Village of Sussex, Wisconsin

Sussex, Wisconsin

Annual Financial Report

December 31, 2018

Village of Sussex, Wisconsin

Year Ended December 31, 2018

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Village of Sussex, Wisconsin

Year Ended December 31, 2018

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WIPFLi LLP

Independent Auditor's Report

To the Village Board
Sussex, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Sussex, Wisconsin (the "Village"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and remaining aggregate fund information of Village of Sussex, Wisconsin, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 3 through 16 and the budgetary comparison information and pension information on pages 71 through 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Wipfli LLP

Wipfli LLP
April 25, 2019
Madison, Wisconsin

Management’s Discussion and Analysis

Management's Discussion and Analysis
(Unaudited)
As of and for the Year Ended December 31, 2018

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, 2018 and 2017.

Financial Highlights

- The assets and deferred outflows of resources of the Village of Sussex exceeded its liabilities and deferred inflows of resources at the close of 2018 by $78.0 million compared to the 2017 excess of $76.5 million (net position).

- Restricted net position represents amounts held for future debt service expenditures, unexpended reserve capacity assessments, amounts held for equipment replacement and depreciation, park impact fees received, revolving loan funds and pension benefits.

- The government's total net position increased by about $1.5 million in 2018 compared to an increase of $3.6 million in 2017. The main reasons for the increase are construction and acquisition of capital assets and unspent bond funds.

- As of the close of the current fiscal year, the Village of Sussex's governmental funds reported combined ending fund balances of $5.3 million, a decrease of $1.1 million, in comparison with the prior year. The largest increase of $1.2 million was in the General Fund due to a developer payment of $900,000 and operating surplus of $300,000. Non-major funds also increased $152,997 as a result of the collection of park impact fees from new construction. All other major funds decreased with the largest decreases in the TIF #6 Capital Projects Fund at $1.8 million and the General Capital Projects Fund at $0.6 million. Both decreases were the result of spending for planned projects. The General Debt Service Fund showed a small decrease of $8,355.

- The Village Board adopted a formal fund balance policy in 2011 and updated in 2015 which includes standards to maintain specific levels within the General Fund. In addition, it directs any surplus to be set aside for future equipment and building replacement. At December 31, 2018 the combined balance of General Fund assigned and unassigned funds is $5,208,447 and represents 54.5% of the 2019 budgeted expenditures as defined in the policy.

- The Village of Sussex's total debt showed a net increase of $7.2 million during the current fiscal year. All borrowing is in accordance with the approved Capital Improvement Plan.

- The Village's proportionate share of the Wisconsin Retirement System (WRS) is a pension asset that was $433,567 as of December 31, 2018 after reporting a pension liability of $114,168 as of December 31, 2017. This change was due primarily to improved investment returns in 2017. The difference between expected and actual investment returns for WRS is reported as a deferred outflow in the Village's financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Sussex's basic financial statements. The Village of Sussex's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Sussex's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Village of Sussex's assets, liabilities, and deferred outflows/inflows of resources with the difference reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Sussex is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village of Sussex that are principally supported by taxes and intergovernmental revenues (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities)*. The governmental activities of the Village of Sussex include general government, protection of persons and property, public works, health and sanitation, parks and recreation, library, and conservation and development. The business-type activities of the Village of Sussex include a Water Utility, a Sewer Utility, a Stormwater Utility and the Community Development Authority.

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

The government-wide financial statements can be found on pages 17 - 19 of this report.

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

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

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

The Village of Sussex maintains nine 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 20 - 24 of this report.

The Village of Sussex adopts an annual appropriated budget for the general fund and various other funds as required by state statute. The budgetary comparison statement found on page 71 has been included with the basic financial statements for the budgeted fund to demonstrate compliance with the adopted budget.

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

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

The basic proprietary fund financial statements can be found on pages 25 - 29 of this report.

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

The basic fiduciary fund financial statement can be found on page 30 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 - 70 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining statements and schedules can be found on pages 75 - 77 of this report.

Government-wide Financial Analysis

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

VILLAGE OF SUSSEX NET POSITION

	Governmental Activities		Business-type Activities		Total	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Current and other assets	$ 15,689,052	$ 15,625,977	$ 14,776,074	$ 14,347,494	$ 30,465,126	$ 29,973,471
Capital assets	48,214,378	44,239,483	71,295,546	64,522,816	119,509,924	108,762,299
Total assets	63,903,430	59,865,460	86,071,620	78,870,310	149,975,050	138,735,770
Deferred outlows of resources						
Pension benefits	492,559	525,261	322,645	364,210	815,204	889,471
Current and other liabilities	3,930,529	5,950,583	3,057,897	2,016,932	6,988,426	7,967,515
Long-term liabilities	36,527,664	32,090,697	19,596,414	14,266,179	56,124,078	46,356,876
Total liabilities	40,458,193	38,041,280	22,654,311	16,283,111	63,112,504	54,324,391
Deferred inflows of resources						
Property taxes	8,294,646	7,924,137	-	-	8,294,646	7,924,137
Pension benefits	512,575	217,220	351,288	153,538	863,863	370,758
Special assessments	-	-	519,652	519,652	519,652	519,652
Total deferred outflows	8,807,221	8,141,357	870,940	673,190	9,678,161	8,814,547
Net position						
Net investment in capital assets	23,047,835	21,371,318	51,862,508	52,717,756	74,086,192	73,203,845
Restricted	1,119,883	783,639	7,010,764	6,730,643	8,130,647	7,514,282
Unrestricted	(9,037,143)	(7,946,873)	3,995,742	2,829,820	(4,217,250)	(4,231,824)
Total net position	$ 15,130,575	$ 14,208,084	$ 62,869,014	$ 62,278,219	$ 77,999,589	$ 76,486,303

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 $74.1 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, $8.1 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is $(4.2) million.

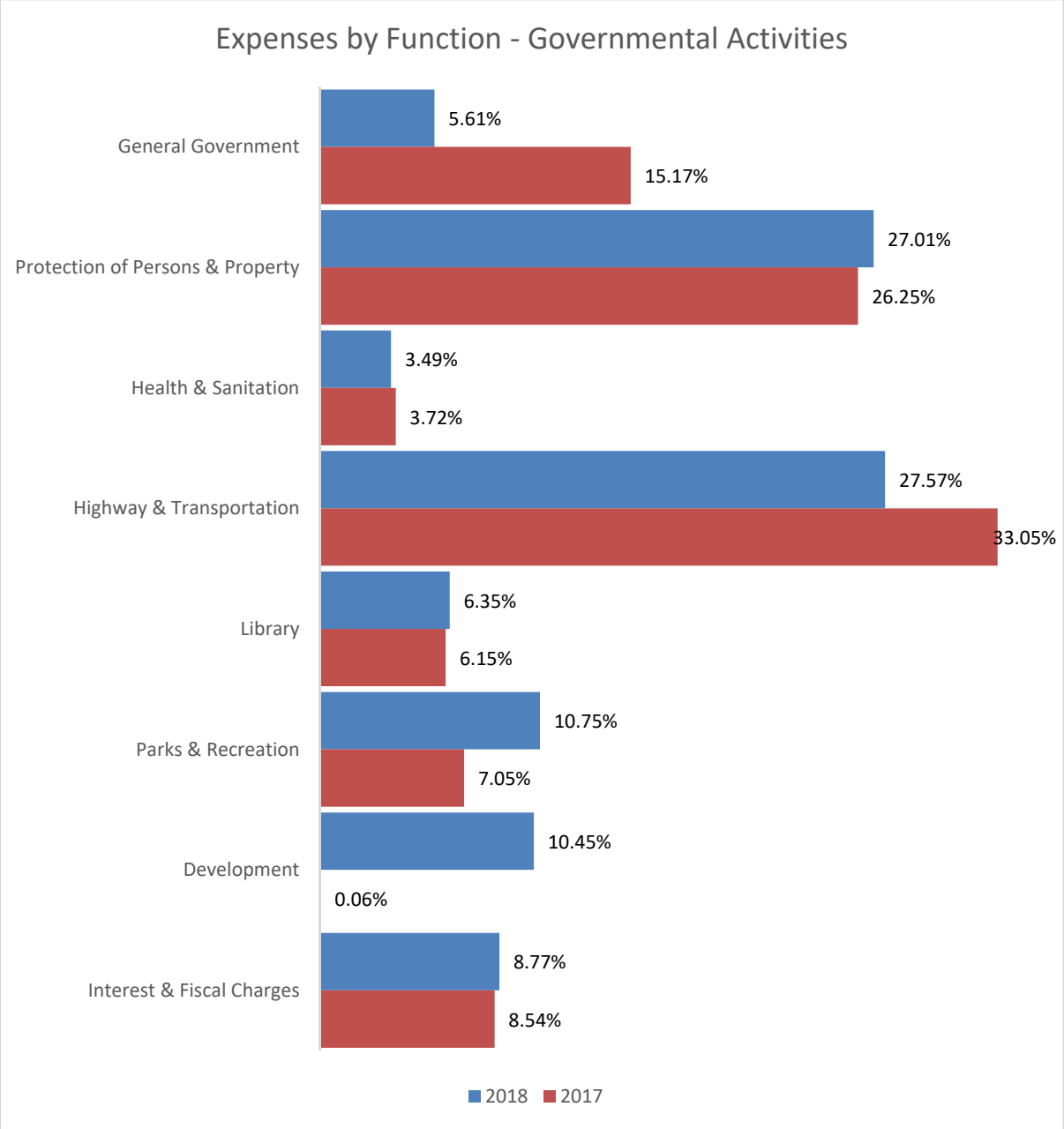
The government's net position increased by about $1.5 million during the current fiscal year. There was an increase of about $922,000 in the governmental activities, while the business-type activities had an increase in net position of about $591,000.

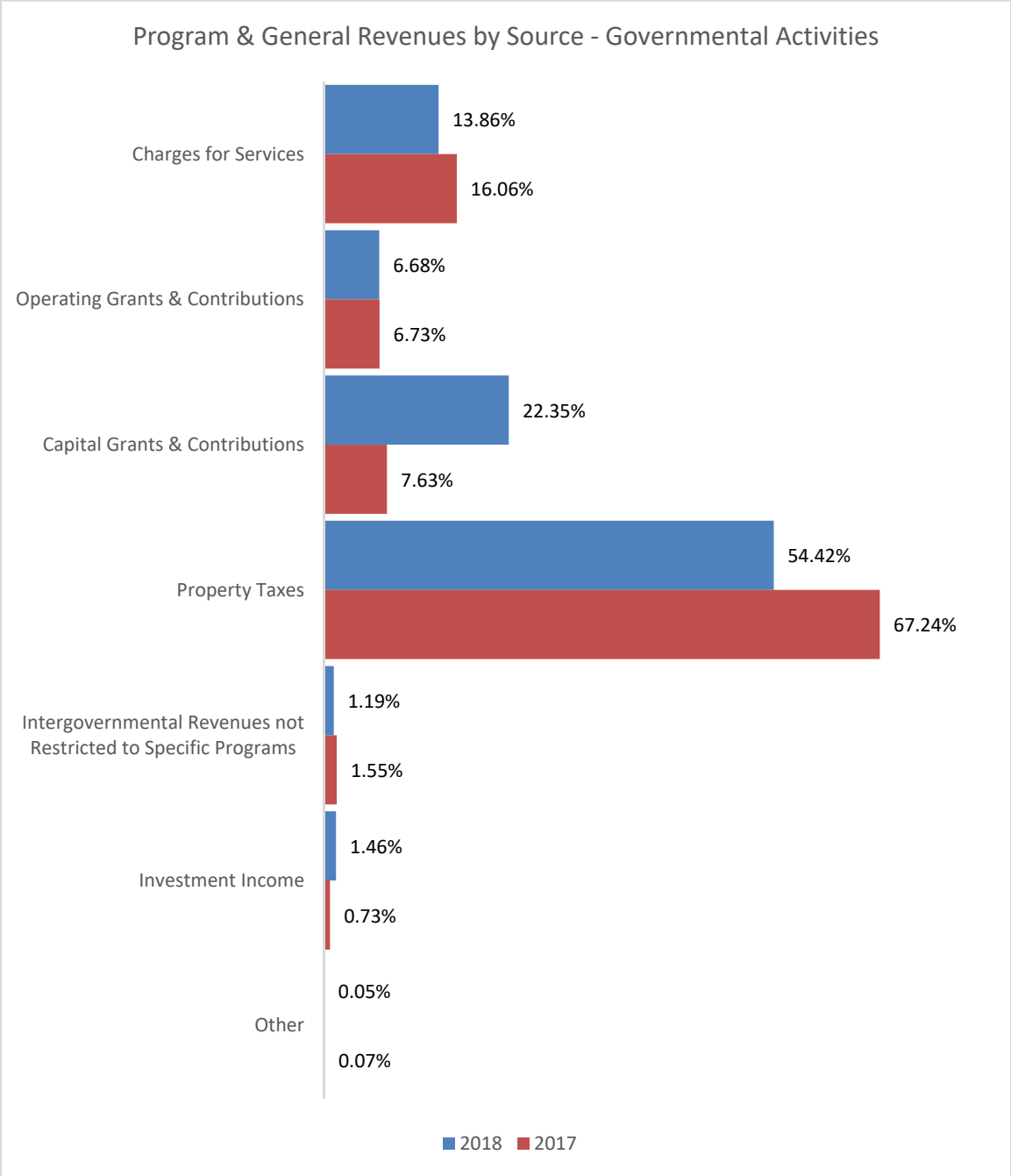
Governmental activities. Governmental activities normally show a decrease in the Village of Sussex's net position as a result of depreciation of capital assets; however, due to capital grants and contributions of $3,106,689, governmental activities increased its net position by $922,491.

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

VILLAGE OF SUSSEX'S CHANGES IN NET POSITION

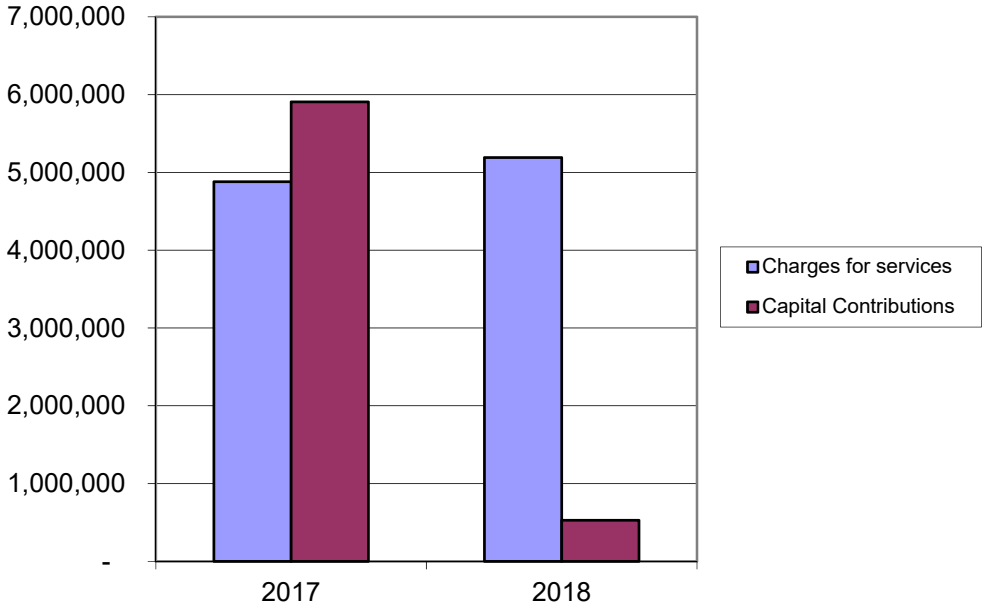
	Governmental Activities		Business-type Activities		Total	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Revenues						
Program revenues						
Charges for services	$ 1,926,662	$ 1,706,177	$ 5,192,010	$ 4,881,223	$ 7,118,672	$ 6,587,400
Operating grants and contributions	928,437	714,414	-	-	928,437	714,414
Capital grants and contributions	3,106,689	809,890	528,934	4,598,122	3,635,623	5,408,012
General revenues						
Property taxes	7,565,925	7,141,322	-	-	7,565,925	7,141,322
Intergovernmental revenues not restricted to specific programs	165,618	164,089	-	-	165,618	164,089
Investment income	202,732	77,194	235,053	128,054	437,785	205,248
Other	7,102	7,464	-	-	7,102	7,464
Total revenues	13,903,165	10,620,550	5,955,997	9,607,399	19,859,162	20,227,949
Expenses						
General government	751,384	1,944,289	-	-	751,384	1,944,289
Public safety	3,618,458	3,364,833	-	-	3,618,458	3,364,833
Highway and transportation	3,692,274	4,236,189	-	-	3,692,274	4,236,189
Health and sanitation	467,421	477,265	-	-	467,421	477,265
Library	850,092	787,641	-	-	850,092	787,641
Parks and recreation	1,439,385	904,035	-	-	1,439,385	904,035
Development	1,400,211	7,700	-	-	1,400,211	7,700
Interest and fiscal charges	1,175,141	1,094,919	-	-	1,175,141	1,094,919
Water	-	-	1,939,954	2,020,891	1,939,954	2,020,891
Sewer	-	-	2,565,818	2,335,991	2,565,818	2,335,991
Stormwater	-	-	429,090	568,425	429,090	568,425
Community Development Authority	-	-	16,648	303,130	16,648	303,130
Total expenses	13,394,366	12,816,871	4,951,510	5,228,437	18,345,876	18,045,308
Increase (Decrease) in net position before transfers	508,799	(2,196,321)	1,004,487	4,378,962	1,513,286	2,182,641
Extraordinary item		1,124,093	-	-	-	1,124,093
Transfers	413,692	(968,346)	(413,692)	968,346	-	-
Increase (decrease) in net position	922,491	(2,040,574)	590,795	5,347,308	1,513,286	3,306,734
Prior Period Adjustment	-	313,099	-	-	-	313,099
Net position - January 1	14,208,084	15,935,559	62,278,219	56,930,911	76,486,303	72,866,470
Net position - December 31	$ 15,130,575	$ 14,208,084	$ 62,869,014	$ 62,278,219	$ 77,999,589	$ 76,486,303


Expenses by Function - Governmental Activities
General Government
5.61%
15.17%
Protection of Persons & Property
27.01%
26.25%
Health & Sanitation
3.49%
3.72%
Highway & Transportation
27.57%
33.05%
Library
6.35%
6.15%
Parks & Recreation
10.75%
7.05%
Development
10.45%
0.06%
Interest & Fiscal Charges
8.77%
8.54%
2018
2017

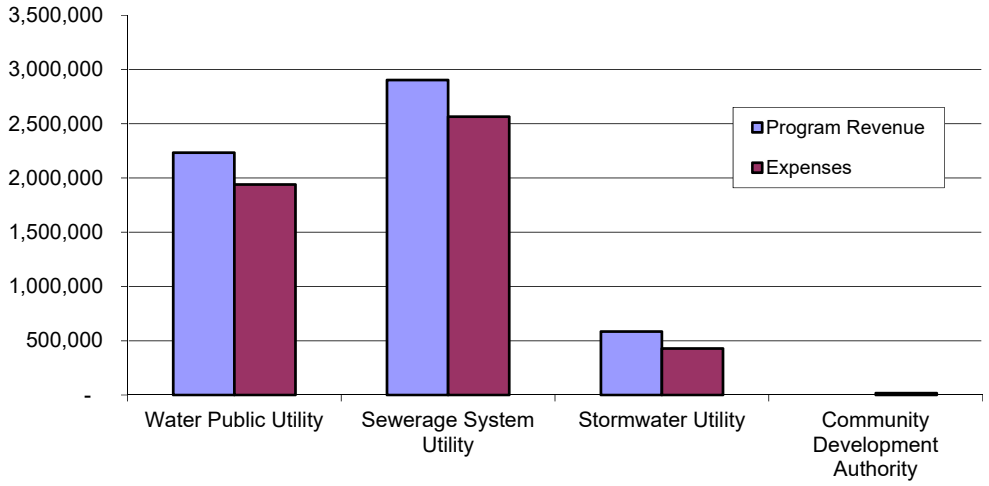

Program & General Revenues by Source - Governmental Activities
Charges for Services
13.86%
16.06%
Operating Grants & Contributions
6.68%
6.73%
Capital Grants & Contributions
22.35%
7.63%
Property Taxes
54.42%
67.24%
Intergovernmental Revenues not Restricted to Specific Programs
1.19%
1.55%
Investment Income
1.46%
0.73%
Other
0.05%
0.07%
2018
2017

Business-type activities. Business-type activities increased the Village of Sussex's net position by $590,795 in 2018 compared to an increase of $5,347,308 in 2017. The Sewer and Stormwater Utilities had increases in net position of $465,777 and $161,768 respectively. The Water Utility and CDA had decreases in net position of $21,309 and $15,441 respectively. The Sewer Utility increase was mainly a result of capital contributions. The Stormwater Utility increase was mainly a result of the increased rates that generated additional operating income. The Water Utility decrease was minimized by lower operating expenses and capital contributions. The CDA decrease was a result of payments made related to the startup of TIF #7.

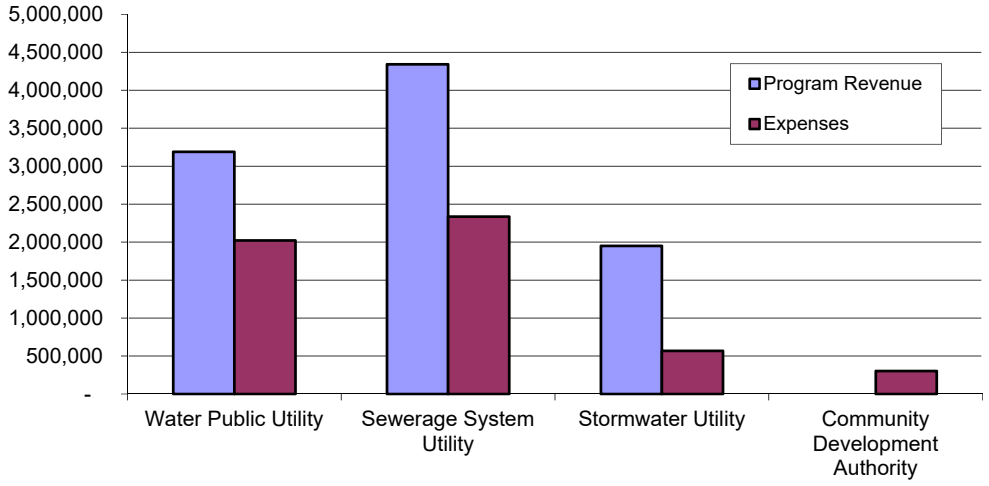
Revenues by Source - Business-type Activities



2018 Expenses & Program Revenues - Business-type Activities



2017 Expenses & Program Revenues - Business-type Activities



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 2018, the Village of Sussex's governmental funds reported combined ending fund balances of $5.34 million compared to the 2017 ending balance of $6.46 million. Fund balances are segregated into five categories in accordance with accounting standards with details provided in the footnotes beginning on page 64. A summary of the categories are:

- Nonspendable – the balance of $41,685 represents assets that are not readily convertible to cash, the majority in the form of long-term receivables.
- Restricted – the balance of $1,848,358 represents funds that have constraints on them by third parties such as creditors, grantor, laws or enabling legislation.
- Committed – the balance of $90,751 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 $4,326,673 represents funds that have been set aside for specific purposes.
- Unassigned – these are residual funds available. At December 31, 2018 this balance was ($976,774) and includes funds that are for working capital purposes in case of emergency as well as a deficit fund balance in the General and TIF #6 Capital Projects Funds that will be restored with a grant funds and future tax increments.

The general fund is the chief operating fund of the Village of Sussex. At the end of 2018, the balance was $5,383,512 compared to the ending balance of $4,207,867 in 2017.

The fund balance of the Village of Sussex's general fund increased on a budgetary basis by $330,165 during the current fiscal year compared to a budgeted use of surplus of $46,300. Revenues credited and expenditures charged to assigned funds resulted in a total increase of $1,175,645 in the general fund. Key factors in the final outcome are as follows:

Village departments made concerted efforts during the year to continue with spending reductions and increased efficiency which resulted in departmental expenditures less than the budget. All departments except police showed expenditures less than budgeted. In addition, revenues were $144,705 over budget. There was no one area causing the excess; however, permit fees, public charges for services and an omitted tax payment were the top three areas.

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

Payments were made from assigned funds totaling $637,755. The payments and transfers were mainly to cover parks and public works equipment purchases. Appropriations of $521,377 were made to the reserve funds. Most were set aside for future equipment purchases with a small amount being set aside for post-employment health plan payments. Revenues credited to reserve funds were $961,858 with $900,000 of that amount being a payment from a developer.

There are two debt service funds with a total fund balance of about $324,000, all of which is reserved for the payment of debt service.

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

Unrestricted net position of the Water Utility, Sewer Utility, Stormwater Utility and Community Development Authority at the end of 2018 amounted to $0.8 million, $2.7 million, $245,064 and $198,905 respectively compared to $0.9 million, $1.6 million, $153,169, and $214,346 respectively for 2017. The changes in net position for the funds were increases in the Sewer and Stormwater Utilities of $465,777 and $161,768 and decreases in the Water Utility and CDA of $21,309 and $15,441. Other factors concerning the finances of these funds have already been addressed in the discussion of the Village of Sussex's business-type activities.

The Sewer Utility last increased rates in January, 2018. 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 1.0% increase in Sewer Rates beginning January 1, 2019. The Water Utility last increased rates in July, 2018. Approval was received from the Public Service Commission of Wisconsin to increase rates on January 1, 2019 to fund the radium treatment construction that began in 2017. During the 2017 budget approval process, the Village Board approved a three year plan to implement small increases to the Stormwater Utility rates. The first increase took place July 1, 2017, the second increase took place January 1, 2018 and the remaining increases will take place on January 1, 2019. This is the first increase in the Stormwater rates since the utility was formed in 2006.

General Fund Budgetary Highlights

One budget amendment was adopted relating to the 2018 budgets of the General Fund and the General Debt Service Fund. The General Fund amendment was made to account for reduced revenues from cable franchise fees, fines and forfeitures, public charges for service, interest income as well as increased revenues from transportation aid and other intergovernmental revenue. The General Fund expenditure budget was amended to show additional expenditures related to building costs for the Civic Center, various maintenance costs of the Fire Department, capital purchases and recreation programs as well as savings across all departments in wages and benefits. The Debt Service revenue budget was amended to adjust the bond proceeds received along with the transfer in from the TIF #6 capital projects fund and the expenditure budget was amended to show bond issuance expenses.

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, 2018, amounts to $119.5 million compared to $108.8 million at December 31, 2017. This investment in capital assets includes land, land improvements, buildings, machinery and equipment, park facilities, construction in progress, 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		Total	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Land	$ 2,477,995	$ 2,477,995	$ 501,492	$ 501,492	$ 2,979,487	$ 2,979,487
Construction in progress	197,449	443,104	2,985,439	1,229,154	3,182,888	1,672,258
Buildings	14,253,952	14,165,880	5,300,563	4,504,074	19,554,515	18,669,954
Land improvements	2,310,685	2,374,447	-	-	2,310,685	2,374,447
Machinery & equipment	3,435,234	3,133,054	8,465,167	5,449,893	11,900,401	8,582,947
Infrastructure	25,539,063	21,645,003	54,042,885	52,838,203	79,581,948	74,483,206
Total	$ 48,214,378	$ 44,239,483	$ 71,295,546	$ 64,522,816	$ 119,509,924	$ 108,762,299

Additional information on the Village of Sussex's capital assets can be found in Note 6 on pages 49 -51 of this report.

Long-term debt. At the end of the current fiscal year, the Village of Sussex had total debt outstanding of $59.1 million. Of this amount, $40.86 million comprises debt backed by the full faith and credit of the government. The remainder of the Village of Sussex's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds, bond anticipation notes).

VILLAGE OF SUSSEX'S OUTSTANDING OBLIGATIONS

	Governmental Activities		Business-type Activities		Totals	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
General obligation bonds & notes	$ 37,698,460	$ 33,108,076	$ 3,165,000	$ 3,475,000	$ 40,863,460	$ 36,583,076
Revenue bonds	-	-	13,495,215	11,763,179	13,495,215	11,763,179
Bond Anticipation Notes	-	2,715,000	3,805,000	-	3,805,000	2,715,000
Compensated absences	284,549	280,884	78,968	73,650	363,517	354,534
Unamortized (discount)/premium	365,219	368,790	203,419	100,957	568,638	469,747
Total	$ 38,348,228	$ 36,472,750	$ 20,747,602	$ 15,412,786	$ 59,095,830	$ 51,885,536

The Village of Sussex's total debt increased by $7.2 million during the current fiscal year.

The Village of Sussex improve its bond rating by Moody's for its general obligation debt to Aa2. The revenue bonds of the Water Utility have ratings between AA and A1 because of the purchase of insurance.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total equalized valuation. The current debt limitation for the Village of Sussex is $68.9 million which is significantly in excess of the Village of Sussex's outstanding general obligation debt of $40.86 million.

Additional information on the Village of Sussex's long-term debt can be found in note 7 on pages 51 – 56 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for Waukesha County at December 31, 2018 is 2.3%. This compares favorably to the state's December unemployment rate of 2.6%. In general, the Village's population has a higher median family income and per capita income than the rest of the state. Also, the Village is home to several large companies which provide local employment to many of the Village residents.

The Village's population increased slightly in 2018.

The Village's 2019 adopted budget increased by approximately $959,000 compared to the 2018 budget or approximately 8.9%. About $624,000 of the increase is for increases to the capital outlay budget with a corresponding increase to the revenue budget to use previously accumulated funds. In the 2019 budget, the Fire Department continues to add funding for staff to be in the station around the clock. This increase was offset by removing the hydrant rental charges from the tax roll and moving them to the utility bills. About $140,000 was added to the budget in the area of Parks, Recreation and Special Events. Debt service increased about $111,000. All other areas of the budget showed minor increases as well.

During 2018, the Village experienced an increase in state transportation aid of about $55,000 from the prior budget. The 2019 transportation aid is anticipated to increase again as a result of the past spending on road projects. Shared revenue and state computer aid are expected to remain at the 2018 levels.

The Water Utility increased its rates in July, 2018 and has received approval from the Public Service Commission of Wisconsin to implement the first step of a two-step increase in 2019. The Sewer Utility increased its rates in January, 2018 by 2.5% and the Village Board has approved a 1% increase for January, 2019. A rate study was completed for the Stormwater Utility in 2016. As a result of the study, the Village Board approved an increase to be phased in over the next three years beginning July, 2017. The final phase will be implemented in January, 2019. The Village reviews the existing rates annually to determine if increases are needed.

Interest rates have continued to increase and the General Fund earnings have exceeded the budget for 2018. There are very few options for reinvesting at more than nominal rates, although the Village continues to explore the self-funding of projects as a way for funds with excess cash to earn a higher interest rate while reducing the borrowing costs for the funds needing cash.

During the past eight fiscal years, the general fund balance has increased from $1,859,326 in 2010 to $5,383,512 in 2018. The majority of these funds have been used to begin saving for equipment replacement and reflect the Village Board's commitment to this purpose. During 2018, funds were available for the purchase of several large pieces of equipment.

Requests for Information

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

Financial Statements

VILLAGE OF SUSSEX, WISCONSIN

STATEMENT OF NET POSITION
December 31, 2018

	Governmental Activities	Business Type Activities	Total	Component Unit
ASSETS				
Cash and investments	$ 12,538,339	$ 2,515,047	$ 15,053,386	$ 1,071,298
Receivables (net of allowance for uncollectible accounts)	3,824,104	1,117,127	4,941,231	-
Interest rebate receivable	19,409	-	19,409	-
Inventories and prepaid items	18,512	8,707	27,219	-
Restricted assets	-	9,130,836	9,130,836	688,088
Internal balances	(1,100,000)	1,100,000	-	-
Other assets				
Special assessments receivable	131,430	519,652	651,082	-
Extraordinary property loss	-	208,396	208,396	-
Net pension asset	257,258	176,309	433,567	103,219
Capital assets (net of accumulated depreciation):				
Land	2,477,995	501,492	2,979,487	-
Construction in progress	197,449	2,985,439	3,182,888	-
Other capital assets	45,538,934	67,808,615	113,347,549	426,259
TOTAL ASSETS	63,903,430	86,071,620	149,975,050	2,288,864
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	492,559	322,645	815,204	189,179
LIABILITIES				
Accounts payable and other current liabilities	1,238,552	236,390	1,474,942	39,961
Accrued interest payable	322,919	11,249	334,168	-
Payable from restricted assets:				
Current portion of long-term debt	-	813,101	813,101	-
Accounts payable and accrued interest payable	-	1,579,461	1,579,461	-
Due to other governments	526,435	-	526,435	38,600
Unearned revenue	22,059	79,609	101,668	-
Noncurrent liabilities:				
Due within one year	1,820,564	338,087	2,158,651	43,714
Due in more than one year	36,527,664	19,596,414	56,124,078	-
TOTAL LIABILITIES	40,458,193	22,654,311	63,112,504	122,275
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	8,294,646	-	8,294,646	-
Deferred inflows related to pension	512,575	351,288	863,863	205,658
Deferred special assessments	-	519,652	519,652	-
TOTAL DEFERRED INFLOWS OF RESOURCES	8,807,221	870,940	9,678,161	205,658
NET POSITION				
Net investment in capital assets	23,047,835	51,862,508	74,086,192	426,259
Restricted:				
Reserve Capacity Assessments	-	1,377,532	1,377,532	-
Debt Service	20,503	2,667,110	2,687,613	-
Equipment Replacement and Depreciation	-	2,818,456	2,818,456	-
Pension Benefits	237,242	147,666	384,908	86,740
Park Impact Fees	705,253	-	705,253	-
Revolving Loan Fund	156,885	-	156,885	-
Future Expansion	-	-	-	670,921
Library Books and Equipment	-	-	-	17,113
Unrestricted	(9,037,143)	3,995,742	(4,217,250)	949,077
TOTAL NET POSITION	$ 15,130,575	$ 62,869,014	$ 77,999,589	$ 2,150,110

See accompanying notes to financial statements

VILLAGE OF SUSSEX, WISCONSIN

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	$ 751,384	$ 137,008	$ 43,393	$ 2,500
Protection of persons & property:				
Police	1,757,722	173,102	3,122	-
Fire	1,625,082	234,361	64,098	424
Other protection	235,654	331,549	-	-
Health and sanitation	467,421	420,111	30,240	-
Highway and transportation	3,692,274	13,676	594,133	2,083,093
Library	850,092	-	-	-
Parks and recreation	1,439,385	529,968	193,451	939,218
Development	1,400,211	86,887	-	-
Interest and fiscal charges	1,175,141	-	-	81,454
Total governmental activities	13,394,366	1,926,662	928,437	3,106,689
Business type activities				
Water	1,939,954	2,078,666	-	154,613
Sewer	2,565,818	2,528,757	-	374,321
Stormwater	429,090	584,587	-	-
Community Development Authority	16,648	-	-	-
Total business type activities	4,951,510	5,192,010	-	528,934
Total	$ 18,345,876	$ 7,118,672	$ 928,437	$ 3,635,623
Component unit				
Pauline Haass Public Library	$ 1,258,977	$ 24,019	$ 1,145,279	$ 111,931

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			
Governmental Activities	Business Type Activities	Totals	Component Unit
$ (568,483)	$ -	$ (568,483)	$ -
(1,581,498)	-	(1,581,498)	-
(1,326,199)	-	(1,326,199)	-
95,895	-	95,895	-
(17,070)	-	(17,070)	-
(1,001,372)	-	(1,001,372)	-
(850,092)	-	(850,092)	-
223,252	-	223,252	-
(1,313,324)	-	(1,313,324)	-
(1,093,687)	-	(1,093,687)	-
(7,432,578)	-	(7,432,578)	-
-	293,325	293,325	-
-	337,260	337,260	-
-	155,497	155,497	-
-	(16,648)	(16,648)	-
-	769,434	769,434	-
(7,432,578)	769,434	(6,663,144)	-
-	-	-	22,252
7,565,925	-	7,565,925	-
165,618	-	165,618	-
202,732	235,053	437,785	23,623
7,102	-	7,102	13,226
413,692	(413,692)	-	-
8,355,069	(178,639)	8,176,430	36,849
922,491	590,795	1,513,286	59,101
14,208,084	62,278,219	76,486,303	2,091,009
$ 15,130,575	$ 62,869,014	$ 77,999,589	$ 2,150,110

VILLAGE OF SUSSEX, WISCONSIN

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018

	General	General Obligation Debt Service Fund
ASSETS		
Cash and investments	$ 8,772,349	$ 1,536,096
Receivables		
Taxes	2,450,770	919,737
Accounts	209,264	-
Special assessments	131,430	-
Due from other funds	-	-
Inventories and prepaid items	18,512	-
TOTAL ASSETS	$ 11,582,325	$ 2,455,833
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 199,722	$ -
Accrued payroll	54,099	-
Due to other funds	-	-
Due to other governments	326,435	-
Unearned revenue	22,059	-
Total liabilities	602,315	-
Deferred Inflows of Resources		
Property taxes levied for subsequent year	5,596,498	2,131,820
Other	-	-
Special assessments	-	-
Total deferred inflows of resources	5,596,498	2,131,820
Fund Balances		
Nonspendable	41,685	-
Restricted	60,303	324,013
Committed	73,077	-
Assigned	4,316,888	-
Unassigned	891,559	-
Total fund balances	5,383,512	324,013
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 11,582,325	$ 2,455,833

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.

The Village's proportionate share of the Wisconsin Retirement System pension plan is not an available resource; therefore, it is not reported in the fund financial statements

Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds.

NET POSITION OF GOVERNMENTAL ACTIVITIES

See accompanying notes to financial statements.

General Capital Projects Fund	TIF #6 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 817,152	$ 323,121	$ 1,089,621	$ 12,538,339
-	244,333	-	3,614,840
-	-	-	209,264
-	-	-	131,430
461,127	-	-	461,127
-	-	-	18,512
$ 1,278,279	$ 567,454	$ 1,089,621	$ 16,973,512
$ 984,707	$ -	$ 19	$ 1,184,448
-	-	5	54,104
-	1,561,127	-	1,561,127
-	-	200,000	526,435
-	-	-	22,059
984,707	1,561,127	200,024	3,348,173
-	566,328	-	8,294,646
-	-	-	-
-	-	-	-
-	566,328	-	8,294,646
-	-	-	41,685
601,904	-	862,138	1,848,358
-	-	17,674	90,751
-	-	9,785	4,326,673
(308,332)	(1,560,001)	-	(976,774)
293,572	(1,560,001)	889,597	5,330,693
$ 1,278,279	$ 567,454	$ 1,089,621	
			48,214,378
			237,242
			(38,651,738)
			$ 15,130,575

See accompanying notes to financial statements.

VILLAGE OF SUSSEX, WISCONSIN

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

For the Year Ended December 31, 2018

	General Fund	General Obligation Debt Service Fund	General Capital Projects Fund	TIF #6 Capital Projects Fund
REVENUES				
Taxes	$ 5,162,491	$ 2,020,879	$ -	$ 382,555
Intergovernmental	856,947	-	-	914
Public improvement revenues	900,000	-	539,000	-
Licenses and permits	496,435	-	-	-
Fines, forfeitures and penalties	158,813	-	-	-
Public charges for services	1,066,263	-	-	-
Commercial revenues	322,968	10,488	16,238	6,430
Miscellaneous revenues	106,984	82,550	-	-
Total Revenues	9,070,901	2,113,917	555,238	389,899
EXPENDITURES				
Current				
General government	688,685	-	-	917
Protection of persons & property				
Police	1,722,040	-	-	-
Fire	1,502,832	-	-	-
Other protection	233,601	-	-	-
Health and sanitation	454,854	-	-	-
Highway and transportation	840,265	-	-	-
Library	688,436	-	-	-
Parks and recreation	977,219	-	-	-
Development	-	-	-	1,400,000
Capital outlay	703,664	-	5,371,540	211
Debt service				
Principal retirement	4,616	1,435,000	-	-
Interest and fiscal charges	-	748,209	105,444	14,156
Total Expenditures	7,816,212	2,183,209	5,476,984	1,415,284
Excess (deficiency) of revenues over expenditures	1,254,689	(69,292)	(4,921,746)	(1,025,385)
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	3,340,000	
Other sources (bond premium)	-	-	24,728	-
Debt service - principal	-	-	-	-
Transfers in	415,798	60,937	935,732	-
Transfers out	(494,842)	-	-	(799,499)
Total other financing sources (uses)	(79,044)	60,937	4,300,460	(799,499)
Net change in fund balances	1,175,645	(8,355)	(621,286)	(1,824,884)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	4,207,867	332,368	914,858	264,883
FUND BALANCES (DEFICIT) - END OF YEAR	$ 5,383,512	$ 324,013	$ 293,572	$ (1,560,001)

See accompanying notes to financial statements

Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 7,565,925
-	857,861
169,188	1,608,188
-	496,435
-	158,813
6,335	1,072,598
12,195	368,319
3,495	193,029
191,213	12,321,168
216	689,818
-	1,722,040
-	1,502,832
-	233,601
11,590	466,444
-	840,265
-	688,436
7,382	984,601
-	1,400,000
-	6,075,415
25,000	1,464,616
307,979	1,175,788
352,167	17,243,856
(160,954)	(4,922,688)
2,790,000	6,130,000
18,385	43,113
(2,790,000)	(2,790,000)
297,672	1,710,139
(2,106)	(1,296,447)
313,951	3,796,805
152,997	(1,125,883)
736,600	6,456,576
$ 889,597	$ 5,330,693

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, 2018

Net change in fund balances - total governmental funds	$ (1,125,883)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and contributed capital exceeded depreciation in the current period.	3,974,895
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In addition, governmental funds report the effect of issuance costs, premium, discounts, and similar costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount in the net effect of these differences in the treatment of long-term debt and related items.	(1,871,813)
Governmental funds do not report the change in the net pension asset (liability) and related deferred inflows and outflows of resources as a result of employer contributions changes in assumptions and proportionate share and the difference between the expected and actual experience of the pension plan.	(3,910)
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.	(50,798)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 922,491

VILLAGE OF SUSSEX, WISCONSIN

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2018

	Business Type Activities - Enterprise Funds				
	Water Utility	Sewer Utility	Stormwater Utility	Community Development Authority	Totals
ASSETS					
Current Assets					
Cash and investments	$ 627,506	$ 1,590,281	$ 98,355	$ 198,905	$ 2,515,047
Accounts receivable	369,782	586,406	148,544	-	1,104,732
Special assessment receivable	5,215	5,395	-	-	10,610
Taxes receivable	1,311	474	-	-	1,785
Prepaid items	5,263	2,737	707	-	8,707
Restricted Assets					
Cash and investments	1,698,173	388,843	-	-	2,087,016
Current portion of due from other governments	-	217,656	-	-	217,656
Total current assets	2,707,250	2,791,792	247,606	198,905	5,945,553
Non-Current Assets					
Land	271,810	178,630	51,052	-	501,492
Construction in progress	2,985,439	-	-	-	2,985,439
Property and equipment	33,459,014	52,311,465	16,456,314	-	102,226,793
Accumulated depreciation	(9,525,679)	(22,494,292)	(2,398,207)	-	(34,418,178)
Restricted Assets					
Cash and investments	2,570,834	2,046,514	255,668	-	4,873,016
Due from other funds	-	2,300,000	-	-	2,300,000
Due from other governments	-	1,953,148	-	-	1,953,148
Other Assets					
Due from other funds	-	749,828			749,828
Special assessments receivable	393,966	125,686	-	-	519,652
Extraordinary property loss	-	208,396	-	-	208,396
Net pension asset	70,354	83,979	21,976	-	176,309
Total non-current assets	30,225,738	37,463,354	14,386,803	-	82,075,895
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pension	131,253	151,905	39,487	-	322,645
TOTAL ASSETS AND DEFERRED OUTFLOWS	33,064,241	40,407,051	14,673,896	198,905	88,344,093

See accompanying notes to financial statements

VILLAGE OF SUSSEX, WISCONSIN

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2018

	Business Type Activities - Enterprise Funds				
	Water Utility	Sewer Utility	Stormwater Utility	Community Development Authority	Totals
LIABILITIES					
Current liabilities - payable from current assets:					
Current portion of long-term debt	100,000	205,000	-	-	305,000
Compensated absences	12,773	20,314	-	-	33,087
Accounts payable	48,348	167,443	1,170	-	216,961
Accrued payroll	8,867	9,190	1,372	-	19,429
Accrued interest payable	4,067	7,182	-	-	11,249
Due to other funds	540,990	-	1,408,838	-	1,949,828
Unearned revenue	78,984	625	-	-	79,609
Current liabilities - payable from restricted assets:					
Current portion of long-term debt	300,000	513,101	-	-	813,101
Accounts payable	1,507,953	-	-	-	1,507,953
Accrued interest payable	24,732	46,776	-	-	71,508
Total current liabilities	2,626,714	969,631	1,411,380	-	5,007,725
Long-term debt:					
General obligation debt	600,000	2,260,000	-	-	2,860,000
Revenue bonds	6,585,000	6,097,114	-	-	12,682,114
Revenue bond anticipation notes	3,805,000				3,805,000
Net unamortized bond discount and premium	186,577	16,842	-	-	203,419
Compensated absences	16,813	29,068	-	-	45,881
Total long-term debt	11,193,390	8,403,024	-	-	19,596,414
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension	140,177	167,325	43,786	-	351,288
Deferred special assessments	393,966	125,686	-	-	519,652
TOTAL DEFERRED INFLOWS	534,143	293,011	43,786	-	870,940
TOTAL LIABILITIES AND DEFERRED INFLOWS	14,354,247	9,665,666	1,455,166	-	25,475,079
NET POSITION					
Net investment in capital assets	17,049,573	22,112,614	12,700,321	-	51,862,508
Restricted:					
Reserve Capacity Assessments	211,759	1,165,773	-	-	1,377,532
Debt Service	161,421	2,505,689	-	-	2,667,110
Equipment Replacement and Depreciation	382,519	2,180,269	255,668	-	2,818,456
Pension Benefits	61,430	68,559	17,677	-	147,666
Unrestricted	843,292	2,708,481	245,064	198,905	3,995,742
TOTAL NET POSITION	$ 18,709,994	$ 30,741,385	$ 13,218,730	$ 198,905	$ 62,869,014

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, 2018

	Business Type Activities - Enterprise Funds				
	Water Utility	Sewer Utility	Stormwater Utility	Community Development Authority	Total
OPERATING REVENUES					
Sale of water	$ 1,981,516	$ -	$ -	$ -	$ 1,981,516
Sewage collection charges	-	2,429,747	-	-	2,429,747
Stormwater charges	-	-	566,496	-	566,496
Other operating revenues	97,150	99,010	18,091	-	214,251
Total operating revenues	2,078,666	2,528,757	584,587	-	5,192,010
OPERATING EXPENSES					
Operation and maintenance	974,849	1,439,556	245,111	16,648	2,676,164
Depreciation and amortization	660,290	860,484	183,979	-	1,704,753
Total operating expenses	1,635,139	2,300,040	429,090	16,648	4,380,917
Operating income (loss)	443,527	228,717	155,497	(16,648)	811,093
NONOPERATING REVENUES (EXPENSES)					
Investment income	83,716	141,859	6,271	3,207	235,053
Interest expense	(304,815)	(265,778)	-	-	(570,593)
Total nonoperating revenues (expense)	(221,099)	(123,919)	6,271	3,207	(335,540)
Income (loss) before contributions and transfers	222,428	104,798	161,768	(13,441)	475,553
CAPITAL CONTRIBUTIONS	154,613	374,321		-	528,934
TRANSFERS IN	9,076				9,076
TRANSFERS OUT	(407,426)	(13,342)	-	(2,000)	(422,768)
Change in net position	(21,309)	465,777	161,768	(15,441)	590,795
TOTAL NET POSITION - BEGINNING OF YEAR	18,731,303	30,275,608	13,056,962	214,346	62,278,219
TOTAL NET POSITION - END OF YEAR	$ 18,709,994	$ 30,741,385	$ 13,218,730	$ 198,905	$ 62,869,014

See accompanying notes to financial statements

VILLAGE OF SUSSEX, WISCONSIN

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Business Type Activities - Enterprise Funds				
	Water Utility	Sewer Utility	Stormwater Utility	Community Development Authority	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$ 2,056,650	$ 2,450,002	$ 572,744	$ -	$ 5,079,396
Payments to vendors	(555,193)	(889,312)	(137,106)	(16,648)	(1,598,259)
Payments to employees	(419,731)	(436,181)	(109,489)	-	(965,401)
Payments to/from other funds	42,144	(46,409)	-	-	(4,265)
Net cash flows provided (used) by operating activities	1,123,870	1,078,100	326,149	(16,648)	2,511,471
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfer in	-	-	-	-	-
Transfer out	(407,426)	(4,266)	-	(2,000)	(413,692)
Net cash flows provided (used) by noncapital financing activities	(407,426)	(4,266)	-	(2,000)	(413,692)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on long-term debt	(510,000)	(607,965)	-	-	(1,117,965)
Interest paid on long-term debt	(275,228)	(153,506)	-	-	(428,734)
Proceeds of long-term debt	3,805,000	2,540,000	-	-	6,345,000
Debt discount and issuance expenses	(66,773)	(85,885)	-	-	(152,658)
Debt premium	88,542	30,028	-	-	118,570
Advance from other fund	-	-	1,408,838		1,408,838
Payment of advance from other fund	-	-	(105,000)	-	(105,000)
Reserve capacity assessments received	154,613	374,321	-	-	528,934
Principal received from other governmental units	-	212,250	-	-	212,250
Interest received from other governmental units	-	57,993	-	-	57,993
Collection of special assessment receivable	2,612	678	-	-	3,290
Payment to Water Utility for the construction of capital assets	-	(659,457)	-	-	(659,457)
Acquisition and construction of capital assets	(4,438,389)	(854,530)	(1,508,839)	-	(6,801,758)
Net cash used by capital and related financing activities	(1,239,623)	853,927	(205,001)	-	(590,697)
CASH FLOWS FROM INVESTING ACTIVITIES					
Advance to other fund	-	(1,408,838)	-	-	(1,408,838)
Interest received on investments	83,716	83,866	6,271	3,207	177,060
Net cash provided (used) by investing activities	83,716	(1,324,972)	6,271	3,207	(1,231,778)
Net decrease in cash and equivalents	(439,463)	602,789	127,419	(15,441)	275,304
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	5,335,976	3,422,849	226,604	214,346	9,199,775
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 4,896,513	$ 4,025,638	$ 354,023	$ 198,905	$ 9,475,079
Cash and Cash Equivalents per Statement of Net Position					
Unrestricted	$ 627,506	$ 1,590,281	$ 98,355	$ 198,905	$ 2,515,047
Restricted	4,269,007	2,435,357	255,668	-	6,960,032
	$ 4,896,513	$ 4,025,638	$ 354,023	$ 198,905	$ 9,475,079

See accompanying notes to financial statements

VILLAGE OF SUSSEX, WISCONSIN

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Business Type Activities - Enterprise Funds				
	Water Utility	Sewer Utility	Stormwater Utility	Community Development Authority	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	$ 443,527	$ 228,717	$ 155,497	$ (16,648)	$ 811,093
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	677,660	860,484	183,979	-	1,722,123
Change in pension related assets, deferred outflows/inflows of resources, and liabilities	2,290	8,527	4,910	-	15,727
(Increase) decrease in assets:					
Accounts and notes receivable	(9,690)	(78,854)	(11,844)	-	(100,388)
Prepaid expenses	(4,421)	(1,893)	(650)	-	(6,964)
Increase (decrease) in liabilities:					
Accounts payable	8,749	55,212	(6,293)	-	57,668
Accrued payroll and compensated absences	3,467	5,807	550	-	9,824
Due to other funds		-	-	-	-
Other unearned revenues	2,288	100	-	-	2,388
Net cash flows provided (used) by operating activities	$ 1,123,870	$ 1,078,100	$ 326,149	$ (16,648)	$ 2,511,471
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital assets acquired in accounts payable at year end	$ 1,507,953	$ 48,267	$ -	$ -	$ 1,556,220

See accompanying notes to financial statements

VILLAGE OF SUSSEX, WISCONSIN

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2018

	Agency Funds
	Tax Collection Fund
ASSETS	
Cash and investments	$ 8,823,816
Taxes receivable	6,490,472
TOTAL ASSETS	15,314,288
LIABILITIES	
Due to other taxing units	15,043,988
Deposits	270,300
TOTAL LIABILITIES	15,314,288
NET POSITION	$ -

See accompanying notes to financial statements

Note 1 Summary of Significant Accounting Policies

Introduction

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

Description of government-wide financial statements

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

Reporting entity

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

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

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

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

Basis of presentation – government-wide financial statements

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

Basis of presentation – fund financial statements

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

The Village reports the following major governmental funds:

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

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

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of presentation – fund financial statements (continued)

The Village reports the following major proprietary funds:

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

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

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

Additionally, the Village reports the following fund types:

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

The Village accounts for property taxes collected on behalf of other governmental units in an *agency fund.*

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

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of presentation – fund financial statements (continued)

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

Measurement focus and basis of accounting

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

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Accumulated Unpaid Vacation and Sick Pay

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

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

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

Use of Estimates

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

Budgetary information

Budgetary basis of accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and using the same basis of accounting for each fund as described in Note 1 except actual (non-GAAP) revenues and expenditures do not reflect certain transactions of assigned funds. Budget is defined as the originally approved budget plus or minus approved amendments. An additional appropriation during the year amounted to $164,431 for the General Fund and $93,038 for the General Obligation Debt Service Fund. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Budgetary information (continued)

Excess of expenditures over appropriations

For the year ended December 31, 2018, the police department had actual expenditures in excess of budget appropriations in the amount of $6,175.

Assets, liabilities, and net position/fund balance

Cash and investments

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

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of $5,000 or higher for governmental activities and $500 for business-type activities and an estimated useful life in excess of one year. The Village follows the regulatory requirements of the Public Service Commission of Wisconsin in recording capital assets of its business-type activities. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

Note 1 Summary of Significant Accounting Policies (Continued)

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

Capital assets (continued)

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

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

Restricted Assets

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

A summary of restricted assets follows:

Depreciation Fund
Represents resources set aside to fund plant renewals and replacements.

Water System Revenue Bond Reserve Fund
Represents debt proceeds retained for debt service if system revenues and the special redemption fund are insufficient to satisfy the debt service requirements.

Water System Revenue Bond Special Redemption Fund
Represents resources accumulated for debt service payments over the next 12 months.

Sewerage System Debt Service Fund
Represents resources accumulated for debt service payments over the next 12 months.

Sewerage System Revenue Bond Reserve Fund
Represents debt proceeds retained for debt service if system revenues and the debt service fund are insufficient to satisfy the debt service requirements.

Note 1 Summary of Significant Accounting Policies (Continued)

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

Restricted assets (continued)

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

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

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

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

Long-Term Obligations

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

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

Pension Plan

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents the acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the Village has three items that qualify for reporting in this category. The Village defers the 2018 property tax levy to be recognized as revenue in 2019. The deferred inflows of resources – pension represents the Village's proportionate share of collective deferred inflows of resources of the Wisconsin Retirement System. For the proprietary funds, the Village reports deferred special assessments on properties that are not currently in the Village.

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Equity

Governmental Fund Financial Statements

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

- Nonspendable fund balance - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.

- Restricted fund balance - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.

- Committed fund balance - Amounts that are constrained for specific purposes by action of the Village Board. These constraints can only be removed or changed by the Village Board using the same action that was used to create them.

- Assigned fund balance - Amounts that are constrained for specific purposes by action of Village management. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.

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

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

Government-wide and Proprietary Fund Statements

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

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.

- Restricted net position - Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

- Unrestricted net position - Net position that is neither classified as restricted nor as net investment in capital assets.

Note 1 Summary of Significant Accounting Policies (Continued)

The Village has a formal minimum fund balance policy. The first threshold is to maintain the Unassigned Fund Balance of the General Fund at one month (8.33%) of the following year's budget. Secondly, when combined, the Unassigned and Assigned Fund Balances of the General Fund shall be maintained at not less than four months of the subsequent year's budgeted expenditures excluding the debt service portion. At December 31, 2018 the combined balance is $5,208,447 and represents 54.5% of the 2019 budgeted expenditures.

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

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	$ 23,047,835	$ 51,862,508	$ (824,151)	$ 74,086,192
Unrestricted	(9,037,143)	3,995,742	824,151	(4,217,250)

Program revenues

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

Proprietary funds operating and nonoperating revenues and expenses

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

Note 1 Summary of Significant Accounting Policies (Continued)

Property taxes

Property tax receipts represent the receipts primarily generated by the 2017 property tax levy.

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

Property tax calendar – 2018 tax roll:

Lien date and levy date	December, 2018
Tax bills mailed	December, 2018
Payment in full or first installment due	January 31, 2019
Second installment due	March 31, 2019
Third installment due	May 31, 2019
Personal property taxes due in full	January 31, 2019
Tax sale – 2018 delinquent real estate taxes	October, 2022

Note 2 Reconciliation of Government-wide and Fund Financial Statements

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

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

Capital assets	$ 105,075,466
Accumulated depreciation	(56,861,088)
Net capital assets	$ 48,214,378

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

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

Bonds and notes payable	$ (37,698,460)
Compensated absences	(284,549)
Accrued interest, net of interest rebate receivable	(303,510)
Unamortized net debt discount and premium	(365,219)
Combined Adjustment for Long-Term Liabilities	$ (38,651,738)

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

Deferred outflows of resources	$ 492,559
Net pension asset	257,258
Deferred inflows of resources	(512,575)
	$ 237,242

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	$ 5,751,876
Contributed capital assets	1,583,093
Depreciation expense	(3,124,865)
Net book value of assets disposed	(235,209)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ 3,974,895

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

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

Debt issued or incurred:		
Issuance of general obligation debt	$	(6,130,000)
Net debt discount and premium		(43,113)
Amortization of debt discount and premium		46,684
Principal repayments:		
General obligation debt		4,254,616
Net adjustment to decrease net changes in fund balances - total governmetnal funds to arrive at changes in net position of governmental activities	$	(1,871,813)

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	$	(3,665)
Accrued interest		(47,133)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$	(50,798)

Note 3 Stewardship, Compliance and Accountability

Violations of legal or contractual provisions

No violations occurred for the year ended December 31, 2018.

Deficit fund equity

As of December 31, 2018, The TIF #6 Capital Projects Fund had a deficit fund balance of $1,560,001. This will be eliminated through the collection of future tax increments.

Note 4 Cash and Investments

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

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

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

The carrying amount of the Village's cash and investments totaled $30,837,234 on December 31, 2018 as summarized below:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	$ 22,273,490	$ 22,243,768	Custodial credit risk
LGIP	6,026,398	6,026,398	Credit risk
Certificates of Deposit	2,537,221	2,266,163	Custodial credit risk
Petty Cash	125	-	
Total deposits and investments	$ 30,837,234	$ 30,536,329	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	$ 15,053,386		
Restricted cash and investments	6,960,032		
Per statement of net position - fiduciary fund			
Agency	8,823,816		
	$ 30,837,234		

Fair Value Measurements

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

Note 4 Cash and Investments (continued)

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

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

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

As of December 31, 2018, $22,206,497 of the Village's deposits with financial institutions was in excess of federal and state depository insurance limits. $17,978,232 was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the Village's name.

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

Note 4 Cash and Investments (continued)

Interest Rate Risk

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

Investment in Wisconsin Local Government Investment Pool

The Village has investments in the Wisconsin local government investment pool of $6,026,398 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2018, the fair value of the Village's share of the LGIP's assets was substantially equal to the carrying value.

Note 5 Receivables

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

	General	General Obligation Debt Service Fund	TIF #6 Capital Projects Fund	Total
Receivables				
Taxes	$ 2,450,770	$ 919,737	$ 244,333	$ 3,614,840
Accounts	211,315			211,315
Interest	1,861	-	-	1,861
Other Governments	38,600	-	-	38,600
Special assessments	131,430	-	-	131,430
Gross receivables	2,833,976	919,737	244,333	3,998,046
Less: Allowance for uncollectibles	42,512	-	-	42,512
Net total receivables	$ 2,791,464	$ 919,737	$ 244,333	$ 3,955,534

Note 5 Restricted Assets

Restricted assets on December 31, 2018 totaled $11,430,836 and consisted of cash and investments of $6,960,032, balances due from other governments of $2,170,804 and balances due from other funds of $2,300,000 held for the following purposes:

Funds	Amount	Purpose
Enterprise funds		
Water Utility		
Special redemption fund	$ 190,220	To accumulate funds to pay principal and interest on Revenue Bonds
Depreciation	382,519	To be used for the replacement of capital assets of the water distribution plant
Revenue bond reserve	595,921	Amount required under the terms of the Revenue Bonds to be maintained in reserve
Reserve Capacity Assessments	211,759	To account for fees collected from new development to pay for reserve capacity built in the water plant
Construction	2,888,588	To account for borrowed funds for construction of plant facilities
Total Water Utility	4,269,007	
Sewer Utility		
Depreciation	1,364,894	To be used for the replacement of capital assets of the sewer utility
Debt service	2,559,647	To accumulate funds to pay principal and interest on Revenue Bonds
Revenue bond reserve	226,062	Amount required under the terms of the Revenue Bonds to be maintained in reserve
DNR replacement	815,376	To be used for the replacement of certain assets for the sewer utility
Reserve Capacity Assessments	1,165,773	To account for fees collected from new development to pay for reserve capacity built in the wastewater treatment plant
Construction	774,409	To account for borrowed funds for construction
Total Sewer Utility	6,906,161	
Stormwater Utility		
Equipment replacement	255,668	To accumulate funds for future equipment replacement
Total	$ 11,430,836	

Note 6 Capital Assets

The governmental activities capital asset activity for the year ended December 31, 2018 is as follows:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 2,477,995	$ -	$ -	$ 2,477,995
Construction in progress	443,104	5,192,027	5,437,682	197,449
Total capital assets, not being depreciated	2,921,099	5,192,027	5,437,682	2,675,444
Capital assets being depreciated				
Buildings	16,622,043	537,221	206,302	16,952,962
Land improvements	2,729,100	45,656	-	2,774,756
Machinery and equipment	5,728,981	636,589	171,134	6,194,436
Infrastructure	71,479,179	6,361,158	1,362,469	76,477,868
Subtotals	96,559,303	7,580,624	1,739,905	102,400,022
Less: accumulated depreciation for:				
Buildings	2,456,163	356,281	113,434	2,699,010
Land improvements	354,653	109,418	-	464,071
Machinery and equipment	2,595,927	315,780	152,505	2,759,202
Infrastructure	49,834,176	2,343,386	1,238,757	50,938,805
Subtotals	55,240,919	3,124,865	1,504,696	56,861,088
Total capital assets, being depreciated, net	41,318,384	4,455,759	235,209	45,538,934
Governmental activities capital assets, net	$44,239,483	$9,647,786	$5,672,891	48,214,378
Less: Capital related debt				(25,618,476)
Less: Debt premium				(365,219)
Add: Unspent debt proceeds				817,152
Net investment in capital assets				$ 23,047,835

Note 6 Capital Assets (Continued)

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 501,492	$ -	$ -	$ 501,492
Construction in progress	1,229,154	6,079,319	4,323,034	2,985,439
Total capital assets, not being depreciated	1,730,646	6,079,319	4,323,034	3,486,931
Capital assets being depreciated				
Water Utility buildings and structures	2,077,449	949,030	1,561	3,024,918
Water Utility machinery and equipment	2,058,194	2,712,964	69,497	4,701,661
Water Utility infrastructure	25,343,094	454,399	65,058	25,732,435
Sewer Utility buildings and structures	5,783,551	12,686	1,778	5,794,459
Sewer Utility machinery and equipment	15,993,975	661,031	261,961	16,393,045
Sewer Utility infrastructure	29,866,987	256,974	-	30,123,961
Stormwater Utility buildings and structures	166,504	-	-	166,504
Stormwater Utility machinery & equip	292,600	-	-	292,600
Stormwater Utility infrastructure	14,488,371	1,508,839	-	15,997,210
Subtotals	96,070,725	6,555,923	399,855	102,226,793
Less: accumulated depreciation for:				
Water Utility buildings and structures	1,129,694	80,318	37,983	1,172,029
Water Utility machinery and equipment	1,014,645	158,571	68,823	1,104,393
Water Utility infrastructure	6,891,198	438,771	80,712	7,249,257
Sewer Utility buildings and structures	2,385,411	115,780	1,778	2,499,413
Sewer Utility machinery and equipment	11,803,682	294,823	371,353	11,727,152
Sewer Utility infrastructure	7,839,697	428,030	-	8,267,727
Stormwater Utility buildings and structures	8,325	5,551	-	13,876
Stormwater Utility machinery & equip	76,551	14,043	-	90,594
Stormwater Utility infrastructure	2,129,352	164,385	-	2,293,737
Subtotals	33,278,555	1,700,272	560,649	34,418,178
Total capital assets, being depreciated, net	62,792,170	4,855,651	(160,794)	67,808,615
Business-type activities capital assets, net	$ 64,522,816	$ 10,934,970	$ 4,162,240	71,295,546
Less: Capital related debt				(22,618,462)
Add: Extraordinary property loss				208,396
Add: Unspent debt proceeds				2,977,028
Net investment in capital assets				$ 51,862,508

Note 6 Capital Assets (Continued)

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

Governmental Activities		
General Government	$	236,110
Protection of persons and property		151,826
Highway and transportation, which includes the depreciation of infrastructure		2,570,121
Library		68,787
Parks and recreation		98,021
Total Governmental Activities	$	3,124,865

Business-type Activities		
Water	$	677,660
Sewer		838,633
Stormwater		183,979
	$	1,700,272

Note 7 Long-Term Obligations

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2018:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Debt					
Bonds	19,730,000	6,130,000	655,000	25,205,000	665,000
Notes	6,073,076	-	784,616	5,288,460	814,616
Community Development Bonds	7,305,000	-	100,000	7,205,000	200,000
Total General Obligation Debt	33,108,076	6,130,000	1,539,616	37,698,460	1,679,616
Bond anticipation notes	2,715,000	-	2,715,000	-	-
Debt (discount) and premium	368,790	43,113	46,684	365,219	-
Compensated absences	280,884	178,515	174,850	284,549	140,948
Governmental Activities Long-Term Obligations	$ 36,472,750	$ 6,351,628	$ 4,476,150	$ 38,348,228	$ 1,820,564

Note 7 Long-Term Obligations (Continued)

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Business-type Activities					
General Obligation Debt					
Bonds	$ 2,675,000	$ -	$ 210,000	$ 2,465,000	$ 205,000
Notes	800,000	-	100,000	700,000	100,000
Total General Obligation Debt	3,475,000	-	310,000	3,165,000	305,000
Revenue Bonds	11,763,179	2,540,000	807,964	13,495,215	813,101
Revenue Bond Anticipation Notes	-	3,805,000	-	3,805,000	-
Debt (discount) and premium	100,957	125,949	23,487	203,419	-
Compensated absences	73,650	43,734	38,416	78,968	33,087
Total Business-type Activities Long-Term Liabilities	$ 15,412,786	$ 6,514,683	$ 1,179,867	$ 20,747,602	$ 1,151,188

Total interest paid during the year on long-term debt totaled $1,391,884.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2018
Governmental Activities					
General Obligation Debt					
General Obligation Bonds	10/1/2010	10/1/2030	3.375 - 5.1	$5,800,000	$ 5,400,000
	3/5/2013	3/1/2029	0.625 - 2.5	2,355,000	1,755,000
	9/17/2013	9/1/2030	2.0 - 4.0	1,855,000	1,605,000
	10/13/2015	6/1/2035	2.0 - 3.25	4,490,000	4,150,000
	3/24/2016	3/1/2036	2.0 - 3.0	4,795,000	4,795,000
	11/1/2016	9/1/2036	2.0 - 2.6	3,100,000	3,100,000
	5/1/2017	3/1/2037	2.0 - 3.5	2,975,000	2,975,000
	12/1/2017	9/1/2037	2.0 - 3.15	2,500,000	2,500,000
	7/16/2018	3/1/2038	3.0 - 3.5	2,790,000	2,790,000
	8/14/2018	3/1/2038	3.0 - 3.375	3,340,000	3,340,000
					32,410,000
General Obligation Notes	11/11/2014	10/1/2017	0	36,924	18,460
	6/15/2015	6/1/2025	2.0 - 2.3	2,620,000	1,835,000
	8/25/2015	3/1/2025	1.05 - 2.2	735,000	650,000
	2/22/2016	2/1/2026	2.0	1,605,000	1,485,000
	5/1/2017	3/1/2022	2.0	1,610,000	1,300,000
					5,288,460
Total Governmental Activities General Obligation Debt					$37,698,460

Note 7 Long-Term Obligations (Continued)

General Obligation Debt (continued)

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2018
Business-type Activities					
General Obligation Debt					
Corporate Pupose Bonds	5/1/2013	11/1/2029	0.5 - 2.4	3,325,000	$ 2,465,000
Promissory Notes	8/25/2015	3/1/2025	1.05 - 2.2	1,250,000	700,000
Total Business-type Activities General Obligation Debt					$ 3,165,000

Annual principal and interest maturities of the outstanding general obligation debt of $40,863,460 on December 31, 2018 are detailed below:

	Governmental Activities General Obligation Debt		Business Type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2019	$ 1,679,616	$ 1,093,801	$ 305,000	$ 54,665
2020	1,919,616	1,035,972	310,000	51,367
2021	2,194,616	988,935	315,000	47,533
2022	2,334,612	933,152	325,000	42,740
2023	2,370,000	874,984	330,000	37,653
2024 - 2028	11,695,000	3,382,919	1,435,000	102,090
2029 - 2033	9,250,000	1,686,396	145,000	3,480
2034 - 2038	6,255,000	420,166	-	-
Totals	$ 37,698,460	$ 10,416,325	$ 3,165,000	$ 339,528

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

Build America Bond

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

Note 7 Long-Term Obligations (Continued)

Legal Margin for New Debt

The Village's legal margin for creation of additional general obligation debt on December 31, 2018 was $28,390,963 as follows:

Equalized valuation of the Village		$ 1,378,608,200
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Sextion 67.03 of the Wisconisn Statutes		68,930,410
Total outstanding general obligation debt applicable to debt limitation	$ 40,863,460	
Less: Amounts avalable for financing general obligation debt		
Debt service funds	324,013	
Net outstanding general obligation debt applicable to debt limitation		40,539,447
Legal margin for new debt		$ 28,390,963

Revenue Bonds

The Water Public Utility and Sewer Utility have $13,495,215 in Water & Sewer System Revenue Bonds outstanding at December 31, 2018. 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 $623,989. Total net revenues as defined by the bond covenants for the same period were $1,262,696. Annual principal and interest payments are expected to require 36% of net revenue.

The principal and interest paid during the year on the Sewer System Revenue Bonds was $506,701. Total net revenues as defined by the bond covenants for the same period were $1,459,257. Annual principal and interest payments are expected to require 32% of net revenue.

Note 7 Long-Term Obligations (Continued)

Revenue bonds outstanding on December 31, 2018 totaled $13,495,215 and were comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2018
Business-type Activities					
Water and Sewer System					
Revenue Bonds					
Water Utility	6/4/2013	6/1/2028	2.0 - 2.75	$ 2,340,000	$ 1,575,000
	5/17/2016	6/1/2024	0.8 - 1.65	1,515,000	1,015,000
	9/12/2017	6/1/2037	3.0 - 3.25	4,295,000	4,295,000
Sewer Utility	8/22/2007	5/1/2027	2.547	7,633,281	4,070,215
	8/14/2018	5/1/2033	3.0 - 3.25	2,540,000	2,540,000
Total Business-type Activities Revenue Debt					$13,495,215

Annual principal and interest maturities of the outstanding revenue bonds of $13,495,215 on December 31, 2018 are detailed below:

	Business-type Activities		
	Principal	Interest	Total
2019	$ 813,101	$ 371,399	$ 1,184,500
2020	968,495	334,583	1,303,078
2021	984,155	311,747	1,295,902
2022	1,015,085	288,156	1,303,241
2023	1,031,294	263,802	1,295,096
2024 - 2028	4,673,085	919,579	5,592,664
2029 - 2033	2,565,000	428,088	2,993,088
2034 - 2037	1,445,000	93,872	1,538,872
Totals	$ 13,495,215	$ 3,011,226	$ 16,506,441

Revenue Bond Anticipation Notes

Revenue bond anticipation notes outstanding on December 31, 2018 was comprised of the following issue. The scheduled principal and interest amounts are due in 2023.

	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 12/31/2018
BANs Issue 2018A	6/28/2018	6/1/2023	3%	$ 3,805,000	$ 3,805,000

Note 7 Long-Term Obligations (Continued)

Compensated Absences

Estimated payments of $363,517 are not included in the debt service requirement schedules. The compensated absences liability will be liquidated by the General Fund and the Water and Sewer Utilities.

Conduit Debt Obligations

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

As of December 31, 2018, there were eight outstanding Industrial Revenue Bonds with an aggregate principal amount payable of $20,456,641.

Note 8 Employee's Retirement System

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

Plan Description - The Wisconsin Retirement System (WRS) is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible state of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

Vesting - For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Note 8 Employee's Retirement System (Continued)

Benefits Provided - Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6%	0.0%
2009	(2.1%)	(42.0%)
2010	(1.3%)	22.0%
2011	(1.2%)	11.0%
2012	(7.0%)	(7.0%)
2013	(9.6%)	9.0%
2014	4.7%	25.0%
2015	2.9%	2.0%
2016	0.5%	(5.0%)
2017	2.0%	4.0%

Note 8 Employee's Retirement System (Continued)

Contributions - Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and executives and elected officials. Starting on January 1, 2016, the executive and elected officials category was merged into the general employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized $194,103 in contributions from the employer.

Contribution rates as of December 31, 2018 are:

Employee Category	Employee	Employer
General (including teachers)	6.7%	6.7%
Protective with social security	6.7%	10.7%
Protective without social security	6.7%	14.9%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2018, the Village reported an (asset) of $536,786 for its proportionate share of the net pension (asset). The net pension (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension (asset) was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the Village's proportion was 0.01807900%, which was an increase of 0.000752% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Village recognized pension expense of $227,552.

Note 8 Employee's Retirement System (Continued)

At December 31, 2018, the Village reported deferred outflows of resources related to pensions from the following sources:

	Primary Government		Component Unit	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 550,859	$ 257,673	$ 131,142	$ 61,343
Net differences between projected and actual earnings on pension plan investments	-	595,899	-	141,865
Changes in assumptions	85,664	-	20,394	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	10,290	-	2,450
Employer contributions subsequent to the measurement date	178,681	-	37,643	-
Total	$ 815,204	$ 863,862	$ 189,179	$ 205,658

$216,324 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Primary Government Net Deferred Outflows of Resources	Component Unit Net Deferred Outflows of Resources
2019	$ 42,637	$ 10,151
2020	(7,486)	(1,782)
2021	(150,441)	(35,816)
2022	(113,085)	(26,922)
2023	1,036	246
	$ (227,339)	$ (54,123)

Note 8 Employee's Retirement System (Continued)

Actuarial assumptions: The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2016
Measurement date of net pension liability (asset)	December 31, 2017
Actuarial cost method	Entry Age
Asset valuation method	Fair market value
Long-term expected rate of return	7.2%
Discount rate	7.2%
Salary increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table
Post-retirement adjustments*	2.1%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

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

.

Note 8 Employee's Retirement System (Continued)

	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class			
Global equities	50.0%	8.2%	5.3%
Fixed income	24.5%	4.2%	1.4%
Inflation sensitive assets	15.5%	3.8%	1.0%
Real estate	8.0%	6.5%	3.6%
Private equity/debt	8.0%	9.4%	6.5%
Multi-asset	4.0%	6.5%	3.6%
Total core fund	110%	7.3%	4.4%
Variable Fund Asset Class			
US equities	70%	7.5%	4.6%
International equities	30%	7.8%	4.9%
Total variable fund	100%	7.9%	5.0%

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.75%

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

Single Discount Rate - A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

Note 8 Employee's Retirement System (Continued)

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
Proportionate share of the net pension liability (asset)			
Primary government	$ 1,121,788	$ (433,567)	$ (1,615,686)
Component unit	267,063	(103,219)	(384,645)
	$ 1,388,851	$ (536,786)	$ (2,000,331)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at http://etf.wi.gov/publications/cafr.htm.

Payables to the pension plan: The Village reported a payable to the pension plan for the outstanding amount of required contributions of $33,523 at December 31, 2018.

Note 9 Interfund balances

Interfund receivables and payables between individual funds of the Village, as reported in the fund financial statements, as of December 31, 2018 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary cash advances to finance operating deficits and construction projects		
Governmental Funds		
General Capital Projects Fund	$ 461,127	$ -
TIF #6 Capital Projects Fund	-	1,561,127
Proprietary Funds		
Water Utility	-	540,990
Sewer Utility	3,049,828	
Stormwater Utility	-	1,408,838
Totals	$ 3,510,955	$ 3,510,955

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

Note 9 Interfund balances

During the year ended December 31, 2018, the following interfund transfers were made:

Fund	Transfer In	Transfer Out
General	$ 415,798	$ 494,842
Recreation Scholarship		2,106
Cemetery	9,300	
General Obligation Debt Service	60,937	
TIF #6 Debt Service	288,372	
General Capital Projects	935,732	
TIF #6 Capital Projects		799,499
Water Utility	9,076	407,426
Sewer Utility		13,342
Community Development Authority	-	2,000
	$ 1,719,215	$ 1,719,215

Interfund transfers were made for the following purposes:

Annual subsidy by the General Fund paid to the Cemetery Fund	$ 9,300
Share of interest on Civic Camapus paid from the General Fund to the General Debt Service Fund	60,937
Annual set aside funds for roads paid from the General Fund to the General Capital Projects Fund	300,000
Tax equivalent payment made by the Water Utility to the General Fund	407,426
Tax equivalent payment made by the Sewer Utility to the General Fund	4,266
Consultant costs paid by CDA Fund to the General Fund	2,000
Accumulated funds from the General Fund to the General Capital Projects Fund for playgrounds	124,605
Tax increment from TIF #6 Capital Projects to TIF #6 Debt Service for principal and interest	288,372
Construction costs per project plan from TIF #6 Capital Projects Fund to General Capital Projects Fund	511,127
Annual depreciation on backwash tanks from the Sewer Utility to the Water Utility	9,076
	$ 1,719,215

Note 10 Fund Balances

Governmental Activities

Governmental activities net position reported on the government-wide statement of net position at December 31, 2018 includes the following:

Net investment in capital assets		
Land	$	2,477,995
Construction in progress		197,449
Other capital assets, net of accumulated depreciation		45,538,934
Less: related long-term debt outstanding		(25,618,476)
Premium on long-term debt		(365,219)
Add back unspent construction cash		817,152
Total Net Investment in Capital Assets		23,047,835
Restricted		
Debt service		20,503
Park impact fees		705,253
Revolving loan fund		156,885
Pension benefits		237,242
Total Restricted		1,119,883
Unrestricted		(9,037,143)
Total Governmental Activities Net Position	$	15,130,575

Governmental fund balances reported on the fund financial statements at December 31, 2018 include the following:

Nonspendable		
Major Funds		
General Fund		
Noncurrent receivables, inventories and prepaids	$	41,685

Note 10 Fund Balances (Continued)

Restricted	
Major Funds	
General Fund	
Ambulance grants	60,303
Debt Service Fund	
Debt service	324,013
Capital Projects Fund - General	
Road projects	506,206
Emergency government outlay	26,669
Other capital projects	69,029
Non-major Funds	
Special Revenue Funds	
Park Fund - playground improvements	705,253
Revolving Loan Fund - loan program	156,885
Total Restricted Fund Balances	1,848,358
Committed	
Major Funds	
General Fund	
Post employment health plan payments	54,666
Fire department length of service payments	18,411
Non-major Funds	
Special Revenue Funds	
Recreation Scholarship Fund - recreation scholarships	17,674
Total Committed Fund Balances	90,751
Assigned	
Major Funds	
General Fund	
Capital expenditures	3,119,554
2019 budgeted expenditures	1,075,983
Insurance contingencies	82,739
Senior programming	38,612
Non-major Funds	
Special Revenue Funds	
Cemetery Fund	9,785
Total Assigned Fund Balances	4,326,673
Unassigned	
Major Funds	
General Fund	891,559
Capital Projects Fund - General	(308,332)
Capital Projects Fund - TIF #6	(1,560,001)
Total Unassigned Fund Balances	(976,774)
Total Governmental Fund Balances	$ 5,330,693

Note 10 Fund Balances (Continued)

Business-type Activities

Business-type activities net position reported on the government-wide statement of net position at December 31, 2018 includes the following:

Net investment in capital assets		
Land	$	501,492
Construction in progress		2,985,439
Other capital assets, net of accumulated depreciation		67,808,615
Less: related long-term debt outstanding		(22,618,462)
Extraordinary property loss		208,396
Add back unspent construction cash		2,977,028
Total Net Investment in Capital Assets		51,862,508
Restricted		
Reserve Capacity Assessment Fund		1,377,532
Debt Service		
Special Redemption fund		190,220
Reserve Fund		821,984
Debt Service Fund		2,559,647
Less: related long-term debt outstanding		(821,984)
Less: accrued interest payable		(82,757)
Total Restricted for Debt Service		2,667,110
Construction and Equipment Replacement		
Equipment Replacement		1,071,043
Depreciation Fund		1,747,413
Total Restricted Construction and Equipment Replacement		2,818,456
Pension Benefits		147,666
Unrestricted		3,995,742
Total Business-type Activities Net Position	$	62,869,014

Note 11 Risk Management

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

Note 12 Subsequent Events/Commitments

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

On April 9, 2019 the Village Board approved the issuance of $2,450,000 General Obligation Bonds to finance parks and public grounds projects as well as street improvement projects.

Also on April 9, 2019 the Village Board approved a contract for reconstruction of the Clover Drive culvert in the amount of $594,185.

As of December 31, 2018, the Village had 14 outstanding contracts for construction of public works projects for road construction and water facilities including related engineering. The total balance outstanding on all the contracts is $4,014,140 which does not include $2,494,125 included in accounts payable at December 31, 2018.

Note 13 Contingencies

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

Note 14 Pending Accounting Pronouncements

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations, and requires the current value of a government's asset retirement obligations to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2018.

GASB Statement No. 84, *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 87, *Leases*, will be effective for the Village beginning with its year ending June 30, 2021. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

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

Note 15 Component Units

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

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

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

Cash and Investments
The carrying amount of the Library's cash and investments totaled $1,562,454 as summarized below:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	$ 1,082,393	$ 1,085,159	Custodial credit risk
Certificates of deposit	479,802	479,802	Custodial credit risk
LGIP	259	259	Credit risk, interest rate risk
Total cash and investments	$ 1,562,454	$ 1,565,220	

Reconciliation to finanical statements	
Per statement of net position	
Unrestricted cash and investments	$ 1,071,298
Restricted cash and investments	491,156
Total cash and investments	$ 1,562,454

Restricted Assets
Restricted assets on December 31, 2018 totaled $688,088 and consisted of cash and investments plus amounts due from other governments held for the following purposes:

Purpose	Amount
Capital Projects & Future Expansion	$ 670,921
Restricted Donations	17,167
	$ 688,088

Note 15 Component Units (continued)

Capital Assets
Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Capital assets being depreciated				
Equipment and furnishings	$ 359,984	$ 6,995	$ 14,056	$ 352,923
Books and library media	685,531	104,188	97,118	692,601
Total Capital Assets at Historical Cost	1,045,515	111,183	111,174	1,045,524
Less: accumulated depreciation for:				
Equipment and furnishings	313,756	8,701	10,767	311,690
Books and library media	306,760	97,933	97,118	307,575
Total Accumulated Depreciation	620,516	106,634	107,885	619,265
Total Capital Assets	$ 424,999	$ 4,549	$ 3,289	$ 426,259

Note 16 Tax Incremental Financing Districts

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

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

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

During 2018, Tax Incremental District Number 7 was created. As of December 31, 2018, there were no expenses incurred for this district.

Note 17 Water Utility Rate Increase

During 2018, the Water Utility applied for and received approval from the Public Service Commission of Wisconsin (PSC) for a Simplified Rate Increase of 3%. This was in effect for the last two quarters of 2018. In addition, the Utility applied to the PSC for a two-step rate increase to help cover the costs associated with the required radium treatment. Approval was received in December, 2018 for rates to go into effect as of January 1, 2019. The step one increase is expected to provide additional revenues of $253,865. Step two will go into effect after the second phase of the construction is completed and in service. This increase is expected to provide additional revenues of $315,085.

Note 18 Sewer Utility Rate Increase

During 2018, the Village implemented a rate increase of 2.5% for the utility customers. In December 2018 after the preparation of the 2019 budget, the Village Board approved a 1% rate increase to be effective January 1, 2019.

Note 19 Stormwater Utility Rate Increase

In December 2016 after the preparation of the 2017 budget, the Village Board approved a rate increase structure to be phased in beginning July 1, 2017 with subsequent increases to be effective January 1, 2018 and 2019.

Required Supplementary Information

VILLAGE OF SUSSEX, WISCONSIN

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

For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 5,127,638	$ 5,130,114	$ 5,162,491	$ 32,377
Intergovernmental	832,761	850,284	851,506	1,222
Licenses and permits	369,370	465,620	496,435	30,815
Fines, forfeitures and penalties	197,100	152,100	158,813	6,713
Public charges for services	981,616	1,036,696	1,066,263	29,567
Commercial revenues	208,628	244,428	267,059	22,631
Miscellaneous revenues	57,100	85,096	106,476	21,380
Total Revenues	7,774,213	7,964,338	8,109,043	144,705
EXPENDITURES				
Current				
General government	731,028	731,630	688,685	42,945
Protection of persons & property				
Police	1,708,365	1,715,865	1,722,040	(6,175)
Fire	1,502,588	1,547,917	1,497,027	50,890
Other protection	243,987	243,187	233,601	9,586
Health and sanitation	475,582	475,582	454,854	20,728
Highway and transportation	890,605	891,105	839,897	51,208
Library	688,436	688,436	688,436	-
Parks and recreation	944,190	1,026,490	977,219	49,271
Capital outlay	715,165	737,665	703,664	34,001
Debt Service				
Principal retirement	4,616	4,616	4,616	-
Total Expenditures	7,904,562	8,062,493	7,810,039	252,454
Excess of revenues over expenditures	(130,349)	(98,155)	299,004	397,159
OTHER FINANCING SOURCES (USES)				
Transfers in	889,367	863,673	922,775	59,102
Transfers out	(805,318)	(811,818)	(891,614)	(79,796)
Net change in fund balances - budgetary basis	$ (46,300)	$ (46,300)	330,165	$ 376,465
Adjustment to generally accepted accounting principles basis				
Appropriations to reserve funds			521,377	
Revenue credited to reserve funds			961,858	
Expenditures and transfers charged to reserve funds			(637,755)	
Net change in fund balances - generally accepted accounting principles basis			1,175,645	
FUND BALANCE - BEGINNING OF YEAR			4,207,867	
FUND BALANCE - END OF YEAR			$ 5,383,512	

See Notes to Required Supplementary Information

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

Primary Government

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.013363%	$ (328,226)	$ 1,789,027	-18.35%	102.74%
12/31/16	0.013513%	219,584	1,902,634	11.54%	98.20%
12/31/17	0.013880%	114,168	1,942,066	5.88%	99.12%
12/31/18	0.014603%	(433,567)	2,114,567	-20.50%	102.93%

Component Unit

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.003347%	$ (82,211)	$ 495,599	-16.59%	102.74%
12/31/16	0.003572%	58,037	497,990	11.65%	98.20%
12/31/17	0.003476%	28,649	486,761	5.89%	99.12%
12/31/18	0.003476%	(103,219)	528,426	-19.53%	102.93%

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

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

Primary Government

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	$ 135,194	$ 135,194	$ -	$ 1,902,634	7.11%
12/31/16	134,640	134,640	-	1,942,066	6.93%
12/31/17	158,170	158,170	-	2,114,567	7.48%
12/31/18	178,681	178,681		2,360,450	7.57%

Component Unit

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	$ 33,862	$ 33,862	$ -	$ 497,990	6.80%
12/31/16	32,124	32,124	-	486,761	6.60%
12/31/17	35,933	35,933	-	528,426	6.80%
12/31/18	37,644	37,644		561,840	6.70%

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

Village of Sussex, Wisconsin

Notes to Required Supplemental Information

Budgets

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

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

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

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

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

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

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

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

6. Budgetary authority lapses at year-end.

Wisconsin Retirement System

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

Supplementary Information

VILLAGE OF SUSSEX, WISCONSIN

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

December 31, 2018

	Special Revenue Funds				Debt Service Funds	
	Park Fund	Revolving Loan Fund	Cemetery Fund	Recreation Scholarship Fund	TIF #6 Debt Fund	Total Nonmajor Governmental Funds
ASSETS						
Cash and investments	$ 705,253	$ 356,885	$ 9,809	$ 17,674	$ -	$ 1,089,621
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ -	$ -	$ 19	$ -	$ -	$ 19
Accrued payroll and related liabilities	-	-	5	-	-	5
Due to other governments	-	200,000	-	-	-	200,000
Total liabilities	-	200,000	24	-	-	200,024
Fund Balances						
Restricted	705,253	156,885	-	-	-	862,138
Committed	-	-	-	17,674	-	17,674
Assigned	-	-	9,785	-	-	9,785
Total fund balances	705,253	156,885	9,785	17,674	-	889,597
TOTAL LIABILITIES AND FUND BALANCES	$ 705,253	$ 356,885	$ 9,809	$ 17,674	$ -	$ 1,089,621

VILLAGE OF SUSSEX, WISCONSIN

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

For the Year Ended December 31, 2018

	Special Revenue Funds			
	Park Fund	Revolving Loan Fund	Cemetery Fund	Recreation Scholarship Fund
REVENUES				
Public improvement revenues	$ 169,188	$ -	$ -	$ -
Public charges for services	-	-	2,475	3,860
Commercial revenues	9,722	1,898	154	301
Miscellaneous revenues	-	-	-	3,495
Total revenues	178,910	1,898	2,629	7,656
EXPENDITURES				
Current:				
General government	-	216	-	-
Health and sanitation	-	-	11,590	-
Parks and recreation	-	-	-	7,382
Debt service	-	-	-	-
Total expenditures	-	216	11,590	7,382
Excess (deficiency) of revenues over expenditures	178,910	1,682	(8,961)	274
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	-	-	-	-
Other sources (bond premium)	-	-	-	-
Debt service - principal	-	-	-	-
Transfers in	-	-	9,300	-
Transfers out	-	-	-	(2,106)
Total other financing sources (uses)	-	-	9,300	(2,106)
Net change in fund balances	178,910	1,682	339	(1,832)
FUND BALANCES - BEGINNING OF YEAR	526,343	155,203	9,446	19,506
FUND BALANCES - END OF YEAR	$ 705,253	$ 156,885	$ 9,785	$ 17,674

Debt Service Funds	
TIF #6 Debt Fund	Total Nonmajor Governmental Funds
$ -	$ 169,188
-	6,335
120	12,195
-	3,495
120	191,213
-	216
-	11,590
-	7,382
332,979	332,979
332,979	352,167
(332,859)	(160,954)
2,790,000	2,790,000
18,385	18,385
(2,790,000)	(2,790,000)
288,372	297,672
-	(2,106)
306,757	313,951
(26,102)	152,997
26,102	736,600
$ -	$ 889,597