

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 4, 2016

NEW ISSUE: FULL BOOK-ENTRY

Rating: “Aa3” Moody’s

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”), under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes. See “LEGAL MATTERS – Tax Exemption” and “Form of Legal Opinion” for the Bonds herein. The Bonds will be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

OFFICIAL STATEMENT

**VILLAGE OF SUSSEX, WISCONSIN
\$3,100,000***

GENERAL OBLIGATION COMMUNITY DEVELOPMENT BONDS, SERIES 2016D

Dated: Date of Delivery

Delivery: On or about November 1, 2016

The \$3,100,000* General Obligation Community Development Bonds, Series 2016D (the “Bonds”) are being issued by the Village of Sussex, Wisconsin (the “Village”) pursuant to Wisconsin Statutes, Chapter 67, for the public purpose of providing financial assistance to community development projects as described in “DESCRIPTION OF THE BONDS – Purpose,” herein. The Bonds will be general obligations of the Village for which its full faith and credit and unlimited taxing powers are pledged. The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). DTC will act as securities depository of the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. (See “DESCRIPTION OF THE BONDS – Book-Entry-Only System” herein.)

Principal, payable on each September 1, as set forth below, and interest on the Bonds, payable semiannually on each March 1 and September 1 commencing March 1, 2017, will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds.

<u>Year</u>	<u>Amount*</u>	<u>Rate*</u>	<u>Yield*</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate*</u>	<u>Yield*</u>
2019	\$ 100,000	_____%	_____%	2028	\$ 175,000	_____%	_____%
2020	100,000	_____%	_____%	2029	180,000	_____%	_____%
2021	140,000	_____%	_____%	2030	190,000	_____%	_____%
2022	145,000	_____%	_____%	2031	200,000	_____%	_____%
2023	150,000	_____%	_____%	2032	210,000	_____%	_____%
2024	150,000	_____%	_____%	2033	220,000	_____%	_____%
2025	150,000	_____%	_____%	2034	220,000	_____%	_____%
2026	160,000	_____%	_____%	2035	225,000	_____%	_____%
2027	160,000	_____%	_____%	2036	225,000	_____%	_____%

The Bonds maturing on September 1, 2027 and thereafter are subject to prior redemption at the option of the Village on September 1, 2026 and any date thereafter at a price of par plus accrued interest.

- Registrar/Paying Agent:** Village of Sussex Finance Director
- Bank Qualified:** The Bonds are designated as “qualified tax-exempt obligations.”
- Legal Opinion:** Quarles & Brady LLP, Milwaukee, Wisconsin
- Bids Received and Opened:** Tuesday, October 11, 2016 at 10:00 A.M. Central Time
Office of Public Financial Management, Inc., Milwaukee, Wisconsin
- Village Board Consideration:** Tuesday, October 11, 2016 at 7:00 P.M.

* Par amounts subject to change. Interest rates and reoffering yields will be set forth in the final Official Statement.
(THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.)

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold, nor may offers to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), except for the omission of certain information described in the rule, but is subject to revision, amendment, and completion in a Final Official Statement.

No dealer, broker, sales representative or other person has been authorized by the Village, the Financial Advisor or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the Village, the Financial Advisor or the Underwriter. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Village and other sources which are believed to be reliable, but it is not to be construed as a representation by the Financial Advisor or Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereafter shall, under any circumstances, create any implication that there has been no change in the affairs of the Village or in any other information contained herein, since the date hereof.

TABLE OF CONTENTS

	<i><u>Page</u></i>		<i><u>Page</u></i>
INTRODUCTION TO THE OFFICIAL STATEMENT	1	Short-Term Debt	14
DESCRIPTION OF THE BONDS	3	Overlapping Debt.....	15
Authorization	3	Legal Debt Limit.....	15
Purpose.....	3	Future Financings	15
Sources and Uses	3	FINANCIAL INFORMATION.....	16
Security Provisions	3	Financial Reports	16
Redemption Provisions	3	Investments	17
Notice of Redemption	4	PROPERTY VALUATIONS AND TAXES	18
Interest Payments and Computation.....	4	Assessed and Equalized Values	18
Registration, Transfer and Exchange	4	Property Tax Rates.....	19
Book-Entry-Only System.....	4	Principal Taxpayers	20
Continuing Disclosure	6	Levy Limit	20
THE VILLAGE.....	7	LEGAL MATTERS	22
Introduction.....	7	Pending Litigation.....	22
Village Government.....	7	Approval of Legal Proceedings	22
Employee Relations and Collective Bargaining.....	7	Tax Exemption.....	22
Pension and Retirement Plan	8	Qualified Tax-Exempt Obligations	23
Education	8	Municipal Bankruptcy	23
ECONOMIC AND DEMOGRAPHIC INFORMATION	9	MISCELLANEOUS.....	23
Population	9	Rating.....	23
Effective Buying Income	9	Financial Advisor.....	24
Major Employers	10	Underwriting.....	24
Construction.....	10	Certificate Concerning Official Statement.....	24
FINANCIAL SUMMARY	11	Appendix A – Excerpts from Financial Statements	
INDEBTEDNESS	12	Appendix B – Form of Legal Opinion	
No Default on Village Indebtedness	12	Appendix C – Form of Continuing Disclosure Certificate	
General Obligation Long-Term Debt.....	12	Appendix D – Notice of Sale	
Revenue Debt.....	14		
		Bid Form	

INTRODUCTION TO THE OFFICIAL STATEMENT

The following information is furnished solely to provide limited introductory information regarding the Village's \$3,100,000 General Obligation Community Development Bonds, Series 2016D (the "Bonds"), and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the appendices hereto.*

Issuer:	Village of Sussex, Wisconsin.
Bonds Dated:	Date of Delivery.
Delivery:	The Village will deliver the Bonds anywhere in the United States as designated by the purchaser within 45 days against payment in immediately available funds. Delivery is expected on or about November 1, 2016.
Security:	The Bonds will be general obligations of the Village, secured by an unlimited tax levy. The Bonds will be payable from ad valorem taxes levied upon all taxable property in the Village which may be levied without limitation of rate or amount.
Purpose and Authority:	The Bonds are being issued for the public purpose of providing financial assistance to community development projects, and to pay the costs of issuing the Bonds pursuant to the Laws of the State of Wisconsin including Chapter 67 of the Wisconsin Statutes and resolutions adopted by the Village Board on September 13, 2016, and a resolution to be adopted by the Village Board on October 11, 2016.
Optional Redemption:	The Bonds maturing on September 1, 2027 and thereafter are subject to prior redemption at the option of the Village on September 1, 2026 and any date thereafter at a price of par plus accrued interest.
Denominations:	\$5,000 or integral multiples thereof.
Record Date:	The 15th day of the calendar month preceding the payment date.
Principal Payments:	Annually, September 1, 2019 through September 1, 2036.
Interest Payments:	On each March 1 and September 1 commencing March 1, 2017.
Tax Exemption:	Interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes, see "LEGAL MATTERS - Tax Exemption" herein. Interest on the Bonds is not exempt from Wisconsin income or franchise taxes.
Bank Qualified:	The Bonds will be designated as "qualified tax-exempt obligations."
Professional Consultants:	<i>Financial Advisor:</i> Public Financial Management, Inc. Milwaukee, Wisconsin <i>Bond Counsel:</i> Quarles & Brady LLP Milwaukee, Wisconsin
Paying Agent:	Village of Sussex Finance Director.

* Preliminary, subject to change

- Legal Matters:** Legal matters incident to the authorization and issuance of the Bonds are subject to the opinion of Quarles & Brady LLP, Bond Counsel, as to validity and tax exemption. The opinion will be substantially in the form set forth in Appendix B attached hereto. Bond Counsel has not assumed responsibility for this Official Statement or participated in its preparation (except with respect to the section entitled “LEGAL MATTERS – Tax Exemption” and the “Form of Legal Opinion” attached hereto as Appendix B) and has not performed any investigation as to its accuracy, completeness or sufficiency.
- Conditions Affecting Issuance of Obligations:** The Bonds are offered when, as and if issued, subject to the approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.
- Book-Entry-Only:** The Bonds will be issued as book-entry-only securities through The Depository Trust Company.
- No Litigation:** There is no litigation now pending or, to the knowledge of Village officials, threatened, which questions the validity of the Bonds or of any proceedings of the Village taken with respect to the issuance or sale thereof.
- Limitations on Offering or Reoffering Securities:** No dealer, broker, sales representative or other person has been authorized by the Village or the Financial Advisor to give any information or to make any representations other than those contained in the Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the Village, or the Financial Advisor. The Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.
- Continuing Disclosure:** In the resolution awarding the sale of the Bonds, the Village will covenant and agree, for the benefit of the holders of the Bonds from time to time, to comply with the provisions of Securities and Exchange Commission Regulations, 17 C.F.R. Section 240, Paragraph (b)(5) of 15c2-12, (“Rule 15c2-12”); and, for this purpose, to provide certain financial information and operating data relating to the Village annually to the Municipal Securities Rulemaking Board (the “MSRB”), and to provide notices of the occurrence of certain events enumerated in Rule 15c2-12 electronically or in the manner otherwise prescribed by the MSRB to the MSRB. The Village is the only “obligated person” in respect of the Bonds within the meaning of Rule 15c2-12. A description of the undertaking is in Appendix C.

The Preliminary Official Statement is in a form deemed final as of its date for purposes of Rule 15c2-12, but is subject to minor revision or amendment in accordance with Rule 15c2-12. Not later than seven business days following the award of the Bonds, the Village shall provide copies of the final Official Statement, as that term is used in Rule 15c2-12, to the purchaser of the Bonds.

Questions regarding the Bonds or the Official Statement can be directed to Public Financial Management, Inc., 115 South 84th Street, Suite 315, Milwaukee, Wisconsin 53214, (414) 771-2700, the Village’s financial advisor.

DESCRIPTION OF THE BONDS

Authorization

The Bonds are being issued pursuant to authority granted, and in the manner required by Chapter 67 of the Wisconsin Statutes and resolutions adopted by the Village Board on September 13, 2016, and by a resolution to be adopted by the Village Board on October 11, 2016 (the "Resolution").

Purpose

The Bonds are being issued for the public purpose of providing financial assistance to community development projects under Section 66.1105 of the Wisconsin Statutes by paying project costs of the Village's Tax Incremental District No. 6, and to pay the costs of issuing the Bonds.

Sources and Uses

The estimated sources and uses for the Bonds are as follows.

Table 1
Estimated Sources and Uses

<u>Estimated Sources:</u>	
Par Amount	\$ 3,100,000.00
Total Sources of Funds	<u>\$ 3,100,000.00</u>
<u>Estimated Uses:</u>	
Project Fund	\$ 3,015,000.00
Estimated Cost of Issuance	85,000.00
Total Uses of Funds	<u>\$ 3,100,000.00</u>

Security Provisions

Direct, Annual Irrepealable Tax. As security for the Bonds, the Village pledges its full faith, credit and taxing powers and there will be levied on all of the taxable property in the Village a direct, annual irrepealable tax in an amount and the times sufficient to pay the principal of and interest on the Bonds. The taxes will be levied under the Resolution for collection in each of the years 2017 through 2036 for the Bonds.

The Resolution provides that the taxes will be, from year to year, carried onto the tax rolls of the Village and collected as other taxes are collected and that the Village shall not repeal such levies or obstruct the collection of the taxes. Provision is made for reducing the amount of taxes carried onto the tax rolls by the amount of any surplus money in the Debt Service Fund for the Bonds.

Redemption Provisions

The Bonds maturing on September 1, 2027 and thereafter are subject to prior redemption at the option of the Village on September 1, 2026 and any date thereafter at a price of par plus accrued interest.

Notice of Redemption

The Village, so long as the Global Book Entry System is used for recording ownership of the Bonds, shall send any notice of redemption to The Depository Trust Company (“DTC”). Any such notice of redemption shall be sent to DTC no less than thirty and no more than sixty days prior to the redemption date. Any failure of DTC to mail such notice to any participants shall not affect the validity of the redemption of the Bonds. In the case of certificated bonds, the Paying Agent shall give notice of redemption of any bonds by registered or certified mail, facsimile transmission, electronic transmission or overnight express delivery to the holders thereof registered on its books not less than thirty days nor more than sixty days prior to the date fixed for redemption.

Interest Payments and Computation

Interest on the Bonds will be computed on a 360-day year, 30-day month basis. Payments coming due on a non-business day will be paid the following business day. Interest will be payable semiannually on March 1 and September 1 commencing March 1, 2017.

Registration, Transfer and Exchange

The Village has initially designated the Village’s Finance Director to serve as Registrar and Paying Agent for the Bonds. The Village may, at any time, at its option replace the Village Finance Director as Registrar for the Bonds with a bank, trust company or national banking association designated by the Village to serve as fiscal agent.

The Bonds will be initially registered in the name of Cede & Co., as nominee of the Depository. The Depository will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. See “Book-Entry-Only System.”

Book-Entry-Only System

The information contained in the following paragraphs of this subsection “Book-Entry-Only System” has been extracted from a schedule prepared by The Depository Trust Company (“DTC”) entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING DTC AND BOOK-ENTRY-ONLY ISSUANCE.” The Village makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each annual maturity of each series of the Bonds, each in the aggregate principal amount of such annual maturity, and such certificates will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The

Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating: of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Village as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Village or paying agent (“Agent”), on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, Agent, or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Village or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Village or Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered.

The Village may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Village believes to be reliable, but the Village takes no responsibility for the accuracy thereof.

NEITHER THE VILLAGE, NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO CERTIFICATEHOLDERS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS CERTIFICATEHOLDER; OR (5) THE SELECTION BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS.

Continuing Disclosure

In order to assist the Underwriter in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (the "Rule 15c2-12"), the Village shall covenant pursuant to a resolution adopted by the Governing Body to enter into an undertaking (the "Undertaking") for the benefit of holders including beneficial holders of the Bonds to provide certain financial information and operating data relating to the Village annually to the Municipal Securities Rulemaking Board (the "MSRB"), and to provide notices of the occurrence of certain events enumerated in Rule 15c2-12 electronically or in the manner otherwise prescribed by the MSRB to the MSRB. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the Village at the time the Bonds are delivered. Such Certificate will be in substantially the form attached hereto as Appendix C.

In the previous five years, the Village believes it has not failed to comply in all material respects with any previous undertakings under Rule 15c2-12 to provide annual reports or notices of material events. A failure by the Village to comply with the Undertaking will not constitute an event of default on the Bonds (although holders will have the right to obtain specific performance of the Bonds under the Undertaking). Nevertheless, such a failure must be reported in accordance with Rule 15c2-12 and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The Village will file its continuing disclosure information using the Electronic Municipal Market Access system or any system that may be prescribed in the future. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

THE VILLAGE

Introduction

The Village of Sussex was incorporated in 1924 and is 7.73 square miles in area. The Village is located in Waukesha County, Wisconsin, approximately 19 miles northwest of Milwaukee and 9 miles north of the City of Waukesha. The Village provides: water service, sewer service, stormwater, police, fire and rescue, public works, parks, library, administration and other services to its residents.

Village Government

The Village operates under the laws of the State of Wisconsin, with an elected Village Board, which establishes policy, and a full-time Village Administrator to coordinate municipal operations and services. The Village Board is a seven member Board of Trustees, of which the Village President is a voting member. All are elected to two year terms. The Village is also served by 18 committees, commissions, boards, and task forces, which are made up of Village Board members and appointed citizens. The appointed Administrator, Clerk/Treasurer and Finance Director are responsible for administrative details and financial records. The current Board of Trustee members and Administration are listed in the tables below.

Board of Trustees

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Gregory Goetz	President	April 2017
Matthew Carran	Trustee	April 2017
Wendelbyn Stallings	Trustee	April 2018
Timothy Dietrich	Trustee	April 2017
Patricia Tetzlaff	Trustee	April 2018
Lee Uecker	Trustee	April 2017
Robert Zarzynski	Trustee	April 2018

Administration

Jeremy Smith	Administrator
Casen Griffiths	Clerk/Treasurer
Nancy Whalen	Finance Director

Employee Relations and Collective Bargaining

The Village employs 48 staff, 23 are full-time, 15 are part-time, and 10 are seasonal. None of the Village's employees are represented by a labor bargaining unit. Relations between labor and management are best described as cooperative on most issues.

Pension and Retirement Plan

All eligible Village employees participate in the Wisconsin Retirement System (“WRS”), a cost-sharing, multiple-employer, defined benefit public employee retirement system (PERS). Additional details regarding this are presented in Note E.1 — Pension Plan in the Notes to Financial Statements. The Village does not have an outstanding pension liability with the WRS.

Education

The Hamilton School District provides education for 4,711 students in grades pre-K through 12 as of the 2015/2016 academic year. The District, which has approximately 551 employees, owns and operates 7 schools and 1 learning center. Two of the seven schools are located in the Village of Sussex. A portion of the Village is also serviced by the Richmond School District and the Arrowhead Union High School District.

Fall registration school enrollment data for the Hamilton School District and local private schools for the past five years is presented as follows.

Table 2
School Enrollments¹

<u>Year</u>	<u>Public Enrollments</u>	<u>Private Enrollments</u>	<u>Total Enrollments</u>
2015/2016	4,711	501	5,212
2014/2015	4,720	491	5,211
2013/2014	4,685	485	5,170
2012/2013	4,698	462	5,160
2011/2012	4,676	477	5,153

Colleges/Universities nearest to Sussex include:

- Waukesha County Technical College (approximately 7 miles; Pewaukee, WI)
- Carroll University (approximately 10 miles; Waukesha, WI)
- University of Wisconsin-Waukesha (approximately 11 miles; Waukesha, WI)
- Concordia University-Wisconsin (approximately 22 miles; Mequon, WI)
- University of Wisconsin-Milwaukee (approximately 26 miles; Milwaukee, WI)
- Marquette University (approximately 21 miles; Milwaukee, WI)
- Milwaukee Area Technical College (approximately 22 miles; Milwaukee, WI)
- Cardinal Stritch University (approximately 23 miles; Milwaukee, WI)

¹ Wisconsin Department of Public Instruction, www.dpi.state.wi.us

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population

The January 1, 2016, preliminary population estimates for the Village and Waukesha County by the State of Wisconsin Department of Administration are 10,797 and 396,449, respectively. The five most recent United States Department of Commerce, Bureau of the Census decennial estimates for the Village and Waukesha County are presented in Table 3.

Table 3
Population Statistics

<u>Year</u>	<u>Village of Sussex</u>	<u>Waukesha County</u>
2010	10,518	389,891
2000	8,828	360,767
1990	5,039	304,715
1980	3,482	280,203
1970	2,758	231,335

Unemployment Statistics

Table 4 compares the annual average unemployment rate for Waukesha County, the State of Wisconsin, and the United States.

Table 4
Unemployment Statistics

<u>Year</u>	<u>Waukesha County</u>	<u>State of Wisconsin</u>	<u>United States</u>
2015	3.8%	4.6%	5.3%
2014	4.4%	5.4%	6.2%
2013	5.5%	6.7%	7.4%
2012	5.8%	7.0%	8.1%
2011	6.5%	7.8%	8.9%

Effective Buying Income

Claritas, a Nielsen company, reports effective buying income (EBI) statistics. Year 2016 survey results for Waukesha County, the State of Wisconsin, and the United States are presented in Table 5.

Table 5
Effective Buying Income

<u>Effective Buying Income Category</u>	<u>Percent of Waukesha County Households</u>	<u>Percent of Wisconsin Households</u>	<u>Percent of United States Households</u>
Under \$25,000	15.4%	25.5%	24.8%
\$25,000-49,999	24.0%	31.1%	28.8%
\$50,000-74,999	23.0%	21.8%	19.1%
\$75,000 and over	<u>37.6%</u>	<u>21.6%</u>	<u>27.3%</u>
	100.0%	100.0%	100.0%

Major Employers

Table 6 lists the largest employers in the Village.

Table 6
Major Employers²

<u>Employer</u>	<u>Business Services</u>	<u>Employees</u>
Quad/Graphics, Inc.	Printer	2,100
Quad/Tech, Inc.	Manufacturer Printer Equipment	360
Beer Capital	Distributor	338
Sussex IM	Package Cosmetic Products	232
Hamilton School District	Elementary and Secondary Education	145
Sharp Packaging	Plastic Products	114
Quad/Med	Healthcare	95
Color Ink, Inc.	Sheet Commercial Printer	92
Waukesha Tool and Stamping	Metal Stamping	88
Power Test Inc.	Manufacturer of Testing Equipment	77
Tools, Inc.	Manufacturer Special Dies and Tools	75
La Crosse Litho Supply	Graphic Arts Distributor	40

Construction

Construction activity in the Village is indicated by the number and construction value of building permits issued, as set forth in the following table.

Table 7
Construction Activity³

<u>Year</u>	<u>Single Family Homes</u>		<u>Multi Family Buildings</u>		<u>Commercial/Industrial</u>		<u>Total</u>	
	<u>No.</u>	<u>Valuation</u>	<u>No.</u>	<u>Valuation</u>	<u>No.</u>	<u>Valuation</u>	<u>No.</u>	<u>Valuation</u>
2015	9	\$ 2,551,600	1	\$ 3,700,000	14	\$ 44,910,000	24	\$ 51,161,600
2014	12	3,651,271	7	10,374,000	8	601,000	27	14,626,271
2013	63	4,547,741	11	9,020,000	7	81,640	81	13,649,381
2012	46	5,833,556	3	2,195,000	18	2,773,661	64	10,802,217
2011	28	4,226,331	--	--	20	3,967,550	48	8,193,881

² Source: Telephone survey

³ Total Number and Total Valuation reflect remodels, additions, and major repairs

FINANCIAL SUMMARY

The following financial summary presents pertinent statistics relating to property valuations as assessed in 2016 for taxes collectible in 2017, indebtedness, population, and the indebtedness of overlapping governmental units to the Village. The information provided in the Financial Summary is subject in all respects to more complete information contained in this Official Statement.

Equalized Value (January 1, 2016)	\$ 1,268,229,500
General Obligation Long-Term Debt	\$ 32,957,692
Revenue Debt	\$ 8,256,260
Overlapping Debt (as of December 31, 2015)	\$ 4,722,086
Population (January 1, 2016 State Estimate)	10,797

<u>Debt Statistics</u>	<u>Amount</u>	<u>Debt Per Capita</u>	<u>Debt as % of Equalized Value</u>
Direct Debt (Levy Supported)	\$ 32,957,692	\$ 3,052	2.60%
Overlapping Debt	<u>4,722,086</u>	<u>437</u>	<u>0.37%</u>
Total	<u>\$ 37,679,778</u>	<u>\$ 3,490</u>	<u>2.97%</u>

(The remainder of this page has been left blank intentionally.)

INDEBTEDNESS

No Default on Village Indebtedness

The Village has never defaulted on any of its prior or outstanding indebtedness.

General Obligation Long-Term Debt

Table 8 and Table 9 present the Village's general obligation debt as of the issuance of the Bonds.

Table 8
Outstanding General Obligation Long-Term Debt by Issue

Date of <u>Issue</u>	<u>Name of Obligation</u>	Original Amount <u>Issued</u>	Outstanding Interest <u>Rate Range</u>	Final <u>Maturity</u>	Principal <u>Outstanding</u>
05/01/2008	G.O. Bonds	\$ 3,200,000	3.625% - 3.80%	05/01/2022	\$ 1,875,000
10/01/2010	G.O. Bonds (BABs)	5,800,000	3.375% - 5.10%	10/01/2030	5,800,000
10/01/2010	G.O. Notes	2,650,000	2.00%	10/01/2017	560,000
03/05/2013	G.O. Bonds	2,355,000	0.80% - 2.50%	03/01/2029	2,010,000
05/01/2013	G.O. Bonds	3,325,000	0.65% - 2.40%	11/01/2029	2,860,000
09/17/2013	G.O. Bonds	1,855,000	2.00% - 4.00%	09/01/2030	1,805,000
11/11/2014	G.O. Notes	36,924	0.00%	02/15/2022	27,692
06/15/2015	G.O. Notes	2,620,000	2.00% - 2.30%	06/01/2025	2,370,000
08/25/2015	G.O. Notes	1,985,000	0.80% - 2.20%	03/01/2025	1,760,000
10/13/2015	G.O. Refunding Bonds	4,490,000	2.00% - 3.25%	06/01/2035	4,390,000
02/02/2016	G.O. Notes	1,605,000	2.00%	02/01/2026	1,605,000
03/24/2016	G.O. Bonds	4,795,000	2.00% - 3.00%	03/01/2036	4,795,000
	Subtotal				<u>\$ 29,857,692</u>
11/01/2016	G.O. Bonds	\$ 3,100,000	This Issue	09/01/2036	3,100,000
	Total				<u>\$ 32,957,692</u>

(The remainder of this page has been left blank intentionally.)

Table 9
Annual Maturity Schedule

<u>Year</u>	<u>Existing G.O. Debt</u>		<u>The Bonds (est.)</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 1,979,616	\$ 813,612	--	--	\$ 2,793,228
2017	1,834,616	810,944	--	\$ 90,417	2,735,976
2018	1,839,616	774,666	--	108,500	2,722,782
2019	1,879,616	732,245	\$ 100,000	108,500	2,820,361
2020	2,034,616	684,403	100,000	105,000	2,924,019
2021	2,079,616	632,843	140,000	101,500	2,953,959
2022	2,099,612	579,505	145,000	96,600	2,920,717
2023	2,015,000	528,774	150,000	91,525	2,785,299
2024	2,075,000	477,843	150,000	86,275	2,789,118
2025	2,125,000	424,009	150,000	81,025	2,780,034
2026	1,845,000	368,695	160,000	75,775	2,449,470
2027	1,685,000	315,518	160,000	70,175	2,230,693
2028	1,735,000	261,108	175,000	64,575	2,235,683
2029	1,635,000	203,030	180,000	58,450	2,076,480
2030	1,225,000	147,913	190,000	52,150	1,615,063
2031	665,000	102,300	200,000	45,500	1,012,800
2032	665,000	83,694	210,000	38,500	997,194
2033	675,000	64,081	220,000	31,150	990,231
2034	685,000	43,313	220,000	23,450	971,763
2035	690,000	21,863	225,000	15,750	952,613
2036	370,000	5,550	225,000	7,875	608,425
2037	--	--	--	--	--
Total	<u>\$ 31,837,308</u>	<u>\$ 8,075,904</u>	<u>\$ 3,100,000</u>	<u>\$ 1,352,692</u>	<u>\$ 44,365,904</u>
Payments Made					
by 11/1/2016	<u>(1,979,616)</u>	<u>(729,539)</u>	<u>--</u>	<u>--</u>	<u>(2,709,155)</u>
Net Total	<u>\$ 29,857,692</u>	<u>\$ 7,346,365</u>	<u>\$ 3,100,000</u>	<u>\$ 1,352,692</u>	<u>\$ 41,656,749</u>

(The remainder of this page has been left blank intentionally.)

Revenue Debt

Table 10 summarizes the Village’s outstanding revenue debt by issue as of the issuance of the Bonds.

Table 10
Revenue Debt

Date of Issue	Name of Obligation	Original Amount Issued	Outstanding Interest Rate Range	Final Maturity	Principal Outstanding
08/22/2007	Sewerage System CWF Loan	\$ 7,633,281	2.547%	05/01/2027	\$ 4,856,260
06/04/2013	Water System Rev. Ref. Bonds	2,340,000	2.00% - 3.00%	06/01/2028	1,885,000
05/17/2016	Water System Rev. Ref. Bonds	1,515,000	0.80% - 1.65%	06/01/2024	1,515,000
Total					<u>\$ 8,256,260</u>

Short-Term Debt

The Village does not issue short-term debt for operational purposes. Table 11 provides a summary of the Village’s short-term debt that has been issued in anticipation of the sale of general obligation bonds or notes of the Village.

Table 11
Anticipation Debt

Date of Issue	Name of Obligation	Amount Issued	Interest Rate Range	Final Maturity	Principal Outstanding
08/17/2015	Bond Anticipation Notes	\$ 3,325,000	1.125%	08/01/2018	\$ 3,325,000
Total					<u>\$ 3,325,000</u>

(The remainder of this page has been left blank intentionally.)

Overlapping Debt

There are taxing jurisdictions which overlap the Village of Sussex and which had general obligation debt outstanding as of December 31, 2015. Table 12 sets forth the general obligation debt for each of those jurisdictions and the amount of that debt applicable to the Village.

Table 12
Overlapping Debt

<u>Taxing District</u>	2015 Equalized <u>Value</u>	Percentage <u>In Village</u>	Total <u>G.O. Debt</u>	Allocable to <u>the Village</u>
Waukesha County	\$ 50,187,624,500	2.4%	\$ 79,335,000	\$ 1,931,130
School District of Hamilton	3,114,933,237	38.1%	5,165,000	1,966,290
School District of Richmond	363,023,180	9.9%	1,132,174	111,652
Arrowhead Unified School District	5,429,325,747	0.7%	7,880,000	51,960
Waukesha Area Technical College	51,347,196,784	2.4%	27,785,000	661,054
Total				<u>\$ 4,722,086</u>

Legal Debt Limit

The Village has the power to incur indebtedness for Village purposes specified by statute (Article 11 Section 3 of the Wisconsin Constitution and Chapter 67, Wisconsin Statutes) in an aggregate amount, not exceeding five percent of the equalized value of taxable property in the Village, as last determined by the State of Wisconsin Department of Revenue. In general, such indebtedness may be in the form of bonds and promissory notes for various public purposes. The Village’s unused borrowing capacity as of the issuance of the Bonds will be as follows:

2016 Equalized Value	\$ 1,268,229,500
Legal Debt Limit (5% of Equalized Value)	63,411,475
Debt Outstanding (52.0% of Capacity)	<u>32,957,692</u>
Remaining borrowing capacity (48.0% of Capacity)	<u>\$ 30,453,783</u>

Future Financings

The Village does not anticipate issuing any additional debt in 2016.

(The remainder of this page has been left blank intentionally.)

FINANCIAL INFORMATION

Financial Reports

The Village's accounts are independently audited. Excerpts from the audit for the year ended December 31, 2015 are attached hereto as Appendix A. The auditor was not asked to perform any additional review in connection with this Official Statement. A comparative Statement of Revenues, Expenditures and Changes in Fund Balance for the General Fund for years 2012 through 2015 is presented below.

Table 13
Statement of Revenues, Expenditures and
Changes in Fund Balance for the General Fund
(Years Ended December 31)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues				
Taxes	\$3,826,232	\$3,951,931	\$4,083,760	\$4,391,116
Intergovernmental Revenues	699,686	834,227	730,809	740,506
Licenses and Permits	323,889	396,073	365,908	503,595
Fines, Forfeitures and Penalties	179,792	321,656	251,431	194,258
Public Charges for Services	818,467	845,890	924,983	1,084,439
Commercial Revenues	170,224	176,320	180,376	168,507
Miscellaneous Revenues	42,786	67,056	55,961	111,746
Total Revenues	<u>6,061,076</u>	<u>6,593,153</u>	<u>6,593,228</u>	<u>7,194,167</u>
Expenditures				
General Government	688,132	697,768	706,820	747,540
Protection of Persons and Property	2,702,902	2,736,415	2,770,606	2,770,580
Health and Sanitation	476,856	500,348	525,917	539,856
Highway and Transportation	510,948	692,967	760,899	765,966
Library	561,814	568,707	533,413	544,743
Park and Recreation	714,540	701,570	753,978	764,447
Capital Outlay	416,327	312,927	294,000	569,026
Debt Service	--	--	--	4,616
Total Expenditures	<u>6,071,519</u>	<u>6,210,702</u>	<u>6,345,633</u>	<u>6,706,774</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(10,443)</u>	<u>382,451</u>	<u>247,595</u>	<u>487,393</u>
Other Financing Sources (Uses)	466,620	365,841	374,971	(155,151)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	456,177	748,292	622,566	332,242
Fund Balance - January 1	<u>2,210,049</u>	<u>2,666,226</u>	<u>3,414,518</u>	<u>4,037,084</u>
Fund Balance - December 31	<u><u>\$2,666,226</u></u>	<u><u>\$3,414,518</u></u>	<u><u>\$4,037,084</u></u>	<u><u>\$4,369,326</u></u>

Investments

State statutes authorize the Village to invest in obligations of the United States Treasury, U.S. government agencies and instrumentalities, obligations of Wisconsin governmental units, time deposits with maturities of less than three years in any financial institution in Wisconsin, the State of Wisconsin Local Government Investment Pool, the Wisconsin Investment Trust, any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency, repurchase agreements if secured by U.S. government securities, and securities of open-end management investment companies or investment trusts if the portfolio meets certain restrictions. The City only deposits and invests its monies in investments allowed by State statute.

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 time and savings deposits and \$250,000 for interest-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 time accounts, savings accounts, noninterest bearing transaction accounts and interest-bearing demand deposit accounts per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

A description of investment practices and investments at year-end 2015 is included in Appendix A in the Notes to the Financial Statements. A summary of the value of the Village's investments as of December 31, 2015 is presented below.

Table 14
Cash and Investments⁴

Demand Deposits	\$ 24,509,487
Wisconsin Local Gov. Investment Pool	1,742,494
Certificates of Deposit	2,956,091
Special Assessment B Bonds	2,000,000
Petty Cash	150
Total	<u>\$ 31,208,222</u>

(The remainder of this page has been left blank intentionally.)

⁴ Includes \$8,213,544 held in fiduciary funds.

PROPERTY VALUATIONS AND TAXES

Assessed and Equalized Values

The Assessed Value is the value of taxable property upon which tax levies are spread. With the exception of manufacturing property, it is determined annually by the local assessor as of January 1. The State Department of Revenue makes the annual assessment of all manufacturing property in the State.

The Equalized Value is determined by the Department of Revenue in order to maintain equity between municipalities and counties. The value represents the current market value of all the property in the taxing district. These certified values are used for apportioning county property taxes, public school taxes, and vocational school taxes as well as for distributing property tax relief.

Wisconsin courts have determined that the constitutional requirement for uniformity of assessment is met even though the assessment in question may be less than full value, provided all property within the tax district is assessed at the same proximate level. Beginning in 1986, all municipalities were required to assess taxable property at a minimum of 90% of State equalized values at least once every five years.

The State of Wisconsin equalizes local assessments to full values. This equalized valuation is the basis used in computing the five-percent State constitutional debt limitation. Table 15 provides Village's total equalized value as of January 1, 2016 by category. Table 16 sets forth the trend in total equalized value for the most recent five years.

Table 15
Equalized Value by Category

	<u>2016</u> <u>Equalized Value</u>	<u>Percent of</u> <u>Total Value</u>
Residential	\$ 858,154,700	67.67%
Commercial	269,800,500	21.27%
Manufacturing	109,849,200	8.66%
Agriculture	174,900	0.01%
Undeveloped	863,200	0.07%
Ag Forest	115,000	0.01%
Other	583,100	0.05%
Personal Property	28,688,900	2.26%
Total	\$ 1,268,229,500	100.00%

Table 16
Property Value Trends

<u>Assessment</u> <u>Year</u>	<u>Equalized</u> <u>Value</u>	<u>Year-Over-Year</u> <u>Change</u>
2016	\$ 1,268,229,500	3.8%
2015	1,221,640,000	1.6%
2014	1,202,160,100	7.4%
2013	1,118,931,800	-0.5%
2012	1,125,021,900	-2.3%

Property Tax Levies and Collections

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31. Municipalities have the option of adopting payment plans which allow taxpayers to pay their real property taxes in installments. The Village allows three installments payable by January 31, March 31 and May 31. On or before January 15 and February 20 and the 15th day of each month following a month in which an installment payment is due in municipalities with three or more installments, the town, city or village treasurer settles with other taxing jurisdictions for all collections through the preceding month. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges.

Under the Wisconsin collection system, where counties absorb delinquencies of property taxes on real property, the Village collects 100% of its real estate taxes in the year when due. The Village's property tax collections, including collections for the Village for the previous five years are summarized in Table 17.

Table 17
Property Tax Levies

<u>Collection Year</u>	<u>Levy for Village Purposes Only</u>	<u>Percent Collected</u>	<u>Levy/Equalized Value in dollars per \$1,000</u>
2016	\$ 6,304,775	100%	5.20
2015	5,990,410	100%	5.00
2014	5,665,913	100%	5.06
2013	5,482,278	100%	4.87
2012	5,329,226	100%	4.63

Property Tax Rates

Table 18 represents the tax rates per \$1,000 of equalized value for the Village (located in the Hamilton School District) for the last five tax collection years.

Table 18
Property Tax Rates

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
County	\$ 2.01	\$ 2.11	\$ 2.14	\$ 2.08	\$ 2.04
Village	4.63	4.87	5.06	5.00	5.20
School District	10.13	10.40	10.19	9.76	9.61
Technical College	1.25	1.30	1.32	0.39	0.38
State	<u>0.17</u>	<u>0.17</u>	<u>0.17</u>	<u>0.17</u>	<u>0.17</u>
Total	\$ 18.19	\$ 18.85	\$ 18.88	\$ 17.40	\$ 17.40

Principal Taxpayers

The ten largest taxpayers in the Village based on January 1, 2015 Assessed Values are found in Table 19.

Table 19
Largest Taxpayers

<u>Taxpayer</u>	2015 <u>Assessed Value</u>	Percent of Total Assessed <u>Valuation</u>
Quad Graphics, Inc.	\$ 50,973,800	4.17%
Beer Capital Distributing	14,457,800	1.18%
Seasons Apartments	13,044,000	1.07%
Mammoth Spring Apts.	10,231,900	0.84%
Maple Creek/Grove Apts.	10,196,300	0.83%
Menlo Realty Income Properties	8,450,000	0.69%
McAdams Realty (shopping center)	8,386,500	0.69%
GPT Sussex Owner LLC	8,249,800	0.68%
Nature's Path	7,711,500	0.63%
Clover Ridge Apartments	6,668,400	0.55%
Total - Top 10 Taxpayers	<u>\$ 138,370,000</u>	<u>10.78%</u>
Total - Assessed Value 2015	<u>\$ 1,221,640,000</u>	

Levy Limit

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the

previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other exclusions from and adjustments to the tax levy limit. Among the items excluded from the limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621. Among the adjustments permitted is an adjustment applicable when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the political subdivision's percentage growth due to the district's termination.

With respect to general obligation debt service, the following provisions are made:

- (a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.
- (b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.
- (c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The Bonds were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Bonds.

(The remainder of this page has been left blank intentionally.)

LEGAL MATTERS

Pending Litigation

There is no controversy or litigation of any nature now pending, or to the best of the Village's knowledge, threatened seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting the validity of the Bonds.

Approval of Legal Proceedings

Certain legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Quarles & Brady LLP, Bond Counsel, whose approving legal opinion will be available at the time of the delivery of the Bonds. The proposed form of such opinion is attached hereto as Appendix B. Bond Counsel has not participated in the preparation of this Official Statement, except for guidance concerning the section entitled "LEGAL MATTERS - Tax Exemption" and will not pass upon its accuracy, completeness or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in the Official Statement, and will express no opinion with respect thereto.

See Appendix B "Form of Legal Opinion" for the Bonds.

Tax Exemption

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Bonds under existing law substantially in the following form:

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Bonds is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds."

The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether, or in what form any proposal that could alter one or

more of the federal tax matters referred to above or adversely affect the market value of the Bonds may be enacted. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Qualified Tax-Exempt Obligations

The Bonds will be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) relating to the ability of financial institutions to deduct from income for Federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

Municipal Bankruptcy

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the “Bankruptcy Code”). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be “specifically authorized” under State law to file for relief under Chapter 9. For these purposes, “State law” may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State’s executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code. Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Bonds are outstanding, in a way that would allow the Village to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the Village to file for relief under Chapter 9. If, in the future, the Village were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the Village could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the Village is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the Village could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Bonds, and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds. Further, under such circumstances, there could be no assurance that the Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Bonds could be viewed as having no priority (a) over claims of other creditors of the Village; (b) to any particular assets of the Village, or (c) to revenues otherwise designated for payment to holders of the Bonds.

Moreover, if the Village were determined not to be a “municipality” for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Bonds would not occur.

MISCELLANEOUS

Rating

The Bonds are rated “Aa3” by Moody’s Investors Service, Inc. A rating reflects only the view of the rating organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency

circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Financial Advisor

The Village has retained Public Financial Management, Inc., of Milwaukee, Wisconsin, as financial advisor (the "Financial Advisor") in connection with the issuance of the Bonds. In preparing the Official Statement, the Financial Advisor has relied upon governmental officials, and other sources, which have access to relevant data to provide accurate information for the Official Statement, and the Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Financial Advisor is not a public accounting firm and has not been engaged by the Village to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds. Public Financial Management, Inc. is registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board as a municipal advisor.

Requests for information concerning the Village should be addressed to Public Financial Management, Inc., 115 South 84th Street, Suite 315, Milwaukee, Wisconsin 53214 (414/771-2700).

Underwriting

Bids for the Bonds are scheduled to be received at a competitive public sale on October 11, 2016.

_____ (the "Underwriter") has agreed, subject to the conditions of closing set forth in the Official Notice of Sale for the Bonds, to purchase the Bonds at a purchase price of \$_____ (consisting of the par amount of the Bonds, plus a net original issue premium of \$_____, less an underwriter's discount of \$_____).

The Bonds will be offered at the respective initial public offering prices which produce the yields shown on the cover page of this Official Statement. After the Bonds are released for sale to the public, the initial public offering prices and other selling terms may from time to time be varied by the Underwriter.

Certificate Concerning Official Statement

Concurrently with the delivery of the Bonds, the President and the Clerk/Treasurer of the Village will deliver to the purchaser of the Bonds a certificate stating, that, to the best of their knowledge, the Official Statement did not as of its date and as of the sale date and does not, as of the date of delivery of the Bonds, contain an untrue statement of a material fact or omit to state a material fact required to be included therein for the purpose for which the Official Statement is to be used or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The execution and delivery of this Official Statement by its Clerk/Treasurer has been duly authorized by the Village Board.

VILLAGE OF SUSSEX, WISCONSIN

By /s/ Casen J. Griffiths
Village Clerk/Treasurer

* * * * *

APPENDIX A

**Village of Sussex, Wisconsin
Excerpts from Financial Statements
for the Year Ended December 31, 2015**

The Auditor was not asked to perform any additional review in connection with this Official Statement

(This page has been left blank intentionally.)

VILLAGE OF SUSSEX, WISCONSIN
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2015

VILLAGE OF SUSSEX, WISCONSIN
December 31, 2015

Table of Contents

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 17
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	18
Statement of Activities	19 - 20
Fund Financial Statements	
Balance Sheet - Governmental Funds	21 - 22
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Net Position - Proprietary Funds	25
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	26
Statement of Cash Flows - Proprietary Funds	27 - 28
Statement of Net Position - Fiduciary Fund	29
Notes to Basic Financial Statements	30 - 63
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non GAAP) - General Fund	64
Schedule of Proportionate Share of Net Pension Asset - Wisconsin Retirement System	65
Schedule of Contributions - Wisconsin Retirement System	66
Notes to Required Supplementary Information	67
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds	69
ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	70 - 71



INDEPENDENT AUDITORS' REPORT

To the Village Board
Sussex, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note E.9, the Village implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 17, the budgetary comparison information on page 64 and the schedules relating to pensions on pages 65 and 66 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2016, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Certified Public Accountants
Green Bay, Wisconsin
May 20, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS



Management's Discussion and Analysis (Unaudited) As of and for the Year Ended December 31, 2015

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, 2015 and 2014.

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 2015 by \$76.0 million compared to the 2014 excess of \$76.9 million (net position).
- Restricted net position represents amounts held for future debt service expenditures, unexpended reserve capacity assessments, amounts held for equipment replacement and depreciation, park dedication fees received, pension benefits and revolving loan funds.
- The government's total net position decreased by about \$1.6 million in 2015 compared to a decrease of \$3.4 million in 2014. The main reasons for the decrease are depreciation of capital assets and spending previously held bond funds.
- As of the close of the current fiscal year, the Village of Sussex's governmental funds reported combined ending fund balances of \$8.8 million, an increase of \$2.9 million, in comparison with the prior year. There were increases in the General Fund of \$332,242, the General Capital Projects Fund of \$2,707,538 and \$77,618 in the Park Fund which were offset by decreases in the TIF Capital Projects Funds of \$223,096 as a result of spending prior debt proceeds. In addition, the various Debt Service Funds decreased a total of \$20,948. The large increase in the General Capital Projects Fund was the result of borrowing for the Civic Campus project which had not been spent at year end.
- 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, 2015 the combined balance of General Fund assigned and unassigned funds is \$3,753,051 and represents 46.2% of the 2016 budgeted expenditures as defined in the policy.
- The Village of Sussex's total debt showed a net increase of \$7.7 million during the current fiscal year. All borrowing is in accordance with the approved Capital Improvement Plan.

Overview of the Financial Statements

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

**Village of Sussex
Management's Discussion and Analysis
(Unaudited)
As of and for the Year Ended December 31, 2015**

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.

The government-wide financial statements can be found on pages 18-20 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*.

Village of Sussex
Management's Discussion and Analysis
(Unaudited)
As of and for the Year Ended December 31, 2015

The Village of Sussex maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the general obligation debt service fund, the special assessment B Bond 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 21 - 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 64 has been provided as required supplementary information for the budgeted fund to demonstrate compliance with the adopted budget.

Proprietary funds. The Village of Sussex maintains 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 - 28 of this report.

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

The basic fiduciary fund financial statement can be found on page 29 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 30 - 63 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information. Combining statements and schedules can be found on pages 68 - 69 of this report.

**Village of Sussex
Management's Discussion and Analysis
(Unaudited)
As of and for the Year Ended December 31, 2015**

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	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Current and other assets	\$ 20,759,684	\$ 13,287,297	\$ 13,304,028	\$ 13,516,657	\$ 34,063,712	\$ 26,803,954
Capital assets	36,249,090	34,395,188	56,177,433	57,072,861	92,426,523	91,468,049
Total assets	<u>57,008,774</u>	<u>47,682,485</u>	<u>69,481,461</u>	<u>70,589,518</u>	<u>126,490,235</u>	<u>118,272,003</u>
Deferred outflows of resources						
Pension benefits	199,328	-	140,170	-	339,498	-
Current and other liabilities	4,002,818	2,319,287	2,197,340	2,171,534	6,200,158	4,490,821
Long-term liabilities	25,161,808	15,770,622	12,651,733	14,608,304	37,813,541	30,378,926
Total liabilities	<u>29,164,626</u>	<u>18,089,909</u>	<u>14,849,073</u>	<u>16,779,838</u>	<u>44,013,699</u>	<u>34,869,747</u>
Deferred inflows of resources						
Property taxes	6,809,875	6,486,118	-	-	6,809,875	6,486,118
Other	24,985	27,744	-	-	24,985	27,744
Pension benefits	2,476	-	1,699	-	4,175	-
Total deferred outflows	<u>6,837,336</u>	<u>6,513,862</u>	<u>1,699</u>	<u>-</u>	<u>6,839,035</u>	<u>6,513,862</u>
Net position						
Net investment in						
capital assets	21,206,444	21,395,164	43,143,700	42,587,944	61,806,086	62,919,499
Restricted	1,261,982	837,900	7,462,349	7,333,454	8,724,331	8,171,354
Unrestricted	<u>(1,262,286)</u>	<u>845,650</u>	<u>4,164,810</u>	<u>3,888,282</u>	<u>5,446,582</u>	<u>5,797,541</u>
Total net position	<u>\$ 21,206,140</u>	<u>\$ 23,078,714</u>	<u>\$ 54,770,859</u>	<u>\$ 53,809,680</u>	<u>\$ 75,976,999</u>	<u>\$ 76,888,394</u>

The Village of Sussex's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding as \$61.8 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, \$8.7 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is \$5.4 million.

The government's net position decreased by about \$1.6 million during the current fiscal year. There was a decrease of about \$2.3 million in the governmental activities, while the business-type activities had an increase in net position of \$699,603.

**Village of Sussex
Management's Discussion and Analysis
(Unaudited)
As of and for the Year Ended December 31, 2015**

Governmental activities. Governmental activities decreased the Village of Sussex's net position by \$2,255,471. Two main reasons for the decrease are depreciation of capital assets and the spending of bond proceeds. Some of the bond proceeds spent show up in the next table on the development line item. These are funds expended for developer incentives in the TIF #6 Fund.

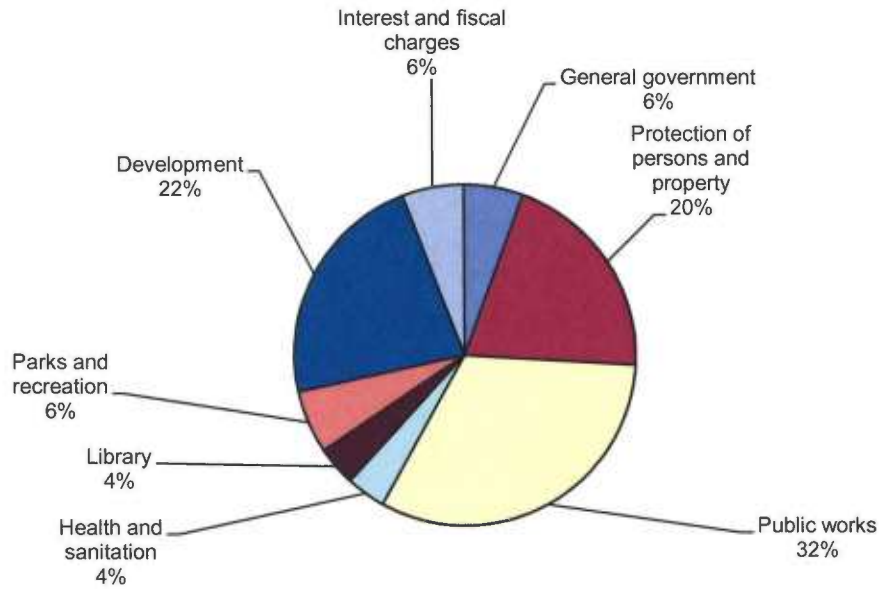
The following table provides a summary of the Village's change in net position.

VILLAGE OF SUSSEX'S CHANGES IN NET POSITION

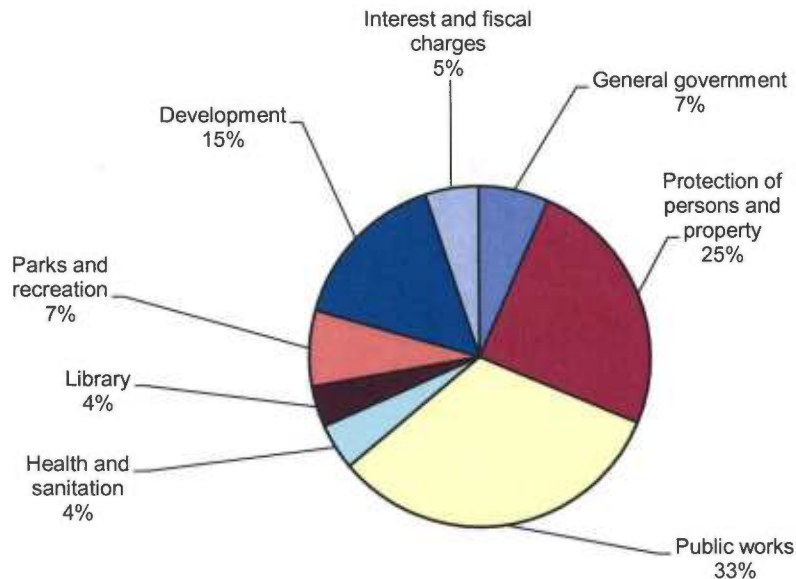
	Governmental Activities		Business-type Activities		Total	
	12/31/2014	12/31/2014	12/31/2014	12/31/2014	12/31/2014	12/31/2014
Revenues						
Program revenues						
Charges for services	\$ 1,982,282	\$ 1,693,592	\$ 4,232,593	\$ 4,102,285	\$ 6,214,875	\$ 5,795,877
Operating grants and contributions	686,506	764,203	-	-	686,506	764,203
Capital grants and contributions	2,869,471	196,813	556,928	378,742	3,426,399	575,555
General revenues						
Property taxes	6,103,869	5,669,982	-	-	6,103,869	5,669,982
Intergovernmental revenues not restricted to specific programs	160,840	160,595	-	-	160,840	160,595
Investment income	66,001	73,705	106,093	110,540	172,094	184,245
Other	582,392	64,344	-	-	582,392	64,344
Total revenues	<u>12,451,361</u>	<u>8,623,234</u>	<u>4,895,614</u>	<u>4,591,567</u>	<u>17,346,975</u>	<u>13,214,801</u>
Expenses						
General government	823,899	804,161	-	-	823,899	804,161
Public safety	2,982,019	2,965,315	-	-	2,982,019	2,965,315
Public works	4,722,550	3,931,235	-	-	4,722,550	3,931,235
Health and sanitation	550,899	526,027	-	-	550,899	526,027
Library	549,190	470,363	-	-	549,190	470,363
Parks and recreation	876,245	866,312	-	-	876,245	866,312
Development	3,318,689	1,868,623	-	-	3,318,689	1,868,623
Interest and fiscal charges	860,102	612,523	-	-	860,102	612,523
Water	-	-	1,574,474	1,568,518	1,574,474	1,568,518
Sewer	-	-	2,269,268	2,543,457	2,269,268	2,543,457
Stormwater	-	-	370,106	446,436	370,106	446,436
Community Development Authority	-	-	5,402	5,704	5,402	5,704
Total expenses	<u>14,683,593</u>	<u>12,044,559</u>	<u>4,219,250</u>	<u>4,564,115</u>	<u>18,902,843</u>	<u>16,608,674</u>
Increase (Decrease) in net position before transfers	(2,232,232)	(3,421,325)	676,364	27,452	(1,555,868)	(3,393,873)
Transfers	(23,239)	368,891	23,239	(368,891)	-	-
Decrease in net position	(2,255,471)	(3,052,434)	699,603	(341,439)	(1,555,868)	(3,393,873)
Cumulative Effect of Change in Accounting Principle	382,897	-	261,576	-	644,473	-
Net position - January 1	<u>23,078,714</u>	<u>26,131,148</u>	<u>53,809,680</u>	<u>54,151,119</u>	<u>76,888,394</u>	<u>80,282,267</u>
Net position - December 31	<u>\$ 21,206,140</u>	<u>\$ 23,078,714</u>	<u>\$ 54,770,859</u>	<u>\$ 53,809,680</u>	<u>\$ 75,976,999</u>	<u>\$ 76,888,394</u>

**Village of Sussex
Management's Discussion and Analysis
(Unaudited)
As of and for the Year Ended December 31, 2015**

2015 Expenses by Function - Governmental Activities

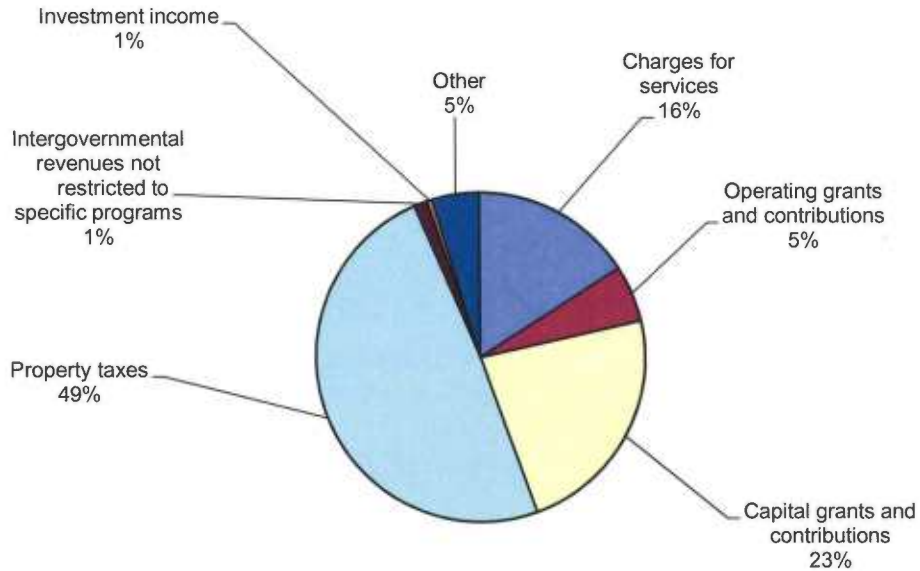


2014 Expenses by Function - Governmental Activities

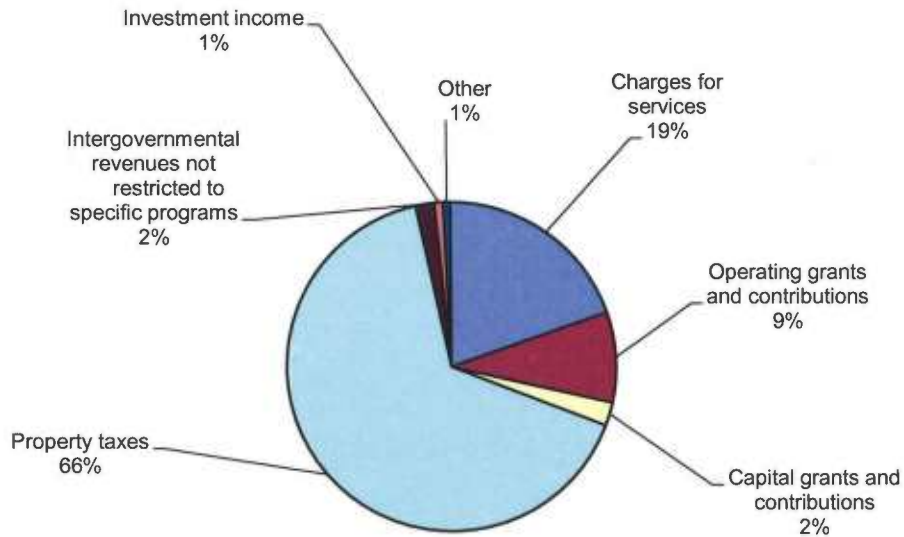


**Village of Sussex
Management's Discussion and Analysis
(Unaudited)
As of and for the Year Ended December 31, 2015**

2015 Program & General Revenues by Source - Governmental Activities



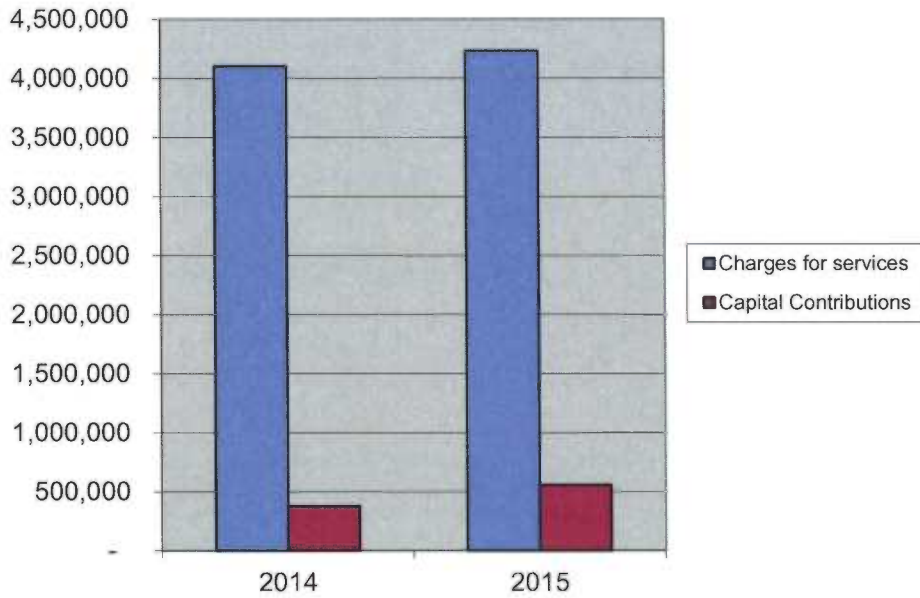
2014 Program & General Revenues by Source - Governmental Activities



**Village of Sussex
Management's Discussion and Analysis
(Unaudited)
As of and for the Year Ended December 31, 2015**

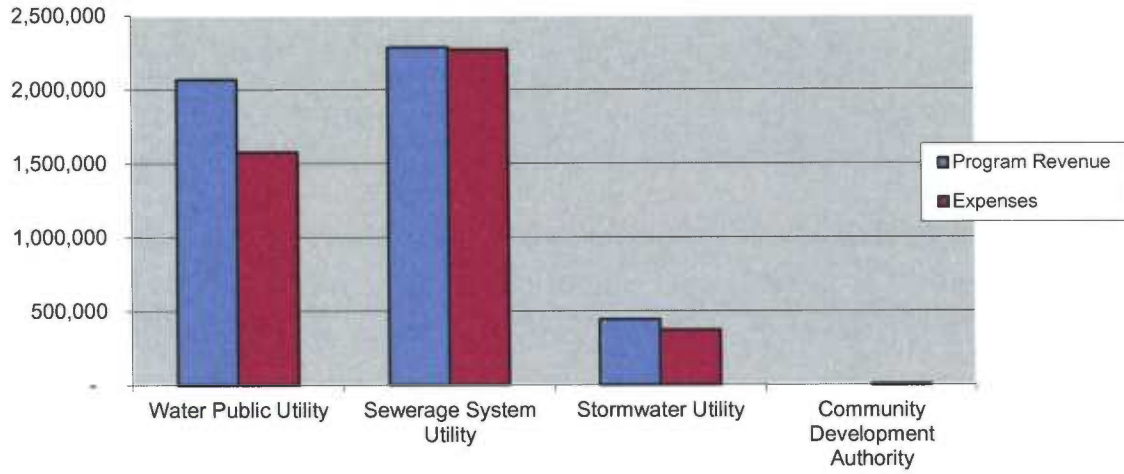
Business-type activities. Business-type activities increased the Village of Sussex's net position by \$699,603 in 2015 compared to a decrease of \$341,439 in 2014. Both Water and Sewer Utilities as well as the CDA had increases in net position of \$140,112, \$98,629, and \$493,366 respectively. The Stormwater Utility had a decrease in net position of \$32,504.

Revenues by Source - Business-type Activities

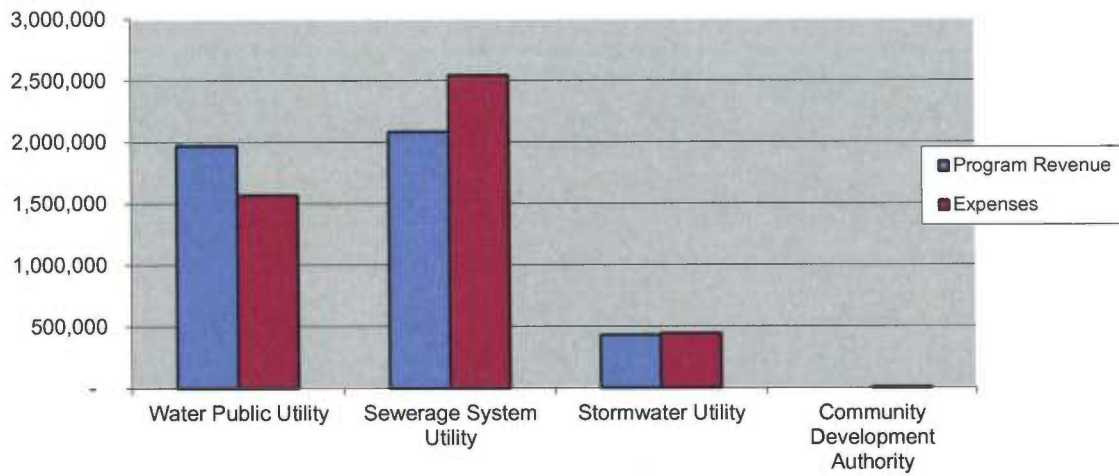


**Village of Sussex
Management's Discussion and Analysis
(Unaudited)
As of and for the Year Ended December 31, 2015**

2015 Expenses & Program Revenues - Business-type Activities



2014 Expenses & Program Revenues - Business-type Activities



**Village of Sussex
Management's Discussion and Analysis
(Unaudited)
As of and for the Year Ended December 31, 2015**

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 2015, the Village of Sussex's governmental funds reported combined ending fund balances of \$8.77 million compared to the 2014 ending balance of \$5.89 million. Fund balances are segregated into five categories in accordance with the new accounting standards with details provided in the footnotes beginning on page 52. A summary of the categories are:

- Nonspendable – the balance of \$447,552 represents assets that are not readily convertible to cash, the majority in the form of long-term receivables.
- Restricted – the balance of \$3,417,738 represents funds that have constraints on them by third parties such as creditors, grantor, laws or enabling legislation.
- Committed – the balance of \$136,911 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 \$4,145,146 represents funds that have been set aside for specific purposes.
- Unassigned – these are residual funds available. At December 31, 2015 this balance was \$624,156 and includes funds that are for working capital purposes in case of emergency as well as a deficit fund balance in the TIF #6 Capital Projects Fund that will be restored with future tax increment receipts.

The general fund is the chief operating fund of the Village of Sussex. At the end of 2015, the balance was \$4,369,326 compared to the ending balance of \$4,037,084 in 2014.

The fund balance of the Village of Sussex's general fund increased on a budgetary basis by \$420,104 during the current fiscal year compared to a balanced budget. Revenues credited and expenditures charged to assigned funds resulted in a total increase of \$332,242 in the general fund. Key factors in the final outcome are as follows:

Village departments made concerted efforts during the year to continue with spending reductions and increased efficiency which resulted in total expenditures of \$276,828 less than the budget. The largest areas of savings were parks and recreation and fire. In addition, revenues were \$156,963 over budget. Over half of this amount came from public charges for services and the balance came from all other areas.

The Village Board has approved a fund balance policy. During the 2015 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 \$791,966. The transfers were for construction in accordance with the Capital Improvement Plan and for the ambulance purchase. Appropriations of about \$674,000 were made to the reserve funds. Most were set aside for future equipment purchases with a small amount being set aside for post-employment health plan payments.

**Village of Sussex
Management's Discussion and Analysis
(Unaudited)
As of and for the Year Ended December 31, 2015**

There are three debt service funds with a total fund balance of about \$253,000, 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 2015 amounted to \$1.7 million, \$1.4 million, \$0.8 million and \$216,681 respectively compared to \$1.9 million, \$1.4 million, \$0.9 million, and \$24,019 respectively for 2014. The changes in net position for the funds were increases in the Water Utility of \$140,112, the Sewer Utility of \$98,629, the CDA of \$493,366 and a decrease in the Stormwater Utility of \$32,504. 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 July, 2015. It is the Village Board policy to review rates on an annual basis in order to keep increases to manageable levels. The Village Board has already approved a 3% increase in Sewer Rates beginning July 1, 2016. An application to increase water rates was submitted to the Public Service Commission of Wisconsin in January, 2016.

General Fund Budgetary Highlights

One budget amendment was adopted relating to the 2015 budgets of the General Fund and the General Debt Service Fund. The General Fund amendment was made to account for reduced revenues from tax equivalent and investments as well as increased revenues from permits. The General Fund expenditure budget was amended to show additional expenditures related to fire outlay and outside engineering and legal fees as well as savings in the fire department. The Debt Service revenue budget was amended to show bond proceeds received to refund debt and the expenditure budget was amended to show the payment of the bonds that had been refunded.

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, 2015, amounts to \$92.4 million compared to \$91.5 million at December 31, 2014. This investment in capital assets includes land, land improvements, buildings, machinery and equipment, park facilities, construction in progress, utility infrastructure and street infrastructure.

**Village of Sussex
Management's Discussion and Analysis
(Unaudited)
As of and for the Year Ended December 31, 2015**

Major capital assets include the following:

VILLAGE OF SUSSEX'S NET INVESTMENT IN CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Land	\$ 2,021,290	\$ 2,905,815	\$ 927,868	\$ 927,868	\$ 2,949,158	\$ 3,833,683
Construction in progress	5,385,168	519,712	229,477	227,411	5,614,645	747,123
Buildings	5,060,882	5,179,496	4,207,370	4,332,669	9,268,252	9,512,165
Land improvements	241,878	255,961	-	-	241,878	255,961
Machinery & equipment	2,747,377	2,537,252	5,935,633	6,250,950	8,683,010	8,788,202
Infrastructure	20,792,495	22,996,952	44,877,085	45,333,963	65,669,580	68,330,915
Total	\$ 36,249,090	\$ 34,395,188	\$ 56,177,433	\$ 57,072,861	\$ 92,426,523	\$ 91,468,049

Additional information on the Village of Sussex's capital assets can be found in Note D-4 on pages 45-46 of this report.

Long-term debt. At the end of the current fiscal year, the Village of Sussex had total debt outstanding of \$40.7 million. Of this amount, \$25.9 million comprises debt backed by the full faith and credit of the government. The remainder of the Village of Sussex's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds, bond anticipation notes) or special assessments (i.e., B Bonds).

VILLAGE OF SUSSEX'S OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
General obligation bonds & notes	\$ 20,892,308	\$ 16,826,924	\$ 5,035,000	\$ 6,046,947	\$ 25,927,308	\$ 22,873,871
Revenue bonds	-	-	8,999,701	9,717,074	8,999,701	9,717,074
Special Assessment B Bonds	2,000,000	-	-	-	2,000,000	-
Bond Anticipation Notes	3,325,000	-	-	-	3,325,000	-
Compensated absences	280,272	256,069	45,408	70,733	325,680	326,802
Due to other governmental units	-	-	-	48,991	-	48,991
Unamortized (discount)/premium	100,651	(26,923)	(15,454)	(17,923)	85,197	(44,846)
Total	\$ 26,598,231	\$ 17,056,070	\$ 14,064,655	\$ 15,865,822	\$ 40,662,886	\$ 32,921,892

The Village of Sussex's total debt increased by \$7.8 million during the current fiscal year.

**Village of Sussex
Management's Discussion and Analysis
(Unaudited)
As of and for the Year Ended December 31, 2015**

During 2015, the Village of Sussex entered a Developer's Agreement where the Village obtained financing through Special Assessment B Bonds, the proceeds of which are being used to pay for the installation of infrastructure in a new residential development. The developer will pay special assessments on the properties in the development which will then be used to repay the B Bonds. Because of the favorable interest rate as an investment and the Village's availability of excess funds, the entire B Bond issue was purchased by the Village of Sussex. As of year end, construction is still in progress and the first developer payment is due in January, 2017.

The Village of Sussex maintained its Aa3 bond rating by Moody's for its general obligation debt. The revenue bonds of the Water Utility have ratings between Aaa and A2 because of the purchase of insurance.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total equalized valuation. The current debt limitation for the Village of Sussex is \$61.1 million which is significantly in excess of the Village of Sussex's outstanding general obligation debt of \$25.9 million.

Additional information on the Village of Sussex's long-term debt can be found in note D.6 on pages 49 - 52 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for Waukesha County is currently 3.5%. This compares favorably to the state's December unemployment rate of 4.6%. 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 2015.

The Village's 2016 adopted budget increased by approximately \$507,000 compared to the 2015 budget or approximately 5.4%. About \$385,000 of the increase is related using funds previously set aside for the Civic Campus construction project and the remainder of the increase is for debt service.

During 2015, the Village experienced an increase in state transportation aid of about \$21,000 from the prior year. The 2016 transportation aid is anticipated to decrease about \$9,000 along with a decrease of about \$6,000 in recycling aid.

The Sewer Utility increased its rates in 2015 and the Village Board has approved an increase the rates again in July, 2016. The Water Utility submitted an application to increase rates to the Public Service Commission of Wisconsin in January, 2016. The Village reviews the existing rates annually to determine if increases are needed. The stormwater utility rates were established as of January, 2006 and the 2016 budget includes money to conduct a rate study.

**Village of Sussex
Management's Discussion and Analysis
(Unaudited)
As of and for the Year Ended December 31, 2015**

Interest rates began to decline later in 2007 and have maintained the low levels throughout 2015. During 2010, the Village made changes in the types of its investments to counteract some of the decline but most of those investments have matured with very few options for reinvesting at more than nominal rates, although excess funds have been used to purchase the Village issued B Bonds as a means to earning a higher interest rate.

During the past five fiscal years, the general fund balance has increased from \$1,859,326 in 2010 to \$4,369,326 in 2015. The majority of these funds have been used to begin saving for equipment replacement and reflect the Village Board's commitment to this purpose.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

VILLAGE OF SUSSEX, WISCONSIN

STATEMENT OF NET POSITION
December 31, 2015

	Governmental Activities	Business Type Activities	Total	Component Unit
ASSETS				
Cash and investments	\$ 14,376,606	\$ 3,456,267	\$ 17,832,873	\$ 655,541
Receivables (net of allowance for uncollectible accounts)	4,013,031	896,889	4,909,920	312
Interest rebate receivable	20,505	-	20,505	-
Inventories and prepaid items	28,299	22,437	50,736	11,140
Restricted assets	-	7,955,546	7,955,546	468,037
Other assets				
Special assessments receivable	2,131,464	567,081	2,698,545	-
Extraordinary property loss	-	267,361	267,361	-
Net pension asset	189,779	138,447	328,226	82,211
Capital assets (net of accumulated depreciation):				
Land	2,021,290	927,868	2,949,158	280,000
Construction in progress	5,385,168	229,477	5,614,645	-
Other capital assets	28,842,632	55,020,088	83,862,720	1,551,947
TOTAL ASSETS	<u>57,008,774</u>	<u>69,481,461</u>	<u>126,490,235</u>	<u>3,049,188</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	<u>199,328</u>	<u>140,170</u>	<u>339,498</u>	<u>87,811</u>
LIABILITIES				
Accounts payable and other current liabilities	2,011,543	91,827	2,103,370	46,979
Accrued interest payable	196,968	18,265	215,233	-
Payable from restricted assets:				
Current portion of long-term debt	-	733,441	733,441	-
Accounts payable and accrued interest payable	-	33,697	33,697	-
Due to other governments	357,884	-	357,884	26,487
Unearned revenue	-	640,629	640,629	-
Noncurrent liabilities:				
Due within one year	1,436,423	679,481	2,115,904	35,188
Due in more than one year	25,161,808	12,651,733	37,813,541	-
TOTAL LIABILITIES	<u>29,164,626</u>	<u>14,849,073</u>	<u>44,013,699</u>	<u>108,654</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes	6,809,875	-	6,809,875	-
Other	24,985	-	24,985	-
Deferred inflows related to pension	2,476	1,699	4,175	1,102
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,837,336</u>	<u>1,699</u>	<u>6,839,035</u>	<u>1,102</u>
NET POSITION				
Net investment in capital assets	21,206,444	43,143,700	61,806,086	1,831,947
Restricted:				
Reserve Capacity Assessments	-	1,553,708	1,553,708	-
Debt Service	65,855	3,232,984	3,298,839	-
Equipment Replacement and Depreciation	-	2,398,739	2,398,739	-
Pension Benefits	386,631	276,918	663,549	168,920
Park Dedication Fees	655,747	-	655,747	-
Revolving Loan Fund	153,749	-	153,749	-
Future Expansion	-	-	-	458,390
Library Books and Equipment	-	-	-	9,620
Unrestricted	(1,262,286)	4,164,810	5,446,582	558,366
TOTAL NET POSITION	<u>\$ 21,206,140</u>	<u>\$ 54,770,859</u>	<u>75,976,999</u>	<u>\$ 3,027,243</u>

VILLAGE OF SUSSEX, WISCONSIN

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2015

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 823,899	\$ 122,891	\$ -	\$ 15
Protection of persons & property:				
Police	1,538,104	208,320	3,587	-
Fire	1,269,124	222,201	58,778	11,630
Other protection	174,791	341,319	-	-
Health and sanitation	550,899	460,528	40,514	-
Highway and transportation	4,722,550	17,090	487,106	2,773,528
Library	549,190	-	-	-
Parks and recreation	876,245	451,624	96,286	2,366
Development	3,318,689	158,309	235	-
Interest and fiscal charges	860,102	-	-	81,932
Total governmental activities	14,683,593	1,982,282	686,506	2,869,471
Business type activities				
Water	1,574,474	1,944,390	-	121,115
Sewer	2,269,268	1,846,866	-	435,813
Stormwater	370,106	441,337	-	-
Community Development Authority	5,402	-	-	-
Total business type activities	4,219,250	4,232,593	-	556,928
Total	\$ 18,902,843	6,214,875	686,506	3,426,399
Component unit				
Pauline Haass Public Library	\$ 1,119,787	\$ 27,803	\$ 1,014,416	\$ -

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 - January 1, as originally stated

Cumulative effect of change in accounting principle

Net Position - January 1, restated

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
\$ (700,993)	\$ -	\$ (700,993)	\$ -
(1,326,197)	-	(1,326,197)	-
(976,515)	-	(976,515)	-
166,528	-	166,528	-
(49,857)	-	(49,857)	-
(1,444,826)	-	(1,444,826)	-
(549,190)	-	(549,190)	-
(325,969)	-	(325,969)	-
(3,160,145)	-	(3,160,145)	-
(778,170)	-	(778,170)	-
<u>(9,145,334)</u>	<u>-</u>	<u>(9,145,334)</u>	<u>-</u>
-	491,031	491,031	-
-	13,411	13,411	-
-	71,231	71,231	-
-	(5,402)	(5,402)	-
<u>-</u>	<u>570,271</u>	<u>570,271</u>	<u>-</u>
<u>(9,145,334)</u>	<u>570,271</u>	<u>(8,575,063)</u>	<u>-</u>
-	-	-	(77,568)
6,103,869	-	6,103,869	-
160,840	-	160,840	-
66,001	106,093	172,094	4,530
582,392	-	582,392	10,773
(23,239)	23,239	-	-
<u>6,889,863</u>	<u>129,332</u>	<u>7,019,195</u>	<u>15,303</u>
<u>(2,255,471)</u>	<u>699,603</u>	<u>(1,555,868)</u>	<u>(62,265)</u>
23,078,714	53,809,680	76,888,394	2,919,202
<u>382,897</u>	<u>261,576</u>	<u>644,473</u>	<u>170,306</u>
<u>23,461,611</u>	<u>54,071,256</u>	<u>77,532,867</u>	<u>3,089,508</u>
<u>\$ 21,206,140</u>	<u>\$ 54,770,859</u>	<u>\$ 75,976,999</u>	<u>\$ 3,027,243</u>

VILLAGE OF SUSSEX, WISCONSIN

BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2015

	General	General Obligation Debt Service Fund
ASSETS		
Cash and investments	\$ 6,769,960	\$ 1,201,110
Receivables		
Taxes	2,256,926	783,755
Accounts	250,428	-
Special assessments	131,464	-
Due from other funds	405,732	-
Inventories and prepaid items	28,214	-
	<u>\$ 9,842,724</u>	<u>\$ 1,984,865</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 346,678	\$ -
Accrued payroll	38,000	-
Due to other funds	-	-
Due to other governments	157,884	-
Total liabilities	<u>542,562</u>	<u>-</u>
Deferred Inflows of Resources		
Property taxes	4,898,370	1,731,393
Other	32,466	-
Special assessments	-	-
Total deferred inflows of resources	<u>4,930,836</u>	<u>1,731,393</u>
Fund Balances		
Nonspendable	447,467	-
Restricted	46,932	253,472
Committed	121,876	-
Assigned	2,714,629	-
Unassigned	1,038,422	-
Total fund balances	<u>4,369,326</u>	<u>253,472</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 9,842,724</u>	<u>\$ 1,984,865</u>

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

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

NET POSITION OF GOVERNMENTAL ACTIVITIES

See accompanying notes to financial statements

Special Assessment B Bond Debt Service Fund	General Capital Projects Fund	TIF #6 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 5,267,130	\$ 105,009	\$ 1,033,397	\$ 14,376,606
-	-	72,478	-	3,113,159
9,351	639,858	235	-	899,872
2,000,000	-	-	-	2,131,464
-	-	-	-	405,732
-	-	-	85	28,299
<u>\$ 2,009,351</u>	<u>\$ 5,906,988</u>	<u>\$ 177,722</u>	<u>\$ 1,033,482</u>	<u>\$ 20,955,132</u>

\$ -	\$ 1,620,706	\$ 6,144	\$ 15	\$ 1,973,543
-	-	-	-	38,000
-	-	405,732	-	405,732
-	-	-	200,000	357,884
-	<u>1,620,706</u>	<u>411,876</u>	<u>200,015</u>	<u>2,775,159</u>

-	-	180,112	-	6,809,875
9,351	556,778	-	-	598,595
<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>
<u>2,009,351</u>	<u>556,778</u>	<u>180,112</u>	<u>-</u>	<u>9,408,470</u>

-	-	-	85	447,552
-	2,307,838	-	809,496	3,417,738
-	-	-	15,035	136,911
-	1,421,666	-	8,851	4,145,146
-	-	(414,266)	-	624,156
-	<u>3,729,504</u>	<u>(414,266)</u>	<u>833,467</u>	<u>8,771,503</u>

<u>\$ 2,009,351</u>	<u>\$ 5,906,988</u>	<u>\$ 177,722</u>	<u>\$ 1,033,482</u>
---------------------	---------------------	-------------------	---------------------

36,249,090

2,573,610

386,631

(26,774,694)

\$ 21,206,140

VILLAGE OF SUSSEX, WISCONSIN

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

For the Year Ended December 31, 2015

	General Fund	General Obligation Debt Service Fund	General Capital Projects Fund	TIF #6 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 4,391,116	\$ 1,608,628	\$ -	\$ 104,125	\$ -	\$ 6,103,869
Intergovernmental	740,506	-	22,700	579	-	763,785
Public improvement revenues	-	-	194,050	235	79,210	273,495
Licenses and permits	503,595	-	-	-	-	503,595
Fines, forfeitures and penalties	194,258	-	-	-	-	194,258
Public charges for services	1,084,439	-	-	-	4,869	1,089,308
Commercial revenues	168,507	4,049	5,620	1,395	2,472	182,043
Miscellaneous revenues	111,746	81,932	500	-	14,650	208,828
Total Revenues	<u>7,194,167</u>	<u>1,694,609</u>	<u>222,870</u>	<u>106,334</u>	<u>101,201</u>	<u>9,319,181</u>
EXPENDITURES						
Current						
General government	747,540	-	-	24,146	168	771,854
Protection of persons & property						
Police	1,504,400	-	-	-	-	1,504,400
Fire	1,106,285	-	-	-	-	1,106,285
Other protection	159,895	-	-	-	-	159,895
Health and sanitation	539,856	-	-	-	11,307	551,163
Highway and transportation	765,966	-	-	-	-	765,966
Library	544,743	-	-	-	-	544,743
Parks and recreation	764,447	-	-	-	8,455	772,902
Development	-	-	-	3,318,689	-	3,318,689
Capital outlay	569,026	-	6,476,526	-	-	7,045,552
Debt service						
Principal retirement	4,616	8,275,000	-	-	-	8,279,616
Interest and fiscal charges	-	653,234	67,577	55,336	59,888	836,035
Total Expenditures	<u>6,706,774</u>	<u>8,928,234</u>	<u>6,544,103</u>	<u>3,398,171</u>	<u>79,818</u>	<u>25,657,100</u>
Excess (deficiency) of revenues over expenditures	<u>487,393</u>	<u>(7,233,625)</u>	<u>(6,321,233)</u>	<u>(3,291,837)</u>	<u>21,383</u>	<u>(16,337,919)</u>
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	-	7,110,000	7,235,000	3,325,000	-	17,670,000
Other sources (bond premium)	-	132,791	-	-	-	132,791
Sale of village property	543,065	-	900,030	-	-	1,443,095
Transfers in	370,833	-	893,741	-	39,752	1,304,326
Transfers out	(1,069,049)	-	-	(256,259)	(2,257)	(1,327,565)
Total other financing sources (uses)	<u>(155,151)</u>	<u>7,242,791</u>	<u>9,028,771</u>	<u>3,068,741</u>	<u>37,495</u>	<u>19,222,647</u>
Net change in fund balances	332,242	9,166	2,707,538	(223,096)	58,878	2,884,728
FUND BALANCES -						
BEGINNING OF YEAR	<u>4,037,084</u>	<u>244,306</u>	<u>1,021,966</u>	<u>(191,170)</u>	<u>774,589</u>	<u>5,886,775</u>
FUND BALANCES -						
END OF YEAR	<u>\$ 4,369,326</u>	<u>\$ 253,472</u>	<u>\$ 3,729,504</u>	<u>\$ (414,266)</u>	<u>\$ 833,467</u>	<u>\$ 8,771,503</u>

VILLAGE OF SUSSEX, WISCONSIN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2015

Net change in fund balances - total governmental funds	\$ 2,884,728
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.	1,853,902
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.	(9,517,958)
Special assessments levied are reported as receivables in governmental funds and do not contribute to the change in fund balance. In the statement of net position, however, the levying of special assessments increases revenue and affects the statement of activities.	2,000,000
Governmental funds do not report the change in the net pension asset 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.	3,734
Accounts receivable for grants and interest accrued on special assessments and investment in municipal bonds are reported as deferred inflow in the governmental funds but are reported as earned in the statement of net position	573,610
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>(53,487)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$(2,255,471)</u></u>

VILLAGE OF SUSSEX, WISCONSIN

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2015

Business Type Activities -
Enterprise Funds

	Water Utility	Sewer Utility	Stormwater Utility	Community Development Authority	Totals
ASSETS					
Current Assets					
Cash and investments	\$ 1,474,548	\$ 1,042,291	\$ 722,747	\$ 216,681	\$ 3,456,267
Accounts receivable	329,277	442,684	110,321	-	882,282
Special assessment receivable	13,037	-	-	-	13,037
Taxes receivable	1,570	-	-	-	1,570
Prepaid items	9,425	10,092	2,920	-	22,437
Restricted Assets					
Cash and investments	217,164	274,515	-	-	491,679
Current portion of due from other governments	-	201,838	-	-	201,838
Total current assets	<u>2,045,021</u>	<u>1,971,420</u>	<u>835,988</u>	<u>216,681</u>	<u>5,069,110</u>
Non-Current Assets					
Land	271,810	178,630	176,724	300,704	927,868
Construction in progress	129,180	100,297	-	-	229,477
Property and equipment	26,600,643	47,617,220	11,531,071	-	85,748,934
Accumulated depreciation	(8,084,346)	(20,710,267)	(1,934,233)	-	(30,728,846)
Restricted Assets					
Cash and investments	871,514	3,658,868	139,744	-	4,670,126
Due from other governments	-	2,590,033	-	-	2,590,033
Accrued interest on investments	-	1,870	-	-	1,870
Other Assets					
Special assessments receivable	435,917	131,164	-	-	567,081
Extraordinary property loss	-	267,361	-	-	267,361
Net pension asset	53,921	67,545	16,981	-	138,447
Total non-current assets	<u>20,278,639</u>	<u>33,902,721</u>	<u>9,930,287</u>	<u>300,704</u>	<u>64,412,351</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pension	51,055	65,733	23,382	-	140,170
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>22,374,715</u>	<u>35,939,874</u>	<u>10,789,657</u>	<u>517,385</u>	<u>69,621,631</u>
LIABILITIES					
Current liabilities - payable from current assets:					
Current portion of long-term debt	225,000	435,000	-	-	660,000
Compensated absences	8,225	11,256	-	-	19,481
Accounts payable	28,445	42,777	9,005	-	80,227
Accrued payroll	4,831	5,721	1,048	-	11,600
Accrued interest payable	5,769	12,496	-	-	18,265
Unearned revenue	72,748	800	-	-	73,548
Current liabilities - payable from restricted assets:					
Current portion of long-term debt	355,000	378,441	-	-	733,441
Accounts payable	-	1,396	-	-	1,396
Accrued interest payable	10,080	22,221	-	-	32,301
Total current liabilities	<u>710,098</u>	<u>910,108</u>	<u>10,053</u>	<u>-</u>	<u>1,630,259</u>
Long-term debt:					
General obligation debt	1,025,000	3,350,000	-	-	4,375,000
Revenue bonds	3,410,000	4,856,260	-	-	8,266,260
Net unamortized bond discount and premium	3,644	(19,098)	-	-	(15,454)
Compensated absences	9,004	16,923	-	-	25,927
Total long-term debt	<u>4,447,648</u>	<u>8,204,085</u>	<u>-</u>	<u>-</u>	<u>12,651,733</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension	589	775	335	-	1,699
Deferred special assessments	435,917	131,164	-	-	567,081
TOTAL DEFERRED INFLOWS	<u>436,506</u>	<u>131,939</u>	<u>335</u>	<u>-</u>	<u>568,780</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>5,594,252</u>	<u>9,246,132</u>	<u>10,388</u>	<u>-</u>	<u>14,850,772</u>
NET POSITION					
Net investment in capital assets	14,355,643	18,713,791	9,773,562	300,704	43,143,700
Restricted:					
Reserve Capacity Assessments	31,995	1,521,713	-	-	1,553,708
Debt Service	201,315	3,031,669	-	-	3,232,984
Equipment Replacement and Depreciation	382,519	1,876,476	139,744	-	2,398,739
Pension Benefits	104,387	132,503	40,028	-	276,918
Unrestricted	1,704,604	1,417,590	825,935	216,681	4,164,810
TOTAL NET POSITION	<u>\$ 16,780,463</u>	<u>\$ 26,693,742</u>	<u>\$ 10,779,269</u>	<u>\$ 517,385</u>	<u>\$ 54,770,859</u>

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, 2015

	Business Type Activities - Enterprise Funds				Total
	Water Utility	Sewer Utility	Stormwater Utility	Community Development Authority	
OPERATING REVENUES					
Sale of water	\$ 1,848,161	\$ -	\$ -	\$ -	\$ 1,848,161
Sewage collection charges	-	1,740,033	-	-	1,740,033
Stormwater charges	-	-	422,273	-	422,273
Other operating revenues	96,229	106,833	19,064	-	222,126
Total operating revenues	<u>1,944,390</u>	<u>1,846,866</u>	<u>441,337</u>	<u>-</u>	<u>4,232,593</u>
OPERATING EXPENSES					
Operation and maintenance	809,336	1,156,544	242,907	3,892	2,212,679
Depreciation and amortization	536,931	896,673	127,199	-	1,560,803
Total operating expenses	<u>1,346,267</u>	<u>2,053,217</u>	<u>370,106</u>	<u>3,892</u>	<u>3,773,482</u>
Operating income (loss)	<u>598,123</u>	<u>(206,351)</u>	<u>71,231</u>	<u>(3,892)</u>	<u>459,111</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	13,826	87,539	2,515	703	104,583
Interest from other funds	-	1,510	-	-	1,510
Interest expense	(228,207)	(216,051)	-	(1,510)	(445,768)
Other revenue	20,116	-	-	-	20,116
Total nonoperating revenues (expense)	<u>(194,265)</u>	<u>(127,002)</u>	<u>2,515</u>	<u>(807)</u>	<u>(319,559)</u>
Income (loss) before contributions and transfers	<u>403,858</u>	<u>(333,353)</u>	<u>73,746</u>	<u>(4,699)</u>	<u>139,552</u>
CAPITAL CONTRIBUTIONS	100,999	435,813	-	-	536,812
TRANSFERS IN	-	-	-	543,065	543,065
TRANSFERS OUT	<u>(364,745)</u>	<u>(3,831)</u>	<u>(106,250)</u>	<u>(45,000)</u>	<u>(519,826)</u>
Change in net position	<u>140,112</u>	<u>98,629</u>	<u>(32,504)</u>	<u>493,366</u>	<u>699,603</u>
Total Net Position - Beginning of year, as originally stated	16,543,828	26,473,285	10,768,548	24,019	53,809,680
Cumulative Effect of Change in Accounting Principle	<u>96,523</u>	<u>121,828</u>	<u>43,225</u>	<u>-</u>	<u>261,576</u>
TOTAL NET POSITION - BEGINNING OF YEAR, AS RESTATED	<u>16,640,351</u>	<u>26,595,113</u>	<u>10,811,773</u>	<u>24,019</u>	<u>54,071,256</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 16,780,463</u>	<u>\$ 26,693,742</u>	<u>\$ 10,779,269</u>	<u>\$ 517,385</u>	<u>\$ 54,770,859</u>

VILLAGE OF SUSSEX, WISCONSIN

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2015

	Business Type Activities - Enterprise Funds				Total
	Water Utility	Sewer Utility	Stormwater Utility	Community Development Authority	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 1,990,035	\$ 1,855,077	\$ 439,468	\$ -	\$ 4,284,580
Payments to vendors	(529,373)	(741,039)	(141,899)	(3,892)	(1,416,203)
Payments to employees	(334,674)	(427,887)	(102,285)	-	(864,846)
Payments to/from other funds	44,586	(40,755)	-	-	3,831
Net cash flows provided (used) by operating activities	1,170,574	645,396	195,284	(3,892)	2,007,362
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfer in	-	-	-	543,065	543,065
Transfer out	(364,745)	(3,831)	(106,250)	(45,000)	(519,826)
Net cash flows provided (used) by noncapital financing activities	(364,745)	(3,831)	(106,250)	498,065	23,239
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on long-term debt	(2,221,947)	(813,033)	-	-	(3,034,980)
Interest paid on long-term debt	(266,716)	(219,249)	-	-	(485,965)
Proceeds of long-term debt	1,250,000	-	-	-	1,250,000
Debt discount and issuance expenses	(28,278)	-	-	-	(28,278)
Payment on advance from other fund	-	-	-	(531,037)	(531,037)
Interest paid on advance from other fund	-	-	-	(1,510)	(1,510)
Reserve capacity assessments received	54,680	428,389	-	-	483,069
Principal received from other governmental units	-	196,825	-	-	196,825
Interest received from other governmental units	-	73,615	-	-	73,615
Rebate received from the IRS	45,497	-	-	-	45,497
Collection of special assessment receivable	48,728	7,423	-	-	56,151
Acquisition and construction of capital assets	(76,601)	(407,775)	(131,808)	-	(616,184)
Net cash used by capital and related financing activities	(1,194,637)	(733,805)	(131,808)	(532,547)	(2,592,797)
CASH FLOWS FROM INVESTING ACTIVITIES					
Principal received on advance to other fund	-	531,037	-	-	531,037
Interest received on advance to other fund	-	1,510	-	-	1,510
Interest received on investments	13,826	12,054	2,515	703	29,098
Net cash provided by investing activities	13,826	544,601	2,515	703	561,645
Net increase (decrease) in cash and equivalents	(374,982)	452,361	(40,259)	(37,671)	(551)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,938,208	4,523,313	902,750	254,352	8,618,623
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,563,226	\$ 4,975,674	\$ 862,491	\$ 216,681	\$ 8,618,072
Cash and Cash Equivalents per Statement of Net Position					
Unrestricted	\$ 1,474,548	\$ 1,042,291	\$ 722,747	\$ 216,681	\$ 3,456,267
Restricted	1,088,678	3,933,383	139,744	-	5,161,805
	\$ 2,563,226	\$ 4,975,674	\$ 862,491	\$ 216,681	\$ 8,618,072

VILLAGE OF SUSSEX, WISCONSIN

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2015

	Business Type Activities - Enterprise Funds				Total
	Water Utility	Sewer Utility	Stormwater Utility	Community Development Authority	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 598,123	\$ (206,351)	\$ 71,231	\$ (3,892)	\$ 459,111
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	553,041	896,673	127,199	-	1,576,913
Change in pension related assets, deferred outflows of resources, and deferred inflows of resources	(7,864)	(10,675)	3,197	-	(15,342)
(Increase) decrease in assets:					
Accounts and notes receivable	15,536	8,237	(1,791)	-	21,982
Inventory and prepaid expenses	(8,698)	(9,926)	(2,920)	-	(21,544)
Increase (decrease) in liabilities:					
Accounts payable	(13,881)	(9,196)	152	-	(22,925)
Accrued payroll and compensated absences	(14,734)	(23,866)	(1,784)	-	(40,384)
Other unearned revenues	49,051	500	-	-	49,551
Net cash flows provided (used) by operating activities	<u>\$ 1,170,574</u>	<u>\$ 645,396</u>	<u>\$ 195,284</u>	<u>\$ (3,892)</u>	<u>\$ 2,007,362</u>

VILLAGE OF SUSSEX, WISCONSIN

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2015

	<u>Agency Funds</u>
	Tax Collection Fund
ASSETS	
Cash and investments	\$ 8,213,544
Taxes receivable	<u>6,715,394</u>
TOTAL ASSETS	<u>14,928,938</u>
LIABILITIES	
Due to other taxing units	14,834,988
Deposits	<u>93,950</u>
TOTAL LIABILITIES	<u>14,928,938</u>
NET POSITION	<u>\$ -</u>

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

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

Sussex Community Development Authority

The Village has included the Sussex Community Development Authority in its primary government financial statements.

Pauline Haass Public Library

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. Complete financial statements for the Library can be obtained from the Library Director at N64W23820 Main Street, Sussex, Wisconsin.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which primarily are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

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

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

The Village reports the following major governmental funds:

GENERAL FUND

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

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GENERAL OBLIGATION DEBT SERVICE FUND

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

SPECIAL ASSESSMENT B BOND DEBT SERVICE FUND

This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the payment of Special Assessment B Bond principal, interest and related costs.

GENERAL CAPITAL PROJECTS FUND

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

TIF #6 CAPITAL PROJECTS FUND

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

The Village reports the following major enterprise funds:

WATER UTILITY FUND

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

SEWER UTILITY FUND

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

STORMWATER UTILITY FUND

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

COMMUNITY DEVELOPMENT AUTHORITY

This fund is used to account for the operations of the Village's development authority.

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

3. Measurement Focus and Basis of Accounting

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

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

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

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

a. Cash and Investments

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

b. Accounts Receivable

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. An allowance for uncollectible accounts of \$4,929 is recorded at December 31, 2015 for accounts receivable for ambulance transports by the Village's fire department.

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Interfund Receivables and Payables

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

d. Inventories

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

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

e. Prepaid Items

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

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

f. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

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

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Restricted Assets

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

A summary of restricted assets follows:

Depreciation Fund

Represents resources set aside to fund plant renewals and replacements.

Water System Revenue Bond Reserve Fund

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

Water System Revenue Bond Special Redemption Fund

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

Sewerage System Debt Service Fund

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

Equipment Replacement Fund

In accordance with the Village's ordinance enacting a sewer user charge system and Department of Natural Resources' regulations, the 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.

Construction Funds

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

Reserve Capacity Assessment Funds

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

h. Other Assets

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

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village has one item that qualifies for reporting in this category in the government-wide statement of net position. The item is related to the Village's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Village has three items that qualify for reporting in this category in the government-wide statement of net position. The first is property taxes, which will be recognized as an inflow of resources in the subsequent year for which it was levied. The second is program registrations for 2016 classes, which will be recognized as an inflow of resources in the subsequent year for which it was earned. The third is related to the Village's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants. The Village also has an additional type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, special assessments. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

j. Compensated Absences

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

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as interest and fiscal charges expense.

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

l. Pensions

For purposes of measuring the net pension 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.

m. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

The Village has a formal minimum fund balance policy. The 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, 2015 the balance is \$3,753,051 and represents 46.2% of the 2016 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	\$ 21,206,444	\$ 43,143,700	\$ (2,544,058)	\$ 61,806,086
Unrestricted	(1,262,286)	4,164,810	2,544,058	5,446,582

5. Use of Estimates

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

VILLAGE OF SUSSEX, WISCONSIN

Notes to Basic Financial Statements
December 31, 2015

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

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

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

Capital assets	\$ 86,477,161
Accumulated depreciation	<u>(50,228,071)</u>
Net capital assets	<u>\$ 36,249,090</u>

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

Bonds and notes payable	\$ 26,217,308
Compensated absences	280,272
Accrued interest, net of interest rebate receivable	176,463
Unamortized net debt discount and premium	<u>100,651</u>
 Combined Adjustment for Long-Term Liabilities	 <u>\$ 26,774,694</u>

c. In the governmental fund statements, deferred inflows of resources are recorded for funds that are not yet available. In the government-wide financial statements, the revenue has been earned and is therefore recorded as net position. The detail of deferred inflows of resources in the governmental fund statements is as follows:

Current Special Assessments	\$ 2,000,000
Grants Receivable	556,778
Interest on Special Assessments	9,351
Interest on Muncipal Bonds	<u>7,481</u>
	<u>\$ 2,573,610</u>

d. 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:

Net pension asset	\$ 189,779
Deferred outflows of resources	199,328
Deferred inflows of resources	<u>(2,476)</u>
	<u>\$ 386,631</u>

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

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

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

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

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

Capital outlay items reported as capital assets	\$ 5,440,379
Depreciation expense	(2,583,800)
Net book value of assets disposed	<u>(1,002,677)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 1,853,902</u>

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

Debt issued or incurred:	
Issuance of general obligation debt	\$ (15,670,000)
Issuance of Special Assessment B Bond debt	(2,000,000)
Net debt discount and premium	(132,791)
Amortization of debt discount and premium	5,217
Principal repayments	
General obligation debt	<u>8,279,616</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (9,517,958)</u>

- c. Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Compensated absences	\$ (24,203)
Accrued interest	<u>(29,284)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (53,487)</u>

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

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

- d. Another element of that reconciliation states that accounts receivable that are not readily available are recorded in the fund statements as deferred inflows. In the government-wide statements, they are reported as revenue as follows:

Grants Receivable	\$ 556,778
Interest Receivable from Developer	9,351
Interest Receivable from Investment in Muni Bonds	7,481
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	
	\$ 573,610

NOTE C - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

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

- General Fund
- Debt Service Fund
 - General Obligation Debt Service Fund
 - TIF #6 Debt Service Fund
- Proprietary Funds
 - Water Utility
 - Sewer Utility
 - Stormwater Utility
 - Community Development Authority

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

- a. During September, the Village Administrator submits to the Village Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. Following several budget workshops, the final proposed budget is presented at a public hearing held to obtain taxpayer comments. Following the public hearing, the proposed budget, including authorized additions and deletions, is legally enacted by Village Board action.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and using the same basis of accounting for each fund as described in Note A except actual (non-GAAP) revenues and expenditures do not reflect certain transactions of assigned funds. A Budget is defined as the originally approved budget plus or minus approved amendments. An additional appropriation during the year amounted to \$363,292 for the General Fund and \$7,104,500 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.

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - STEWARDSHIP AND COMPLIANCE (Continued)

- c. During the year, formal budgetary integration is employed as a management control device for the general fund.
- d. Expenditures may not exceed appropriations by major departmental classifications. Amendments to the budget during the year can only be made by the Village Board.
- e. Encumbrance accounting is not used by the Village to record commitments related to unperformed contracts for goods or services.

The Village did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2015.

2. Deficit Fund Balance

The following fund had a deficit fund balance at December 31, 2015:

Capital Projects Fund – TIF #6	\$414,266
--------------------------------	-----------

The deficit is anticipated to be funded with future incremental taxes over the life of the district.

NOTE D - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

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

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

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

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

The carrying amount of the Village's cash and investments totaled \$31,208,222 on December 31, 2015 as summarized below:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 24,509,487	\$ 24,681,437	Custodial credit risk
LGIP	1,742,494	1,742,494	Credit risk
Certificates of Deposit	2,956,091	2,956,091	Custodial credit risk
Special Assessment B Bonds	2,000,000	-	Credit and interest rate risk
Petty Cash	<u>150</u>	<u>-</u>	
Total deposits and investments	<u>\$ 31,208,222</u>	<u>\$ 29,380,022</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 17,832,873		
Restricted cash and investments	5,161,805		
Per statement of net position - fiduciary fund			
Agency	<u>8,213,544</u>		
	<u>\$ 31,208,222</u>		

Deposits of the Village are subject to custodial credit risk. 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 interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2015, \$23,688,490 of the Village's deposits with financial institutions was in excess of federal and state depository insurance limits; however, the entire amount has collateral pledged to it by the bank.

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The Village does not have an additional credit risk policy. Presented below is the actual rating as of year-end for each investment type.

<u>Investment Type</u>	<u>Amount</u>	<u>Exempt From Disclosure</u>	<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
Wisconsin Local Government Investment Pool	\$ 1,742,494	\$ -	\$ -	\$ -	\$ 1,742,494
Special Assessment B Bonds	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>
	<u>\$ 3,742,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,742,494</u>

Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
Wisconsin Local Government Investment Pool	\$ 1,742,494	\$ 1,742,494	\$ -	\$ -	\$ -
Special Assessment B Bonds	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>
	<u>\$ 3,742,494</u>	<u>\$ 1,742,494</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>

Investment in Wisconsin Local Government Investment Pool

The Village has investments in the Wisconsin local government investment pool of \$1,742,494 at year-end. The Wisconsin local government investment pool (GIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2015, the fair value of the Village's share of the LGIP's assets was substantially equal to the carrying value.

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

2. Property Taxes

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

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

3. Restricted Assets

Restricted assets on December 31, 2015 totaled \$7,955,546 and consisted of cash and investments of \$5,161,805, balances due from other governments of \$2,791,871 and accrued interest of \$1,870 held for the following purposes:

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Stormwater Utility</u>	<u>Total</u>
Revenue Bond Funds				
Reserve Fund	\$ 457,000	\$ -	\$ -	\$ 457,000
Depreciation Fund	382,519	1,173,875	-	1,556,394
Special Redemption Fund	217,164	-	-	217,164
Debt Service Fund	-	3,066,386	-	3,066,386
Equipment Replacement Fund	-	702,601	139,744	842,345
Reserve Capacity Assessment Fund	31,995	1,521,713	-	1,553,708
Construction Fund	<u>-</u>	<u>262,549</u>	<u>-</u>	<u>262,549</u>
 BALANCES - December 31	 <u>\$ 1,088,678</u>	 <u>\$ 6,727,124</u>	 <u>\$ 139,744</u>	 <u>\$ 7,955,546</u>

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

4. Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 2,905,815	\$ -	\$ 884,525	\$ 2,021,290
Construction in progress	519,712	4,905,147	39,691	5,385,168
Total Capital Assets Not Being Depreciated	<u>3,425,527</u>	<u>4,905,147</u>	<u>924,216</u>	<u>7,406,458</u>
Other Capital Assets				
Buildings	6,569,788	-	-	6,569,788
Land improvements	452,504	7,522	5,265	454,761
Machinery and equipment	4,682,247	527,710	217,609	4,992,348
Infrastructure	67,053,806	-	-	67,053,806
Total Other Capital Assets at Historical Cost	<u>78,758,345</u>	<u>535,232</u>	<u>222,874</u>	<u>79,070,703</u>
Less: accumulated depreciation for:				
Buildings	1,390,292	118,614	-	1,508,906
Land improvements	196,544	18,355	2,016	212,883
Machinery and equipment	2,144,993	242,375	142,397	2,244,971
Infrastructure	44,056,855	2,204,456	-	46,261,311
Total Accumulated Depreciation	<u>47,788,684</u>	<u>2,583,800</u>	<u>144,413</u>	<u>50,228,071</u>
Net Other Capital Assets	<u>30,969,661</u>	<u>(2,048,568)</u>	<u>78,461</u>	<u>28,842,632</u>
Total Net Capital Assets	<u>\$ 34,395,188</u>	<u>\$ 2,856,579</u>	<u>\$ 1,002,677</u>	<u>\$ 36,249,090</u>

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

Governmental Activities	
General Government	\$ 28,105
Protection of persons and property	148,452
Highway and transportation, which includes the depreciation of infrastructure	2,319,531
Parks and recreation	87,712
Total Governmental Activities Depreciation Expense	<u>\$ 2,583,800</u>

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type Activities				
Capital Assets Not Being Depreciated				
Land	\$ 927,868	\$ -	\$ -	\$ 927,868
Construction in progress	<u>227,411</u>	<u>3,816</u>	<u>1,750</u>	<u>229,477</u>
Total Capital Assets Not Being Depreciated	<u>1,155,279</u>	<u>3,816</u>	<u>1,750</u>	<u>1,157,345</u>
Other Capital Assets				
Water Utility buildings and structures	2,077,449	-	-	2,077,449
Water Utility machinery and equipment	1,929,552	54,875	16,349	1,968,078
Water Utility infrastructure	22,544,258	15,802	4,945	22,555,115
Sewer Utility buildings and structures	5,341,360	46,899	25,794	5,362,465
Sewer Utility machinery and equipment	15,935,339	91,789	53,948	15,973,180
Sewer Utility infrastructure	26,043,933	261,185	23,542	26,281,576
Stormwater Utility machinery & equip	225,650	-	-	225,650
Stormwater Utility infrastructure	<u>11,172,640</u>	<u>132,781</u>	<u>-</u>	<u>11,305,421</u>
Total Other Capital Assets at Historical Cost	<u>85,270,181</u>	<u>603,331</u>	<u>124,578</u>	<u>85,748,934</u>
Less: Accumulated Depreciation				
Water Utility buildings and structures	934,218	65,159	-	999,377
Water Utility machinery and equipment	796,457	103,204	16,349	883,312
Water Utility infrastructure	5,821,924	384,678	4,945	6,201,657
Sewer Utility buildings and structures	2,151,922	107,039	25,794	2,233,167
Sewer Utility machinery and equipment	11,003,357	347,411	53,948	11,296,820
Sewer Utility infrastructure	6,837,687	366,135	23,542	7,180,280
Stormwater Utility machinery & equip	39,777	11,366	-	51,143
Stormwater Utility infrastructure	<u>1,767,257</u>	<u>115,833</u>	<u>-</u>	<u>1,883,090</u>
Total Accumulated Depreciation	<u>29,352,599</u>	<u>1,500,825</u>	<u>124,578</u>	<u>30,728,846</u>
Net Other Capital Assets	<u>55,917,582</u>	<u>(897,494)</u>	<u>-</u>	<u>55,020,088</u>
Total Capital Assets	<u>\$ 57,072,861</u>	<u>\$ (893,678)</u>	<u>\$ 1,750</u>	<u>\$ 56,177,433</u>

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

Business-type Activities

Water	\$ 553,041
Sewer	820,585
Stormwater	<u>127,199</u>
Total Business-type Activities Depreciation Expense	<u>\$ 1,500,825</u>

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

5. Interfund Receivable, Payables, and Transfers

The following is a schedule of interfund receivables and payables as of December 31, 2015:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	TIF #6 Capital Projects Fund	\$ 405,732
Fund eliminations		<u>(405,732)</u>
Internal balances on the statement of net position		<u>\$ -</u>

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

In the fund financial statements, interfund receivables are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

Interfund transfers for the year ended December 31, 2015 were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund		
Special Revenue Fund - Recreation Scholarship Fund	\$ 2,257	\$ -
Special Revenue Fund - Cemetery Fund	-	10,000
Capital Projects Fund - General Capital Projects	-	515,984
Proprietary Fund		
Enterprise Fund - Water Utility	364,745	-
Enterprise Fund - Sewer Utility	3,831	-
Enterprise Fund - Community Development Authority	-	543,065
Special Revenue Fund		
Recreation Scholarship - General Fund	-	2,257
Cemetery Fund - General Fund	10,000	-
Debt Service Fund		
TIF #6 Debt Service - Capital Projects Fund - TIF #6 Capital Projects	29,752	-
Capital Projects Fund		
General Capital Projects Fund - General Fund	515,984	-
General Capital Projects Fund - TIF #6 Capital Projects	226,507	-
General Capital Projects Fund - Enterprise Fund - Com Dev Auth	45,000	-
General Capital Projects Fund - Enterprise Fund - Stormwater Utility	106,250	-
TIF #6 Capital Projects Fund - TIF #6 Debt Service Fund	-	29,752
TIF #6 Capital Projects Fund - General Capital Projects Fund	-	226,507
Total Governmental Funds	<u>\$ 1,304,326</u>	<u>\$ 1,327,565</u>
Enterprise Fund		
Enterprise Fund - Water Utility - General Fund (for tax equivalent)	\$ -	\$ 364,745
Enterprise Fund - Sewer Utility - General Fund	-	3,831
Enterprise Fund - Com Dev Auth - General Fund	543,065	-
Enterprise Fund - Com Dev Auth - General Capital Projects Fund	-	45,000
Enterprise Fund - Stormwater Utility - General Capital Projects Fund	-	106,250
Total Enterprise Funds	<u>543,065</u>	<u>519,826</u>
Total Fund Statements	1,847,391	1,847,391
Less: fund eliminations	<u>(1,870,630)</u>	<u>(1,870,630)</u>
Total Government-wide Statements	<u>\$ (23,239)</u>	<u>\$ (23,239)</u>

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

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-term Obligations

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation Debt					
Promissory notes	\$ 4,066,924	\$ 3,355,000	\$ 809,616	\$ 6,612,308	\$ 1,044,616
Bonds	10,905,000	4,490,000	2,970,000	12,425,000	225,000
Community Development Bonds	1,855,000	-	-	1,855,000	50,000
Note anticipation notes	-	4,500,000	4,500,000	-	-
Total General Obligation Debt	16,826,924	12,345,000	8,279,616	20,892,308	1,319,616
Bond anticipation notes	-	3,325,000	-	3,325,000	-
Special Assessment B Bonds Payable	-	2,000,000	-	2,000,000	-
Net unamortized (discount) and premium	(26,923)	132,791	5,217	100,651	-
Total Bonds and Notes Payable	16,800,001	17,802,791	8,284,833	26,317,959	1,319,616
Other Liabilities					
Vested compensated absences	256,069	136,191	111,988	280,272	116,807
Total Governmental Activities	\$ 17,056,070	\$ 17,938,982	\$ 8,396,821	\$ 26,598,231	\$ 1,436,423
Business-type Activities					
General Obligation Debt					
Bonds	\$ 3,185,000	\$ -	\$ 150,000	\$ 3,035,000	\$ 175,000
Notes	-	1,250,000	-	1,250,000	225,000
Refunding bonds	995,000	-	245,000	750,000	260,000
State Trust Fund Loan	1,866,947	-	1,866,947	-	-
Total General Obligation Debt	6,046,947	1,250,000	2,261,947	5,035,000	660,000
Revenue Bonds Payable	9,723,743	-	724,042	8,999,701	733,441
Advance from Other Governmental Units	48,991	-	48,991	-	-
Total Business-type Activities	15,819,681	1,250,000	3,034,980	14,034,701	1,393,441
Net unamortized (discount) and premium	(17,923)	-	(2,469)	(15,454)	-
Less: Unamortized Reacquisition Adjustment	(6,669)	-	(6,669)	-	-
Other Liabilities	70,733	26,317	51,642	45,408	19,481
Vested compensated absences	70,733	26,317	51,642	45,408	19,481
Total Business-type Activities	\$ 15,865,822	\$ 1,276,317	\$ 3,077,484	\$ 14,064,655	\$ 1,412,922

Total interest paid during the year on long-term debt totaled \$1,066,001.

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2015
Governmental Activities					
General Obligation Debt					
General Obligation Bonds	10/1/2010	10/1/2030	3.375 - 5.1	\$ 5,800,000	\$ 5,800,000
	3/5/2013	3/1/2029	0.625 - 2.5	2,355,000	2,135,000
	9/17/2013	9/1/2030	2.0 - 4.0	1,855,000	1,855,000
	10/13/2015	6/1/2035	2.0 - 3.25	4,490,000	4,490,000
					14,280,000
General Obligation Notes	5/1/2008	5/1/2022	3.65 - 3.8	3,200,000	2,100,000
	10/1/2010	10/1/2017	1.7 - 2.0	2,650,000	1,125,000
	11/11/2014	10/1/2017	0	36,924	32,308
	6/15/2015	6/1/2025	2.0 - 2.3	2,620,000	2,620,000
	8/25/2015	3/1/2025	1.05 - 2.2	735,000	735,000
					6,612,308
Total Governmental Activities General Obligation Debt					\$ 20,892,308
Business-type Activities					
General Obligation Debt					
Refunding Bonds	5/1/2008	5/1/2018	3.75	\$ 2,280,000	\$ 750,000
Corporate Purpose Bonds	5/1/2013	11/1/2014	0.5 - 2.4	3,325,000	3,035,000
Promissory Notes	8/25/2015	3/1/2025	1.05 - 2.2	1,250,000	1,250,000
Total Business-type Activities General Obligation Debt					\$ 5,035,000

Annual principal and interest maturities of the outstanding general obligation debt of \$25,927,308 on December 31, 2015 are detailed below:

	Governmental Activities General Obligation Debt		Business Type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2016	\$ 1,319,616	\$ 669,238	\$ 660,000	\$ 86,096
2017	1,424,616	600,621	665,000	73,716
2018	1,409,616	568,171	545,000	61,901
2019	1,439,616	531,130	305,000	54,665
2020	1,469,616	490,485	310,000	51,368
2021 - 2025	6,874,228	1,839,948	1,640,000	185,425
2026 - 2030	5,360,000	841,280	910,000	48,070
2031 - 2035	1,595,000	130,325	-	-
Totals	\$ 20,892,308	\$ 5,671,198	\$ 5,035,000	\$ 561,241

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

Legal Margin for New Debt

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed five percent of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2015, was \$61,082,000. Total general obligation debt outstanding at year end was \$25,927,308.

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

Revenue Bonds

The Water Public Utility and Sewer Utility have \$8,999,701 in Water & Sewer System Revenue Bonds outstanding at December 31, 2015. 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 \$481,487. Total net revenues as defined by the bond covenants for the same period were \$1,232,019. Annual principal and interest payments are expected to require 28% of net revenue.

The principal and interest paid during the year on the Sewer System Revenue Bonds was \$507,070. Total net revenues as defined by the bond covenants for the same period were \$1,382,069. Annual principal and interest payments are expected to require 47% of net revenue.

Revenue debt payable at December 31, 2015 consists of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/2014</u>
Business-type Activities					
Water and Sewer System					
Revenue Bonds					
Water Utility	8/1/2005	6/1/2018	4.0 - 4.1	\$ 950,000	\$ 300,000
	6/1/2006	6/1/2024	4.0 - 4.4	2,100,000	1,425,000
	6/4/2013	6/1/2028	2.0 - 2.75	2,340,000	2,040,000
Sewer Utility	8/22/2007	5/1/2027	2.547	7,633,281	<u>5,234,701</u>
Total Business-type					
Activities Revenue Debt					<u>\$ 8,999,701</u>

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

Debt service requirements to maturity are as follows:

	Business-type Activities	
	Revenue Debt	
	Principal	Interest
2016	\$ 733,441	\$ 243,871
2017	748,080	222,822
2018	772,965	200,980
2019	703,101	179,971
2020	738,495	159,676
2021 - 2025	3,812,898	465,601
2026 - 2028	1,490,721	48,139
Totals	\$ 8,999,701	\$ 1,521,060

Vested Compensated Absences

Estimated payments of \$325,680 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.

7. Net Position/Fund Balances

Governmental Activities

Governmental activities net position reported on the government-wide statement of net position at December 31, 2015 includes the following:

Net investment in capital assets	
Land	\$ 2,021,290
Construction in progress	5,385,168
Other capital assets, net of accumulated depreciation	28,842,632
Less: related long-term debt outstanding	(18,172,302)
Premium on long-term debt	(100,651)
Add back unspent construction cash	3,230,307
Total Net Investment in Capital Assets	21,206,444
Restricted	
Debt service	65,855
Park dedication fees	655,747
Revolving loan fund	153,749
Pension benefits	386,631
Total Restricted	1,261,982
Unrestricted	(1,262,286)
Total Governmental Activities Net Position	\$ 21,206,140

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

Governmental fund balances reported on the fund financial statements at December 31, 2015 include the following:

Nonspendable	
Major Funds	
General Fund	
Noncurrent receivables, inventories and prepaids	\$ 447,467
Non-Major Funds	
Cemetery Fund - prepaids	<u>85</u>
Total Nonspendable Fund Balances	<u>447,552</u>
Restricted	
Major Funds	
General Fund	
Ambulance grants	46,932
Debt Service Fund	
Debt service	253,472
Capital Projects Fund - General	
Road projects	538,875
Facility study and improvements	1,685,796
Emergency government outly	38,919
Other capital projects	44,248
Non-Major Funds	
Special Revenue Funds	
Park Fund - playground improvements	655,747
Revolving Loan Fund - loan program	<u>153,749</u>
Total Restricted Fund Balances	<u>3,417,738</u>
Committed	
Major Funds	
General Fund	
Post employment health plan payments	77,048
Fire department length of service payments	44,828
Non-Major Funds	
Special Revenue Funds	
Recreation Scholarship Fund - recreation scholarships	<u>15,035</u>
Total Committed Fund Balances	<u>136,911</u>

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

Assigned

Major Funds

General Fund

Capital expenditures	\$	1,719,905
2016 budgeted expenditures		839,786
Insurance contingencies		85,907
Cable improvements		29,613
Senior programming		39,418

Capital Projects Fund - General

Capital expenditures		1,421,666
----------------------	--	-----------

Non-Major Funds

Special Revenue Funds

Cemetery Fund		8,851
---------------	--	-------

Total Assigned Fund Balances		<u>4,145,146</u>
------------------------------	--	------------------

Unassigned

Major Funds

General Fund

		1,038,422
--	--	-----------

Capital Projects Fund - TIF #6

		<u>(414,266)</u>
--	--	------------------

Total Unassigned Fund Balances		<u>624,156</u>
--------------------------------	--	----------------

Total Governmental Fund Balances	\$	<u>8,771,503</u>
----------------------------------	----	------------------

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

Business-type Activities

Business-type activities net position reported on the government-wide statement of net position at December 31, 2015 includes the following:

Net investment in capital assets	
Land	\$ 927,868
Construction in progress	229,477
Other capital assets, net of accumulated depreciation	55,020,088
Less: related long-term debt outstanding	<u>(13,033,733)</u>
Total Net Investment in Capital Assets	<u>43,143,700</u>
 Restricted	
Reserve Capacity Assessment Fund	<u>1,553,708</u>
Debt Service	
Special Redemption fund	217,164
Reserve Fund	457,000
Debt Service Fund	3,066,386
Less: related long-term debt outstanding	(457,000)
Less: accrued interest payable	<u>(50,566)</u>
Total Restricted for Debt Service	<u>3,232,984</u>
Construction and Equipment Replacement	
Equipment Replacement	842,345
Depreciation Fund	1,556,394
Pension Benefits	<u>276,918</u>
Total Restricted Construction and Equipment Replacement	<u>2,675,657</u>
 Unrestricted	<u>4,164,810</u>
 Total Business-type Activities Net Position	<u>\$ 54,770,859</u>

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE E - OTHER INFORMATION

1. Pension Plan

The Village of Sussex remits monthly the required contributions of the Pauline Haass Library. As a result, required contributions of the Library are included with the Village's WRS contributions. The Village implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*, resulting in the Library's proportionate share of the net pension asset and corresponding deferred outflows of the Village of Sussex being reported in the Village's basic financial statements.

a. Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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.

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.

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE E - OTHER INFORMATION (Continued)

b. Post-Retirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2005	2.6%	7%
2006	0.8%	3%
2007	3.0%	10%
2008	6.6%	0%
2009	(2.1)%	(42)%
2010	(1.3)%	22%
2011	(1.2)%	11%
2012	(7.0)%	(7)%
2013	(9.6)%	9%
2014	4.7%	25%

c. 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, and Executives and Elected Officials. 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 \$166,862 in contributions from the Village.

Contribution rates as of December 31, 2015 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE E - OTHER INFORMATION (Continued)

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

At December 31, 2015, the Village reported an asset of \$410,437 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. 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, 2014, the Village's proportion was 0.01670976%, which was a decrease of 0.00025556% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the Village recognized pension expense of \$159,861.

At December 31, 2015, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 47,071	\$ -	\$ 12,430	\$ -
Net differences between projected and actual earnings on pension plan investments	157,235	-	41,519	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	4,175	-	1,102
Employer contributions subsequent to the measurement date	135,192	-	33,862	-
Total	\$ 339,498	\$ 4,175	\$ 87,811	\$ 1,102

\$169,054 reported as deferred outflows related to pension resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Primary Government		Component Unit	
	Deferred Outflow of Resources	Deferred Inflows of Resources	Deferred Outflow of Resources	Deferred Inflows of Resources
2015	\$ 50,039	\$ 951	\$ 13,214	\$ 251
2016	50,039	951	13,214	251
2017	50,039	951	13,214	251
2018	50,039	951	13,214	251
2019	4,150	371	1,093	98

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE E - OTHER INFORMATION (Continued)

e. Actuarial Assumption

The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Asset:	December 31, 2014
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% - 5.8%
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 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 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:

<u>Asset Class</u>	Long-Term Real Rate of <u>Return</u>	<u>Target Allocation</u>
US Equities	5.3%	21%
International Equities	5.7%	23%
Fixed Income	1.7%	36%
Inflation Sensitive Assets	2.3%	20%
Real Estate	4.2%	7%
Private Equity/Debt	6.9%	7%
Multi-Asset	3.9%	6%
Cash	0.9%	-20%

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE E - OTHER INFORMATION (Continued)

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 3.56%. 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 asset to changes in the discount rate. The following presents the Village's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the Village's proportionate share of the net pension 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:

	<u>1% Decrease to Discount Rate (6.2%)</u>	<u>Current Discount Rate (7.2%)</u>	<u>1% Increase to Discount Rate (8.2%)</u>
Proportionate share of the net pension asset (liability)			
Primary government	\$ (925,983)	\$ 328,226	\$ 1,318,748
Component unit	<u>(231,933)</u>	<u>82,211</u>	<u>330,310</u>
	<u>\$ (1,157,916)</u>	<u>\$ 410,437</u>	<u>\$ 1,649,058</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

f. Payable to the WRS

At December 31, 2015 the Village reported a payable of \$38,575 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2015.

2. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Village completes an annual review of its insurance coverage to ensure adequate coverage.

3. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2015 and 2016 budget years, the increase in the maximum allowable tax levy is limited to the percentage change in the Village's January 1 equalized value as a result of net new construction. The actual limit for the Village for the 2015 budget was 2.028%. The actual limit for the Village for the 2016 budget was 1.547%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE E - OTHER INFORMATION (Continued)

4. Contingencies

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

As of December 31, 2015, the Village had five outstanding contracts for construction of the civic campus and other public works projects for road construction and reconstruction. The total balance outstanding on all the contracts is \$9,203,707, which does not include \$589,844 included in accounts payable at December 31, 2015.

5. Conduit Debt Obligations

From time to time, the Village has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Village, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2015, there were four outstanding Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$7,921,704.

6. Component Units

This report contains 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 the preceding notes to the financial statements, which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting

Pauline Haass Public Library follows the accrual basis of accounting.

b. Cash

The carrying amount of the Library's cash and investments totaled \$1,121,651 as summarized below:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 436,593	\$ 440,071	Custodial credit risk
Certificates of deposit	523,995	523,995	Custodial credit risk
LGIP	<u>161,063</u>	<u>161,063</u>	Credit risk, interest rate risk
Total cash and investments	<u>\$ 1,121,651</u>	<u>\$ 1,125,129</u>	
Reconciliation to financial statements Per statement of net position			
Unrestricted cash and investments	\$ 655,541		
Restricted cash and investments	<u>466,110</u>		
Total cash and investments	<u>\$ 1,121,651</u>		

VILLAGE OF SUSSEX, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE E - OTHER INFORMATION (Continued)

c. Restricted assets

Restricted assets on December 31, 2015 totaled \$468,037 and consisted of cash and investments plus accrued interest held for the following purposes:

Purpose	Amount
Capital Projects & Future Expansion	\$ 458,390
Restricted donations	9,647
	\$ 468,037

d. Capital assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 280,000	\$ -	\$ -	\$ 280,000
Total Capital Assets Not Being Depreciated	280,000	-	-	280,000
Capital assets being depreciated				
Building and improvements	2,006,118	-	-	2,006,118
Equipment and furnishings	362,224	11,854	6,314	367,764
Books and library media	670,225	97,378	99,296	668,307
Total Capital Assets at Historical Cost	3,318,567	109,232	105,610	3,322,189
Less: accumulated depreciation for:				
Building and improvements	817,540	57,325	-	874,865
Equipment and furnishings	327,300	9,472	6,314	330,458
Books and library media	288,469	95,746	99,296	284,919
Total Accumulated Depreciation	1,433,309	162,543	105,610	1,490,242
Net Other Capital Assets	\$ 1,885,258	\$ (53,311)	\$ -	\$ 1,831,947

7. Sewer Utility Rate Increase

During 2015, the Village implemented a rate increase of 3% for the utility customers. In December 2015 after the preparation of the 2016 budget, the Village Board approved a 3% rate increase for 2016 to be effective July 1, 2016.

8. Subsequent Events

In January, 2016, the Village submitted an application to increase rates of the Water Utility to the Public Service Commission of Wisconsin. The application requested an increase of 4.6% to generate additional revenue of \$86,091.

On April 27, 2016, the Village issued \$1,515,000 General Obligation Promissory Notes (series 2016A) with an average interest rate of 1.408% to fund the construction of the civic campus.

VILLAGE OF SUSSEX, WISCONSIN

Notes to Basic Financial Statements

December 31, 2015

NOTE E - OTHER INFORMATION (Continued)

In February, 2016, the Village Board approved contracts for construction, inspection and geotechnical services for the Main Street reconstruction plan. The total of the three contracts is \$6,029,407.

On March 8, 2016, the Village sold \$4,795,000 General Obligation Street Improvement Bonds at an average interest rate of 2.48% to fund the Main Street reconstruction.

On March 8, 2016, the Village Board approved a final resolution to issue up to \$9,000,000 Industrial Revenue Bonds for Rotating Equipment Repair Inc. The Village Board also approved the initial resolution to issue up to \$10,000,000 Industrial Revenue Bonds for Sussex IM, Inc.

On April 12, 2016, the Village Board approved the issuance of up to \$1,570,000 Water Revenue Bonds to refund the balance of the 2005 and 2006 Water Revenue Bonds.

9. Cumulative Effect of Change in Accounting Principles

The Village has adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, which revised and established new financial reporting requirements for governments that provide their employees with pension benefits. The new standards recognize pension costs as employment services are provided, rather than when the pensions are funded. The cumulative effect of this change is summarized below:

	Governmental Activities	Business-type Activities				Component Unit	
		Water Utility	Sewer Utility	Stormwater Utility	Total	Pauline Haass Library	Total
Net Pension Asset	\$ 304,985	\$ 77,973	\$ 97,448	\$ 32,687	\$ 208,108	\$ 135,614	\$ 648,707
Deferred Outflows of Resources	77,912	18,550	24,380	10,538	53,468	34,692	166,072
Total Cumulative Effect of Change in Accounting Principle	\$ 382,897	\$ 96,523	\$ 121,828	\$ 43,225	\$ 261,576	\$ 170,306	\$ 814,779

10. Upcoming Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, *Fair Value Measurement and Application*. Statement No. 72 requires measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement also requires disclosures about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The Village is currently evaluating the impact this standard will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF SUSSEX, WISCONSIN

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

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 4,385,782	\$ 4,390,782	\$ 4,391,116	\$ 334
Intergovernmental	718,872	737,120	734,967	(2,153)
Licenses and permits	327,344	468,874	503,595	34,721
Fines, forfeitures and penalties	179,500	179,500	194,258	14,758
Public charges for services	904,445	989,529	1,084,439	94,910
Commercial revenues	180,925	153,925	162,760	8,835
Miscellaneous revenues	44,004	86,934	92,492	5,558
Total Revenues	6,740,872	7,006,664	7,163,627	156,963
EXPENDITURES				
Current				
General government	774,602	804,002	749,052	54,950
Protection of persons & property				
Police	1,520,285	1,520,285	1,504,400	15,885
Fire	1,213,960	1,189,960	1,109,001	80,959
Other protection	167,349	165,850	159,895	5,955
Health and sanitation	540,767	540,767	539,856	911
Highway and transportation	738,190	777,200	765,966	11,234
Library	544,987	544,987	544,743	244
Parks and recreation	830,759	867,609	764,447	103,162
Capital outlay	292,278	551,419	547,891	3,528
Debt Service				
Principal retirement	4,616	4,616	4,616	-
Total Expenditures	6,627,793	6,966,695	6,689,867	276,828
Excess of revenues over expenditures	113,079	39,969	473,760	433,791
OTHER FINANCING SOURCES (USES)				
Sale of village property	-	-	543,065	543,065
Transfers in	1,053,567	1,151,067	1,138,380	(12,687)
Transfers out	(1,167,646)	(1,192,036)	(1,735,101)	(543,065)
Net change in fund balances - budgetary basis	\$ (1,000)	\$ (1,000)	420,104	\$ 421,104
Adjustment to generally accepted accounting principles basis				
Appropriations to reserve funds			673,564	
Revenue credited to reserve funds			30,540	
Expenditures and transfers charged to reserve funds			(791,966)	
Net change in fund balances - generally accepted accounting principles basis			332,242	
FUND BALANCE - BEGINNING OF YEAR			4,037,084	
FUND BALANCE - END OF YEAR			\$ 4,369,326	

See accompanying notes to required supplementary information

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

	2015
Primary Government	
Proportion of the net pension asset	0.1310%
Proportionate share of the net pension asset	\$ 328,226
Covered-employee payroll	\$ 1,789,027
Plan fiduciary net position as a percentage of the total pension asset	102.74%
Component Unit	
Proportion of the net pension asset	0.0036%
Proportionate share of the net pension asset	\$ 82,211
Covered-employee payroll	\$ 495,599
Plan fiduciary net position as a percentage of the total pension asset	102.74%

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

See Notes to Required Supplementary Information.

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

	2015
Primary Government	
Contractually required contributions	\$ 131,380
Contributions in relation to the contractually required contributions	\$ 131,380
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 1,769,027
Contributions as a percentage of covered-employee payroll	7.43%
Component Unit	
Contractually required contributions	\$ 34,692
Contributions in relation to the contractually required contributions	\$ 34,692
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 495,599
Contributions as a percentage of covered-employee payroll	7.00%

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

See Notes to Required Supplementary Information.

VILLAGE OF SUSSEX, WISCONSIN
Notes to Required Supplementary Information
December 31, 2015

NOTE 1 – BUDGETARY INFORMATION

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

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

NOTE 2 - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 68 AND 71

The Village implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68* for the fiscal year ended December 31, 2015. Information for prior years is not available.

NOTE 3 - WISCONSIN RETIREMENT SYSTEM

There were no changes of benefit terms or assumptions for any participating employer in WRS.

SUPPLEMENTARY INFORMATION

VILLAGE OF SUSSEX, WISCONSIN

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

December 31, 2015

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Park Fund	Revolving Loan Fund	Cemetery Fund	Recreation Scholarship Fund	
ASSETS					
Cash and investments	\$ 655,747	\$ 353,749	\$ 8,866	\$ 15,035	\$ 1,033,397
Prepaid items	-	-	85	-	85
TOTAL ASSETS	\$ 655,747	\$ 353,749	\$ 8,951	\$ 15,035	\$ 1,033,482
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 15	\$ -	\$ 15
Due to other governments	-	200,000	-	-	200,000
Total liabilities	-	200,000	15	-	200,015
Fund Balances					
Nonspendable	-	-	85	-	85
Restricted	655,747	153,749	-	-	809,496
Committed	-	-	-	15,035	15,035
Assigned	-	-	8,851	-	8,851
Total fund balances	655,747	153,749	8,936	15,035	833,467
TOTAL LIABILITIES AND FUND BALANCES	\$ 655,747	\$ 353,749	\$ 8,951	\$ 15,035	\$ 1,033,482

VILLAGE OF SUSSEX, WISCONSIN

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

For the Year Ended December 31, 2015

	Special Revenue Funds				Debt Service Funds	Total Nonmajor Governmental Funds
	Park Fund	Revolving Loan Fund	Cemetery Fund	Recreation Scholarship Fund	TIF #6 Debt Fund	
REVENUES						
Public improvement revenues	\$ 79,210	\$ -	\$ -	\$ -	\$ -	\$ 79,210
Public charges for services	-	-	150	4,719	-	4,869
Commercial revenues	1,516	882	13	39	22	2,472
Miscellaneous revenues	-	-	10,190	4,460	-	14,650
Total revenues	<u>80,726</u>	<u>882</u>	<u>10,353</u>	<u>9,218</u>	<u>22</u>	<u>101,201</u>
EXPENDITURES						
Current:						
General government	-	168	-	-	-	168
Health and sanitation	-	-	11,307	-	-	11,307
Parks and recreation	3,108	-	-	5,347	-	8,455
Debt service	-	-	-	-	59,888	59,888
Total expenditures	<u>3,108</u>	<u>168</u>	<u>11,307</u>	<u>5,347</u>	<u>59,888</u>	<u>79,818</u>
Excess (deficiency) of revenues over expenditures	<u>77,618</u>	<u>714</u>	<u>(954)</u>	<u>3,871</u>	<u>(59,866)</u>	<u>21,383</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	10,000	-	29,752	39,752
Transfers out	-	-	-	(2,257)	-	(2,257)
Net change in fund balances	<u>77,618</u>	<u>714</u>	<u>9,046</u>	<u>1,614</u>	<u>(30,114)</u>	<u>58,878</u>
FUND BALANCES - BEGINNING OF YEAR	<u>578,129</u>	<u>153,035</u>	<u>(110)</u>	<u>13,421</u>	<u>30,114</u>	<u>774,589</u>
FUND BALANCES - END OF YEAR	<u>\$ 655,747</u>	<u>\$ 153,749</u>	<u>\$ 8,936</u>	<u>\$ 15,035</u>	<u>\$ -</u>	<u>\$ 833,467</u>

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



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

To the Village Board
Village of Sussex, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Sussex, Wisconsin, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Village of Sussex's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 2 dated May 20, 2016.

Internal Control Over Financial Reporting

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

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

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



Compliance and Other Matters

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

Purpose of this Report

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



Certified Public Accountants
Green Bay, Wisconsin
May 20, 2016

APPENDIX B

Form of Legal Opinion

(This page has been left blank intentionally.)

Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, WI 53202

November 1, 2016

Re: Village of Sussex, Wisconsin ("Issuer")
\$3,100,000 General Obligation Community Development Bonds, Series 2016D,
dated November 1, 2016 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on September 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$100,000	____%
2020	100,000	____
2021	140,000	____
2022	145,000	____
2023	150,000	____
2024	150,000	____
2025	150,000	____
2026	160,000	____
2027	160,000	____
2028	175,000	____
2029	180,000	____
2030	190,000	____
2031	200,000	____
2032	210,000	____
2033	220,000	____
2034	220,000	____
2035	225,000	____
2036	225,000	____

Interest is payable semi-annually on March 1 and September 1 of each year commencing on March 1, 2017.

The Bonds maturing on September 1, 2027 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on September 1, 2026 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer

and within each maturity, by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

We further certify that we have examined a sample of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.

2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Bonds, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Bonds.

3. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Bonds is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

APPENDIX C

Form of Continuing Disclosure Certificate

(This page has been left blank intentionally.)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Village of Sussex, Waukesha County, Wisconsin (the "Issuer") in connection with the issuance of \$3,100,000 General Obligation Community Development Bonds, Series 2016D, dated November 1, 2016 (the "Securities"). The Securities are being issued pursuant to Resolutions adopted by the Governing Body of the Issuer on September 13, 2016 and October 11, 2016 (collectively, the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the final Official Statement dated October 11, 2016 delivered in connection with the Securities, which is available from the MSRB.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the Village Board of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the Village of Sussex, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Village Clerk-Treasurer of the Issuer who can be contacted at Village Hall, N64 W23760 Main Street, Sussex, Wisconsin 53089, phone (262) 246-5200, fax (262) 246-5222.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year that ends December 31, 2016, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the tables presented in the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. INDEBTEDNESS
2. FINANCIAL INFORMATION
3. PROPERTY VALUATIONS AND TAXES - Assessed and Equalized Values

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent

or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 1st day of November, 2016.

Gregory L. Goetz
President

(SEAL)

Casen J. Griffiths
Village Clerk-Treasurer

APPENDIX D

Official Notice of Sale

(This page has been left blank intentionally.)

OFFICIAL NOTICE OF SALE

\$3,100,000*

Village of Sussex

Waukesha County, Wisconsin

General Obligation Community Development Bonds, Series 2016D

Dated Date of Delivery

Date, Time and Place. SEALED AND ELECTRONIC BIDS will be received by Public Financial Management, Inc., 115 South 84th Street, Suite 315, Milwaukee, Wisconsin 53214, financial advisor acting on behalf of the Village of Sussex, Wisconsin (the "Village"), for all but not part of the Village's \$3,100,000* General Obligation Community Development Bonds, Series 2016D, dated the Date of Delivery (the "Bonds"), until 10:00 a.m. (Central Time) on:

October 11, 2016

at which time sealed bids will be opened, electronic bids retrieved and all bids publicly read. Sealed bids should be mailed or delivered to the offices of Public Financial Management, Inc., 115 South 84th Street, Suite 315, Milwaukee, Wisconsin 53214, Attention: Brian Della, or faxed to (414) 771-1041, and plainly marked "Bid for Village of Sussex General Obligation Community Development Bonds, Series 2016D." Electronic bids must be submitted through Parity®. A meeting of the Village Board will be held on said date for the purpose of taking action on such bids as may be received.

Terms of the Bonds. The Bonds will be dated the Date of Delivery and will mature September 1 in the years and amounts as follows:

MATURITY SCHEDULE

<u>Year</u>	<u>Amount*</u>
2019	\$ 100,000
2020	100,000
2021	140,000
2022	145,000
2023	150,000
2024	150,000
2025	150,000
2026	160,000
2027	160,000
2028	175,000
2029	180,000
2030	190,000
2031	200,000
2032	210,000
2033	220,000
2034	220,000
2035	225,000
2036	225,000

* Preliminary, subject to change

Interest on said Bonds will be payable semi-annually on March 1 and September 1, commencing March 1, 2017.

Adjustments To Principal Amounts. The aggregate principal amount of the Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the Village or its designee after the determination of the successful bidder. Such adjustments shall be in the sole discretion of the Village provided that the Village or its designee shall only make such adjustments in order to size the Bonds to provide enough funds to finance the project and to establish a debt service structure that is acceptable to the Village.

No Term Bond Option. Proposals for the Bonds may not contain term bonds.

Call Feature. The Bonds maturing on September 1, 2027 and thereafter are subject to prior redemption at the option of the Village on September 1, 2026 and any date thereafter at a price of par plus accrued interest.

Registration. The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). The Village will assume no liability for failure of DTC, its participants or other nominees to promptly transfer payments to beneficial owners of the Bonds. In the event that the securities depository relationship with DTC for the Bonds is terminated and the Village does not appoint a successor depository, the Village will prepare, authenticate and deliver, at its expense, fully registered certificated Bonds in the denomination of \$5,000 or any integral multiple thereof in the aggregate principal amount of Bonds of the same maturities and with the same interest rate or rates then outstanding to the beneficial owners of the Bonds.

Security and Purpose. The Bonds are general obligations of the Village. The principal of and interest on the Bonds will be payable from ad valorem taxes, which shall be levied without limitation as to rate or amount upon all taxable property located in the territory of the Village. The Bonds are being issued for the public purpose of providing financial assistance to community development projects under Section 66.1105 of the Wisconsin Statutes by paying project costs of the Village's Tax Incremental District No. 6, and to pay the costs of issuing the Bonds.

Bid Specifications. Bids shall be received on an interest rate basis in an integral multiple of One-Twentieth (1/20) or One-Eighth (1/8) of One Percent (1%). Any number of rates may be bid, but no interest rate specified for any maturity may be lower than the interest rate specified for any earlier maturity. All Bonds of the same maturity shall bear the same interest rate. A rate of interest must be named for each maturity; a zero rate of interest shall not be named; and the premium, if any, must be paid in cash as part of the purchase price. No supplemental interest shall be specified. Each bid shall offer to purchase all of the Bonds and shall offer a price (payable in federal or other immediately available funds) which is not less than \$3,069,000 (99.0% of par), nor more than \$3,193,000 (103.0% of par), plus accrued interest to the date of delivery.

Good Faith Deposit. A good faith deposit in the amount of Thirty One Thousand Dollars (\$31,000) is only required by the successful bidder for the Bonds. The successful bidder for the Bonds is required to submit such Good Faith Deposit payable to the order of the Village in the form of a wire transfer in federal funds. Instructions for wiring the Good Faith Deposit are as follows:

Amount:	\$31,000
Details:	Email PFM for details at dellab@pfm.com or bensonj@pfm.com

The successful bidder shall submit the Good Faith Deposit within two hours after verbal award is made. The successful bidder should provide as quickly as it is available, evidence of wire transfer by providing the Village the federal funds reference number. If the Good Faith Deposit is not received in the time allotted, the bid of the successful bidder may be rejected and the Village may direct the next lowest bidder to submit a Good Faith Deposit and thereafter may award the sale of the Bonds to the same. If the successful bidder fails to comply with the Good Faith Deposit requirement as described herein, that bidder is nonetheless obligated to pay to the Village the sum of \$31,000 as liquidated damages due to the failure of the successful bidder to timely deposit the Good Faith Deposit.

Submission of a bid to purchase the Bonds serves as acknowledgement and acceptance of the terms of the Good Faith Deposit requirement.

The Good Faith Deposit so wired will be retained by the Village until the delivery of the Bonds, at which time the Good Faith Deposit will be applied against the purchase price of the Bonds or the good faith deposit will be retained by the Village as partial liquidated damages in the event of the failure of the successful bidder to take up and pay for such Bonds in compliance with the terms of the Official Notice of Sale and of its bid. No interest on the good faith deposit will be paid by the Village. The balance of the purchase price must be wired in federal funds to the account detailed in the closing memorandum, simultaneously with delivery of the Bonds.

Insurance on Bonds. In the event the successful bidder obtains a bond insurance policy for all or a portion of the Bonds, by or on behalf of it or any other member of its underwriting group, the successful bidder is responsible for making sure that disclosure information is provided about the credit enhancement provider (for example, through a wrapper to the Official Statement). The Village will cooperate with the successful bidder in this manner. The costs of obtaining any bond insurance policy and the costs of providing disclosure information about the credit enhancement provider shall be paid by the successful bidder. In addition, the successful bidder will be required, as a condition for delivery of the Bonds, to certify that the premium will be less than the present value of the interest expected to be saved as a result of such insurance.

Electronic Bidding. The Village assumes no responsibility or liability for electronic bids. If any provisions in this Official Notice of Sale conflict with information provided by Parity®, this Official Notice of Sale shall control. Further information about the electronic bidding service providers, including any fee charged and applicable requirements, may be obtained from:

Parity®/IPREO
1359 Broadway, 2nd Floor
New York, New York 10018
(212) 849-5021 phone

Award. All bids received shall be considered at a meeting of the Village Board of Trustees to be held on the bidding date and, unless all bids are rejected, the Bonds shall be awarded during the Village Board meeting on said date to the best bidder whose proposal shall result in the lowest true interest cost rate to the Village. The true interest cost is computed as the discount rate which, when used with semiannual compounding to determine the present worth of the principal and interest payments as of the date of the Bonds, produces an amount equal to the purchase price. If two or more bids provide the same lowest true interest rate, the Village shall determine which proposal shall be accepted, and such determination shall be final. A computation by the bidder of such true interest cost rate contained in any bid shall be for information only and shall not constitute a part of the bid. The purchaser shall pay accrued interest from the date of the Bonds to the date of delivery and payment of the purchase price.

Delivery. The Bonds will be delivered in typewritten form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, securities depository of the Bonds for the establishment of book-entry accounts at the direction of the successful bidder, within approximately 45 days after the award. Payment at the time of delivery must be made in federal or other immediately available funds. In the event delivery is not made within 45 days after the date of the sale of the Bonds, the successful bidder may, prior to tender of the Bonds, at its option, be relieved of its obligation under the contract to purchase the Bonds and its good faith check shall be returned, but no interest shall be allowed thereon. Delivery of the Bonds is currently anticipated to be on or about November 1, 2016.

Legal Opinion. The successful bidder will be furnished without cost, the unqualified approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel. A Continuing Disclosure Certificate will be delivered at closing setting forth the details and terms of the Village's undertaking and such Continuing Disclosure Certificate is a condition of closing.

CUSIP Numbers. The Village will assume no obligation for the assignment of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon. The Village will permit such numbers to be assigned and printed at the expense of the original purchaser, but neither the failure to print such numbers on any Bonds nor any error with respect thereto will constitute cause for failure or refusal by the original purchaser to accept delivery of the Bonds.

Reoffering Price. Simultaneously with or before delivery of the Bonds, the successful bidder shall furnish to the Village a certificate, made on the best knowledge, information and belief of the successful bidder, acceptable to Bond Counsel, stating the initial reoffering price to the public of the Bonds and further stating that a substantial amount of the Bonds was sold to the public or final purchasers thereof (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at or below such initial reoffering price.

Official Statement. Upon the sale of the Bonds, the Village will publish an Official Statement in substantially the same form as the Preliminary Official Statement subject to minor additions, deletions and revisions as required to complete the Preliminary Official Statement. Promptly after the sale date, but in no event later than seven business days after such date, the Village will provide the successful bidder with up to 25 copies of the final Official Statement without cost. The successful bidder agrees to supply to the Village all necessary pricing information and any underwriter identification necessary to complete the final Official Statement within 24 hours after the award of Bonds.

Certification Regarding Official Statement. The Village will deliver, at closing, a certificate, executed by appropriate officers of the Village acting in their official capacities, to the effect that the facts contained in the Official Statement relating to the Village and the Bonds are true and correct in all material respects, and that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Undertaking to Provide Continuing Disclosure. In order to assist bidders in complying with SEC Rule 15c2-12, as amended, the Village will covenant to undertake (pursuant to a Resolution to be adopted by the Board of the Trustees), to provide annual reports and timely notice of certain events for the benefit of holders of the Bonds. The details and terms of the undertaking are set forth in a Continuing Disclosure Certificate to be executed and delivered by the Village, a form of which is included in the Preliminary Official Statement and in the final Official Statement.

Transcript of Proceedings. A transcript of the proceedings relative to the issuance of the Bonds will be furnished to the successful bidder without cost, including a Closing Certificate stating that there is no litigation pending or threatened affecting the validity of or the security for the Bonds.

Irregularities. The Village Board of Trustees reserves the right to reject any and all bids and to waive any and all irregularities.

Information. The Preliminary Official Statement can be viewed at www.pfm.com or www.i-dealprospectus.com or copies of the Preliminary Official Statement and additional information may be obtained by addressing inquiries to the City's financial advisor, Public Financial Management, Inc., 115 South 84th Street, Suite 315, Milwaukee, Wisconsin 53214, Attention: Brian Della, phone (414) 771-2700, or to the undersigned:

Casen Griffiths - Village Clerk/Treasurer
Village of Sussex
N64 W23760 Main Street
Sussex, WI 53089
(262) 246-5200

BID FORM

Village of Sussex, Wisconsin

\$3,100,000*

General Obligation Community Development Bonds, Series 2016D

Village of Sussex, Wisconsin
c/o Public Financial Management, Inc. (Fax: 414/771-1041)

Sale Date: October 11, 2016

For all or none of the principal amount of \$3,100,000* General Obligation Community Development Bonds, Series 2016D legally issued and as described in the Official Notice of Sale, we will pay the Village \$_____ plus accrued interest on the total principal amount of the Bonds to date of delivery, provided the Bonds bear the following interest rates:

<u>Year</u>	<u>Amount*</u>	<u>Rate*</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate*</u>
2019	\$ 100,000	_____%	2028	\$ 175,000	_____%
2020	100,000	_____%	2029	180,000	_____%
2021	140,000	_____%	2030	190,000	_____%
2022	145,000	_____%	2031	200,000	_____%
2023	150,000	_____%	2032	210,000	_____%
2024	150,000	_____%	2033	220,000	_____%
2025	150,000	_____%	2034	220,000	_____%
2026	160,000	_____%	2035	225,000	_____%
2027	160,000	_____%	2036	225,000	_____%

The Bonds mature on each September 1, as set forth above, and interest on the Bonds is payable semiannually on each March 1 and September 1 commencing March 1, 2017. The Bonds maturing on September 1, 2027 and thereafter are subject to prior redemption at the option of the Village on September 1, 2026 and any date thereafter at a price of par plus accrued interest.

Bond Insurance Policy at Bidder's Option

Insurance Provider: _____

Policy Premium: \$_____

In making this offer, we accept the terms and conditions as defined in the Official Notice of Sale published in the Preliminary Official Statement dated October 4, 2016. All blank spaces of this offer are intentional and are not to be construed as an omission. Our good faith deposit in the amount of \$31,000 will be wired in federal funds to the Village within two hours after verbal award is made according to the Official Notice of Sale.

NOT PART OF THE BID
Explanatory Note: According to our computation this bid involves the following:
\$ _____
Net Interest Cost
% _____
True Interest Rate (TIC)

Respectfully submitted,

Account Manager

The foregoing offer is hereby accepted by and on behalf of the Village of Sussex, Wisconsin, this 11th day of October, 2016.

Gregory Goetz, Village President

Casen J. Griffiths, Village Clerk/Treasurer