

**VILLAGE OF SUSSEX, WISCONSIN**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2014**

**VILLAGE OF SUSSEX, WISCONSIN**  
December 31, 2014

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## INDEPENDENT AUDITORS' REPORT

To the Village Board  
Sussex, Wisconsin

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2014, 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 of America; 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.

### *Auditors' 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 of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 auditors consider internal control relevant to the Village'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 Village'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 have 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, each major fund, and the aggregate remaining fund information of the Village as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the budgetary comparison information on pages 3 through 15 and 55 through 56 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The financial information listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2015, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Certified Public Accountants  
Green Bay, Wisconsin  
June 3, 2015

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



## **Management's Discussion and Analysis (Unaudited) As of and for the Year Ended December 31, 2014**

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, 2014 and 2013.

### ***Financial Highlights***

- The assets of the Village of Sussex exceeded its liabilities and deferred inflows of resources at the close of 2014 by \$76.9 million compared to the 2013 excess of \$80.3 million (net position).
- Restricted net position represents amounts held for future debt service expenditures, unexpended reserve capacity assessments, amounts held for equipment replacement and depreciation, park dedication fees received, and revolving loan funds.
- The government's total net position decreased by about \$3.4 million in 2014 compared to a decrease of \$1.4 million in 2013. The main reasons for the decrease are depreciation of capital assets and spending previously held bond funds.
- As of the close of the current fiscal year, the Village of Sussex's governmental funds reported combined ending fund balances of \$5.9 million, a decrease of \$2.2 million, in comparison with the prior year. There were increases in the General Fund of \$622,566 and \$179,553 in the Park Fund which were offset by decreases in the two Capital Projects Funds of \$691,225 and \$1.88 million as a result of spending prior debt proceeds. In addition, the various Debt Service Funds decreased a total of \$472,625.
- The Village Board adopted a formal fund balance policy in 2011 which includes standards to maintain specific levels within the General Fund. At December 31, 2014 the combined balance of General Fund assigned and unassigned funds is \$3,652,117 and represents 50% of the 2015 budgeted expenditures as defined in the policy.
- The Village of Sussex's total debt showed a net decrease of \$3.0 million during the current fiscal year.

### ***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.

**Village of Sussex  
Management's Discussion and Analysis  
(Unaudited)  
As of and for the Year Ended December 31, 2014**

**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 and liabilities and deferred inflows of resources, with the difference between the two 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, highway and transportation, 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.

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

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Sussex, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Sussex can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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*.

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The Village of Sussex maintains eleven 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 and the TIF #6 capital projects fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 19-22 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 55 has been provided as required supplementary information for the budgeted fund to demonstrate compliance with the adopted budget.

**Proprietary funds.** The Village of Sussex maintains two different types 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. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Village's various functions. The Village of Sussex uses an internal service fund to account for its engineering fund. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

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. In addition, the village reports an internal service fund for the activities of its engineering function.

The basic proprietary fund financial statements can be found on pages 23-26 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 accounting used for fiduciary funds is much like that used for governmental funds.

The basic fiduciary fund financial statements can be found on page 27 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 28 - 54 of this report.

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information. Combining statements and schedules can be found on pages 57-60 of this report.

**Village of Sussex  
Management's Discussion and Analysis  
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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		Totals	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Current and other assets	\$ 13,287,297	\$ 15,472,969	\$ 13,516,657	\$ 14,427,157	\$ 26,803,954	\$ 29,900,126
Capital assets	<u>34,395,188</u>	<u>36,792,922</u>	<u>57,072,861</u>	<u>57,777,005</u>	<u>91,468,049</u>	<u>94,569,927</u>
Total assets	<u>47,682,485</u>	<u>52,265,891</u>	<u>70,589,518</u>	<u>72,204,162</u>	<u>118,272,003</u>	<u>124,470,053</u>
Current and other liabilities	2,319,287	2,474,636	2,174,003	2,223,730	4,493,290	4,698,366
Long-term liabilities	<u>15,770,622</u>	<u>17,554,321</u>	<u>14,605,835</u>	<u>15,829,313</u>	<u>30,376,457</u>	<u>33,383,634</u>
Total liabilities	<u>18,089,909</u>	<u>20,028,957</u>	<u>16,779,838</u>	<u>18,053,043</u>	<u>34,869,747</u>	<u>38,082,000</u>
Deferred inflows of resources						
Property taxes	<u>6,513,862</u>	<u>6,105,786</u>	-	-	<u>6,513,862</u>	<u>6,105,786</u>
Net position						
Net investment in capital assets	21,395,164	23,821,239	42,587,944	42,290,945	62,919,499	64,553,595
Restricted	837,900	1,023,977	7,333,454	7,284,113	8,171,354	8,308,090
Unrestricted	<u>845,650</u>	<u>1,285,932</u>	<u>3,888,282</u>	<u>4,576,061</u>	<u>5,797,541</u>	<u>7,420,582</u>
Total net position	<u>\$ 23,078,714</u>	<u>\$ 26,131,148</u>	<u>\$ 53,809,680</u>	<u>\$ 54,151,119</u>	<u>\$ 76,888,394</u>	<u>\$ 80,282,267</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 \$62.9 million. The Village of Sussex uses capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village of Sussex's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village of Sussex's net position, \$8.2 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is \$5.8 million.

The government's net position decreased by about \$3.4 million during the current fiscal year. There was a decrease of about \$3.1 million in the governmental activities, while the business-type activities had a decrease in net position of \$341,439.

**Governmental activities.** Governmental activities decreased the Village of Sussex's net position by \$3,052,434. Two main reasons for the decrease are depreciation of capital assets and spending previously held bond proceeds. A majority of the bond proceeds spent show up in the next table on the development line item. These are funds expended for developer incentives in the TIF #6 Fund.

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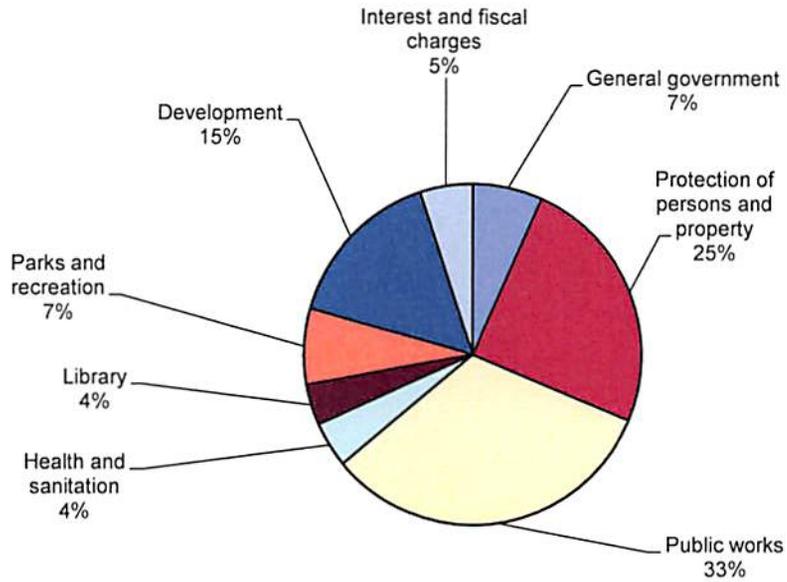
The following table provides a summary of the Village's change in net position.

**VILLAGE OF SUSSEX'S CHANGES IN NET POSITION**

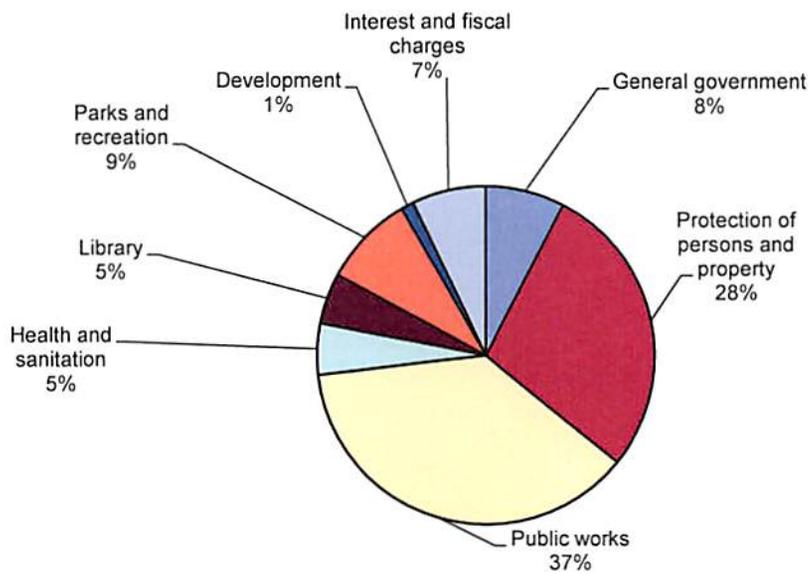
	Governmental Activities		Business-type Activities		Totals	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 1,693,592	\$ 1,783,188	\$ 4,102,285	\$ 4,187,113	\$ 5,795,877	\$ 5,970,301
Operating grants and contributions	764,203	787,446	-	-	764,203	787,446
Capital grants and contributions	196,813	220,884	378,742	465,609	575,555	686,493
<b>General revenues</b>						
Property taxes	5,669,982	5,486,231	-	-	5,669,982	5,486,231
<b>Intergovernmental revenues not restricted to specific programs</b>						
Investment income	160,595	168,253	-	-	160,595	168,253
Other	73,705	109,532	110,540	141,759	184,245	251,291
	64,344	30,791	-	-	64,344	30,791
<b>Total revenues</b>	<b>8,623,234</b>	<b>8,586,325</b>	<b>4,591,567</b>	<b>4,794,481</b>	<b>13,214,801</b>	<b>13,380,806</b>
<b>Expenses</b>						
General government	804,161	776,583	-	-	804,161	776,583
Public safety	2,965,315	2,903,873	-	-	2,965,315	2,903,873
Public works	3,931,235	3,837,832	-	-	3,931,235	3,837,832
Health and sanitation	526,027	500,348	-	-	526,027	500,348
Library	470,363	499,051	-	-	470,363	499,051
Parks and recreation	866,312	896,128	-	-	866,312	896,128
Development	1,868,623	127,015	-	-	1,868,623	127,015
Interest and fiscal charges	612,523	725,447	-	-	612,523	725,447
Water	-	-	1,568,518	1,605,531	1,568,518	1,605,531
Sewer	-	-	2,543,457	2,556,334	2,543,457	2,556,334
Stormwater	-	-	446,436	375,854	446,436	375,854
Community Development Authority	-	-	5,704	10,115	5,704	10,115
<b>Total expenses</b>	<b>12,044,559</b>	<b>10,266,277</b>	<b>4,564,115</b>	<b>4,547,834</b>	<b>16,608,674</b>	<b>14,814,111</b>
<b>Decrease in net position before transfers and special items</b>	<b>(3,421,325)</b>	<b>(1,679,952)</b>	<b>27,452</b>	<b>246,647</b>	<b>(3,393,873)</b>	<b>(1,433,305)</b>
<b>Transfers</b>	<b>368,891</b>	<b>412,744</b>	<b>(368,891)</b>	<b>(412,744)</b>	<b>-</b>	<b>-</b>
<b>Decrease in net position</b>	<b>(3,052,434)</b>	<b>(1,267,208)</b>	<b>(341,439)</b>	<b>(166,097)</b>	<b>(3,393,873)</b>	<b>(1,433,305)</b>
<b>Cumulative Effect of Change in Accounting Principle</b>	<b>-</b>	<b>(115,427)</b>	<b>-</b>	<b>(75,728)</b>	<b>-</b>	<b>(191,155)</b>
<b>Net position - January 1</b>	<b>26,131,148</b>	<b>27,513,783</b>	<b>54,151,119</b>	<b>54,392,944</b>	<b>80,282,267</b>	<b>81,906,727</b>
<b>Net position - December 31</b>	<b>\$ 23,078,714</b>	<b>\$ 26,131,148</b>	<b>\$ 53,809,680</b>	<b>\$ 54,151,119</b>	<b>\$ 76,888,394</b>	<b>\$ 80,282,267</b>

**Village of Sussex  
Management's Discussion and Analysis  
(Unaudited)  
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**2014 Expenses by Function - Governmental Activities**

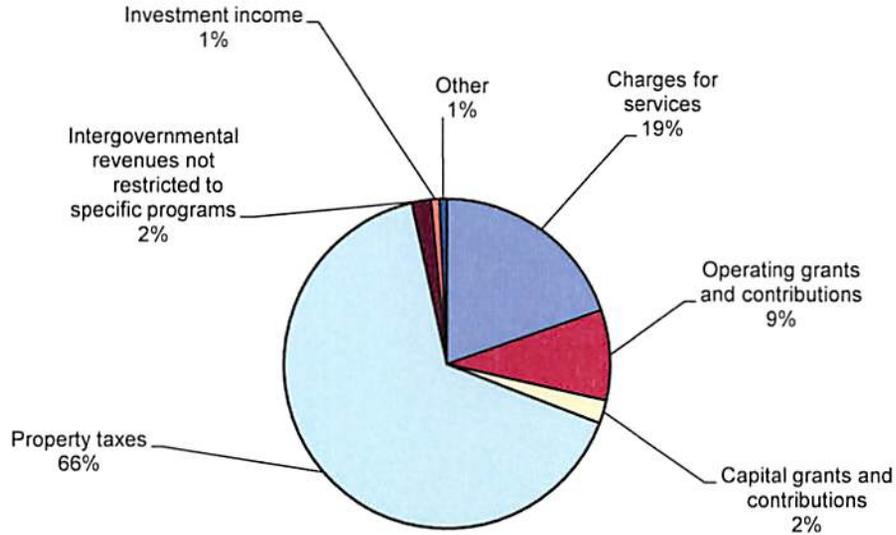


**2013 Expenses by Function - Governmental Activities**

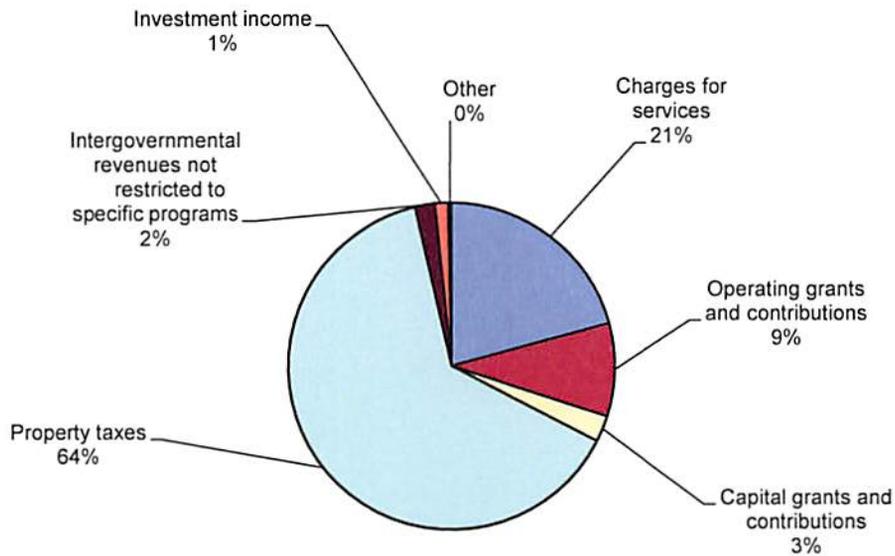


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**2014 Program & General Revenues by Source - Governmental Activities**



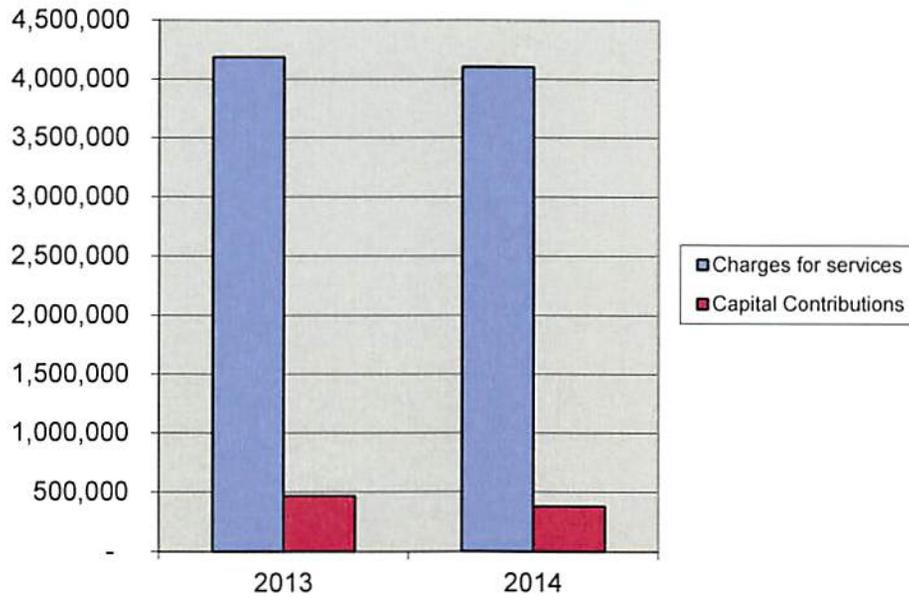
**2013 Program & General Revenues by Source - Governmental Activities**



**Village of Sussex  
Management's Discussion and Analysis  
(Unaudited)  
As of and for the Year Ended December 31, 2014**

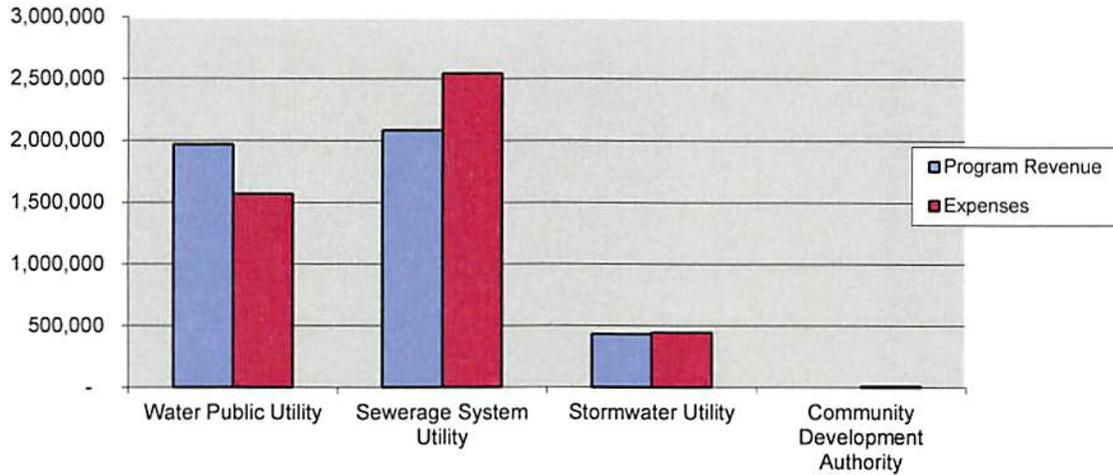
**Business-type activities.** Business-type activities decreased the Village of Sussex's net position by about \$341,439 in 2014 compared to a decrease of \$166,097 in 2013. The Water Public Utility had an increase in net position of \$45,992. The Sewer Utility, Stormwater Utility and CDA had decreases in net position of \$368,302, \$14,562 and \$4,567 respectively.

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

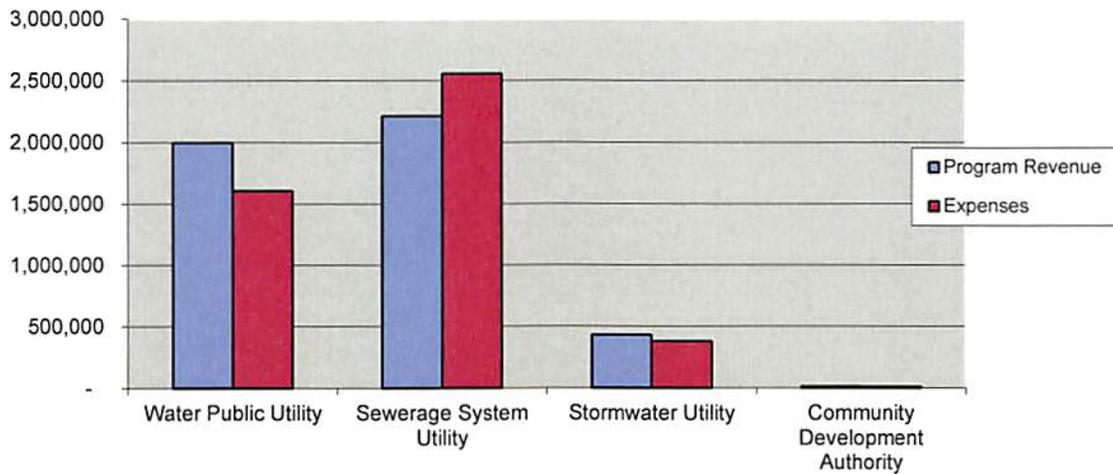


**Village of Sussex  
Management's Discussion and Analysis  
(Unaudited)  
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**2014 Expenses & Program Revenues - Business-type Activities**



**2013 Expenses & Program Revenues - Business-type Activities**



**Village of Sussex  
Management's Discussion and Analysis  
(Unaudited)  
As of and for the Year Ended December 31, 2014**

***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 2014, the Village of Sussex's governmental funds reported combined ending fund balances of \$5.89 million compared to the 2013 ending balance of \$8.12 million. Fund balances are segregated into five categories in accordance with the new accounting standards with details provided in the footnotes beginning on page 49. A summary of the categories are:

- **Nonspendable** – the balance of \$228,913 represents assets that are not readily convertible to cash
- **Restricted** – the balance of \$1,911,633 represents funds that have constraints on them by third parties such as creditors, grantor, laws or enabling legislation.
- **Committed** – the balance of \$126,519 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 \$2,974,061 represents funds that have been set aside for specific purposes
- **Unassigned** – these are residual funds available. At December 31, 2014 this balance was \$645,649 and includes funds that are for working capital purposes in case of emergency as well as a deficit fund balance in the TIF #6 Capital Projects Fund that will be restored with future tax increment receipts.

The general fund is the chief operating fund of the Village of Sussex. At the end of 2014, the balance was \$4,037,084 compared to the ending balance of \$3,414,518 in 2013.

The fund balance of the Village of Sussex's general fund increased on a budgetary basis by \$308,492 during the current fiscal year compared to a balanced budget. Revenues credited and expenditures charged to assigned funds resulted in a total increase of \$622,566 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 total expenditures of \$160,497 less than the budget. The largest areas of savings were general government and parks and recreation. In addition, revenues were \$107,127 over budget. Just under half of this amount came from public charges for services and the balance came from all other areas.

The Village Board has approved a fund balance policy. During the 2014 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 \$168,978. Appropriations of about \$469,000 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.

The four debt service funds have a total fund balance of about \$274,000, all of which is reserved for the payment of debt service.

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Management's Discussion and Analysis  
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As of and for the Year Ended December 31, 2014**

**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 2014 amounted to \$1.9 million, \$1.4 million, \$0.9 million and -\$0.3 million respectively compared to \$2.1 million, \$1.4 million, \$1.0 million, and \$28 thousand respectively for 2013. The changes in net position for the funds were an increase in the Water Utility of \$45,992 and decreases in the Sewer and Stormwater Utilities and Community Development Authority of \$368,302, \$14,562 and \$4,567. 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 Water and Sewer Utilities last increased rates in July, 2014. 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 3% increase in Sewer Rates beginning July 1, 2015.

**General Fund Budgetary Highlights**

One budget amendment was adopted relating to the 2014 budget. The budget amendment covered the General Fund. The General Fund amendment was made to account for reduced revenues from ambulance fees and investments as well as increased revenues from fines and forfeitures. The General Fund expenditure budget was amended to show additional expenditures related to the highway and transportation and outlay as well as savings in the fire department and library.

**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, 2014, amounts to \$91.5 million compared to \$94.6 million at December 31, 2013. This investment in capital assets includes land, land improvements, buildings, machinery and equipment, park facilities, utility infrastructure and street infrastructure.

Major capital assets include the following:

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

	Governmental Activities		Business-type Activities		Totals	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Land	\$ 2,905,815	\$ 3,173,777	\$ 927,868	\$ 501,489	\$ 3,833,683	\$ 3,675,266
Construction in progress	519,712	345,373	227,411	11,308	747,123	356,681
Buildings	5,179,496	5,298,110	4,332,669	4,499,803	9,512,165	9,797,913
Land improvements	255,961	274,165	-	-	255,961	274,165
Machinery & equipment	2,537,252	2,547,934	6,250,950	6,888,528	8,788,202	9,436,462
Infrastructure	<u>22,996,952</u>	<u>25,153,563</u>	<u>45,333,963</u>	<u>45,875,877</u>	<u>68,330,915</u>	<u>71,029,440</u>
<b>Total</b>	<b>\$ 34,395,188</b>	<b>\$ 36,792,922</b>	<b>\$ 57,072,861</b>	<b>\$ 57,777,005</b>	<b>\$ 91,468,049</b>	<b>\$ 94,569,927</b>

Additional information on the Village of Sussex's capital assets can be found in Note D-4 on pages 40-41 of this report.

**Village of Sussex  
Management's Discussion and Analysis  
(Unaudited)  
As of and for the Year Ended December 31, 2014**

**Long-term debt.** At the end of the current fiscal year, the Village of Sussex had total debt outstanding of \$32.9 million. Of this amount, \$22.9 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) or special assessments (i.e., B Bonds).

**VILLAGE OF SUSSEX'S OUTSTANDING DEBT**

	Governmental Activities		Business-type Activities		Totals	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013
General obligation bonds & notes	\$ 16,826,924	\$ 18,030,000	\$ 6,046,947	\$ 6,505,462	\$ 22,873,871	\$ 24,535,462
Revenue bonds	-	-	9,717,074	10,415,281	9,717,074	10,415,281
Special Assessment B Bonds	-	625,000	-	-	-	625,000
Compensated absences	256,069	270,333	70,733	65,549	326,802	335,882
Due to other governmental units	-	-	48,991	95,686	48,991	95,686
Unamortized (discount)/premium	(26,923)	(29,542)	(17,923)	(21,410)	(44,846)	(50,952)
<b>Total</b>	<b>\$ 17,056,070</b>	<b>\$ 18,895,791</b>	<b>\$ 15,865,822</b>	<b>\$ 17,060,568</b>	<b>\$ 32,921,892</b>	<b>\$ 35,956,359</b>

The Village of Sussex's total debt decreased by \$3.0 million during the current fiscal year.

During 2011, the Village of Sussex entered a Developer's Agreement where the Village obtained financing through Special Assessment B Bonds, the proceeds of which were used to pay for the installation of infrastructure in a new condo development. The developer will pay special assessments on the properties in the development which will then be used to repay the B Bonds. Because of the favorable interest rate as an investment and the Village's availability of excess funds, the entire B Bond issue was purchased by the Village of Sussex. During 2014, all outstanding issues were repaid well ahead of the planned payment schedule due to a highly successful project by the developer.

The Village of Sussex maintained its Aa3 bond rating by Moody's for its general obligation debt. The revenue bonds of the Water Utility have ratings between Aaa and A2 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 \$60.1 million which is significantly in excess of the Village of Sussex's outstanding general obligation debt of \$22.9 million.

Additional information on the Village of Sussex's long-term debt can be found in note D-6 on pages 44 - 47 of this report.

**Village of Sussex  
Management's Discussion and Analysis  
(Unaudited)  
As of and for the Year Ended December 31, 2014**

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

The unemployment rate for Waukesha County is currently 4.1%. This compares favorably to the state's December unemployment rate of 4.7%. 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 remained stable in 2014.

The Village's 2015 adopted budget increased by approximately \$973,000 compared to the 2014 budget or approximately 11.5%. About \$793,000 of the increase is related to setting aside additional funds for future equipment or infrastructure replacement and using funds previously set aside for the Civic Campus construction project.

During 2014, the Village experienced a slight decrease in state transportation aid of about \$4,000 from the prior year. The 2015 aid is anticipated to increase slightly while other state aids decrease. Total state aids will increase about \$5,500.

The Water and Sewer Utilities increased their rates in 2014 and the Village Board has approved an increase to Sewer Utility rates in July, 2015. The Village reviews the existing rates annually to determine if increases are needed. The stormwater utility rates were established as of January, 2006.

Interest rates began to decline later in 2007 and have maintained the low levels throughout 2014. During 2010, the Village made changes in the types of its investments to counteract some of the decline but most of those investments have matured with very few options for reinvesting at more than nominal rates.

During the past five fiscal years, the general fund balance has increased from \$1,859,326 in 2010 to \$4,037,084 in 2014. The majority of these funds have been used to begin saving for equipment replacement and reflect the Village Board's commitment to this purpose.

***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.

## **BASIC FINANCIAL STATEMENTS**

# VILLAGE OF SUSSEX, WISCONSIN

## STATEMENT OF NET POSITION

December 31, 2014

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 10,188,288	\$ 3,723,794	\$ 13,912,082
Receivables (net of allowance for uncollectible accounts)	3,043,551	921,423	3,964,974
Interest rebate receivable	20,505	25,381	45,886
Inventories and prepaid items	34,953	893	35,846
Restricted assets	-	7,883,524	7,883,524
Other assets			
Special assessments receivable	-	620,824	620,824
Extraordinary property loss	-	287,015	287,015
Utility plant capacity purchased	-	53,803	53,803
Capital assets (net of accumulated depreciation):			
Land	2,905,815	927,868	3,833,683
Construction in progress	519,712	227,411	747,123
Other capital assets	30,969,661	55,917,582	86,887,243
TOTAL ASSETS	47,682,485	70,589,518	118,272,003
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	534,691	131,917	666,608
Accrued interest payable	167,684	92,270	259,954
Payable from restricted assets:			
Current portion of long-term debt	-	724,042	724,042
Accounts payable and accrued interest payable	-	44,864	44,864
Due to other governments	331,464	-	331,464
Unearned revenue	-	644,965	644,965
Noncurrent liabilities:			
Due within one year	1,285,448	535,945	1,821,393
Due in more than one year	15,770,622	14,605,835	30,376,457
TOTAL LIABILITIES	18,089,909	16,779,838	34,869,747
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes	6,513,862	-	6,513,862
<b>NET POSITION</b>			
Net investment in capital assets	21,395,164	42,587,944	62,919,499
Restricted:			
Reserve Capacity Assessments	-	1,614,884	1,614,884
Debt Service	106,736	3,374,917	3,481,653
Equipment Replacement and Depreciation	-	2,343,653	2,343,653
Park Dedication Fees	578,129	-	578,129
Revolving Loan Fund	153,035	-	153,035
Unrestricted	845,650	3,888,282	5,797,541
TOTAL NET POSITION	\$ 23,078,714	\$ 53,809,680	\$ 76,888,394

See accompanying notes to financial statements.

# VILLAGE OF SUSSEX, WISCONSIN

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental activities:</b>				
General government	\$ 804,161	\$ 116,888	\$ 1,100	\$ -
<b>Protection of persons &amp; property:</b>				
Police	1,530,626	257,669	3,966	-
Fire	1,287,228	210,672	57,425	258
Other protection	147,461	197,993	-	-
Health and sanitation	526,027	448,406	30,328	-
Highway and transportation	3,931,235	2,973	466,358	110,629
Library	470,363	-	-	-
Parks and recreation	866,312	391,411	205,026	3,906
Development	1,868,623	67,580	-	-
Interest and fiscal charges	612,523	-	-	82,020
<b>Total governmental activities</b>	<u>12,044,559</u>	<u>1,693,592</u>	<u>764,203</u>	<u>196,813</u>
<b>Business type activities</b>				
Water	1,568,518	1,878,962	-	88,258
Sewer	2,543,457	1,794,904	-	289,230
Stormwater	446,436	428,419	-	1,254
Community Development Authority	5,704	-	-	-
<b>Total business type activities</b>	<u>4,564,115</u>	<u>4,102,285</u>	<u>-</u>	<u>378,742</u>
<b>Total</b>	<u>\$ 16,608,674</u>	<u>\$ 5,795,877</u>	<u>\$ 764,203</u>	<u>\$ 575,555</u>

**General revenues:**

Taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Miscellaneous

**Transfers**

Total general revenues and transfers

Change in net position

Net Position - Beginning of Year

Net Position - End of Year

See accompanying notes to financial statements.

**Net (Expenses) Revenues and  
Changes in Net Position**

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<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Totals</u>
\$ (686,173)	\$ -	\$ (686,173)
(1,268,991)	-	(1,268,991)
(1,018,873)	-	(1,018,873)
50,532	-	50,532
(47,293)	-	(47,293)
(3,351,275)	-	(3,351,275)
(470,363)	-	(470,363)
(265,969)	-	(265,969)
(1,801,043)	-	(1,801,043)
<u>(530,503)</u>	<u>-</u>	<u>(530,503)</u>
<u>(9,389,951)</u>	<u>-</u>	<u>(9,389,951)</u>
-	398,702	398,702
-	(459,323)	(459,323)
-	(16,763)	(16,763)
-	(5,704)	(5,704)
<u>-</u>	<u>(83,088)</u>	<u>(83,088)</u>
<u>(9,389,951)</u>	<u>(83,088)</u>	<u>(9,473,039)</u>
5,669,982	-	5,669,982
160,595	-	160,595
73,705	110,540	184,245
64,344	-	64,344
<u>368,891</u>	<u>(368,891)</u>	<u>-</u>
<u>6,337,517</u>	<u>(258,351)</u>	<u>6,079,166</u>
(3,052,434)	(341,439)	(3,393,873)
<u>26,131,148</u>	<u>54,151,119</u>	<u>80,282,267</u>
<u>\$ 23,078,714</u>	<u>\$ 53,809,680</u>	<u>\$ 76,888,394</u>

# VILLAGE OF SUSSEX, WISCONSIN

## BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2014

	General	General Obligation Debt Service Fund
<b>ASSETS</b>		
Cash and investments	\$ 6,908,913	\$ 1,178,365
Receivables		
Taxes	2,055,687	674,569
Accounts	157,889	-
Special assessments	131,464	-
Due from other funds	179,336	-
Inventories and prepaid items	34,953	-
<b>TOTAL ASSETS</b>	<b><u>\$ 9,468,242</u></b>	<b><u>\$ 1,852,934</u></b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>		
<b>Liabilities</b>		
Accounts payable	\$ 402,711	\$ -
Accrued payroll	48,844	-
Due to other funds	-	-
Due to other governments	131,464	-
<b>Total liabilities</b>	<b><u>583,019</u></b>	<b><u>-</u></b>
<b>Deferred Inflows</b>		
Property taxes	<u>4,848,139</u>	<u>1,608,628</u>
<b>Fund Balances (Deficit)</b>		
Nonspendable	228,913	-
Restricted	42,956	244,306
Committed	113,098	-
Assigned	2,815,188	-
Unassigned (Deficit)	836,929	-
<b>Total fund balances</b>	<b><u>4,037,084</u></b>	<b><u>244,306</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b><u>\$ 9,468,242</u></b>	<b><u>\$ 1,852,934</u></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 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

See accompanying notes to financial statements.

General Capital Projects Fund	TIF #6 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,093,158	\$ 33,153	\$ 974,699	\$ 10,188,288
-	23,942	-	2,754,198
-	-	-	157,889
-	-	-	131,464
-	-	-	179,336
-	-	-	34,953
<u>\$ 1,093,158</u>	<u>\$ 57,095</u>	<u>\$ 974,699</u>	<u>\$ 13,446,128</u>

\$ 71,192	\$ 11,944	\$ -	\$ 485,847
-	-	-	48,844
-	179,226	110	179,336
-	-	200,000	331,464
<u>71,192</u>	<u>191,170</u>	<u>200,110</u>	<u>1,045,491</u>

-	<u>57,095</u>	-	<u>6,513,862</u>
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-	-	-	228,913
863,093	-	761,278	1,911,633
-	-	13,421	126,519
158,873	-	-	2,974,061
-	(191,170)	(110)	645,649
<u>1,021,966</u>	<u>(191,170)</u>	<u>774,589</u>	<u>5,886,775</u>
<u>\$ 1,093,158</u>	<u>\$ 57,095</u>	<u>\$ 974,699</u>	

34,395,188

(17,203,249)

\$ 23,078,714

## VILLAGE OF SUSSEX, WISCONSIN

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2014

	General Fund	General Obligation Debt Service Fund	General Capital Projects Fund	TIF #6 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 4,083,760	\$ 1,586,222	\$ -	\$ -	\$ -	\$ 5,669,982
Intergovernmental	730,809	-	-	-	-	730,809
Public improvement revenues	-	-	17,631	-	546,708	564,339
Licenses and permits	365,908	-	-	-	-	365,908
Fines, forfeitures and penalties	251,431	-	-	-	-	251,431
Public charges for services	924,983	-	-	9,033	3,392	937,408
Commercial revenues	180,376	1,484	3,204	1,206	7,061	193,331
Miscellaneous revenues	55,961	82,020	-	-	4,125	142,106
<b>Total Revenues</b>	<b>6,593,228</b>	<b>1,669,726</b>	<b>20,835</b>	<b>10,239</b>	<b>561,286</b>	<b>8,855,314</b>
<b>EXPENDITURES</b>						
<b>Current</b>						
General government	706,820	-	-	20,180	126	727,126
Protection of persons & property						
Police	1,497,117	-	-	-	-	1,497,117
Fire	1,097,146	-	-	-	-	1,097,146
Other protection	176,343	-	-	-	-	176,343
Health and sanitation	525,917	-	-	-	110	526,027
Highway and transportation	760,899	-	-	-	-	760,899
Library	533,413	-	-	-	-	533,413
Parks and recreation	753,978	-	-	-	2,894	756,872
Development	-	-	-	1,868,623	-	1,868,623
Capital outlay	294,000	-	1,049,014	-	-	1,343,014
<b>Debt service</b>						
Principal retirement	-	1,110,000	-	-	755,000	1,865,000
Interest and fiscal charges	-	564,606	-	491	86,088	651,185
<b>Total Expenditures</b>	<b>6,345,633</b>	<b>1,674,606</b>	<b>1,049,014</b>	<b>1,869,294</b>	<b>844,218</b>	<b>11,802,765</b>
Excess (deficiency) of revenues over expenditures	247,595	(4,880)	(1,028,179)	(1,879,055)	(282,932)	(2,947,451)
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-term debt issued	-	-	36,924	-	-	36,924
Sale of village property	-	-	300,030	-	-	300,030
Transfers in	374,971	5,225	-	-	-	380,196
Transfers out	-	-	-	-	(6,867)	(6,867)
<b>Total other financing sources (uses)</b>	<b>374,971</b>	<b>5,225</b>	<b>336,954</b>	<b>-</b>	<b>(6,867)</b>	<b>710,283</b>
Net change in fund balances	622,566	345	(691,225)	(1,879,055)	(289,799)	(2,237,168)
<b>FUND BALANCES -</b>						
<b>BEGINNING OF YEAR</b>	<b>3,414,518</b>	<b>243,961</b>	<b>1,713,191</b>	<b>1,687,885</b>	<b>1,064,388</b>	<b>8,123,943</b>
<b>FUND BALANCES -</b>						
<b>END OF YEAR</b>	<b>\$ 4,037,084</b>	<b>\$ 244,306</b>	<b>\$ 1,021,966</b>	<b>\$ (191,170)</b>	<b>\$ 774,589</b>	<b>\$ 5,886,775</b>

See accompanying notes to financial statements.

**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, 2014**

Net change in fund balances - total governmental funds \$ (2,237,168)

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 were less than depreciation in the current period. (2,397,734)

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 premiums and discounts 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. 1,890,457

Special assessments collected are reported as revenues in governmental funds and thus contribute to the change in fund balance. In the statement of net position however, collection of special assessments decreases receivables and does not affect the statement of activities. (357,146)

Accounts receivable for interest accrued on amounts receivable from other governments are reported as deferred revenue in the governmental funds but are reported as earned in the statement of net position. (1,950)

The governmental funds do not include the activities reported in the internal service fund, however, the statement of activities does include this fund. This amount is the change in net position of the internal service fund. (4,438)

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. 55,545

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (3,052,434)**

**VILLAGE OF SUSSEX, WISCONSIN**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
December 31, 2014

	Business Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Stormwater Utility	Nonmajor Community Development Authority	
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and investments	\$ 1,603,768	\$ 1,074,856	\$ 790,818	\$ 254,352	\$ 3,723,794
Accounts receivable	344,814	450,920	108,530	-	904,264
Special assessment receivable	15,645	-	-	-	15,645
Taxes receivable	1,514	-	-	-	1,514
Interest rebate receivable	25,381	-	-	-	25,381
Prepaid items	727	166	-	-	893
<b>Restricted Assets</b>					
Cash and investments	218,084	269,816	-	-	487,900
Current portion of due from other governments	-	196,824	-	-	196,824
Current portion of advance due from other funds	-	10,000	-	-	10,000
<b>Total current assets</b>	<b>2,209,933</b>	<b>2,002,582</b>	<b>899,348</b>	<b>254,352</b>	<b>5,366,215</b>
<b>Non-Current Assets</b>					
Land	271,810	178,630	176,724	300,704	927,868
Construction in progress	125,364	101,074	973	-	227,411
Property and equipment	26,551,259	47,320,632	11,398,290	-	85,270,181
Accumulated depreciation	(7,552,599)	(19,992,966)	(1,807,034)	-	(29,352,599)
<b>Restricted Assets</b>					
Cash and investments	1,116,356	3,178,641	111,932	-	4,406,929
Due from other governments	-	2,791,871	-	-	2,791,871
Advance due from other funds	-	521,037	-	-	521,037
<b>Other Assets</b>					
Special assessments receivable	482,236	138,588	-	-	620,824
Extraordinary property loss	-	287,015	-	-	287,015
Utility plant capacity purchased	-	53,803	-	-	53,803
<b>Total non-current assets</b>	<b>20,994,426</b>	<b>34,578,325</b>	<b>9,880,885</b>	<b>300,704</b>	<b>65,754,340</b>
<b>TOTAL ASSETS</b>	<b>23,204,359</b>	<b>36,580,907</b>	<b>10,780,233</b>	<b>555,056</b>	<b>71,120,555</b>
<b>LIABILITIES</b>					
<b>Current liabilities - payable from current assets:</b>					
Current portion of long-term debt	77,375	395,000	-	-	472,375
Current portion of unamortized reacquisition adjustment	(6,669)	-	-	-	(6,669)
Current portion of advance from other funds	-	-	-	10,000	10,000
Current portion of advance from other governmental units	-	48,991	-	-	48,991
Compensated absences	8,946	12,302	-	-	21,248
Accounts payable	44,433	51,973	8,853	-	105,259
Accrued payroll	9,373	14,453	2,832	-	26,658
Accrued interest payable	78,143	14,127	-	-	92,270
Unearned revenue	23,841	300	-	-	24,141
<b>Current liabilities - payable from restricted assets:</b>					
Current portion of long-term debt	355,000	369,042	-	-	724,042
Accounts payable	-	10,075	-	-	10,075
Accrued interest payable	11,001	23,788	-	-	34,789
<b>Total current liabilities</b>	<b>601,443</b>	<b>940,051</b>	<b>11,685</b>	<b>10,000</b>	<b>1,563,179</b>
<b>Long-term debt:</b>					
General obligation debt	1,789,572	3,785,000	-	-	5,574,572
Revenue bonds	3,765,000	5,234,701	-	-	8,999,701
Net unamortized bond discount and premium	3,805	(21,728)	-	-	(17,923)
Compensated absences	18,475	31,010	-	-	49,485
Advance from other funds	-	-	-	521,037	521,037
<b>Total long-term debt</b>	<b>5,576,852</b>	<b>9,028,983</b>	<b>-</b>	<b>521,037</b>	<b>15,126,872</b>
Other unearned revenue - deferred special assessments	482,236	138,588	-	-	620,824
<b>TOTAL LIABILITIES</b>	<b>6,660,531</b>	<b>10,107,622</b>	<b>11,685</b>	<b>531,037</b>	<b>17,310,875</b>
<b>NET POSITION</b>					
Net investment in capital assets	13,868,751	18,649,536	9,768,953	300,704	42,587,944
<b>Restricted:</b>					
Reserve Capacity Assessments	276,837	1,338,047	-	-	1,614,884
Debt Service	154,321	3,220,596	-	-	3,374,917
Equipment Replacement and Depreciation	382,519	1,849,202	111,932	-	2,343,653
Unrestricted (Deficit)	1,861,400	1,415,904	887,663	(276,685)	3,888,282
<b>TOTAL NET POSITION</b>	<b>\$ 16,543,828</b>	<b>\$ 26,473,285</b>	<b>\$ 10,768,548</b>	<b>\$ 24,019</b>	<b>\$ 53,809,680</b>

See accompanying notes to financial statements.

## VILLAGE OF SUSSEX, WISCONSIN

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS For the Year Ended December 31, 2014

	Business Type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Stormwater Utility	Nonmajor Community Development Authority		
<b>OPERATING REVENUES</b>						
Sale of water	\$ 1,788,988	\$ -	\$ -	\$ -	\$ 1,788,988	\$ -
Sewage collection charges	-	1,681,412	-	-	1,681,412	-
Stormwater charges	-	-	418,108	-	418,108	-
Other operating revenues	89,974	113,492	10,311	-	213,777	-
<b>Total operating revenues</b>	<u>1,878,962</u>	<u>1,794,904</u>	<u>428,419</u>	<u>-</u>	<u>4,102,285</u>	<u>-</u>
<b>OPERATING EXPENSES</b>						
Operation and maintenance	790,750	1,138,647	321,197	4,419	2,255,013	-
Depreciation and amortization	535,092	1,167,726	125,239	-	1,828,057	-
<b>Total operating expenses</b>	<u>1,325,842</u>	<u>2,306,373</u>	<u>446,436</u>	<u>4,419</u>	<u>4,083,070</u>	<u>-</u>
<b>Operating income (loss)</b>	<u>553,120</u>	<u>(511,469)</u>	<u>(18,017)</u>	<u>(4,419)</u>	<u>19,215</u>	<u>-</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income	11,879	94,038	2,201	1,137	109,255	-
Interest from other funds	-	1,285	-	-	1,285	-
Interest expense	(242,676)	(237,084)	-	(1,285)	(481,045)	-
Other revenue	30,043	-	-	-	30,043	-
<b>Total nonoperating revenues (expense)</b>	<u>(200,754)</u>	<u>(141,761)</u>	<u>2,201</u>	<u>(148)</u>	<u>(340,462)</u>	<u>-</u>
<b>Income (loss) before contributions and transfers</b>	<u>352,366</u>	<u>(653,230)</u>	<u>(15,816)</u>	<u>(4,567)</u>	<u>(321,247)</u>	<u>-</u>
<b>CAPITAL CONTRIBUTIONS</b>	58,215	289,230	1,254	-	348,699	-
<b>TRANSFERS OUT</b>	<u>(364,589)</u>	<u>(4,302)</u>	<u>-</u>	<u>-</u>	<u>(368,891)</u>	<u>(4,438)</u>
<b>Change in net position</b>	45,992	(368,302)	(14,562)	(4,567)	(341,439)	(4,438)
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>16,497,836</u>	<u>26,841,587</u>	<u>10,783,110</u>	<u>28,586</u>	<u>54,151,119</u>	<u>4,438</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 16,543,828</u>	<u>\$ 26,473,285</u>	<u>\$ 10,768,548</u>	<u>\$ 24,019</u>	<u>\$ 53,809,680</u>	<u>\$ -</u>

**VILLAGE OF SUSSEX, WISCONSIN**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2014**

	Business Type Activities - Enterprise Funds				Total	Governmental Activities
	Water Utility	Sewer Utility	Stormwater Utility	Nonmajor Community Development Authority		Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 1,819,279	\$ 1,785,787	\$ 428,777	\$ -	\$ 4,033,843	\$ 41,342
Payments to vendors	(538,893)	(728,611)	(162,579)	(4,759)	(1,434,842)	(36,842)
Payments to employees	(262,906)	(354,341)	(151,292)	-	(768,539)	(62)
Payments to/from other funds	45,116	(40,814)	-	-	4,302	-
Net cash flows provided (used) by operating activities	<u>1,062,596</u>	<u>662,021</u>	<u>114,906</u>	<u>(4,759)</u>	<u>1,834,764</u>	<u>4,438</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfer out	(364,589)	(4,302)	-	-	(368,891)	(4,438)
Net cash flows used by noncapital financing activities	<u>(364,589)</u>	<u>(4,302)</u>	<u>-</u>	<u>-</u>	<u>(368,891)</u>	<u>(4,438)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Principal paid on long-term debt	(418,515)	(791,571)	-	-	(1,210,086)	-
Interest paid on long-term debt	(239,237)	(240,212)	-	-	(479,449)	-
Payment on advance from other fund	-	-	-	(10,000)	(10,000)	-
Interest paid on advance from other fund	-	-	-	(1,285)	(1,285)	-
Reserve capacity assessments received	58,215	289,230	-	-	347,445	-
Principal received from other governmental units	-	191,936	-	-	191,936	-
Interest received from other governmental units	-	78,566	-	-	78,566	-
Rebate received from the IRS	33,089	-	-	-	33,089	-
Collection of special assessment receivable	2,595	-	-	-	2,595	-
Acquisition and construction of capital assets	(399,327)	(254,336)	(175,877)	(300,705)	(1,130,245)	-
Sale of capital assets	7,002	-	-	-	7,002	-
Net cash used in capital and related financing activities	<u>(956,178)</u>	<u>(726,387)</u>	<u>(175,877)</u>	<u>(311,990)</u>	<u>(2,170,432)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Principal received on advance to other fund	-	10,000	-	-	10,000	-
Interest received on advance to other fund	-	1,285	-	-	1,285	-
Interest received on investments	11,879	15,472	2,201	1,137	30,689	-
Net cash provided by investing activities	<u>11,879</u>	<u>26,757</u>	<u>2,201</u>	<u>1,137</u>	<u>41,974</u>	<u>-</u>
Net decrease in cash and equivalents	<u>(246,292)</u>	<u>(41,911)</u>	<u>(58,770)</u>	<u>(315,612)</u>	<u>(662,585)</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>3,184,500</u>	<u>4,565,224</u>	<u>961,520</u>	<u>569,964</u>	<u>9,281,208</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 2,938,208</u>	<u>\$ 4,523,313</u>	<u>\$ 902,750</u>	<u>\$ 254,352</u>	<u>\$ 8,618,623</u>	<u>\$ -</u>
<b>CASH AND INVESTMENTS PER THE STATEMENT OF NET POSITION</b>						
Unrestricted	\$ 1,603,768	\$ 1,074,856	\$ 790,818	\$ 254,352	\$ 3,723,794	\$ -
Restricted	1,334,440	3,448,457	111,932	-	4,894,829	-
	<u>\$ 2,938,208</u>	<u>\$ 4,523,313</u>	<u>\$ 902,750</u>	<u>\$ 254,352</u>	<u>\$ 8,618,623</u>	<u>\$ -</u>

VILLAGE OF SUSSEX, WISCONSIN

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2014

	Business Type Activities - Enterprise Funds				Total	Governmental
	Water Utility	Sewer Utility	Stormwater Utility	Nonmajor Community Development Authority		Internal Service Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ 553,120	\$ (511,469)	\$ (18,017)	\$ (4,419)	\$ 19,215	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	552,798	1,167,726	125,239	-	1,845,763	-
(Increase) decrease in assets:						
Accounts and notes receivable	(18,790)	(8,246)	439	-	(26,597)	41,342
Inventory and prepaid expenses	1,402	1,428	500	-	3,330	-
Increase (decrease) in liabilities:						
Accounts payable	(6,132)	5,687	5,114	(340)	4,329	(21,161)
Accrued payroll and compensated absences	2,985	7,295	1,631	-	11,911	(62)
Due to other funds	-	-	-	-	-	(15,681)
Other unearned revenues	(22,787)	(400)	-	-	(23,187)	-
Net cash flows provided (used) by operating activities	<u>\$ 1,062,596</u>	<u>\$ 662,021</u>	<u>\$ 114,906</u>	<u>\$ (4,759)</u>	<u>\$ 1,834,764</u>	<u>\$ 4,438</u>

**VILLAGE OF SUSSEX, WISCONSIN**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
December 31, 2014**

	<u>Agency Funds</u>
	<u>Tax Collection Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 8,740,046
Taxes receivable	<u>6,248,073</u>
<b>TOTAL ASSETS</b>	<u>14,988,119</u>
<b>LIABILITIES</b>	
Due to other taxing units	14,899,619
Deposits	<u>88,500</u>
<b>TOTAL LIABILITIES</b>	<u>14,988,119</u>
<b>NET POSITION</b>	<u>\$ -</u>

**VILLAGE OF SUSSEX, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2014**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

1. **Reporting Entity**

The Village of Sussex is a municipal corporation governed by an elected seven member board. In accordance with GAAP, the basic financial statements are required to include the Village (the primary government) and any separate component units that have a significant operational or financial relationship with the Village. The Village has identified the Sussex Community Development Authority, which has a separate board, as a component unit that is required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61. The Village has included the Sussex Community Development Authority in its primary government financial statements.

2. **Government-Wide and Fund 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 Village. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which primarily are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

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

Separate financial statements are provided for governmental funds and proprietary funds. Governmental funds include general, special revenue, debt service, and capital projects funds. Proprietary funds include enterprise funds. The Village has one internal service fund. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

**GENERAL FUND**

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

**GENERAL OBLIGATION DEBT SERVICE FUND**

This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than enterprise debt.

**GENERAL CAPITAL PROJECTS FUND**

This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital improvement projects.

**TIF #6 CAPITAL PROJECTS FUND**

This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures within TIF District #6.

**VILLAGE OF SUSSEX, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Village reports the following major enterprise funds:

**WATER UTILITY FUND**

This fund is used to account for the operations of the Village's water utility.

**SEWER UTILITY FUND**

This fund is used to account for the operations of the Village's sewer utility.

**STORMWATER UTILITY FUND**

This fund is used to account for the operations of the Village's stormwater utility.

Additionally, the Village reports the following fund types:

*Engineering internal service fund* – accounts for engineering services provided to other departments or agencies of the Village, on a cost reimbursement basis.

The Village accounts for assets held as an agent for property taxes owed to other governmental units in an *agency fund*.

**3. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, village ordinance forfeitures, public charges for services and interest. Other revenues such as licenses and permits, other fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Village's water and sewer functions and various other functions of the Village. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

**VILLAGE OF SUSSEX, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources, as they are needed.

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

**a. Cash and Investments**

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

**b. Accounts Receivable**

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. An allowance for uncollectible accounts of \$9,889 is recorded at December 31, 2014 for accounts receivable for ambulance transports by the Village's fire department.

**c. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the financial statements. For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

**d. Inventories**

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

**e. Prepaid Items**

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

**VILLAGE OF SUSSEX, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2014**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

f. **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 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant, and equipment of the Village are depreciated using the straight-line method over the following estimated useful lives:

Buildings	25 - 75	Years
Land improvements other than building	10 - 40	Years
Machinery and equipment	10 - 50	Years
Utility system	4 - 100	Years
Infrastructure	25	Years

g. **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.

***Equipment Replacement Fund***

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

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

**VILLAGE OF SUSSEX, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Construction Fund***

The Sewerage System Utility has issued G.O. Corporate Purpose Bonds for expansion and replacing portions of its system.

***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.

**h. 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.

Utility plant capacity purchased represents the Village's share of the Village of Lannon Sewer Interceptor. The capacity will be amortized on a straight-line basis over the debt payment period.

**i. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village currently does not have any items that qualify for reporting in this category.

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 an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Village has one type of revenue that qualifies for reporting in this category, property taxes. This amount will be recognized as an inflow of resources in the subsequent year for which it was levied.

**j. Compensated Absences**

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

**VILLAGE OF SUSSEX, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**k. 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as interest and fiscal charges expense.

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.

**l. 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.
- Unassigned fund balance - Amounts that are available for any purpose. Unassigned amounts are only reported in the General Fund.

**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 Basic Financial Statements**  
**December 31, 2014**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The Village has a formal minimum fund balance policy. The policy is to combine the Working Capital Funds (unassigned) with the Assigned Fund Balances of the General Fund and maintain that total as a minimum of 25% of the subsequent year's budgeted expenditures excluding the debt service portion with a goal of achieving 33%. At December 31, 2014 the balance is \$3,652,117 and represents 50.0% of the 2015 budgeted expenditures

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. 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	\$ 21,395,164	\$ 42,587,944	\$ (1,063,609)	\$ 62,919,499
Unrestricted	845,650	3,888,282	1,063,609	5,797,541

**5. Use of Estimates**

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

**NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**1. 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	\$ 82,183,872
Accumulated depreciation	<u>(47,788,684)</u>
Net capital assets	<u>\$ 34,395,188</u>

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	\$ 16,826,924
Compensated absences	256,069
Accrued interest, net of interest rebate receivable	147,179
Unamortized net debt discount and premium	<u>(26,923)</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 17,203,249</u>

**VILLAGE OF SUSSEX, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2014**

**NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)**

**2. 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	\$ 390,124
Contributed capital assets	302,641
Depreciation expense	(2,814,683)
Net book value of assets disposed	<u>(275,816)</u>
 Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	     <u>\$ (2,397,734)</u>

- 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:	
Issuance of general obligation debt	\$ (36,924)
Amortization of debt discount and premium	(2,619)
Principal repayments	
General obligations debt	1,865,000
Payment to Pauline Haass Public Library	<u>65,000</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	     <u><u>\$ 1,890,457</u></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	\$ 14,264
Accrued interest	<u>41,281</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	     <u>\$ 55,545</u>

**VILLAGE OF SUSSEX, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2014**

**NOTE C - STEWARDSHIP AND COMPLIANCE**

1. Budgets and Budgetary Accounting

A budget has been adopted for the following funds in accordance with Wisconsin Statute 65.90.

- General Fund
- Debt Service Fund
  - General Obligation Debt Service Fund
  - Library Debt Service Fund
- Proprietary Funds
  - Water Utility
  - Sewer Utility
  - Stormwater Utility
  - Community Development Authority

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

- a. 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 presented at a public hearing held to obtain taxpayer comments. Following the public hearing, the proposed budget, including authorized additions and deletions, is legally enacted by Village Board action.
- b. 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 A except actual (non-GAAP) revenues and expenditures do not reflect certain transactions of assigned funds. A Budget is defined as the originally approved budget plus or minus approved amendments. An additional appropriation during the year amounted to \$122,981 for the General 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.
- c. During the year, formal budgetary integration is employed as a management control device for the general fund.
- d. Expenditures may not exceed appropriations by major departmental classifications. Amendments to the budget during the year can only be made by the Village Board.
- e. Encumbrance accounting is not used by the Village to record commitments related to unperformed contracts for goods or services.

The Village did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2014.

2. Deficit Fund Balance

The following funds had a deficit fund balance at December 31, 2014:

Funds	Amount
Capital Projects Fund - TIF #6	\$ 191,170
Cemetery Fund	110

The Capital Projects Fund – TIF #6 deficit is anticipated to be funded with future incremental taxes over the life of the district. The Cemetery Fund deficit is anticipated to be funded with future user fees.

**VILLAGE OF SUSSEX, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2014**

**NOTE D - DETAILED NOTES ON ALL FUNDS**

1. 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 \$27,546,957 on December 31, 2014 as summarized below:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 23,529,526	\$ 23,521,088	Custodial credit risk
Local Government Investment Pool	1,073,124	1,073,124	Credit risk
Certificates of deposit	2,944,157	2,934,256	Custodial credit risk
Petty cash	150	-	
<b>Total deposits and investments</b>	<b>\$ 27,546,957</b>	<b>\$ 27,528,468</b>	
<b>Reconciliation to financial statements</b>			
<b>Per statement of net position</b>			
Unrestricted cash and investments	\$ 13,912,082		
Restricted cash and investments	4,894,829		
<b>Per statement of net position - fiduciary fund</b>			
Agency	8,740,046		
	<b>\$ 27,546,957</b>		

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

**VILLAGE OF SUSSEX, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2014**

**NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)**

**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 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 the combined amount of all deposit accounts per official custodian per depository institution. 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, 2014, \$21,903,284 of the Village's deposits with financial institutions was in excess of federal and state depository insurance limits; however, the entire amount has collateral pledged to it by the bank.

**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. Presented below is the actual rating as of year-end for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Wisconsin Local Government Investment Pool	<u>\$ 1,073,124</u>	\$ -	\$ -	\$ -	<u>\$ 1,073,124</u>

**VILLAGE OF SUSSEX, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE D - DETAILED NOTES ON ALL FUNDS (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.

Information about the sensitivity of the fair values of the Village's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Village's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Wisconsin Local Government Investment Pool	<u>\$ 1,073,124</u>	<u>\$ 1,073,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Investment in Wisconsin Local Government Investment Pool**

The Village has investments in the Wisconsin local government investment pool of \$1,073,124 at year-end. The Wisconsin local government investment pool (GIP) 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, 2014, the fair value of the Village's share of the LGIP's assets was substantially equal to the carrying value.

**2. Property Taxes**

Property taxes consist of taxes on real estate and personal property. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in three equal installments on or before January 31, March 31 and May 31. Real estate taxes not paid by July 31 are purchased by the County as part of the August tax settlement. Delinquent personal property taxes remain the collection responsibility of the Village.

The Village bills and collects its own property taxes and also levies and collects taxes for the Hamilton, Richmond and Arrowhead School Districts, Waukesha County, Waukesha County Technical College and the State of Wisconsin.

**VILLAGE OF SUSSEX, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2014**

**NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)**

**3. Restricted Assets**

Restricted assets on December 31, 2014 totaled \$8,414,561 and consisted of cash, investments, and balances due from other governments held for the following purposes:

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Stormwater Utility</u>	<u>Total</u>
<b>Revenue Bond Funds</b>				
Reserve Fund	\$ 457,000	\$ -	\$ -	\$ 457,000
Depreciation Fund	382,519	1,132,489	-	1,515,008
Special Redemption Fund	218,084	-	-	218,084
Debt Service Fund	-	3,258,511	-	3,258,511
Equipment Replacement Fund	-	716,713	111,932	828,645
Reserve Capacity Assessment Fund	276,837	1,338,047	-	1,614,884
Construction Fund	-	522,429	-	522,429
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>BALANCE - December 31</b>	<b><u>\$ 1,334,440</u></b>	<b><u>\$ 6,968,189</u></b>	<b><u>\$ 111,932</u></b>	<b><u>\$ 8,414,561</u></b>

**4. Capital Assets**

Capital asset activity for the year ended December 31, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 3,173,777	\$ -	\$ 267,962	\$ 2,905,815
Construction in progress	345,373	174,339	-	519,712
<b>Total Capital Assets Not Being Depreciated</b>	<u>3,519,150</u>	<u>174,339</u>	<u>267,962</u>	<u>3,425,527</u>
<b>Other Capital Assets</b>				
Buildings	6,569,788	-	-	6,569,788
Land improvements	452,504	-	-	452,504
Machinery and equipment	4,490,411	215,785	23,949	4,682,247
Infrastructure	66,751,165	302,641	-	67,053,806
<b>Total Other Capital Assets at Historical Cost</b>	<u>78,263,868</u>	<u>518,426</u>	<u>23,949</u>	<u>78,758,345</u>
<b>Less: accumulated depreciation for:</b>				
Buildings	1,271,678	118,614	-	1,390,292
Land improvements	178,339	18,205	-	196,544
Machinery and equipment	1,942,477	218,611	16,095	2,144,993
Infrastructure	41,597,602	2,459,253	-	44,056,855
<b>Total Accumulated Depreciation</b>	<u>44,990,096</u>	<u>2,814,683</u>	<u>16,095</u>	<u>47,788,684</u>
<b>Net Other Capital Assets</b>	<u>33,273,772</u>	<u>(2,296,257)</u>	<u>7,854</u>	<u>30,969,661</u>
<b>Total Net Capital Assets</b>	<b><u>\$ 36,792,922</u></b>	<b><u>\$ (2,121,918)</u></b>	<b><u>\$ 275,816</u></b>	<b><u>\$ 34,395,188</u></b>

**VILLAGE OF SUSSEX, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2014**

**NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)**

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

<b>Governmental Activities</b>	
General Government	\$ 27,487
Protection of persons and property	144,476
Highway and transportation, which includes the depreciation of infrastructure	2,557,730
Parks and recreation	<u>84,990</u>
<b>Total Governmental Activities Depreciation Expense</b>	<b><u>\$ 2,814,683</u></b>

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Business-type Activities</b>				
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 501,489	\$ 426,379	\$ -	\$ 927,868
Construction in progress	<u>11,308</u>	<u>248,970</u>	<u>32,867</u>	<u>227,411</u>
Total Capital Assets Not Being Depreciated	<u>512,797</u>	<u>675,349</u>	<u>32,867</u>	<u>1,155,279</u>
<b>Other Capital Assets</b>				
Water Utility buildings and structures	2,077,449	-	-	2,077,449
Water Utility machinery and equipment	1,999,059	83,396	152,903	1,929,552
Water Utility infrastructure	22,396,661	150,416	2,819	22,544,258
Sewer Utility buildings and structures	5,337,921	4,817	1,378	5,341,360
Sewer Utility machinery and equipment	15,924,360	22,470	11,491	15,935,339
Sewer Utility infrastructure	25,952,245	110,042	18,354	26,043,933
Stormwater Utility machinery & equip	224,300	1,350	-	225,650
Stormwater Utility infrastructure	<u>11,113,854</u>	<u>58,786</u>	<u>-</u>	<u>11,172,640</u>
Total Other Capital Assets at Historical Cost	<u>85,025,849</u>	<u>431,277</u>	<u>186,945</u>	<u>85,270,181</u>
<b>Less: Accumulated Depreciation</b>				
Water Utility buildings and structures	869,060	65,158	-	934,218
Water Utility machinery and equipment	838,276	104,082	145,901	796,457
Water Utility infrastructure	5,441,186	383,557	2,819	5,821,924
Sewer Utility buildings and structures	2,046,507	106,793	1,378	2,151,922
Sewer Utility machinery and equipment	10,393,853	620,995	11,491	11,003,357
Sewer Utility infrastructure	6,492,314	363,727	18,354	6,837,687
Stormwater Utility machinery & equip	27,062	12,715	-	39,777
Stormwater Utility infrastructure	<u>1,653,383</u>	<u>113,874</u>	<u>-</u>	<u>1,767,257</u>
Total Accumulated Depreciation	<u>27,761,641</u>	<u>1,770,901</u>	<u>179,943</u>	<u>29,352,599</u>
Net Other Capital Assets	<u>57,264,208</u>	<u>(1,339,624)</u>	<u>7,002</u>	<u>55,917,582</u>
Total Capital Assets	<u>\$ 57,777,005</u>	<u>\$ (664,275)</u>	<u>\$ 39,869</u>	<u>\$ 57,072,861</u>

**VILLAGE OF SUSSEX, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2014**

**NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)**

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

**Business-type Activities**

Water	\$ 552,797
Sewer	1,091,515
Stormwater	<u>126,589</u>
<b>Total Business-type Activities Depreciation Expense</b>	<b><u>\$ 1,770,901</u></b>

5. **Interfund Receivable, Payables, and Transfers**

The following is a schedule of interfund receivables and payables as of December 31, 2014:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Cemetery Fund	\$ 110
General Fund	TIF #6 Capital Projects Fund	<u>179,226</u>
		\$ 179,336
Fund eliminations		<u>(179,336)</u>
<b>Internal balances on the statement of net position</b>		<b><u>\$ -</u></b>

The interfund receivables and payables are expected to be collected within one year.

The following is a schedule of interfund advances:

<u>Advancing Fund</u>	<u>Advanced to Fund</u>	<u>Amount</u>
Sewerage System Utility	Community Development Authority	<u>\$ 531,037</u>

A repayment schedule has not been established for this advance.

**VILLAGE OF SUSSEX, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2014**

**NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)**

Interfund transfers for the year ended December 31, 2014 were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
<b>General Fund</b>		
Special Revenue Fund - Recreation Scholarship Fund	\$ 1,642	\$ -
Proprietary Fund		
Enterprise Fund - Water Utility	364,589	-
Enterprise Fund - Sewer Utility	4,302	-
Internal Service Fund - Engineering	4,438	-
Special Revenue Fund		
Recreation Scholarship - General Fund	-	1,642
Debt Service Fund		
General Debt Service - Special Assessment B Bond Fund	5,225	-
Special Assessment B Bond Fund - General Debt Service	-	5,225
<b>Total Governmental Funds</b>	<u>\$ 380,196</u>	<u>\$ 6,867</u>
<b>Enterprise Fund</b>		
Enterprise Fund - Water Utility - General Fund (for tax equivalent)	\$ -	\$ 364,589
Enterprise Fund - Sewer Utility - General Fund	-	4,302
<b>Total Enterprise Funds</b>	<u>-</u>	<u>368,891</u>
Internal Service Fund - Engineering		
General Fund	-	4,438
<b>Total Fund Statements</b>	<u>380,196</u>	<u>380,196</u>
Less: fund eliminations	<u>(11,305)</u>	<u>(11,305)</u>
<b>Total Government-wide Statements</b>	<u>\$ 368,891</u>	<u>\$ 368,891</u>

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

**VILLAGE OF SUSSEX, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)**

6. Long-term Obligations

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2014:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General Obligation Debt					
Promissory notes	\$ 4,815,000	\$ 36,924	\$ 785,000	\$ 4,066,924	\$ 809,616
Bonds	11,230,000	-	325,000	10,905,000	370,000
Community Development Bonds	1,855,000	-	-	1,855,000	-
Refunding bonds	130,000	-	130,000	-	-
Total General Obligation Debt	18,030,000	36,924	1,240,000	16,826,924	1,179,616
Special Assessment B Bonds Payable	625,000	-	625,000	-	-
Net unamortized (discount) and premium	(29,542)	-	(2,619)	(26,923)	-
Total Bonds and Notes Payable	18,625,458	36,924	1,862,381	16,800,001	1,179,616
Other Liabilities					
Vested compensated absences	270,333	130,780	145,044	256,069	105,832
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 18,895,791</u>	<u>\$ 167,704</u>	<u>\$ 2,007,425</u>	<u>\$ 17,056,070</u>	<u>\$ 1,285,448</u>
<b>Business-type Activities</b>					
General Obligation Debt					
Bonds	\$ 3,325,000	\$ -	\$ 140,000	\$ 3,185,000	\$ 150,000
Refunding bonds	1,240,000	-	245,000	995,000	245,000
State Trust Fund Loan	1,940,462	-	73,515	1,866,947	77,375
Total General Obligation Debt	6,505,462	-	458,515	6,046,947	472,375
Revenue Bonds Payable	10,428,619	-	704,876	9,723,743	724,042
Advance from Other Governmental Units	95,686	-	46,695	48,991	48,991
Total Business-type Activities	17,029,767	-	1,210,086	15,819,681	1,245,408
Net unamortized (discount) and premium	(21,410)	-	(3,487)	(17,923)	-
Less: Unamortized Reacquisition Adjustment	(13,338)	-	(6,669)	(6,669)	(6,669)
Other Liabilities					
Vested compensated absences	65,549	28,746	23,562	70,733	21,248
Total Business-type Activities					
Long-Term Liabilities	<u>\$ 17,060,568</u>	<u>\$ 28,746</u>	<u>\$ 1,223,492</u>	<u>\$ 15,865,822</u>	<u>\$ 1,259,987</u>

Total interest paid during the year on long-term debt totaled \$1,130,143.

**VILLAGE OF SUSSEX, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2014**

**NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)**

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2014
<b>Governmental Activities</b>					
<b>General Obligation Debt</b>					
General Obligation Bonds	8/1/2005	8/1/2025	3.75 - 4.2	\$ 4,000,000	\$ 2,850,000
	10/1/2010	10/1/2030	3.375 - 5.1	5,800,000	5,800,000
	3/5/2013	3/1/2029	0.4 - 2.5	2,355,000	2,255,000
	9/17/2013	9/1/2030	2.0 - 4.0	1,855,000	1,855,000
					12,760,000
General Obligation Notes	12/1/2006	2/1/2015	4.00	2,530,000	250,000
	5/1/2008	5/1/2022	3.5 - 3.8	3,200,000	2,275,000
	10/1/2010	10/1/2017	0.65 - 2.0	2,650,000	1,505,000
	11/11/2014	10/1/2017	0	36,924	36,924
					4,066,924
<b>Total Governmental Activities General Obligation Debt</b>					<b>\$ 16,826,924</b>
<b>Business-type Activities</b>					
<b>General Obligation Debt</b>					
Refunding Bonds	5/1/2008	5/1/2018	3.25 - 3.75	\$ 2,280,000	\$ 995,000
Corporate Purpose Bonds	5/1/2013	11/1/2014	0.3 - 2.4	3,325,000	3,185,000
					4,180,000
State Trust Fund Loan	9/1/2010	3/15/2030	5.25	2,022,500	1,866,947
					1,866,947
<b>Total Business-type Activities General Obligation Debt</b>					<b>\$ 6,046,947</b>

Annual principal and interest maturities of the outstanding general obligation debt of \$22,873,871 on December 31, 2014 are detailed below:

	<u>Governmental Activities General Obligation Debt</u>		<u>Business Type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,179,616	\$ 575,536	\$ 472,375	\$ 178,181
2016	1,219,616	547,504	516,179	164,307
2017	1,289,616	518,009	525,698	149,257
2018	1,184,616	484,255	535,198	134,368
2019	1,214,616	446,304	299,933	123,546
2020 - 2024	5,768,844	1,605,955	1,664,471	499,275
2025 - 2029	4,385,000	658,032	1,866,452	233,082
2030	585,000	27,800	166,641	8,749
<b>Totals</b>	<b>\$ 16,826,924</b>	<b>\$ 4,863,395</b>	<b>\$ 6,046,947</b>	<b>\$ 1,490,765</b>

**VILLAGE OF SUSSEX, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)**

**Legal Margin for New Debt**

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed five percent of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2014, was \$60,108,005. Total general obligation debt outstanding at year end was \$22,873,871.

For governmental activities, the other long-term liabilities are generally funded by the general fund.

**Revenue Bonds**

The Water Public Utility and Sewerage System Utility have \$9,723,743 in Water & Sewer System Revenue Bonds outstanding at December 31, 2014. 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 \$482,363. Total net revenues as defined by the bond covenants for the same period were \$1,198,985. Annual principal and interest payments are expected to require 29% of net revenue.

The principal and interest paid during the year on the Sewer System Revenue Bonds was \$507,186. Total net revenues as defined by the bond covenants for the same period were \$944,359. Annual principal and interest payments are expected to require 42% of net revenue.

Revenue debt payable at December 31, 2014 consists of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/2014</u>
<b>Business-type Activities</b>					
<b>Water and Sewer System</b>					
<b>Revenue Bonds</b>					
Water Utility	8/1/2005	6/1/2018	3.3 - 4.1	\$ 950,000	\$ 400,000
	6/1/2006	6/1/2024	4.0 - 4.4	210,000	1,525,000
	6/4/2013	6/1/2028	2.0 - 2.75	2,340,000	2,195,000
Sewer Utility	8/22/2007	5/1/2027	2.547	7,633,281	<u>5,603,743</u>
<b>Total Business-type Activities Revenue Debt</b>					<b><u>\$ 9,723,743</u></b>

**VILLAGE OF SUSSEX, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2014**

**NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)**

Debt service requirements to maturity are as follows:

	Business-type Activities Revenue Debt	
	Principal	Interest
2015	\$ 724,042	\$ 264,515
2016	733,441	243,871
2017	748,080	222,822
2018	772,965	200,980
2019	703,101	179,971
2020 - 2024	3,911,817	576,708
2025 - 2028	2,130,297	96,708
Totals	\$ 9,723,743	\$ 1,785,575

**Intermunicipal Agreement**

In 1996, the Sewerage System Utility entered into an intermunicipal agreement with the Village of Lannon, which provided for the Utility to share in the costs of an interceptor sewer. The Utility's share of the Village of Lannon interceptor sewer as of December 31, 2014 amounted to \$48,991. The original amount was recorded as a deferred debit and long-term debt in 1996. The project was completed in 1997 and the deferred debit is being amortized on a straight-line basis over the life of the plant assets.

Debt service requirements to maturity are as follows:

	Principal	Interest
2015	\$ 48,991	\$ 1,055

**Vested Compensated Absences**

Estimated payments of \$326,802 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.

**VILLAGE OF SUSSEX, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2014**

**NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)**

**7. Net Position/Fund Balances**

**Governmental Activities**

Governmental activities net position reported on the government-wide statement of net position at December 31, 2014 includes the following:

**Net investment in capital assets**

Land	\$ 2,905,815
Construction in progress	519,712
Other capital assets, net of accumulated depreciation	30,969,661
Less: related long-term debt outstanding	(13,468,435)
Premium on long term debt	26,923
Add back unspent construction cash	<u>441,488</u>
Total Net Investment in Capital Assets	<u>21,395,164</u>

**Restricted**

Debt service	106,736
Park dedication fees	578,129
Revolving loan fund	<u>153,035</u>
Total Restricted	<u>837,900</u>

**Unrestricted**

845,650

**Total Governmental Activities Net Position**

\$ 23,078,714

**VILLAGE OF SUSSEX, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2014**

**NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)**

Governmental fund balances reported on the fund financial statements at December 31, 2014 include the following:

<b>Nonspendable</b>	
Major Funds	
General Fund	
Noncurrent receivables, inventories and prepaids	\$ 228,913
<b>Restricted</b>	
Major Funds	
General Fund	
Ambulance grants	42,956
Debt Service Fund	
Debt service	244,306
Capital Projects Fund - General	
Road projects	401,277
Facility study and improvements	377,857
Emergency government outly	38,919
Other capital projects	45,040
Non-Major Funds	
Special Revenue Funds	
Park Fund - playground improvements	578,129
Revolving Loan Fund - loan program	153,035
Debt Service Funds	
TIF #6 Debt Service Fund	30,114
Total Restricted Fund Balances	<u>1,911,633</u>
<b>Committed</b>	
Major Funds	
General Fund	
Post employment health plan payments	72,548
Fire department length of service payments	40,550
Non-Major Funds	
Special Revenue Funds	
Recreation Scholarship Fund - recreation scholarships	<u>13,421</u>
Total Committed Fund Balances	<u>126,519</u>

**VILLAGE OF SUSSEX, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)**

<b>Assigned</b>	
Major Funds	
General Fund	
Capital expenditures	\$ 2,145,633
2015 budgeted expenditures	515,984
Insurance contingencies	86,110
Cable improvements	28,100
Senior programming	39,361
Capital Projects Fund - General	
Capital expenditures	<u>158,873</u>
Total Assigned Fund Balances	<u>2,974,061</u>
<b>Unassigned (Deficit)</b>	
Major Funds	
General Fund	836,929
Capital Projects Fund - TIF #6	(191,170)
Non-Major Funds	
Special Revenue Funds	
Cemetery Fund	<u>(110)</u>
Total Unassigned Fund Balances	<u>645,649</u>
Total Governmental Fund Balances	<u>\$ 5,886,775</u>

**VILLAGE OF SUSSEX, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2014**

**NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)**

***Business-type Activities***

Business-type activities net position reported on the government-wide statement of net position at December 31, 2014 includes the following:

<b>Net investment in capital assets</b>	
Land	\$ 927,868
Construction in progress	227,411
Other capital assets, net of accumulated depreciation	55,917,582
Less: related long-term debt outstanding	<u>(14,484,917)</u>
Total Net Investment in Capital Assets	<u>42,587,944</u>
 <b>Restricted</b>	
Reserve Capacity Assessment Fund	<u>1,614,884</u>
 <b>Debt Service</b>	
Special Redemption fund	218,084
Reserve Fund	457,000
Debt Service Fund	3,258,511
Less: related long-term debt outstanding	(457,000)
Less: accrued interest payable	<u>(101,678)</u>
Total Restricted for Debt Service	<u>3,374,917</u>
 <b>Construction and Equipment Replacement</b>	
Equipment Replacement	828,645
Depreciation Fund	<u>1,515,008</u>
Total Restricted Construction and Equipment Replacement	<u>2,343,653</u>
 <b>Unrestricted</b>	
	<u>3,888,282</u>
Total Business-type Activities Net Position	<u>\$ 53,809,680</u>

**VILLAGE OF SUSSEX, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2014**

**NOTE E - OTHER INFORMATION**

**1. Retirement Commitments**

All eligible Village employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 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. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 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. Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for employees in the General Employment category, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions 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.

Contribution rates for 2014 were:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	7.00%	7.00%
Executives & Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%
Protective without Social Security	7.00%	13.70%

The payroll for Village employees covered by the WRS for the year ended December 31, 2014 was \$1,789,027; the employer's total payroll was \$2,131,410. The total required contribution for the year ended December 31, 2014 was as follows:

	<u>Employer</u>	<u>Employee</u>	<u>Total</u>
General Fund	\$ 78,408	\$ 71,594	\$ 150,002
Other Governmental Funds	174	174	348
Proprietary Funds			-
Water Utility	18,550	18,539	37,089
Sewer Utility	24,380	24,386	48,766
Stormwater Utility	<u>10,538</u>	<u>10,539</u>	<u>21,077</u>
	<u>\$ 132,050</u>	<u>\$ 125,232</u>	<u>\$ 257,282</u>
Percentage	<u>7.38%</u>	<u>7.00%</u>	

Total contributions for the years ended December 31, 2013 and 2012 were \$234,068 and \$199,508, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit.

**VILLAGE OF SUSSEX, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE E - OTHER INFORMATION (Continued)**

Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service and (3) a formula factor. A final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

2. 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; and natural disasters for which the government carries commercial insurance. The Village completes an annual review of its insurance coverage to ensure adequate coverage.

3. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2014 and 2015 budget years, the increase in the maximum allowable tax levy is limited to the percentage change in the Village's January 1 equalized value as a result of net new construction. The actual limit for the Village for the 2014 budget was 0.763%. The actual limit for the Village for the 2015 budget was 2.028%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

4. Contingencies

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

As of December 31, 2014, the Village had one outstanding contract for reconstruction of the roads in a residential neighborhood. The total balance outstanding on the contract is \$31,709 and is included in accounts payable at December 31, 2014.

5. 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, 2014, there was one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$8,401,007.

**VILLAGE OF SUSSEX, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE E - OTHER INFORMATION (continued)**

6. Joint Venture

The Pauline Haass Public Library was created by the Village of Sussex and the Town of Lisbon by adoption of ordinances dated June 22, 1987 and May 26, 1987 respectively. On dissolution of the Library, the net position of the Library will be divided among the two municipalities in accordance with the ratio of expense sharing in the average of the five year period preceding termination. The agreement between the Village and the Town is valid through August 1, 2014 and will continue thereafter from year to year on a calendar basis unless either party gives written notice to the other part not later than October 1<sup>st</sup> of any year. The Library is governed by a seven member board consisting of three members appointed by each municipality and the School District Superintendent. The Village and the Town are each obligated by contract to annually finance the Library's budget. Funding the costs of the Library is shared by each municipality proportionately, based upon the equalized valuation of each municipality as of October 1 of the year the budget is approved. In accordance with the joint venture agreement, the Village remitted \$486,072 to finance the 2014 budget which is reported as a General Fund expenditure. Complete financial statements for the Library can be obtained from the Library Director at N64W23820 Main Street, Sussex, Wisconsin.

7. Sewer Utility Rate Increase

During 2014, the Village implemented a rate increase of 3% for the utility customers. In December 2014 after the preparation of the 2015 budget, the Village Board approved a 3% rate increase for 2015 to be effective July 1, 2015.

8. Subsequent Events

In February, 2015, the Village Board approved a contract of approximately \$1.2 million for the 2015 road program.

In March, 2015, the Village Board approved a contract of \$800,000 for Spring Creek Daylighting.

In April, 2015, the Village Board adopted an ordinance to repeal and recreate a portion of Chapter 18 to impose impact fees on developers for libraries in addition to the existing impact fees.

9. Upcoming Accounting Pronouncements

In June 2012, the GASB issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide and proprietary statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The Statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The Village is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this Statement are effective for financial statements for the year ending December 31, 2015.

**REQUIRED SUPPLEMENTARY INFORMATION**

## VILLAGE OF SUSSEX, WISCONSIN

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON - GAAP) GENERAL FUND For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 4,083,691	\$ 4,083,691	\$ 4,083,760	\$ 69
Intergovernmental	719,196	717,921	725,518	7,597
Licenses and permits	321,500	352,252	365,908	13,656
Fines, forfeitures and penalties	170,500	230,500	251,431	20,931
Public charges for services	893,063	879,625	924,983	45,358
Commercial revenues	181,230	163,230	175,906	12,676
Miscellaneous revenues	44,885	44,885	51,725	6,840
<b>Total Revenues</b>	<u>6,414,065</u>	<u>6,472,104</u>	<u>6,579,231</u>	<u>107,127</u>
<b>EXPENDITURES</b>				
Current				
General government	756,877	753,877	708,721	45,156
Protection of persons & property				
Police	1,506,031	1,506,031	1,497,117	8,914
Fire	1,167,740	1,132,740	1,100,455	32,285
Other protection	170,604	167,104	152,601	14,503
Health and sanitation	518,808	523,808	525,917	(2,109)
Highway and transportation	656,113	781,513	760,899	20,614
Library	607,929	533,410	533,413	(3)
Parks and recreation	824,634	832,634	753,978	78,656
Capital outlay	136,992	237,592	275,111	(37,519)
<b>Total Expenditures</b>	<u>6,345,728</u>	<u>6,468,709</u>	<u>6,308,212</u>	<u>160,497</u>
Excess of revenues over expenditures	<u>68,337</u>	<u>3,395</u>	<u>271,019</u>	<u>267,624</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	420,500	485,442	498,627	13,185
Transfers out	(499,275)	(499,275)	(461,154)	38,121
Net change in fund balances - budgetary basis	<u>\$ (10,438)</u>	<u>\$ (10,438)</u>	308,492	<u>\$ 318,930</u>
Adjustment to generally accepted accounting principles basis				
Appropriations to reserve funds			469,055	
Revenue credited to reserve funds			13,997	
Expenditures and transfers charged to reserve funds			<u>(168,978)</u>	
Net change in fund balances - generally accepted accounting principles basis			622,566	
FUND BALANCE - BEGINNING OF YEAR			<u>3,414,518</u>	
FUND BALANCE - END OF YEAR			<u>\$ 4,037,084</u>	

See accompanying notes to required supplementary information.

**VILLAGE OF SUSSEX, WISCONSIN**  
Notes to Required Supplementary Information  
December 31, 2014

**NOTE 1 - Budgetary Information**

Budgetary Information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note A except actual (non-GAAP) revenues and expenditures do not reflect certain transactions of designated funds.

In total, the General Fund did not have excess expenditures over appropriations for the year.

## **SUPPLEMENTARY INFORMATION**

# VILLAGE OF SUSSEX, WISCONSIN

## NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET December 31, 2014

	Special Revenue Funds			
	Park Fund	Revolving Loan Fund	Cemetery Fund	Recreation Scholarship Fund
<b>ASSETS</b>				
Cash and investments	\$ 578,129	\$ 353,035	\$ -	\$ 13,421
<b>TOTAL ASSETS</b>	<b>\$ 578,129</b>	<b>\$ 353,035</b>	<b>\$ -</b>	<b>\$ 13,421</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Liabilities</b>				
Due to other funds	\$ -	\$ -	\$ 110	\$ -
Due to other governments	-	200,000	-	-
<b>Total liabilities</b>	<b>-</b>	<b>200,000</b>	<b>110</b>	<b>-</b>
<b>Fund Balances</b>				
Restricted	578,129	153,035	-	-
Committed	-	-	-	13,421
Unassigned	-	-	(110)	-
<b>Total fund balances</b>	<b>578,129</b>	<b>153,035</b>	<b>(110)</b>	<b>13,421</b>
<b>TOTAL LIABILITIES, DEFERRED     INFLOWS AND FUND BALANCES</b>	<b>\$ 578,129</b>	<b>\$ 353,035</b>	<b>\$ -</b>	<b>\$ 13,421</b>

<u>Debt Service Funds</u>	
<u>TIF #6 Debt Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 30,114	\$ 974,699
<u>\$ 30,114</u>	<u>\$ 974,699</u>
\$ -	\$ 110
<u>-</u>	<u>200,000</u>
<u>-</u>	<u>200,110</u>
30,114	761,278
-	13,421
-	(110)
<u>30,114</u>	<u>774,589</u>
<u>\$ 30,114</u>	<u>\$ 974,699</u>

# VILLAGE OF SUSSEX, WISCONSIN

## NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES For the Year Ended December 31, 2014

	Special Revenue Funds			
	Park Fund	Revolving Loan Fund	Cemetery Fund	Recreation Scholarship Fund
<b>REVENUES</b>				
Public improvement revenues	\$ 178,404	\$ -	\$ -	\$ -
Public charges for services	-	-	-	3,392
Commercial revenues	1,149	840	-	33
Miscellaneous revenues	-	-	-	4,125
Total revenues	179,553	840	-	7,550
<b>EXPENDITURES</b>				
Current:				
General government	-	126	-	-
Health and human service	-	-	110	-
Parks and recreation	-	-	-	2,894
Debt service	-	-	-	-
Total expenditures	-	126	110	2,894
Excess (deficiency) of revenues over expenditures	179,553	714	(110)	4,656
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	-	(1,642)
Net change in fund balances	179,553	714	(110)	3,014
<b>FUND BALANCES - BEGINNING OF YEAR</b>	398,576	152,321	-	10,407
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 578,129	\$ 153,035	\$ (110)	\$ 13,421

Debt Service Funds

<u>Library Debt Fund</u>	<u>Special Assessment B Bond Fund</u>	<u>TIF #6 Debt Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 368,304	\$ -	\$ 546,708
-	-	-	3,392
4,680	237	122	7,061
-	-	-	4,125
<u>4,680</u>	<u>368,541</u>	<u>122</u>	<u>561,286</u>
-	-	-	126
-	-	-	110
-	-	-	2,894
<u>134,680</u>	<u>649,182</u>	<u>57,226</u>	<u>841,088</u>
<u>134,680</u>	<u>649,182</u>	<u>57,226</u>	<u>844,218</u>
<u>(130,000)</u>	<u>(280,641)</u>	<u>(57,104)</u>	<u>(282,932)</u>
-	(5,225)	-	(6,867)
(130,000)	(285,866)	(57,104)	(289,799)
<u>130,000</u>	<u>285,866</u>	<u>87,218</u>	<u>1,064,388</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,114</u>	<u>\$ 774,589</u>

**ADDITIONAL INDEPENDENT AUDITORS' REPORT  
FOR BASIC FINANCIAL STATEMENTS**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Village Board  
Village of Sussex, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Sussex, Wisconsin, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Village of Sussex's basic financial statements, and have issued our report thereon dated June 3, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village of Sussex, Wisconsin's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Sussex, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Sussex, Wisconsin's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village of Sussex, Wisconsin's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Village of Sussex, Wisconsin's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Sussex, Wisconsin's internal control and on compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants  
Green Bay, Wisconsin  
June 3, 2015