
Prepaid expenses	2,192	2,125	558	-	4,875
Increase (decrease) in liabilities:					
Accounts payable	17,094	(62,513)	18,962	-	(26,457)
Accrued payroll and compensated absences	4,463	3,397	1,052	-	8,912
Other unearned revenues	2,357	400	-	-	2,757
Net cash flows provided (used) by operating activities	<u>\$ 1,509,563</u>	<u>\$ 1,651,408</u>	<u>\$ 462,614</u>	<u>\$ (169)</u>	<u>\$ 3,623,416</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital assets acquired through donation by developer	<u>\$ 758,660</u>	<u>\$ 779,462</u>	<u>\$ 743,808</u>	<u>\$ -</u>	<u>\$ 2,281,930</u>
Capital assets acquired in accounts payable at year end	<u>\$ 396,214</u>	<u>\$ 1,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 398,017</u>

**VILLAGE OF SUSSEX, WISCONSIN**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
December 31, 2019

	<u>Custodial Funds</u>
	<u>Tax Collection Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 8,600,118
Taxes receivable	<u>7,445,262</u>
<b>TOTAL ASSETS</b>	<u>16,045,380</u>
<b>LIABILITIES</b>	
Due to other taxing units	15,705,467
Deposits	<u>339,913</u>
<b>TOTAL LIABILITIES</b>	<u>16,045,380</u>
<b>NET POSITION</b>	<u>\$ -</u>

**VILLAGE OF SUSSEX, WISCONSIN**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
For the Year Ended December 31, 2019**

	<u>Custodial Funds</u>
	<u>Tax Collection Fund</u>
<b>ADDITIONS</b>	
Property tax collections for other governments	<u>\$ 15,043,988</u>
<b>DEDUCTIONS</b>	
Payments of property taxes to other governments	<u>15,043,988</u>
<b>Change in net position</b>	-
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>-</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ -</u>

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 1 Summary of Significant Accounting Policies

#### Introduction

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

#### Description of government-wide financial statements

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

#### Reporting entity

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

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

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

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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

#### Sussex Community Development Authority

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

#### Pauline Haass Public Library

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

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

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

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

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

The Village reports the following major governmental funds:

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

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

The *general capital projects fund* is used to account for the acquisition or construction of major capital facilities other than those financed by TIF #6 and #7 or proprietary fund types. Capital projects are generally funded through the revenues taken from the issuance of debt.

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

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

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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

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

The 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.

Additionally, the Village reports the following 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).

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

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

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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

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

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

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

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

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

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



# Village of Sussex, Wisconsin

## Notes to Financial Statements

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

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

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

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

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

#### **Use of Estimates**

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

#### **Budgetary information**

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

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and using the same basis of accounting for each fund as described in Note 1 except actual (non-GAAP) revenues and expenditures do not reflect certain transactions of assigned funds. Budget is defined as the originally approved budget plus or minus approved amendments. An additional appropriation during the year amounted to \$178,933 for the General Fund and \$5,075,800 for the General Obligation Debt Service Fund. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.

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

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

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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

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

##### *Cash and investments*

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

##### *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of \$5,000 or higher for governmental activities and \$500 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

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

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

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

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

A summary of restricted assets follows:

##### *Depreciation Fund*

Represents resources set aside to fund plant renewals and replacements.

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

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

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

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

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

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

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

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

##### *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.

##### *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.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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

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

##### ***Other Assets***

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

##### ***Long-Term Obligations***

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

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

##### ***Pension Plan***

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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

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

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

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents the acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the Village has four items that qualify for reporting in this category. The Village defers the 2019 property tax levy to be recognized as revenue in 2020. The deferred inflows of resources – pension represents the Village's proportionate share of collective deferred inflows of resources of the Wisconsin Retirement System. For the proprietary funds, the Village reports deferred special assessments on properties that are not currently in the Village and will only be recognized if the property is annexed into the Village. In the governmental funds, the Village reports a deferred inflow for a long-term receivable that will be recognized as revenue when a developer pays the related debt payments of the Village incurred on its behalf.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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

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

##### Governmental Fund Financial Statements

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

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

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

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

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

- **Net investment in capital assets** - Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- **Restricted net position** - Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - Net position that is neither classified as restricted nor as net investment in capital assets.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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

The Village has a formal minimum fund balance policy. The first threshold is to maintain the Unassigned Fund Balance of the General Fund at one month (8.33%) of the following year's budget. Secondly, when combined, the Unassigned and Assigned Fund Balances of the General Fund shall be maintained at not less than four months of the subsequent year's budgeted expenditures excluding the debt service portion. At December 31, 2019 the combined balance is \$4,716,789 and represents 51.4% of the 2020 budgeted expenditures.

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

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 23,945,376	\$ 53,254,768	\$ (638,717)	\$ 76,561,427
Unrestricted	(9,789,889)	5,732,673	638,717	(3,418,499)

### Program revenues

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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

#### Property taxes

Property tax receipts represent the receipts primarily generated by the 2018 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 – 2019 tax roll:

Lien date and levy date	December, 2019
Tax bills mailed	December, 2019
Payment in full or first installment due	January 31, 2020
Second installment due	March 31, 2020
Third installment due	May 31, 2020
Personal property taxes due in full	January 31, 2020
Tax sale – 2019 delinquent real estate taxes	October, 2023

### 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	\$ 108,468,256
Accumulated depreciation	<u>(59,717,856)</u>
Net capital assets	<u>\$ 48,750,400</u>



# Village of Sussex, Wisconsin

## Notes to Financial Statements

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

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

Bonds and notes payable	\$ (37,648,844)
State loan payable	(799,000)
Compensated absences	(261,442)
Accrued interest, net of interest rebate receivable	(336,762)
Unamortized net debt discount and premium	<u>(1,248,542)</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ (40,294,590)</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	\$ 949,108
Net pension liability	(345,273)
Deferred inflows of resources	<u>(479,100)</u>
	<u>\$ 124,735</u>

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

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

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

Capital outlay items reported as capital assets	\$ 3,907,502
Depreciation expense	(3,244,659)
Net book value of assets disposed	<u>(126,821)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 536,022</u>

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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

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

Debt issued or incurred:	
Long-term debt issued	\$ (7,429,000)
Net debt discount and premium	(969,042)
Amortization of debt discount and premium	85,719
Principal repayments:	
General obligation debt	<u>6,679,616</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (1,632,707)</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	\$ 23,107
Accrued interest	<u>(33,252)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (10,145)</u>

### Note 3 Stewardship, Compliance and Accountability

#### Violations of legal or contractual provisions

No violations occurred for the year ended December 31, 2019.

#### Deficit fund equity

As of December 31, 2019, the TIF #6 Capital Projects Fund had a deficit fund balance of \$1,502,150 and the TIF #7 Capital Projects Fund had a deficit fund balance of \$659,475. Both will be eliminated through the collection of future tax increments.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 4 Cash and Investments

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

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

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

The carrying amount of the Village's cash and investments totaled \$28,910,028 on December 31, 2019 as summarized below:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 22,217,503	\$ 22,198,635	Custodial credit risk
LGIP	5,156,192	5,156,192	Credit risk
Certificates of Deposit	1,536,208	1,513,825	Custodial credit risk
Petty Cash	125	-	
Total deposits and investments	<u>\$ 28,910,028</u>	<u>\$ 28,868,652</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 15,493,571		
Restricted cash and investments	4,816,339		
Per statement of net position - fiduciary fund			
Agency	<u>8,600,118</u>		
	<u>\$ 28,910,028</u>		

### Fair Value Measurements

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The Village currently has no investments subject to fair value measurement.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 4 Cash and Investments (continued)

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

#### **Custodial Credit Risk**

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

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

As of December 31, 2019, \$21,656,569 of the Village's deposits with financial institutions was in excess of federal and state depository insurance limits. \$19,518,972 was collateralized with securities held by the pledging financial institution and \$2,137,597 was uncollateralized.

#### **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 \$5,156,192 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, 2019, 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	\$ 2,823,790	\$ 1,084,311	\$ -	\$ 422,501	\$ -	\$ 4,330,602
Accounts	230,134		209,759			439,893
Other Governments	26,443	-	-	-		26,443
Notes	-	-	-	-	799,000	799,000
Special assessments	131,153	-	-	-	-	131,153
Gross receivables	3,211,520	1,084,311	209,759	422,501	799,000	5,727,091
Less: Allowance for uncollectibles	35,213	-	-	-	-	35,213
Net total receivables	<u>\$ 3,176,307</u>	<u>\$ 1,084,311</u>	<u>\$ 209,759</u>	<u>\$ 422,501</u>	<u>\$ 799,000</u>	<u>\$ 5,691,878</u>

All of the amounts above are expected to be collected within a year other than the \$131,153 in special assessments and \$799,000 in notes.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

### Note 6 Restricted Assets

Restricted assets on December 31, 2019 totaled \$8,769,487 and consisted of cash and investments of \$4,816,339, balances due from other governments of \$1,953,148 and balances due from other funds of \$2,000,000 held for the following purposes:

Funds	Amount	Purpose
Enterprise funds		
Water Utility		
Special redemption fund	\$ 256,932	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	595,921	Amount required under the terms of the Revenue Bonds to be maintained in reserve
Reserve Capacity Assessments	468,597	To account for fees collected from new development to pay for reserve capacity built in the water plant
Construction	<u>744,536</u>	To account for borrowed funds for construction of plant facilities
Total Water Utility	<u>2,448,505</u>	
Sewer Utility		
Depreciation	1,444,676	To be used for the replacement of capital assets of the sewer utility
Debt service	2,350,085	To accumulate funds to pay principal and interest on Revenue Bonds
Revenue bond reserve	226,062	Amount required under the terms of the Revenue Bonds to be maintained in reserve
DNR replacement	856,466	To be used for the replacement of certain assets for the sewer utility
Reserve Capacity Assessments	1,045,709	To account for fees collected from new development to pay for reserve capacity built in the wastewater treatment plant
Construction	<u>126,502</u>	To account for borrowed funds for construction
Total Sewer Utility	<u>6,049,500</u>	
Stormwater Utility		
Equipment replacement	<u>271,482</u>	To accumulate funds for future equipment replacement
Total	<u><u>\$ 8,769,487</u></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, 2019 is as follows:

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 2,477,995	\$ -	\$ -	\$ 2,477,995
Construction in progress	197,449	2,829,288	474,139	2,552,598
Total capital assets, not being depreciated	<u>2,675,444</u>	<u>2,829,288</u>	<u>474,139</u>	<u>5,030,593</u>
Capital assets being depreciated				
Buildings	16,952,962	12,505	-	16,965,467
Land improvements	2,774,756	-	5,100	2,769,656
Machinery and equipment	6,194,436	1,151,512	322,780	7,023,168
Infrastructure	76,477,868	388,336	186,832	76,679,372
Subtotals	<u>102,400,022</u>	<u>1,552,353</u>	<u>514,712</u>	<u>103,437,663</u>
Less: accumulated depreciation for:				
Buildings	2,699,010	365,081	-	3,064,091
Land improvements	464,071	110,604	5,100	569,575
Machinery and equipment	2,759,202	368,780	237,062	2,890,920
Infrastructure	50,938,805	2,400,194	145,729	53,193,270
Subtotals	<u>56,861,088</u>	<u>3,244,659</u>	<u>387,891</u>	<u>59,717,856</u>
Total capital assets, being depreciated, net	<u>45,538,934</u>	<u>(1,692,306)</u>	<u>126,821</u>	<u>43,719,807</u>
Governmental activities capital assets, net	<u>\$ 48,214,378</u>	<u>\$ 1,136,982</u>	<u>\$ 600,960</u>	48,750,400
Less: Capital related debt				(25,651,644)
Less: Debt premium				(1,248,542)
Add: Unspent debt proceeds				<u>2,095,162</u>
Net investment in capital assets				<u>\$ 23,945,376</u>

# Village of Sussex, Wisconsin

## Notes to Financial Statements

### Note 7 Capital Assets (Continued)

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 501,492	\$ -	\$ -	\$ 501,492
Construction in progress	2,985,439	2,849,108	5,730,311	104,236
Total capital assets, not being depreciated	<u>3,486,931</u>	<u>2,849,108</u>	<u>5,730,311</u>	<u>605,728</u>
Capital assets being depreciated				
Water Utility buildings and structures	3,024,918	2,662,493	95,658	5,591,753
Water Utility machinery and equipment	4,701,661	2,091,465	285,414	6,507,712
Water Utility infrastructure	25,732,435	1,494,561	101,969	27,125,027
Sewer Utility buildings and structures	5,794,459	7,131	-	5,801,590
Sewer Utility machinery and equipment	16,393,045	86,361	37,316	16,442,090
Sewer Utility infrastructure	30,123,961	996,178	-	31,120,139
Stormwater Utility buildings and structures	166,504	-	-	166,504
Stormwater Utility machinery & equip	292,600	32,954	13,390	312,164
Stormwater Utility infrastructure	15,997,210	1,491,641	-	17,488,851
Subtotals	<u>102,226,793</u>	<u>8,862,784</u>	<u>533,747</u>	<u>110,555,830</u>
Less: accumulated depreciation for:				
Water Utility buildings and structures	1,172,029	136,547	95,658	1,212,918
Water Utility machinery and equipment	1,104,393	240,411	285,414	1,059,390
Water Utility infrastructure	7,249,257	457,127	101,969	7,604,415
Sewer Utility buildings and structures	2,499,413	115,960	-	2,615,373
Sewer Utility machinery and equipment	11,727,152	340,098	37,316	12,029,934
Sewer Utility infrastructure	8,267,727	437,851	-	8,705,578
Stormwater Utility buildings and structures	13,876	5,550	-	19,426
Stormwater Utility machinery & equip	90,594	15,007	-	105,601
Stormwater Utility infrastructure	2,293,737	190,674	-	2,484,411
Subtotals	<u>34,418,178</u>	<u>1,939,225</u>	<u>520,357</u>	<u>35,837,046</u>
Total capital assets, being depreciated, net	<u>67,808,615</u>	<u>6,923,559</u>	<u>13,390</u>	<u>74,718,784</u>
Business-type activities capital assets, net	<u>\$ 71,295,546</u>	<u>\$ 9,772,667</u>	<u>\$ 5,743,701</u>	75,324,512
Less: Capital related debt				(23,555,292)
Add: Extraordinary property loss				188,741
Add: Unspent debt proceeds				1,296,807
Net investment in capital assets				<u>\$ 53,254,768</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	\$ 35,662
Protection of persons and property	185,638
Highway and transportation, which includes the depreciation of infrastructure	2,642,696
Library	74,986
Parks and recreation	305,677
Total Governmental Activities	<u>\$ 3,244,659</u>

#### Business-type Activities

Water	\$ 834,085
Sewer	893,909
Stormwater	211,231
	<u>\$ 1,939,225</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, 2019:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Debt					
Bonds	25,205,000	6,630,000	5,665,000	26,170,000	775,000
Notes	5,288,460	-	814,616	4,473,844	839,616
Community Development Bonds	7,205,000	-	200,000	7,005,000	200,000
Total General Obligation Debt	<u>37,698,460</u>	<u>6,630,000</u>	<u>6,679,616</u>	<u>37,648,844</u>	<u>1,814,616</u>
State Infrastructure Bank Loan	-	799,000	-	799,000	12,387
Debt (discount) and premium	365,219	969,042	85,719	1,248,542	-
Compensated absences	284,549	161,373	184,480	261,442	140,066
Governmental Activities					
Long-Term Obligations	<u>\$ 38,348,228</u>	<u>\$ 8,559,415</u>	<u>\$ 6,949,815</u>	<u>\$ 39,957,828</u>	<u>\$ 1,967,069</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
<b>Business-type Activities</b>					
General Obligation Debt					
Bonds	\$ 2,465,000	\$ -	\$ 205,000	\$ 2,260,000	\$ 210,000
Notes	700,000	-	100,000	600,000	100,000
Total General Obligation Debt	3,165,000	-	305,000	2,860,000	310,000
Revenue Bonds	13,495,215		813,101	12,682,114	968,495
Revenue Bond Anticipation Notes	3,805,000	1,300,000	-	5,105,000	-
Debt (discount) and premium	203,419	6,877	33,411	176,885	-
Compensated absences	78,968	38,931	35,931	81,968	32,292
Total Business-type Activities Long-Term Liabilities	<u>\$ 20,747,602</u>	<u>\$ 1,345,808</u>	<u>\$ 1,187,443</u>	<u>\$ 20,905,967</u>	<u>\$ 1,310,787</u>

Total interest paid during the year on long-term debt totaled \$1,651,624.

#### General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2019
<b>Governmental Activities</b>					
<b>General Obligation Debt</b>					
General Obligation Bonds	3/5/2013	3/1/2029	0.625 - 2.5	2,355,000	1,620,000
	9/17/2013	9/1/2030	2.0 - 4.0	1,855,000	1,505,000
	10/13/2015	6/1/2035	2.0 - 3.25	4,490,000	4,020,000
	3/24/2016	3/1/2036	2.0 - 3.0	4,795,000	4,795,000
	11/1/2016	9/1/2036	2.0 - 2.6	3,100,000	3,000,000
	5/1/2017	3/1/2037	2.0 - 3.5	2,975,000	2,975,000
	12/1/2017	9/1/2037	2.0 - 3.15	2,500,000	2,500,000
	7/16/2018	3/1/2038	3.0 - 3.5	2,790,000	2,790,000
	8/14/2018	3/1/2038	3.0 - 3.375	3,340,000	3,340,000
	6/4/2019	3/1/2033	2.0 - 3.0	2,445,000	2,445,000
	9/17/2019	10/1/2030	5.0	4,185,000	4,185,000
					<u>33,175,000</u>
General Obligation Notes	11/11/2014	10/1/2017	0	36,924	13,844
	6/15/2015	6/1/2025	2.0 - 2.3	2,620,000	1,575,000
	8/25/2015	3/1/2025	1.05 - 2.2	735,000	565,000
	2/22/2016	2/1/2026	2.0	1,605,000	1,350,000
	5/1/2017	3/1/2022	2.0	1,610,000	970,000
					<u>4,473,844</u>
Total Governmental Activities General Obligation Debt					<u>\$ 37,648,844</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 12/31/2019
<b>Business-type Activities</b>					
<b>General Obligation Debt</b>					
Corporate Puposse Bonds	5/1/2013	11/1/2029	0.5 - 2.4	3,325,000	\$ 2,260,000
Promissory Notes	8/25/2015	3/1/2025	1.05 - 2.2	1,250,000	<u>600,000</u>
Total Business-type Activities					
General Obligation Debt					<u>\$ 2,860,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$40,508,844 on December 31, 2019 are detailed below:

	Governmental Activities General Obligation Debt		Business Type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2020	\$ 1,814,616	\$ 1,107,401	\$ 310,000	\$ 51,367
2021	2,099,616	1,037,185	315,000	47,533
2022	2,344,612	981,353	325,000	42,740
2023	2,385,000	920,884	330,000	37,653
2024	2,480,000	855,973	330,000	31,883
2025 - 2029	12,350,000	3,219,246	1,250,000	73,687
2030 - 2034	9,625,000	1,455,377		
2035 - 2038	4,550,000	242,522	-	-
Totals	<u>\$ 37,648,844</u>	<u>\$ 9,819,941</u>	<u>\$ 2,860,000</u>	<u>\$ 284,863</u>

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

#### Build America Bond

The general obligation debt issued on October 1, 2010 qualifies as Build America Bonds, as described in Section 54AA of the Internal Revenue Code. The interest on the debt is taxable as set forth in the regulations. The Village is eligible to receive a 35% subsidy of the annual interest payment from the Federal government. In order to receive this subsidy it is necessary for the Village to file a claim form semi-annually. These bonds were refunded in 2019.

#### State Infrastructure Bank Loan – Direct borrowing

In August, 2019, 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 will be paid out on behalf of the developer for construction of roads within the district. The first payment is due on July 1, 2020, with subsequent quarterly payments required beginning October 1, 2020 with a final balloon payment due on April 1, 2025. The interest rate is 2%. All loan payments will be made by the Village with reimbursement from the developer.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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

Annual principal and interest maturities of the State Infrastructure Bank Loan on December 31, 2019 are detailed below:

	Principal	Interest	Total
2020	\$ 12,387	\$ 15,949	\$ 28,336
2021	25,147	15,544	40,691
2022	25,654	15,038	40,692
2023	26,170	14,521	40,691
2024	26,698	13,993	40,691
2025	682,944	6,796	689,740
Totals	<u>\$ 799,000</u>	<u>\$ 81,841</u>	<u>\$ 880,841</u>

### Legal Margin for New Debt

The Village's legal margin for creation of additional general obligation debt on December 31, 2019 was \$29,379,746 as follows:

Equalized valuation of the Village		\$ 1,389,435,700
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		69,471,785
Total outstanding general obligation debt applicable to debt limitation	\$ 40,508,844	
Less: Amounts available for financing general obligation debt		
Debt service funds	416,805	
Net outstanding general obligation debt applicable to debt limitation		40,092,039
Legal margin for new debt		<u>\$ 29,379,746</u>

### Revenue Bonds

The Water Public Utility and Sewer Utility have \$12,682,114 in Water & Sewer System Revenue Bonds outstanding at December 31, 2019. 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 and sewer 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 and sewer 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 \$480,411. Total net revenues as defined by the bond covenants for the same period were \$1,673,687. Annual principal and interest payments are expected to require 27% 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 \$704,089. Total net revenues as defined by the bond covenants for the same period were \$1,918,303. Annual principal and interest payments are expected to require 28% of net revenue.

Revenue bonds outstanding on December 31, 2019 totaled \$12,682,114 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 12/31/2019</u>
<b>Business-type Activities</b>					
Water and Sewer System					
Revenue Bonds					
Water Utility	6/4/2013	6/1/2028	2.0 - 2.75	\$ 2,340,000	\$ 1,430,000
	5/17/2016	6/1/2024	0.8 - 1.65	1,515,000	860,000
	9/12/2017	6/1/2037	3.0 - 3.25	4,295,000	4,295,000
Sewer Utility	8/22/2007	5/1/2027	2.547	7,633,281	3,662,114
	8/14/2018	5/1/2033	3.0 - 3.25	2,540,000	2,435,000
Total Business-type Activities Revenue Debt					<u>\$ 12,682,114</u>

Annual principal and interest maturities of the outstanding revenue bonds of \$12,682,114 on December 31, 2019 are detailed below:

	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 968,495	\$ 334,583	\$ 1,303,078
2021	984,155	311,747	1,295,902
2022	1,015,085	288,156	1,303,241
2023	1,031,294	263,802	1,295,096
2024	1,047,788	238,321	1,286,109
2025 - 2029	4,105,297	797,527	4,902,824
2030 - 2034	2,425,000	351,925	2,776,925
2035 - 2037	1,105,000	53,766	1,158,766
Totals	<u>\$ 12,682,114</u>	<u>\$ 2,639,827</u>	<u>\$ 15,321,941</u>

### Revenue Bond Anticipation Notes

Revenue bond anticipation notes outstanding on December 31, 2019 was comprised of the following issue. The scheduled principal amounts are due in 2023.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2018</u>
BANs Issue 2018A	6/28/2018	6/1/2023	3.00%	\$ 3,805,000	\$ 3,805,000
BANs Issue 2019B	9/17/2019	12/1/2023	1.50%	1,300,000	1,300,000
					<u>\$ 5,105,000</u>

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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

#### ***Advance Refunding***

In the current year, the Village did an advance refunding of the General Obligation Corporate Purpose Bonds, Series 2010 by paying off the remaining principal balance of \$5,000,000 by issuing General Obligation BAB Refunding Bonds, Series 2019C with a principal balance of \$4,185,000 and a debt premium of \$969,042. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by \$449,810 and resulted in an economic gain of \$415,826.

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

Estimated payments of \$343,410 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, 2019, there were eight outstanding Industrial Revenue Bonds with an aggregate principal amount payable of \$19,001,281.

### **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 Wisconsin Retirement System (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, 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.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>

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 occupation employees) 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:

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2009	-2.1%	-42.0%
2010	-1.3%	22.0%
2011	-1.2%	11.0%
2012	-7.0%	-7.0%
2013	-9.6%	9.0%
2014	4.7%	25.0%
2015	2.9%	2.0%
2016	0.5%	-5.0%
2017	2.0%	4.0%
2018	2.4%	17.0%

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, 2017, 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 \$216,312 in contributions from the employer.

Contribution rates as of December 31, 2019 are:

Employee Category	Employee	Employer
General (including teachers)	6.55%	6.55%
Protective with social security	6.55%	10.55%
Protective without social security	6.55%	14.95%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2019, the Village reported a liability of \$685,606 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2018, and the Total Pension Liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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, 2018, the Village's proportion was 0.0192712%, which was an increase of 0.00119212% from its proportion measured as of December 31, 2017.



# Village of Sussex, Wisconsin

## Notes to Financial Statements

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

For the year ended December 31, 2019, the Village recognized pension expense of \$457,804.

At December 31, 2019, 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	\$ 436,214	\$ 771,068	\$ 97,769	\$ 172,821
Net differences between projected and actual earnings on pension plan investments	817,951	-	183,329	-
Changes in assumptions	94,408	-	21,160	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	295	6,092	66	1,365
Employer contributions subsequent to the measurement date	178,448	-	36,579	-
<b>Total</b>	<b>\$ 1,527,316</b>	<b>\$ 777,160</b>	<b>\$ 338,903</b>	<b>\$ 174,186</b>

\$215,027 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2019. 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 Government	Component Unit
	Net Deferred Outflows (Inflows) of Resources	Net Deferred Outflows (Inflows) of Resources
2020	\$ 205,270	\$ 46,008
2021	51,024	11,437
2022	91,221	20,446
2023	224,193	50,247
	<b>\$ 571,708</b>	<b>\$ 128,138</b>

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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

Actuarial assumptions: The Total Pension Liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2017
Measurement date of net pension liability (asset)	December 31, 2018
Actuarial cost method	Entry Age
Asset valuation method	Fair value
Long-term expected rate of return	7.0%
Discount rate	7.0%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement adjustments*	1.9%

*\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 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 arithmetic real rates of return for each major asset class are summarized in the following table:

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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

	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<b>Core Fund Asset Class</b>			
Global equities	49.0%	8.1%	5.5%
Fixed income	24.5%	4.0%	1.5%
Inflation sensitive assets	15.5%	3.8%	1.9%
Real estate	9.0%	6.5%	3.9%
Private equity/debt	8.0%	9.4%	6.7%
Multi-asset	4.0%	6.7%	4.1%
<b>Total core fund</b>	<b>110%</b>	<b>7.3%</b>	<b>4.7%</b>
<b>Variable Fund Asset Class</b>			
US equities	70%	7.6%	5.0%
International equities	30%	8.5%	5.9%
<b>Total variable fund</b>	<b>100%</b>	<b>8.0%</b>	<b>5.4%</b>

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

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

**Single Discount Rate** - A single discount rate of 7.00% was used to measure the Total Pension Liability as opposed to a discount rate of 7.20% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 (Asset) calculated using the discount rate of 7.00 percent, as well as what the Village's proportionate share of the Net Pension Liability (Asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
Proportionate share of the net pension liability (asset)			
Primary government	\$ 2,225,797	\$ 560,075	\$ (678,812)
Component unit	498,873	125,531	(152,144)
	<u>\$ 2,724,670</u>	<u>\$ 685,606</u>	<u>\$ (830,956)</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 <http://etf.wi.gov/publications/cafr.htm>.

Payables to the pension plan: The Village reported a payable to the pension plan for the outstanding amount of required contributions of \$34,539 at December 31, 2019.

### 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, 2019 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary cash advances to finance operating deficits and construction projects		
Governmental Funds		
General Capital Projects Fund	\$ 411,127	\$ -
TIF #6 Capital Projects Fund	-	1,511,127
TIF #7 Capital Projects Fund	-	1,460,952
Proprietary Funds		
Water Utility	-	875,848
Sewer Utility	5,292,245	
Stormwater Utility	-	1,855,445
Totals	<u>\$ 5,703,372</u>	<u>\$ 5,703,372</u>

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

# Village of Sussex, Wisconsin

## Notes to Financial Statements

### Note 10 Interfund balances

During the year ended December 31, 2019, the following interfund transfers were made:

Fund	Transfer In	Transfer Out
General	\$ 436,742	\$ 1,150,903
Park Trust Fund	-	771,068
Recreation Scholarship Cemetery	-	1,769
	9,500	
Revolving Loan Fund	-	357,467
General Obligation Debt Service	60,937	-
TIF #6 Debt Service	498,409	-
General Capital Projects	2,209,001	-
TIF #6 Capital Projects	-	498,409
Water Utility	24,075	429,566
Sewer Utility	-	41,783
Community Development Authority	13,301	1,000
	\$ 3,251,965	\$ 3,251,965

Interfund transfers were made for the following purposes:

Registrations paid to the General Fund by the Recreation Scholarship Fund	\$ 1,769
Annual subsidy by the General Fund paid to the Cemetery Fund	9,500
Share of interest on Civic Campus paid from the General Fund to the General Debt Service Fund	60,937
Annual set aside funds for roads paid from the General Fund to the General Capital Projects Fund	400,000
Tax equivalent payment made by the Water Utility to the General Fund	429,566
Tax equivalent payment made by the Sewer Utility to the General Fund	4,407
Consultant costs paid by CDA Fund to the General Fund	1,000
Accumulated funds from the General Fund to the General Capital Projects Fund for playgrounds	680,466
Tax increment from TIF #6 Capital Projects to TIF #6 Debt Service for principal and interest	498,409
Transfer of Park Impact fees in the Park Trust Fund to the General Capital Projects Fund	771,068
Close out Revolving Loan Fund and transfer balance to the General Capital Projects Fund	357,467
Annual depreciation on backwash tanks from the Sewer Utility to the Water Utility	24,075
Transfer a portion of interest paid by TIF #7 to the CDA Fund for development	13,301
	\$ 3,251,965

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 11 Fund Balances

#### **Governmental Activities**

Governmental activities net position reported on the government-wide statement of net position at December 31, 2019 includes the following:

Net investment in capital assets	
Land	\$ 2,477,995
Construction in progress	2,552,598
Other capital assets, net of accumulated depreciation	43,719,807
Less: related long-term debt outstanding	(25,651,644)
Premium on long-term debt	(1,248,542)
Add back unspent construction cash	<u>2,095,162</u>
Total Net Investment in Capital Assets	<u>23,945,376</u>
Restricted	
Debt service	80,043
Park impact fees	<u>80,875</u>
Total Restricted	<u>160,918</u>
Unrestricted	<u>(9,789,889)</u>
Total Governmental Activities Net Position	<u>\$ 14,316,405</u>

Governmental fund balances reported on the fund financial statements at December 31, 2019 include the following:

#### **Nonspendable**

##### Major Funds

##### General Fund

Noncurrent receivables, inventories and prepaids	<u>\$ 5,700</u>
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# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 11 Fund Balances (Continued)

#### Restricted

##### Major Funds

##### General Fund

Ambulance grants 61,454

##### Debt Service Fund

Debt service 416,805

##### Capital Projects Fund - General

Park improvements 1,665,075

Emergency government outlay 26,669

Other capital projects 61,330

##### Non-major Funds

##### Special Revenue Funds

Park Fund - playground improvements 80,875

Total Restricted Fund Balances 2,312,208

#### Committed

##### Major Funds

##### General Fund

Post employment health plan payments 33,743

Fire department length of service payments 2,261

##### Non-major Funds

##### Special Revenue Funds

Recreation Scholarship Fund - recreation scholarships 18,965

Total Committed Fund Balances 54,969

#### Assigned

##### Major Funds

##### General Fund

Capital expenditures 3,523,000

2020 budgeted expenditures 149,119

Insurance contingencies 79,176

Senior programming 37,950

##### Non-major Funds

##### Special Revenue Funds

Cemetery Fund 8,819

Total Assigned Fund Balances 3,798,064

#### Unassigned

##### Major Funds

##### General Fund

927,544

Capital Projects Fund - TIF #6 (1,502,150)

Capital Projects Fund - TIF #7 (659,475)

Total Unassigned Fund Balances (1,234,081)

Total Governmental Fund Balances \$ 4,936,860

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 11 Fund Balances (Continued)

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

Business-type activities net position reported on the government-wide statement of net position at December 31, 2019 includes the following:

Net investment in capital assets	
Land	\$ 501,492
Construction in progress	104,236
Other capital assets, net of accumulated depreciation	74,718,784
Less: related long-term debt outstanding	(23,555,292)
Extraordinary property loss	188,741
Add back unspent construction cash	1,296,807
Total Net Investment in Capital Assets	<u>53,254,768</u>
Restricted	
Reserve Capacity Assessment Fund	<u>1,514,306</u>
Debt Service	
Special Redemption fund	256,932
Reserve Fund	821,984
Debt Service Fund	2,350,084
Less: related long-term debt outstanding	(821,984)
Less: accrued interest payable	(64,432)
Total Restricted for Debt Service	<u>2,542,584</u>
Construction and Equipment Replacement	
Equipment Replacement	1,127,948
Depreciation Fund	1,827,195
Total Restricted Construction and Equipment Replacement	<u>2,955,143</u>
Unrestricted	<u>5,732,673</u>
Total Business-type Activities Net Position	<u>\$ 65,999,474</u>

### Note 12 Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to handle such risks of loss, the Village purchases commercial insurance with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.



# Village of Sussex, Wisconsin

## Notes to Financial Statements

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

Subsequent events have been evaluated through REPORT DATE, which is the date the financial statements were available to be issued.

Also on February 11, 2020 the Village Board approved five contracts and a contingency for reconstruction of Maple Avenue in the total amount of \$12,768,730.

On March 10, the Village Board approved the issuance of \$8,000,000 General Obligation Street Improvement Bonds; \$1,040,000 Sewerage System Revenue Bonds; and \$1,955,000 Storm Water System Revenue Bonds to finance reconstruction of Maple Avenue.

As of December 31, 2019, the Village had 8 outstanding contracts for construction of public works projects for road construction and water facilities including related engineering. The total balance outstanding on all the contracts is \$1,104,367 which does not include \$878,140 included in accounts payable at December 31, 2019.

### **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.

### **Note 15      Pending Accounting Pronouncements**

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations, and requires the current value of a government's asset retirement obligations to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2019.

GASB Statement No. 87, *Leases*, will be effective for the Village beginning with its year ending December 31, 2020. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Management has not completed its assessment of these pending standards as to the effect, if any, they may have on the financial statements.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 16 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 \$1,737,383 as summarized below:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 1,260,902	\$ 1,264,332	Custodial credit risk
Certificates of deposit	476,216	476,216	Custodial credit risk
LGIP	265	265	Credit risk, interest rate risk
Total cash and investments	<u>\$ 1,737,383</u>	<u>\$ 1,740,813</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 1,231,938		
Restricted cash and investments	<u>505,445</u>		
Total cash and investments	<u>\$ 1,737,383</u>		

#### **Restricted Assets**

Restricted assets on December 31, 2019 totaled \$753,403 and consisted of cash and investments plus amounts due from other governments held for the following purposes:

Purpose	Amount
Capital Projects & Future Expansion	\$ 732,856
Restricted Donations	<u>20,547</u>
	<u>\$ 753,403</u>

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### Note 16 Component Units (continued)

#### Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Capital assets being depreciated				
Equipment and furnishings	\$ 352,923	\$ 2,995	\$ 1,149	\$ 354,769
Books and library media	692,601	106,777	103,149	696,229
Total Capital Assets at Historical Cost	<u>1,045,524</u>	<u>109,772</u>	<u>104,298</u>	<u>1,050,998</u>
Less: accumulated depreciation for:				
Equipment and furnishings	311,690	7,108	1,149	317,649
Books and library media	<u>307,575</u>	<u>98,943</u>	<u>103,149</u>	<u>303,369</u>
Total Accumulated Depreciation	<u>619,265</u>	<u>106,051</u>	<u>104,298</u>	<u>621,018</u>
Total Capital Assets	<u>\$ 426,259</u>	<u>\$ 3,721</u>	<u>\$ -</u>	<u>\$ 429,980</u>

### Note 17 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 2018, 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.

# Village of Sussex, Wisconsin

## Notes to Financial Statements

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### **Note 17 Tax Incremental Financing Districts (continued)**

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.

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

### **Note 18 Water Utility Rate Increase**

During 2018, the Water Utility applied for and received approval from the Public Service Commission of Wisconsin (PSC) for a two-step rate increase to help cover the costs associated with the required radium treatment. Approval was received in December, 2018 for rates to go into effect as of January 1, 2019. The step one increase was expected to provide additional revenues of \$253,865. Step two will go into effect as of January 1, 2020. This increase is expected to provide additional revenues of \$315,085.

### **Note 19 Sewer Utility Rate Increase/Decrease**

During 2019, the Village implemented a rate increase of 1.0% for the utility customers. In December 2019 after the preparation of the 2020 budget, the Village Board approved a \$2 decrease in the monthly service charge to be effective January 1, 2020.

### **Note 20 Special Item**

During 2019, the Village abandoned three of its wells and incurred \$349,108 in costs related to the disposal.

## Required Supplementary Information

## VILLAGE OF SUSSEX, WISCONSIN

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

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 5,192,388	\$ 5,192,388	\$ 5,195,048	\$ 2,660
Intergovernmental	977,695	989,480	990,284	804
Licenses and permits	362,170	380,830	403,804	22,974
Fines, forfeitures and penalties	189,100	176,158	173,386	(2,772)
Public charges for services	996,870	1,157,916	1,204,860	46,944
Public improvement revenue	-	-	180	180
Commercial revenues	219,611	285,032	302,111	17,079
Miscellaneous revenues	67,090	127,400	126,241	(1,159)
Total Revenues	8,004,924	8,309,204	8,395,914	86,710
<b>EXPENDITURES</b>				
Current				
General government	763,514	748,592	704,083	44,509
Protection of persons & property				
Police	1,756,762	1,763,762	1,742,832	20,930
Fire	1,230,772	1,099,318	989,404	109,914
Other protection	245,676	241,472	231,676	9,796
Health and sanitation	488,188	494,688	482,033	12,655
Highway and transportation	929,720	1,111,396	1,026,365	85,031
Library	717,010	717,010	717,010	-
Parks and recreation	1,084,183	1,195,620	1,153,814	41,806
Capital outlay	1,337,800	1,360,700	1,218,418	142,282
Debt Service				
Principal retirement	4,616	4,616	4,616	-
Total Expenditures	8,558,241	8,737,174	8,270,251	466,923
Excess of revenues over expenditures	(553,317)	(427,970)	125,663	553,633
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,428,146	1,485,396	57,250
Transfers out	(1,000,176)	(1,000,176)	(1,109,107)	(108,931)
Net change in fund balances - budgetary basis	\$ (39,037)	\$ -	501,952	\$ 501,952
Adjustment to generally accepted accounting principles basis				
Appropriations to reserve funds			638,670	
Revenue credited to reserve funds			83,623	
Expenditures and transfers charged to reserve funds			(1,787,810)	
Net change in fund balances - generally accepted accounting principles basis			(563,565)	
FUND BALANCE - BEGINNING OF YEAR			5,383,512	
<b>FUND BALANCE - END OF YEAR</b>			\$ 4,819,947	

**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
12/31/15	0.013363%	\$ (328,226)	\$ 1,789,027	-18.35%	102.74%
12/31/16	0.013513%	219,584	1,902,634	11.54%	98.20%
12/31/17	0.013880%	114,168	1,942,066	5.88%	99.12%
12/31/18	0.014603%	(433,567)	2,114,567	-20.50%	102.93%
12/31/19	0.015743%	560,075	2,360,450	23.73%	96.45%

**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
12/31/15	0.003347%	\$ (82,211)	\$ 495,599	-16.59%	102.74%
12/31/16	0.003572%	58,037	497,990	11.65%	98.20%
12/31/17	0.003476%	28,649	486,761	5.89%	99.12%
12/31/18	0.003476%	(103,219)	528,426	-19.53%	102.93%
12/31/19	0.003528%	125,531	561,839	22.34%	96.45%

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

**VILLAGE OF SUSSEX, WISCONSIN**

Schedule of Contributions  
Wisconsin Retirement System  
Last 10 Fiscal Years\*

<b>Primary Government</b>						
<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>	
12/31/15	\$ 135,194	\$ 135,194	\$ -	\$ 1,902,634	7.11%	
12/31/16	134,640	134,640	-	1,942,066	6.93%	
12/31/17	158,170	158,170	-	2,114,567	7.48%	
12/31/18	178,681	178,681	-	2,360,450	7.57%	
12/31/19	178,447	178,447	-	2,454,961	7.27%	

<b>Component Unit</b>						
<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>	
12/31/15	\$ 33,862	\$ 33,862	\$ -	\$ 497,990	6.80%	
12/31/16	32,124	32,124	-	486,761	6.60%	
12/31/17	35,933	35,933	-	528,426	6.80%	
12/31/18	37,644	37,644	-	561,839	6.70%	
12/31/19	36,578	36,578	-	558,446	6.55%	

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



# Village of Sussex, Wisconsin

## Notes to Required Supplemental Information

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### **Budgets**

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

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

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

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

3. Expenditures may not exceed appropriations by major departmental classifications. Amendments to the budget during the year can only be made by the Village Board.
4. Budgets are adopted and formal budgetary integration is employed as a management control device during the year for all funds.
5. All budgets for these funds are adopted on a basis consistent with generally accepted accounting principles except for certain transactions of assigned funds.
6. Budgetary authority lapses at year-end.

### **Wisconsin Retirement System**

There were no changes of benefit terms or assumptions for any participating employer in WRS. The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The Village is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

## Supplementary Information

**VILLAGE OF SUSSEX, WISCONSIN**

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET

December 31, 2019

	Special Revenue Funds				Debt Service Funds	
	Park Fund	Revolving Loan Fund	Cemetery Fund	Recreation Scholarship Fund	TIF #6 Debt Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 80,875	\$ -	\$ 8,841	\$ 18,965	\$ -	\$ 108,681
<b>TOTAL ASSETS</b>	<u>\$ 80,875</u>	<u>\$ -</u>	<u>\$ 8,841</u>	<u>\$ 18,965</u>	<u>\$ -</u>	<u>\$ 108,681</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ -	\$ -	\$ 7	\$ -	\$ -	\$ 7
Accrued payroll and related liabilities	-	-	15	-	-	15
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>22</u>	<u>-</u>	<u>-</u>	<u>22</u>
Fund Balances						
Restricted	80,875	-	-	-	-	80,875
Committed	-	-	-	18,965	-	18,965
Assigned	-	-	8,819	-	-	8,819
<b>Total fund balances</b>	<u>80,875</u>	<u>-</u>	<u>8,819</u>	<u>18,965</u>	<u>-</u>	<u>108,659</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 80,875</u>	<u>\$ -</u>	<u>\$ 8,841</u>	<u>\$ 18,965</u>	<u>\$ -</u>	<u>\$ 108,681</u>

# VILLAGE OF SUSSEX, WISCONSIN

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

For the Year Ended December 31, 2019

	Special Revenue Funds			
	Park Fund	Revolving Loan Fund	Cemetery Fund	Recreation Scholarship Fund
	Park Fund	Fund	Fund	Fund
<b>REVENUES</b>				
Public improvement revenues	\$ 132,192	\$ -	\$ -	\$ -
Public charges for services	-	-	4,438	4,046
Commercial revenues	14,498	582	194	390
Miscellaneous revenues	-	200,000	-	3,492
Total revenues	146,690	200,582	4,632	7,928
<b>EXPENDITURES</b>				
Current:				
Health and sanitation	-	-	15,098	-
Parks and recreation	-	-	-	4,868
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	-	-	15,098	4,868
Excess (deficiency) of revenues over expenditures	146,690	200,582	(10,466)	3,060
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	-	-	-	-
Other sources (bond premium)	-	-	-	-
Debt service - principal	-	-	-	-
Transfers in	-	-	9,500	-
Transfers out	(771,068)	(357,467)	-	(1,769)
Total other financing sources (uses)	(771,068)	(357,467)	9,500	(1,769)
Net change in fund balances	(624,378)	(156,885)	(966)	1,291
<b>FUND BALANCES - BEGINNING OF YEAR</b>	705,253	156,885	9,785	17,674
<b>FUND BALANCES - END OF YEAR</b>	\$ 80,875	\$ -	\$ 8,819	\$ 18,965

Debt Service Funds		
TIF #6 Debt Fund	Total Nonmajor Governmental Funds	
\$ -	\$ 132,192	
-	8,484	
-	15,664	
-	203,492	
<u>-</u>	<u>359,832</u>	
-	15,098	
-	4,868	
-	-	
<u>498,409</u>	<u>498,409</u>	
<u>498,409</u>	<u>518,375</u>	
<u>(498,409)</u>	<u>(158,543)</u>	
-	-	
-	-	
-	-	
498,409	507,909	
-	(1,130,304)	
<u>498,409</u>	<u>(622,395)</u>	
-	(780,938)	
-	889,597	
<u>\$ -</u>	<u>\$ 108,659</u>	