

VILLAGE OF **BROWN DEER**



**Milwaukee County, Wisconsin
Comprehensive Annual Financial Report
As of and For the Year Ended
December 31, 2013**

VILLAGE OF BROWN DEER, WISCONSIN
Brown Deer, Wisconsin

Comprehensive Annual Financial Report
As of and For the Year Ended December 31, 2013

Prepared by
The Office of the Treasurer/Comptroller

Treasurer/Comptroller
Accountant
Village Manager

Susan Hudson
Nicole Theys
Michael Hall

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INTRODUCTORY SECTION

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June 23, 2014

To the Village Board and the Citizens of the Village of Brown Deer, Wisconsin:

The Comprehensive Annual Financial Report of the Village of Brown Deer for the year ended December 31, 2013, is herein submitted. This report consists of management's representations concerning the finances of the Village of Brown Deer ("Village"). Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Village of Brown Deer has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Village of Brown Deer's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the Village of Brown Deer's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Village of Brown Deer's financial statements have been audited by CliftonLarsonAllen, LLP, a firm of certified public accountants and consultants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Village of Brown Deer for the fiscal year ended December 31, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principals used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Village of Brown Deer's financial statements for the fiscal year ended December 31, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Village of Brown Deer's MD&A can be found immediately following the report of the independent auditors.

COMMUNITY PROFILE

The Village of Brown Deer encompasses an area of 4.5 square miles in northern Milwaukee County. The Village of Brown Deer is bounded by the Village of River Hills on the east, the City of Mequon on the north and the City of Milwaukee on the south and west. The Milwaukee River and a large county park (Brown Deer Park) form the east boundary of the Village. Given the Village's location, it is considered to be one of the North Shore communities. The Village is bisected by Brown Deer Road (State Highway 100) which is a six-lane thoroughfare connecting other North Shore suburbs to retail complexes west of Brown Deer and to the northwest suburbs of Milwaukee.

The Village started as a small settlement in the 1850's along the Milwaukee River at the intersection of what is now Highways 100 and 57. The unincorporated Village grew modestly as part of the Town of Granville until the 1950's. In 1955 the Village incorporated, and in 1962, after a series of annexation battles with the City of Milwaukee, assumed its present boundaries. As a result of the 1962 court settlement with the City of Milwaukee, the Brown Deer School District also shares the Village's boundaries. The Village's population has remained relatively constant since before 1990 at approximately 12,000 residents. The current population of the Village is 12,086.

Brown Deer operates under a manager form of government. Under this form of government, a six-member Board of Trustees is elected at large and on a non-partisan basis. The Village President, who is also elected at large and on a non-partisan basis, presides at Village Board meetings and votes on all matters. The Village President has no veto power. Annual elections are held in April. The terms of office are 3 years but are overlapping so that the Village is provided with a continuity of knowledge in development, business and legislative matters.

The Board is responsible for enacting ordinances, resolutions, regulations and policies governing the Village as well as the appointment of members of various statutory and advisory boards and the Village Manager. The manager is the chief executive officer who is the head of the administrative branch of the Village and is responsible to the Board for the proper administration of all affairs of the Village.

The Village provides a range of services including police, library, recreation, public works, water, sewer, storm water services. In order to utilize economies of scale the Village has entered into four intergovernmental agreements with other North Shore communities. The North Shore Fire Department was formed on January 1, 1995 by a cooperative agreement with six other North Shore communities (Bayside, Fox Point, Glendale, River Hills, Shorewood, and Whitefish Bay) operates economically by sharing staff, equipment, and resources. The North Shore Health Department was formed on January 1, 1996 with four other North Shore communities (Bayside, River Hills, Fox Point, and Glendale) provides a wide range of public health services more economically than those which could be provided by the individual communities. Effective January 1, 2012, the Shorewood Whitefish Bay Health Department consolidated with the North Shore Health Department to add additional economies of scale. The North Shore Cable Commission was formed on July 6, 1998 by a cooperative agreement with six other North Shore communities (Bayside, Fox Point, Glendale, River Hills, Shorewood, and Whitefish Bay) to jointly provide public access television and public information. Effective January 1, 2011 the Village of Shorewood became the fiscal agent for the North Shore Cable Commission. The Bayside Communications Center was formed on January 1, 2012 in which Bayside will provide a unified public safety answering point providing dispatch service to the Village of Brown Deer. The service will include all police and fire emergency calls, transfer calls, calls for medical emergencies, emergency rescue calls, and calls for dispatch services. The other North Shore communities entered into similar agreements with the Village of Bayside.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Village of Brown Deer operates.

LOCAL ECONOMY

Located in the north suburban area of Milwaukee County, the Village of Brown Deer is a demographically and economically vital and diverse community. The Village continues to be a desirable place to reside due to excellent police and fire protection, public water system, library, health services,

schools, parks and perceived “quality of life.” Brown Deer’s employment base represents an excellent mix of manufacturing, service and retail establishments. In addition, its proximity to downtown Milwaukee (just 10 miles south) enables residents to commute for employment.

The Village’s single-family housing was constructed almost entirely in the period from 1950 to 1980, and can be characterized as being in the middle to upper-middle price range in the Milwaukee area market. The Village also has a substantial number of multifamily housing units, consisting of rental and condominium units, which occupy the same middle to upper-middle market niche. The residential base has continued to grow. In 2013, Milwaukee County had an unemployment rate of 7.3% compared to the State of Wisconsin at 6.5%. The new 2010 census data adjusted the Village’s population to 12,065 and showed an adjusted per capital gross income for the Village of Brown Deer of \$18,844. (Wisconsin Department of Revenue, Administration & Workforce Development).

CURRENT YEAR INITIATIVES

In 2010, the Wisconsin Department of Revenue (DOR) made a change in their process of determining the value of the Tax Incremental Districts (TID). Starting in 2010, the DOR determined the value of the TIDs based upon the annual reporting of the TIDs assessed values by the assessor, which is then adjusted by the municipalities overall level of assessment. This change affected the Village of Brown Deer’s TIDs significantly. In the next few paragraphs, you will be informed of the 2013 increment in each TID and the increase or decrease from 2012.

Tax Incremental Financing District #2, formed in 1995, generated an increment of \$25,463,100 in 2013, an increase of \$1,987,826 from the 2012 increment. On the West side of Sherman Boulevard 2 acres were used for a building called Bradley Crossing which houses 60 apartments, Jewish Family Services (JFS) offices and the Lois & Tom Dolan Community Center, which the Village operates. The remaining 4 acres of land were purchased by JFS with emerging plans for additional residential development. On the East side of Sherman Boulevard, the Village approved a final plan with JFS for Deerwood Crossing, Phase II, which would add an additional 30 units to the existing 60 units already constructed in Phase I. Construction is slated to begin in 2014.

The Tax Incremental Financing District #3, formed in 2005, generated an increment of \$14,676,600 in 2013, a decrease of \$3,303,000 from the 2012 increment. The District includes property along the West Brown Deer Road corridor, bounded by: N. 55th Street to the east, Brown Deer Road to the south, properties abutting West Brown Deer Road to the north, and Park Plaza Court to the west. The 4 acres of land along the west side of North 60th Street are slated to be a condominium/town home development. Due to current market conditions there was no activity in 2013. In the fall of 2013 the Lowe’s Home Improvement store was sold to Wal-Mart and reconstruction began and will open late summer of 2014.

The Tax Incremental Financing District #4, formed in 2005, generated an increment of \$2,658,500 in 2013, a decrease of \$107,000 from 2012 increment. The District includes property within the Original Village Planned Development District and the North Teutonia Avenue corridor. The Original Village reconstruction began in 2013 and final landscaping will finish spring of 2014.

The Village issues a Village magazine called, *Our Brown Deer Magazine*. *Our Brown Deer Magazine* has more human interest pieces and partnerships with the School District. The Village continues to promote the community and all it has to offer by utilizing marketing brochures and the Our Brown Deer website www.ourbrowndeer.com which is a social media website used to inform and connect the residents.

The Village continues to update its website to provide another source of information to the public. Financial information such as: the Annual Budget, Comprehensive Annual Financial Report, Property Tax information and Assessment information are available on the website.

Outside of the Tax Increment Districts, the Village issued building permits mainly for compliance repairs or remodeling.

FINANCIAL POLICIES

In 2011, Finance & Public Works Committee and the Village Board reviewed and amended all financial and budget related policies that are in place to ensure compliance and control within the Village's finances. The policies in place include: a general operations policy, purchasing policy, Village issued purchasing card policy, investment policy, fund balance policy, debt management policy, capitalized fixed assets policy, budget development policy, revenue policy, operating budgets, capital improvement plan process and policy and capital improvement budget policy.

In accordance with the Village's general operations policy the Village will maintain an accounting system according to GAAP and State of Wisconsin regulations. The annual audit will be performed by an independent public accounting firm. Legally restricted revenues will be avoided when they adversely affect the short or long-term financial health of our government. One-time revenues will be used for capital improvements or as legally restricted to a specific purpose.

The Village's fund balance policy is in place to provide working capital for the Village to meet cash flow needs during the year (while avoiding the need to cash flow borrow) and preserve the credit worthiness of the Village for borrowing monies at favorable interest rates. The requirements for the general fund are to ensure that the fund balance is equal to a minimum of 15% of the next year's budgeted general fund expenditures; with a 30% targeted maximum. Funds in excess of 30% of the unassigned fund balance may be considered to supplement "pay as you go" capital outlay expenditures. Every Village Fund will have its fund balance categorized with the five categories pursuant to GASB 54. While the Village encourages each fund to meet the 15% minimum balance, the General Fund is the only fund that has the requirement.

Per the Debt Management policy, when issuing debt the Village has agreed to confine long-term borrowing to capital improvements, equipment or other long-term projects which cannot, and appropriately should not, be financed from current revenues. The Village will also not use long-term debt to finance current operations or short-lived (less than 5 years) depreciable assets. The Village has committed to always issuing debt through a competitive bidding process and to utilize the services of a financial advisor. The Village has also agreed to be in compliance with Section 67.03 of Wisconsin Statutes requiring that general obligation debt outstanding not exceed 5% of the equalized valuation of the taxable property within the Village. The Village has moved one step further in stating that the total annual debt service for general obligation debt will not exceed 20% of the Village's total tax levy with an effort to maintain the levy at a proportionate even level for tax rate stabilization, the Village is currently at 9.65%.

According to the Village's Capitalized Fixed Asset policy, the record of capital assets shall include general fixed assets, i.e., non-infrastructure assets. Infrastructure assets are assets that are immovable and of value only to the Village government, e.g., buildings, sewers, and streets. As a general rule, "capitalized" items maintained within the Village's record of capital assets shall have an expected useful life greater than one year and a purchase, donated or assessed value equal to or greater than \$5,000. For computer equipment, initial operating software shall be included but subsequent operating software and application software shall be excluded.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Brown Deer for its comprehensive annual financial report for the fiscal year ended December 31, 2012. This was the fourteenth year that the Village of Brown Deer has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements; we are submitting it to GFOA to determine its eligibility for another certificate.

The Village recognizes the CliftonLarsonAllen, LLP, audit management team, for their dedication and expertise, which contributed significantly to the report quality and adherence to professional accounting standards.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the administrative services, community services, public works and police departments.

We would like to express our appreciation to all the members of the department who assisted and contributed to the preparation of this report most notably Nicole Theys for her help throughout the process. Credit also must be given to the Village President, Village Board and Finance/Public Works Committee for their support for striving to have the highest standards of professionalism in the management of the Village of Brown Deer's finances.

Respectfully submitted,



Michael L Hall
Village Manager



Susan L Hudson
Treasurer/Comptroller

VILLAGE OF BROWN DEER

DIRECTORY OF OFFICIALS December 31, 2013

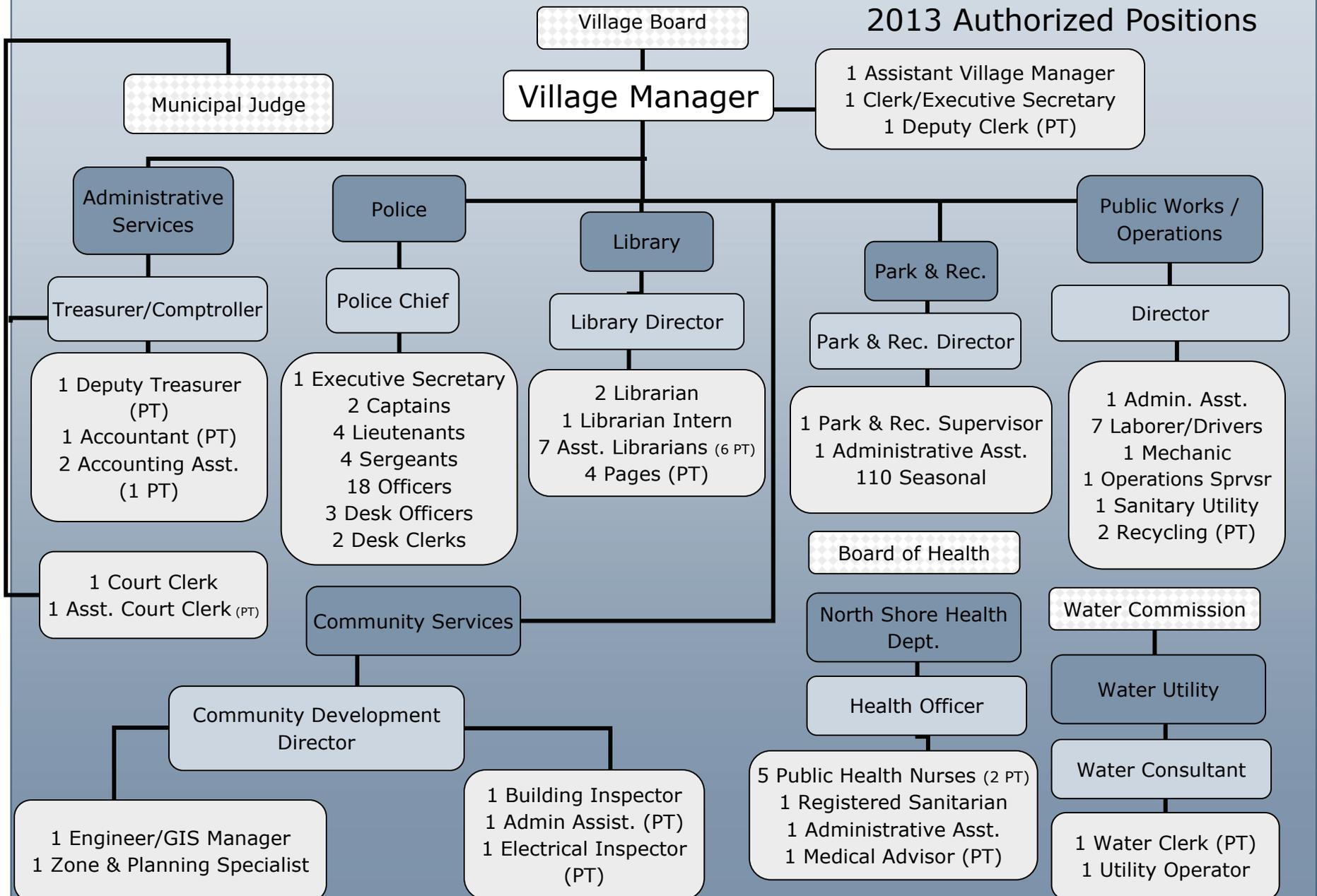
Elected Officials

<u>Name</u>	<u>Title</u>	<u>Term</u>
Carl Krueger	Village President	April, 2016
Jeff Baker	Village Trustee	April, 2016
Terry Boschert	Village Trustee	April, 2014
Bob Oates	Village Trustee	April, 2015
Tim Schilz	Village Trustee	April, 2015
Gary Springman	Village Trustee	April, 2016
Andrea J. Weddle-Henning	Village Trustee	April, 2014
Christopher R. Lipscomb	Municipal Judge	April, 2016

Administrators

<u>Name</u>	<u>Title</u>	<u>Term</u>
Michael Hall	Village Manager	Contract
Accurate Appraisal LLC	Village Assessor	Contract
John Fuchs	Village Attorney	Contract
Chad Hoier	Park and Recreation Director	Appointed
Matthew Maederer	Director of Public Works	Appointed
Jamie Kinzel	Director of Public Health	Appointed
Mike Rau	Water Consultant	Contract
Brian Williams-Van Klooster	Library Director	Appointed
Steven Rinzel	Chief of Police	Appointed
Nathan Piotrowski	Community Development Director	Appointed
Susan Hudson	Treasurer / Comptroller	Appointed

Village of Brown Deer Organization Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Village of Brown Deer
Wisconsin**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Village Board
Village of Brown Deer
Brown Deer, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Brown Deer, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the entity'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Brown Deer as of December 31, 2013, 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.

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 11-25, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund on page 78, and the Schedule of Funding Progress – Other Postemployment Benefits – Retiree Health and Life Insurance on page 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States 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 of Brown Deer's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules listed in the table of contents are the responsibility of management and were 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 combining and individual fund financial statements and schedules listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



Milwaukee, Wisconsin
June 30, 2014



MANAGEMENT'S DISCUSSION AND ANALYSIS As of and For the Year Ended December 31, 2013

As management of the Village of Brown Deer, we offer readers of the Village of Brown Deer's financial statements this narrative overview and analysis of the financial activities of the Village of Brown Deer for the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

FINANCIAL HIGHLIGHTS

When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. You can think of this relationship between revenues and expenses as the Village's operating results and the net position, as measured in the Statement of Net Position, as one way to measure the Village's financial health, or financial position. Over time, increases and decreases in the Village's net position, as measured in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. However, the Village's goal is to provide services that improve the quality of life for our residents, not to generate profits as companies do. For this reason, you will need to consider many other non-financial factors, such as the condition of our roads and infrastructure, in assessing the overall health of our Village.

- The assets of the Village of Brown Deer exceeded its liabilities as of December 31, 2013, by \$19,527,057 (*net position*). The Village reported deficit unrestricted governmental activities net position of (\$6,624,281) and unrestricted business-type activities net position of \$2,498,666. During the current year, the Village's net position increased by \$2,799,198.
- As of December 31, 2013, the Village of Brown Deer's governmental funds reported combined ending fund balances of \$7,000,615, a decrease of (\$2,810,107) in comparison with the prior year. At the end of 2013, there is \$1,406,106 *available for spending* at the government's discretion (*unassigned fund balance*.)
- As of December 31, 2013, the unassigned fund balance for the general fund was \$2,576,744 or 26.7% of total general fund expenditures.
- The Village of Brown Deer's total general obligation debt decreased by \$3,213,905 during 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village of Brown Deer's basic financial statements. The Village of Brown Deer's basic financial statements are comprised of 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 BROWN DEER

Management's Discussion and Analysis As of and For the Year Ended December 31, 2013

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Brown Deer's finances, in a manner similar to a private-sector business and are presented in two statements, the Statement of Net Position and the Statement of Activities, which can be found on pages 26-27 of this report.

Both government-wide financial statements distinguish functions of the Village 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 Brown Deer include general government, public safety, public works, health and human services, culture, recreation and education, and conservation and development. The business-type activities of the Village of Brown Deer include the water utility, storm water utility and the sanitary sewer utility.

STATEMENT OF NET POSITION

The *statement of net position* presents information on all of the Village of Brown Deer's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Village of Brown Deer is improving or deteriorating.

The following table summarizes the Village's statements of net position from both the prior and current year. An analysis of major components of this statement and comparison between the years is found following the table. Changes in capital assets and long term liabilities are discussed further along within those sections of the Management's Discussion and Analysis.

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 18,617,144	\$ 20,872,765	\$ 3,999,304	\$ 4,592,961	\$ 22,616,448	\$ 25,465,726
Capital assets	14,003,966	11,827,171	16,406,992	16,374,706	30,410,958	28,201,877
Total assets	32,621,110	32,699,936	20,406,296	20,967,667	53,027,406	53,667,603
Deferred outflows of resources	626,997	668,997	-	-	626,997	668,997
Long-term debt outstanding	18,673,676	21,288,762	4,386,637	4,998,827	23,060,313	26,287,589
Other liabilities	1,239,807	1,466,339	292,889	421,092	1,532,696	1,887,431
Total liabilities	19,913,483	22,755,101	4,679,526	5,419,919	24,593,009	28,175,020
Deferred inflows of resources	9,534,337	9,433,721	-	-	9,534,337	9,433,721
Net position:						
Net investment in capital assets	8,676,378	8,482,269	12,860,819	12,772,500	21,330,016	21,254,769
Restricted	1,806,405	344,058	367,285	336,488	2,173,690	680,546
Unrestricted (deficit)	(6,682,496)	(7,646,216)	2,498,666	2,438,760	(3,976,649)	(5,207,456)
Total net position	\$ 3,800,287	\$ 1,180,111	\$ 15,726,770	\$ 15,547,748	\$ 19,527,057	\$ 16,727,859

VILLAGE OF BROWN DEER

Management's Discussion and Analysis As of and For the Year Ended December 31, 2013

Governmental Activities

Current and other assets for governmental activities primarily represent cash, investments, taxes receivable and land held for resale. Current and other assets decreased in 2013 by (\$2,255,621), this is due to decrease in cash and investments, resulting from capital outlay.

Long-term debt outstanding decreased in 2013 by (\$2,615,086), this is due to scheduled debt payments. Other liabilities represent accounts payable, accrued payroll liabilities, deposits and unearned revenues.

Capital assets are used to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village of Brown Deer'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. The Village annually levies a tax in order to pay that year's installment of principal and interest on most long term debt.

A portion of the Village of Brown Deer's net position represents resources that are subject to external restrictions on how they may be used. Restricted net position consists of amounts restricted for library, police donations, and police asset forfeiture purposes. The Village has three TIF districts one established in 1995 and the other two in 2005. TIF district financing is a tool used by municipalities to assist in funding economic development. Economic development by nature is a long-term process and often times, early in the life of a TIF district the only resources available are in the form of debt proceeds. At December 31, 2013, \$1.5 million of the Village's restricted Net Position was restricted for TIF district development

The remaining balance of unrestricted net position may be used to meet ongoing obligations to citizens and creditors. The further decrease in unrestricted net position of \$554,800 was due to increased additions in capital assets which outpaced depreciation expense and increased the net position invested in capital assets at the end of 2013. When unrestricted resources are added, the Village's Net Investment in Capital Assets decreases and resources remaining for unrestricted net position then increase.

Business-type Activities

Business-type activities Current and Other Assets consist of cash, investments and receivables. Current and Other Assets decreased by (\$593,657) in the current year. This decrease was due to the release of cash that was originally restricted in 2012 related to cash reserves needed for debt obligations. The total capital assets in 2013 increased by \$32,286 due to the addition of equipment and capital improvements, mainly relating to the water main replacements, sewer infrastructure, and the storm water ditch rehabilitation project.

Long-term debt outstanding decreased in 2013 by (\$612,190) this is due to the scheduled debt payment. Other Liabilities for Governmental and Business-type Activities include accounts payable, accrued interest payable, special deposits and unearned revenue. Other Liabilities decreased by (\$128,203) resulting mainly to a decrease from accounts payable related to capital improvements.

STATEMENT OF ACTIVITIES

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 result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The table below summarizes the statement of activities for 2012 and 2013. Explanations for significant increases or decreases are given following the table.

VILLAGE OF BROWN DEER

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	Governmental Activites		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for Services	\$ 1,894,022	\$ 2,142,014	\$ 3,981,917	\$ 4,033,435	\$ 5,875,939	\$ 6,175,449
Operating grants and contributions	947,594	864,150	-	-	947,594	864,150
Capital grants and contributions	1,488,274	83,475	-	91,176	1,488,274	174,651
General revenues:						
Property taxes	9,127,458	9,307,851	-	-	9,127,458	9,307,851
Other taxes	580,404	504,958	-	-	580,404	504,958
Other general revenues	1,872,936	1,136,452	32,501	44,580	1,905,437	1,181,032
Total revenues	15,910,688	14,038,900	4,014,418	4,169,191	19,925,106	18,208,091
Expenses						
General government	1,551,039	1,272,879	-	-	1,551,039	1,272,879
Public Safety	6,313,518	6,683,671	-	-	6,313,518	6,683,671
Public Works	2,903,734	2,785,319	-	-	2,903,734	2,785,319
Health and Human Services	823,513	813,845	-	-	823,513	813,845
Culture, recreation and education	1,111,854	1,071,460	-	-	1,111,854	1,071,460
Conservation and development	131,899	272,050	-	-	131,899	272,050
Interest and fiscal charges	752,513	826,782	-	-	752,513	826,782
Water	-	-	1,317,513	1,420,362	1,317,513	1,420,362
Storm Water	-	-	580,123	548,921	580,123	548,921
Sanitary Sewer	-	-	1,640,202	1,280,088	1,640,202	1,280,088
Total expenses	13,588,070	13,726,006	3,537,838	3,249,371	17,125,908	16,975,377
Increase (decrease) in net position before transfers	2,322,618	312,894	476,580	919,820	2,799,198	1,232,714
Transfers	297,558	280,821	(297,558)	(280,821)	-	-
Changes in net position	2,620,176	593,715	179,022	638,999	2,799,198	1,232,714
Net position - Beginning of year	1,180,111	586,396	15,547,748	14,908,749	16,727,859	15,495,145
Net position - End of year	\$ 3,800,287	\$ 1,180,111	\$ 15,726,770	\$ 15,547,748	\$ 19,527,057	\$ 16,727,859

*Note: 2012 balances have been restated to reflect the current year restatements for implementation of GASB 65, and corrected CVMIC and OPEB presentation.

Significant Changes in Governmental Activities

Governmental activities increased the Village of Brown Deer's net position by \$2,620,176, while the Business-type activities increased net position by \$179,022. The change in net position for governmental activities increased significantly from 2012 to 2013 due primarily to other general revenues which included reimbursement for the unpaid bond debt service and other obligations of Lowe's under the TID Redevelopment Agreement, increase in permits and state grants. The change in net position for Business-type activities decreased significantly 2012 and 2013 primarily due to increase in expenditures in the sanitary sewer fund and less capital grants and contributions. Other individual increases/decreases to revenues and expenses are described below.

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Governmental Activities - Revenues

Program revenues are those revenues that can be directly related to a particular activity, whereas general revenues represent revenues that are not directly related to one specific function. Charges for services are primarily made up of licenses, permits, public charges for services such as library, recycling and park and recreation fees, and intergovernmental charges for services such as library system fees, and health department charges. Operating grants are mainly from state resources received for highway maintenance and recycling programs. Capital grants fluctuate annually and are received to assist the Village in capital asset purchases. The table below compares Governmental activities revenues for 2012 and 2013.

	Governmental Activities			
	2013	2012	Change	% Chg
Revenues				
Program revenues:				
Charges for services	\$ 1,894,022	\$ 2,142,014	\$ (247,992)	-11.58%
Operating grants and contributions	947,594	864,150	83,444	9.66%
Capital grants and contributions	1,488,274	83,475	1,404,799	1682.90%
General revenues:				
Property taxes	9,127,458	9,307,851	(180,393)	-1.94%
Other taxes	580,404	504,958	75,446	14.94%
Other general revenues	1,872,936	1,136,452	736,484	64.81%
Total revenues	<u>\$ 15,910,688</u>	<u>\$ 14,038,900</u>	<u>\$ 1,871,788</u>	<u>13.33%</u>

Charges for services decreased (\$247,992) in 2013, due to various changes in services provided. The decrease can be accounted for in the following areas and amounts: General Government, (\$37,629); Public Safety, (\$82,950); Public Works, (\$3,347); Health and Human Services, (\$10,199); Culture, Recreation and Education, (\$21,857).

Operating grants and contributions increased from 2012 to 2013 by \$83,444. The increase is partly due to Prevention Grant, \$5,000; HCR Grant, \$5,000, Donations: Library, \$2,016; Community Center, \$28,630; 4th of July, \$1,179.

Capital grants and contributions increased by \$1.4 million from 2012. The increase was mainly due to the termination of a developer agreement resulting in a payment from the developer which will be used to repay related debt outstanding. Additionally in 2013, the Village received Federal and State Grants of, \$82,521; and Police Range grant of \$22,350.

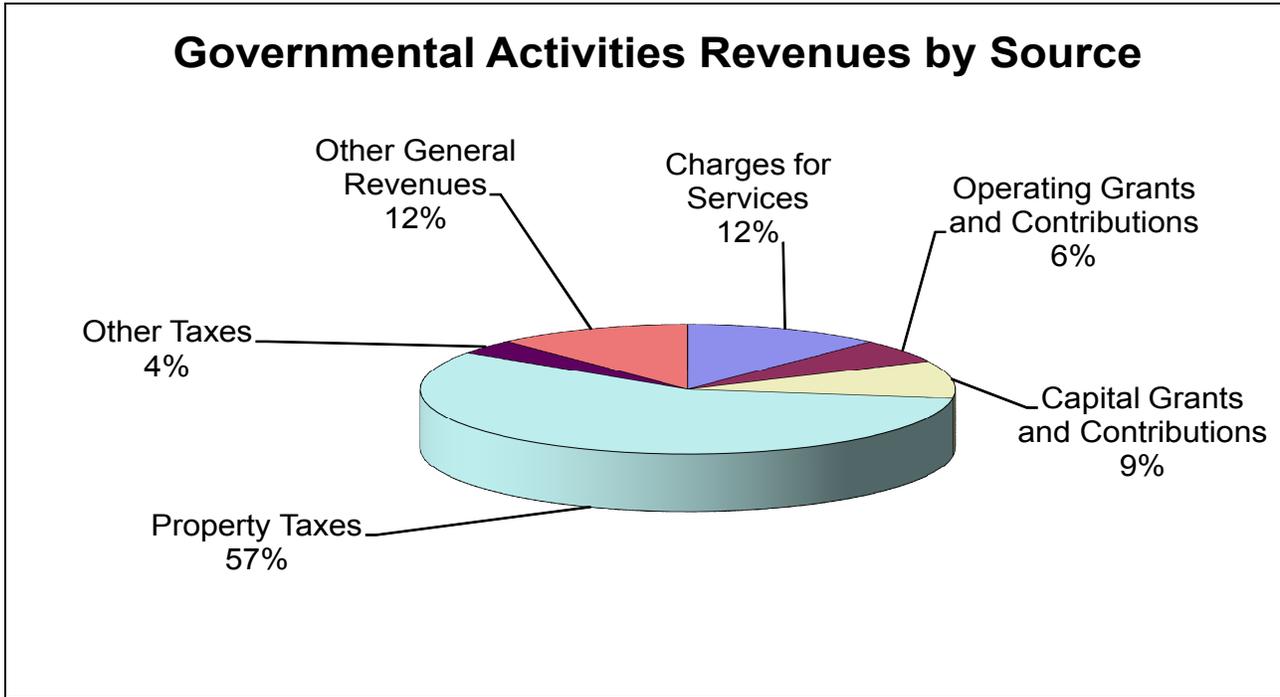
Other general revenues increased \$736,484 from 2012. The two most significant reasons was the increase in Computer Exemption, \$75,908; and a gain on sale of capital assets of \$124,236.

The State of Wisconsin caps local municipal property tax increases by a growth factor based on the municipality's economic growth and the increase in debt service payments. This cap does not apply to property taxes levied for tax incremental financing districts. The levy for TIF districts is based on the tax levy of all overlapping taxing units and the increase in TIF property value. For 2013, property taxes levied for all purposes other than the TIF increased \$9,313 or (0.12%). Property taxes levied for TIF purposes decreased by (\$190,680) or 12.3% from 2012.

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As identified above and on the chart below, property taxes are the largest revenue source for the Village's Governmental Activities category accounting for 57% of total revenues. Like most Wisconsin municipalities, the Village does not charge a local sales or income tax. The percentage composition of revenues has remained stable for the last several years.



Governmental Activities - Expenses

Governmental Activities expenses are broken down into various functions. General Government includes administrative type costs such as Village government and financial management as well as some Village-wide shared costs such as information technology and insurance. Costs associated with the Village's police department, contributions for fire and dispatch services, and expenses related to building inspection are shown within the Public Safety function. The Public Works function includes expenses for street and sidewalk maintenance, winter and forestry operations, refuse and recycling as well as engineering, and planning expenses. Health and Human Services include expenses incurred for the health department programs such as restaurant licensing and health clinic costs. Culture, Recreation and Education expenses are primarily related to the Village's library services and Park's program activities such as the 4th of July celebration, senior programs, and youth and adult athletic programs. Conservation and Development expenses are incurred mainly within the Village's TIF districts in order to promote development of the Village's tax base. The table below compares 2012 and 2013 expenditures; the reasons for significant changes are addressed following the table.

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Expenses	2013	2012	Change	% Chg
General government	\$ 1,551,039	\$ 1,272,879	\$ 278,160	21.85%
Public safety	6,313,518	6,683,671	(370,153)	-5.54%
Public works	2,903,734	2,785,319	118,415	4.25%
Health and human services	823,513	813,845	9,668	1.19%
Culture, recreation and education	1,111,854	1,071,460	40,394	3.77%
Conservation and development	131,899	272,050	(140,151)	-51.52%
Interest and fiscal charges	<u>752,513</u>	<u>826,782</u>	<u>(74,269)</u>	<u>-8.98%</u>
Total expenses	<u>\$ 13,588,070</u>	<u>\$ 13,726,006</u>	<u>\$ (137,936)</u>	<u>-1.00%</u>

General government expenditures increased \$278,160 compared to 2012. This can be attributed to the increase in Brown Deer Magazine Printing and Postage, \$41,781; Legal Services, \$19,943; Village Manger Professional Services, \$44,380; Administrative Professional Services, \$13,110; Worker Compensation Insurance, \$18,946.

Public safety decreased expenditures over 2012 by (\$370,153) due to vacant positions within the police department resulting in personnel, health care and retirement cost reductions.

Public works increased expenditures by \$118,415 due to filling open positions and the increased cost in winter operation, materials and supplies.

Culture, recreation and education expenditures increased \$40,394, due to the purchase of new software and equipment for the Village Park, Recreation and Pond programs.

Conservation and Development expenditures decreased by (\$140,151) in 2013. A decrease in development in 2013 led to a decrease in the administrative charges for the Tax incremental Districts.

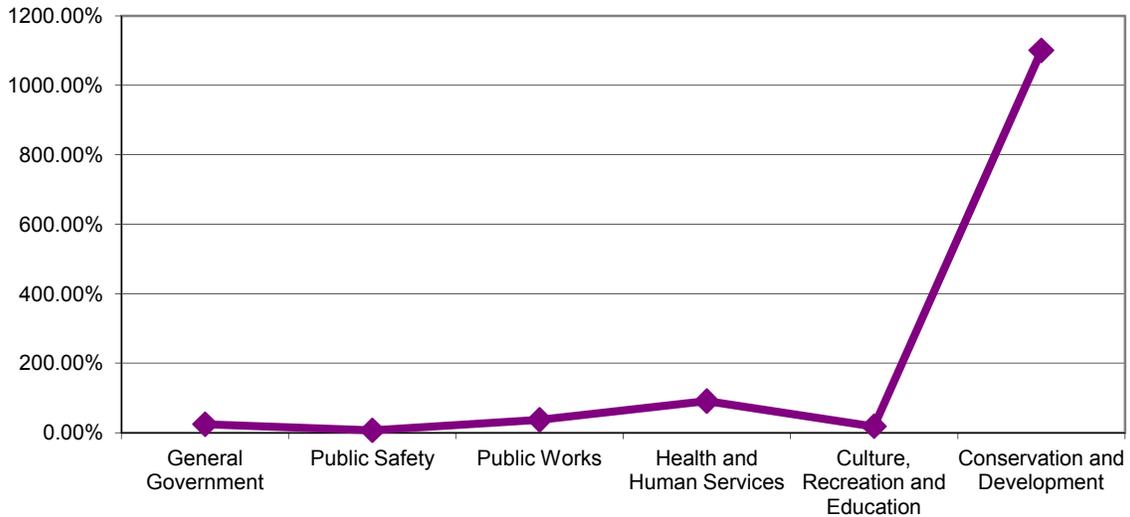
As mentioned within the revenues section, program revenues are revenues intended to pay for a certain activity or function. The graph below illustrates how much of each function's expenses are funded by program revenues. All expenses not funded through program revenues are financed with general revenues, primarily tax levy. In 2013, Health and Human Services was the function that was most funded by program revenues as a result of the grants that the health department diligently applies for and receives and the fact that the Village administers a health department for several other communities all of whom share in the costs of the program. Only the Village's portion of this program is funded by general revenues. The Public Works Department is the second department to most utilize program revenues due to the capital contributions received for projects completed throughout the year and General Government is the third due to its reliance on Public Charges for Services such as beverage & entertainment licensing, building licenses and permits, and cable franchise fees.

Conservation and development received a fee relating to the termination of a developer agreement, which significantly increased the funding percentage of this particular category.

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Percentages of Expenses funded by Program Revenues



Significant Changes in Business-type Activities

Business-type Activities - Revenues

Unlike the Governmental activities, the Village's Business-type activities are financed primarily by user fees. The Village bills its customers for water, storm and sanitary sewer charges on a quarterly basis. Any utility bills left unpaid as of October 31st are placed on the property owner's tax bill. The table below compares the 2012 to 2013 revenues.

	Business-type Activities			
	2013	2012	Change	% Chg
Revenues				
Program revenues:				
Charges for services	\$ 3,981,917	\$ 4,033,435	\$ (51,518)	-1.28%
Capital grants and contributions	-	91,176	(91,176)	-100.00%
General revenues:				
Other general revenues	32,501	44,580	(12,079)	-27.10%
Total revenues	<u>\$ 4,014,418</u>	<u>\$ 4,169,191</u>	<u>\$ (154,773)</u>	<u>-3.71%</u>

There was no rate increase to Village Utility customers for 2013. Since Charges for Service is based on usage and usage was down there was a decrease of (\$51,518).

Capital Grants and Contributions represent assets contributed by developers in the water and sanitary sewer utilities. There was no contribution made by any developer in 2013.

The Other General Revenues category is interest income.

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Business-type Activities - Expenses

The table below compares the Village's Business-type activities expenses from 2012 to 2013.

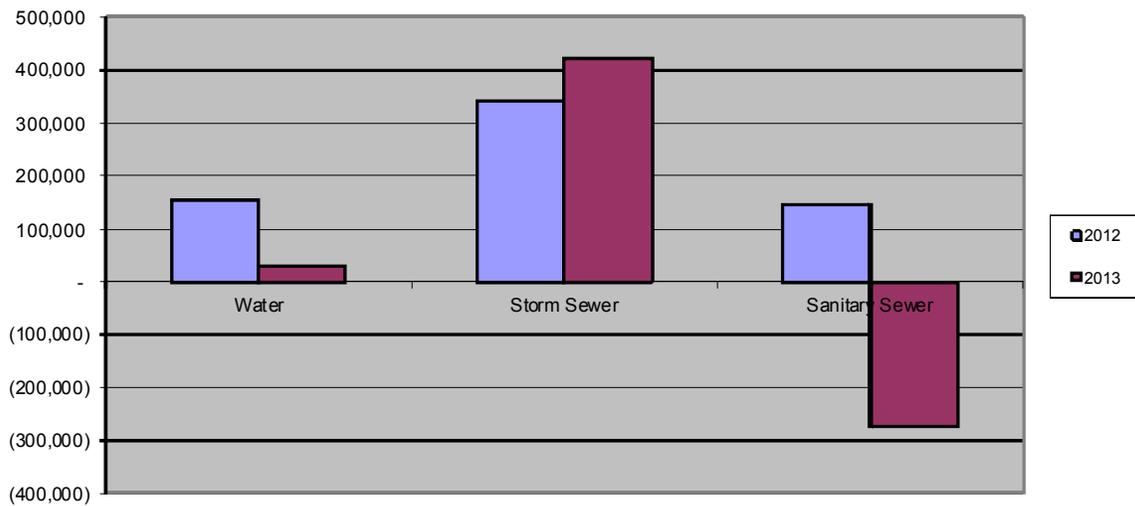
Expenses	Business-type Activities			
	2013	2012	Change	% Chg
Water	\$ 1,317,513	\$ 1,420,362	\$ (102,849)	-7.24%
Storm Water	580,123	548,921	31,202	5.68%
Sanitary Sewer	<u>1,640,202</u>	<u>1,280,088</u>	<u>360,114</u>	<u>28.13%</u>
Total expenses	<u>\$ 3,537,838</u>	<u>\$ 3,249,371</u>	<u>\$ 288,467</u>	<u>8.88%</u>

Expenditures for the Water Utility decreased by (102,849) from 2012 to 2013 mainly due to a (82,680) decrease to purchase of water. The Sanitary Sewer expenses increased \$360,114 due to the sewer inflow/infiltration project started in 2013. The Village typically alternates years in terms of focusing maintenance improvement efforts between sanitary sewer and storm sewer; in 2013, the Village focused on sanitary sewer maintenance instead of storm water maintenance.

Business-type activities increased the Village of Brown Deer's net position by \$179,022 in 2013 and \$638,999 in 2012. Mainly due to the lack of water sales the Water Utilities contribution to Net Position decreased (\$124,314). The Sewer Utilities contributions to Net Position decrease (\$418,883) because operating expenses were higher than operating revenues. The graph below shows the net income by utility for each year.

Specific reasons for these changes were previously addressed.

Change in Net Assets 2012 to 2013



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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 Brown Deer, 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 Brown Deer 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 *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. The basic governmental fund financial statements can be found on pages 28-30 of this report.

Because the focus of the 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. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village maintains thirteen 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, TIF No.2, TIF No.3, TIF No. 4, Capital Improvement Fund and the Debt Service Fund, all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The focus of *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village of Brown Deer's financing requirements. In particular, *unreserved 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 December 31, 2013, the governmental funds reported combined ending fund balances of \$7,000,615, a decrease of \$2,810,107 in comparison with the prior year. Eight-teen percent (18%) of the Village's fund balance is considered *nonspendable fund balance*, which are items such as prepaids and non-current receivables. The *restricted fund balance* of fifty percent (50%) consists of items legally restricted in relation to debt service, unspent bond proceeds, Tax Increment Districts, the Library, police donations, police asset forfeitures, and capital construction. The *committed fund balances* are balances that the Village Board by resolution committed for a set purpose. This ten percent (10%) is for street lighting purposes, the North Shore Health Department, the Recycling Fund, and Park and Recreation purposes. The Village's does not present any fund balance is considered *assigned fund balance*, meaning the Village Board authorized the Village Manager and the Treasurer/Comptroller to assign a purpose to certain funds. Twenty percent (20%) of the Village's fund balance is *unassigned fund balance*, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the Village of Brown Deer. As of December 31, 2012, the total fund balance of the General Fund was \$3,913,329 of which \$2,576,744 was unassigned. This unassigned fund balance represents approximately 27% of total general fund expenditures. The Village

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has established a fund balance policy for the General Fund which sets the minimum fund balance at 15% of the subsequent year's budgeted expenditures. This policy has been met for 2013.

TIF District No. 2's fund balance increased \$50,806 due to a change in increment value from the state resulting in higher tax revenue, decreased costs for attorney fees due to no new development.

TIF District No. 3 was created in 2005, but had very little development activity until 2008. During 2013, Lowe's vacant building was sold to Wal-Mart. In 2013, the fund balance increase \$1,325,760 due largely to the termination of the developer agreement between Lowe's and the Village, which resulted in a one time \$1.25 million dollar payment, terminating the agreement between the Village and Lowe's.

TIF District No. 4 was created in 2005, includes property within the Original Village Planned Development District and the North Teutonia Avenue corridor. In 2010, the Village issued debt to fund the Original Village streetscape project. Construction began in 2013, thus resulting in the decrease in fund balance of (\$4,327,701) due to decrease in increment value and higher expenditures.

The capital improvement fund decreased the fund balance by (\$398,586) resulting from capital purchases with unspent bond proceeds.

The Village's nonmajor funds increased the fund balance by \$171,671 and remains comparable to 2012.

GENERAL FUND BUDGETARY HIGHLIGHTS

General fund revenues were over budget by \$242,601 and can be accounted for by the following revenues that exceeded budget expectations:

- General Fund tax revenues came in \$86,976 over budget due to hotel room tax being slightly higher than expected.
- Intergovernmental revenues were over budget by \$80,224 in part due to an increase in allocation for state shared revenue.
- Licenses and permits came in over budget by \$82,050 due to building, electrical, plumbing, heating and A/C permits.
- Miscellaneous revenue came in under budget in 2013 by (\$6,649) due to court fines and commercial revenues.

General Fund expenditures were below the budgeted amount by \$82,790. Public safety and Public works were the only departments that were under budget. Public safety was under budget \$48,311 and Public works was under budget \$89,416 due to savings gained in salaries and benefits as a result of staff retirement and various positions being open. General Government was over budget by (\$21,754) due to employment contract and printing and postage of the Brown Deer magazine. The health department exceeded their budget by (\$29,757) and the park and recreation department was over budget by (3,426) in 2013 mainly due to increase in program supplies.

There was one budget amendment made in 2013 in the General Fund in response to an increase in professional services due to the volunteer appreciation dinner. The budget amendment resulted in an increase of expenditures by \$5,000. The Village was able to remain eligible for the State of Wisconsin expenditure restraint program regardless of the budget amendment. This program provides state funding to communities that restrict spending growth within their General Fund.

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PROPRIETARY FUNDS

The Village of Brown Deer maintains two different types of proprietary funds. One, the *Enterprise funds* which are used to report the same functions presented as *business-type activities* in the government-wide financial statement. The Village uses enterprise funds to account for its water utility, storm water and sanitary sewer utility. Two, the *Internal Service fund*, which is an accounting device used to accumulate and allocate costs internally among the Village of Brown Deer's various functions. The internal service fund is used to account for the general liability insurance program through the Cities and Villages Mutual Insurance Company. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water utility, the storm water utility and the sanitary sewer utility, all of which are considered to be major funds of the Village of Brown Deer. The basic proprietary fund financial statements can be found on pages 31-34 of this report.

Unrestricted net position of the water, storm water and sanitary sewer utilities at the end of the year amounted to \$1,530,372; \$510,377; and \$527,836 respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the Village of Brown Deer's business-type activities.

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 statement because the resources of those funds are *not* available to support the Village of Brown Deer's own programs. The single Fiduciary fund maintained by the Village is the Tax Collection Fund, which records the tax roll and tax collection for other taxing jurisdictions. The basic fiduciary fund financial statements can be found on page 35 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 36-77 of this report. The information provided below on capital assets and long-term debt can also be found within the footnotes to the financial statements.

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CAPITAL ASSETS

The Village's capital asset activity for 2012 and 2013 is summarized below and significant additions and deletions are described after the table.

	Governmental Activities		Business-type Activities	
	2013	2012	2013	2012
Land	\$ 1,279,694	\$ 1,279,694	\$ 11,654	\$ 11,654
Construction in progress	141,299	595,992	5,881	51,308
Machinery and equipment	3,267,081	3,302,046	1,233,361	1,259,324
Library collection	1,028,262	1,053,393	-	-
Buildings and improvements	6,982,274	6,876,509	477,886	477,886
Infrastructure	<u>13,086,799</u>	<u>9,805,666</u>	<u>25,258,620</u>	<u>24,758,623</u>
Total capital assets	<u>25,785,409</u>	<u>22,913,300</u>	<u>26,987,402</u>	<u>26,558,795</u>
Less accumulated depreciation	<u>(11,781,443)</u>	<u>(11,085,799)</u>	<u>(10,580,410)</u>	<u>(10,184,089)</u>
Capital assets net of depreciation	<u>\$ 14,003,966</u>	<u>\$ 11,827,501</u>	<u>\$ 16,406,992</u>	<u>\$ 16,374,706</u>

Governmental Activities

- Building and improvements increased by \$105,765 in 2013 due to the upgrades to the police departments shooting range, emergency power upgrades and air conditioner to Village Hall.
- \$3,281,133 of infrastructure was added during 2013; was for sidewalks and road resurfacing especially for the Original Village project.

Business-type Activities

- The storm water added \$375,420 to infrastructure due to ditch rehab projects.

Additional information on the Village of Brown Deer's capital assets can be found in Note IV. D. on pages 60-61.

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Management's Discussion and Analysis As of and For the Year Ended December 31, 2013

LONG-TERM DEBT

State statutes limit the amount of general obligation debt that a governmental entity can issue to 5% of its total equalized value. The current debt limitation for the Village of Brown Deer is \$46,358,130, which significantly exceeds the Village of Brown Deer's current outstanding general obligation debt of \$22,140,050. This debt is entirely backed by the full faith and credit of the government. As of December 31, 2013, the Village of Brown Deer's outstanding debt equaled 48% of the state authorized debt.

The table below summarizes the Village's long term debt for 2012 and 2013:

	Governmental Activities		Business-type Activities	
	2013	2012	2013	2012
General obligation bonds and notes	\$17,826,970	\$20,433,732	\$ 4,313,080	\$ 4,920,223
Unamortized premium on bonds	70,034	73,417	19,742	27,015
Compensated absences	740,542	748,420	53,815	51,589
OPEB liability	36,130	33,193	-	-
Total	<u>\$18,673,676</u>	<u>\$21,288,762</u>	<u>\$ 4,386,637</u>	<u>\$ 4,998,827</u>

*Note: The 2012 OPEB balance has been restated, see footnote V.F. for further information

In 2013, the Village of Brown Deer did not issue any additional debt. Additional information regarding the Village of Brown Deer's long-term debt can be found in note IV. F on pages 63 through 66.

In 2007, the Village adopted GASB Statement No. 45, which required the Village to record a liability for unfunded future other post employment benefits. This Statement did not require retroactive reporting of this liability. At this time the Village is funding this liability on a pay-as-you-go basis. Actuarial assumptions and further information on this liability can be found in note V D. on pages 74 through 76.

In 2013, the Village implemented GASB Statement No. 65. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets or liabilities. Previous financial reporting standards did not include guidance for these elements, which are distinct from assets and liabilities.

OTHER INFORMATION

The combining and individual fund schedules referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 81-90 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The current recession and economic conditions have impacted all communities across the United States. The Village of Brown Deer, while not exempt from this crisis has remained relatively sheltered from the worst of the problems. One advantage we have is that the collection of delinquent property taxes is taken over by Milwaukee County each August. The County then pays the Village for any uncollected amounts. This has helped shelter the Village from some of the revenue shortfalls that many other communities have felt. On top of weathering the economic storm, the Village is currently operating under the changes that have been implemented by our legislature in Madison, which may prove to be somewhat difficult in the next few years.

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The unemployment rate for Milwaukee County as of December, 2013 was 7.2% compared to 7.9% in December, 2012. This compares with an unemployment rate of 6.3% for the State of Wisconsin and a 6.7% national rate. Rates for the Village specifically are not available. Rates were obtained using the Wisconsin's Worknet website through the Department of Workforce Development, using seasonally adjusted rates, found at <http://worknet.wisconsin.gov/worknet/dalaus.aspx?menuselection=da>.

The housing sector is recovering at the state and national levels. According to the State of Wisconsin's, Winter 2014 Economic Outlook report, existing home sales grew an impressive 21% in 2012 and a robust 11% in 2013. The recovery is also evident in the 6.6% increase of median home price in 2013. The median price in 2013 averaged \$140,557. This is an increase of 3.4% from the previous year price average of \$135,900.

The Village's 2013 tax levy was again capped by the State of Wisconsin. The Village's limit for 2013 was 2% plus an adjustment for changes in debt service. The Village levied \$7,796,421, which is a .003% increase from the 2012 levy.

Intergovernmental revenues primarily funded by annual State programs, finance approximately 15% of the Village's 2013 General Fund expenditures. The State is currently facing substantial revenue shortfalls due to the declining economy, which in conjunction with the laws passed, will impact the Village's future years' revenue sources.

The Village's 2014 budget for the General Fund includes an increase of 0.98% in total expenditures due mostly to salaries and benefits. The 2014 General Fund budget is a balanced budget and qualifies for the expenditure restraint program.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village of Brown Deer's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Treasurer / Comptroller, 4800 West Green Brook Drive, Brown Deer, WI 53223.

General information relating to the Village of Brown Deer, Wisconsin, can be found at the Village's website, <http://www.browndeerwi.org>.

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VILLAGE OF BROWN DEER
Statement of Net Position
December 31, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 7,783,658	\$ 2,145,998	\$ 9,929,656
Receivables (net)			
Taxes	9,534,337	-	9,534,337
Special assessments	39,180	-	39,180
Accounts	206,984	676,942	883,926
Due from other governments	741,241	-	741,241
Inventory	-	22,430	22,430
Prepaid items	370	-	370
Restricted cash and cash equivalents	-	1,153,934	1,153,934
Investments in CVMIC	311,374	-	311,374
Capital assets			
Land	1,279,694	11,654	1,291,348
Construction in process	141,299	5,881	147,180
Other capital assets, net of depreciation	12,582,973	16,389,457	28,972,430
Total assets	<u>32,621,110</u>	<u>20,406,296</u>	<u>53,027,406</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	<u>626,997</u>	<u>-</u>	<u>626,997</u>
LIABILITIES			
Accounts payable and accrued expenses	1,030,082	194,339	1,224,421
Accrued interest payable	170,972	33,024	203,996
Due to other governments	1,353	-	1,353
Special deposits	5,000	65,526	70,526
Unearned revenues	32,400	-	32,400
Noncurrent liabilities			
Due within one year	1,901,879	658,395	2,560,274
Due in more than one year	16,771,797	3,728,242	20,500,039
Total liabilities	<u>19,913,483</u>	<u>4,679,526</u>	<u>24,593,009</u>
DEFERRED INFLOWS OF RESOURCES			
Subsequent year tax levy	<u>9,534,337</u>	<u>-</u>	<u>9,534,337</u>
NET POSITION			
Net investment in capital assets	8,676,378	12,860,819	21,330,016
Restricted for			
Police asset forfeiture fund	15,584	-	15,584
Police donations	17,028	-	17,028
Park and recreation	49,880	-	49,880
Tax incremental district development	1,549,321	-	1,549,321
Capital assets acquisition and construction	58,215	-	58,215
Library	116,377	-	116,377
Equipment replacement	-	367,285	367,285
Unrestricted (deficit)	<u>(6,682,496)</u>	<u>2,498,666</u>	<u>(3,976,649)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ 3,800,287</u>	<u>\$ 15,726,770</u>	<u>\$ 19,527,057</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF BROWN DEER
Statement of Activities
Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 1,551,039	\$ 379,149	\$ -	\$ -	\$ (1,171,890)	\$ -	\$ (1,171,890)
Public safety	6,313,518	415,983	3,104	-	(5,894,431)	-	(5,894,431)
Public works	2,903,734	374,993	664,076	36,645	(1,828,020)	-	(1,828,020)
Health and human services	823,513	588,915	156,532	-	(78,066)	-	(78,066)
Culture, recreation and education	1,111,854	134,982	123,882	-	(852,990)	-	(852,990)
Conservation and development	131,899	-	-	1,451,629	1,319,730	-	1,319,730
Interest and fiscal charges	752,513	-	-	-	(752,513)	-	(752,513)
Total governmental activities	<u>13,588,070</u>	<u>1,894,022</u>	<u>947,594</u>	<u>1,488,274</u>	<u>(9,258,180)</u>	<u>-</u>	<u>(9,258,180)</u>
Business-type activities							
Water Utility	1,317,513	1,628,368	-	-	-	310,855	310,855
Sewer Utility	1,640,202	1,351,461	-	-	-	(288,741)	(288,741)
Storm Water Utility	580,123	1,002,088	-	-	-	421,965	421,965
Total business-type activities	<u>3,537,838</u>	<u>3,981,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>444,079</u>	<u>444,079</u>
TOTAL	<u>\$ 17,125,908</u>	<u>\$ 5,875,939</u>	<u>\$ 947,594</u>	<u>\$ 1,488,274</u>	<u>(9,258,180)</u>	<u>444,079</u>	<u>(8,814,101)</u>
General revenues							
Property taxes							
Property taxes, levied for general purposes					6,576,618	-	6,576,618
Property taxes, levied for debt services					834,181	-	834,181
Property taxes, levied for capital projects					1,716,659	-	1,716,659
Hotel room taxes					580,404	-	580,404
Intergovernmental revenues not restricted to specific programs					1,445,459	-	1,445,459
Investment income					77,035	28,999	106,034
Gain on sale of village property					124,236	3,502	127,738
Other					226,206	-	226,206
Total general revenues					<u>11,580,798</u>	<u>32,501</u>	<u>11,613,299</u>
Transfers					297,558	(297,558)	-
Change in net position					2,620,176	179,022	2,799,198
Net Position (Deficit) - Beginning of Year (restated)					<u>1,180,111</u>	<u>15,547,748</u>	<u>16,727,859</u>
Net Position - End of Year					<u>\$ 3,800,287</u>	<u>\$ 15,726,770</u>	<u>\$ 19,527,057</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF BROWN DEER
Balance Sheet - Governmental Funds
December 31, 2013

	Capital Project Funds				Capital Improvements	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
	General	TIF No. 2	TIF No. 3	TIF No. 4				
ASSETS								
Cash and investments	\$ 3,811,713	\$ 202,717	\$ 1,356,454	\$ -	\$ 1,376,003	\$ 58,465	\$ 910,450	\$ 7,715,802
Receivables (net)								
Taxes								
Tax levy	6,177,920	835,984	481,850	87,282	372,000	813,655	765,646	9,534,337
Special Assessments on tax roll	2,536	-	-	-	-	-	36,644	39,180
Accounts	162,291	1,780	1,031	-	1,016	-	21,633	187,751
Due from other governments	79,000	-	-	622,620	-	-	39,621	741,241
Due from other funds	311,456	-	-	-	-	-	-	311,456
Prepaid expenses	370	-	-	-	-	-	-	370
TOTAL ASSETS	\$ 10,545,286	\$ 1,040,481	\$ 1,839,335	\$ 709,902	\$ 1,749,019	\$ 872,120	\$ 1,773,994	\$ 18,530,137
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts payable and accrued liabilities	\$ 417,684	\$ 6,631	\$ 6,030	\$ 464,715	\$ 39,055	\$ -	\$ 53,967	\$ 988,082
Due to other governments	1,353	-	-	-	-	-	-	1,353
Due to other funds	-	-	-	303,517	-	-	7,939	311,456
Special deposits	5,000	-	-	-	-	-	-	5,000
Unearned revenues	30,000	-	-	-	-	-	2,400	32,400
Total liabilities	<u>454,037</u>	<u>6,631</u>	<u>6,030</u>	<u>768,232</u>	<u>39,055</u>	<u>-</u>	<u>64,306</u>	<u>1,305,891</u>
DEFERRED INFLOWS OF RESOURCES								
Subsequent year tax levy	6,177,920	835,984	481,850	87,282	372,000	813,655	765,646	9,534,337
Special assessments	-	-	-	-	-	-	36,644	36,644
Other receivables	-	-	-	620,250	-	-	-	620,250
	<u>6,177,920</u>	<u>835,984</u>	<u>481,850</u>	<u>707,532</u>	<u>372,000</u>	<u>813,655</u>	<u>802,290</u>	<u>10,191,231</u>
Fund balances (deficit)								
Nonspendable								
Delinquent personal property taxes	145,612	-	-	-	-	-	-	145,612
Long-term receivables and prepaids	1,173,945	-	-	-	-	-	-	1,173,945
Restricted								
Debt service	-	-	-	-	-	58,465	-	58,465
Tax increment district development	-	197,866	1,351,455	-	-	-	-	1,549,321
Library	-	-	-	-	-	-	66,522	66,522
Police donations	17,028	-	-	-	-	-	-	17,028
Police asset forfeiture	-	-	-	-	-	-	15,584	15,584
Unspent bond proceeds	-	-	-	404,145	1,279,749	-	-	1,683,894
Capital asset acquisition and construction	-	-	-	-	58,215	-	-	58,215
Park and recreation	-	-	-	-	-	-	99,735	99,735
Committed								
Street lighting	-	-	-	-	-	-	183,344	183,344
North Shore Health Department	-	-	-	-	-	-	53,115	53,115
Recycling	-	-	-	-	-	-	378,219	378,219
Park & recreation	-	-	-	-	-	-	111,510	111,510
Unassigned (deficit)	2,576,744	-	-	(1,170,007)	-	-	(631)	1,406,106
Total fund balances (deficit)	<u>3,913,329</u>	<u>197,866</u>	<u>1,351,455</u>	<u>(765,862)</u>	<u>1,337,964</u>	<u>58,465</u>	<u>907,398</u>	<u>7,000,615</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,545,286	\$ 1,040,481	\$ 1,839,335	\$ 709,902	\$ 1,749,019	\$ 872,120	\$ 1,773,994	

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. See Note II A.	14,003,966
Special assessments and other receivables recognized as revenue	656,894
Deferred outflows of resources recognized as an asset on the government-wide financial statements	626,997
Internal service fund is used by management to charge the costs of insurance to specific funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	356,463
Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds. See Note II A.	<u>(18,844,648)</u>

NET POSITION OF GOVERNMENTAL FUNDS

\$ 3,800,287

The accompanying notes are an integral part of this statement.

VILLAGE OF BROWN DEER
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2013

	Capital Projects Funds				Capital Improvements	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
	General	TIF No. 2	TIF No. 3	TIF No. 4				
Revenues								
Taxes	\$ 6,724,176	\$ 688,657	\$ 578,250	\$ 87,644	\$ 362,108	\$ 834,181	\$ 432,846	\$ 9,707,862
Intergovernmental revenues	1,416,419	1,841	2,320	58,924	138,976	-	330,045	1,948,525
Licenses and permits	435,420	-	-	-	-	-	112,722	548,142
Fines, forfeitures and penalties	220,057	-	-	-	-	-	-	220,057
Public charges for services	22,006	-	-	-	-	-	517,122	539,128
Public improvement revenues	-	-	1,250,000	-	-	-	38,553	1,288,553
Interdepartmental charges for services	769,718	-	-	-	-	-	-	769,718
Intergovernmental charges for services	-	-	-	-	-	-	462,741	462,741
Commercial revenues	118,850	320	376	467	(2,171)	577	135,734	254,153
Total revenues	<u>9,706,646</u>	<u>690,818</u>	<u>1,830,946</u>	<u>147,035</u>	<u>498,913</u>	<u>834,758</u>	<u>2,029,763</u>	<u>15,738,879</u>
Expenditures								
Current								
General government	1,499,031	-	-	-	-	-	-	1,499,031
Public safety	6,079,982	-	-	-	99,485	-	9,461	6,188,928
Public works	1,695,611	-	-	-	-	-	306,380	2,001,991
Health and human services	156,957	-	-	-	-	-	728,528	885,485
Culture, recreation and education	203,653	-	-	-	-	-	743,224	946,877
Conservation and development	-	164,609	171,756	208,495	-	-	-	544,860
Capital outlay	-	-	-	2,835,905	705,839	-	70,499	3,612,243
Debt service								
Principal retirement	-	385,000	240,000	1,194,371	74,800	712,591	-	2,606,762
Interest and fiscal charges	-	189,903	93,430	235,965	17,375	168,193	-	704,866
Total expenditures	<u>9,635,234</u>	<u>739,512</u>	<u>505,186</u>	<u>4,474,736</u>	<u>897,499</u>	<u>880,784</u>	<u>1,858,092</u>	<u>18,991,043</u>
Excess (deficiency) of revenues over expenditures	<u>71,412</u>	<u>(48,694)</u>	<u>1,325,760</u>	<u>(4,327,701)</u>	<u>(398,586)</u>	<u>(46,026)</u>	<u>171,671</u>	<u>(3,252,164)</u>
Other Financing Sources (Uses)								
Transfers in	297,558	-	-	-	-	-	-	297,558
Proceeds on sale of capital assets	44,999	99,500	-	-	-	-	-	144,499
Total other financing sources (uses)	<u>342,557</u>	<u>99,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>442,057</u>
Net Change in Fund Balance	413,969	50,806	1,325,760	(4,327,701)	(398,586)	(46,026)	171,671	(2,810,107)
Fund Balances - Beginning of Year	<u>3,499,360</u>	<u>147,060</u>	<u>25,695</u>	<u>3,561,839</u>	<u>1,736,550</u>	<u>104,491</u>	<u>735,727</u>	<u>9,810,722</u>
Fund Balances - End of Year (Deficit)	<u>\$ 3,913,329</u>	<u>\$ 197,866</u>	<u>\$ 1,351,455</u>	<u>\$ (765,862)</u>	<u>\$ 1,337,964</u>	<u>\$ 58,465</u>	<u>\$ 907,398</u>	<u>\$ 7,000,615</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF BROWN DEER
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2013

Net change in fund balances-total governmental funds \$ (2,810,107)

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 net position, the cost of these assets is capitalized and they are depreciated over their useful lives and reported estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements, but is capitalized in the government-wide financial statements	3,612,243
Some items reported as capital outlay were not capitalized	(442,821)
Depreciation is reported in the government-wide financial statements	(972,694)
Proceeds from the sale of capital assets are recorded as revenue in the governmental funds but are removed from revenues in the Statement of Activities (\$144,499). The gain on the sale of capital assets is recognized within the Statement of Activities (\$124,236)	(20,263)

Receivables not currently available are reported as revenue when collected or when currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	618,342
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Debt issued provides 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. Principal repaid	2,606,762
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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.	
Other postemployment benefits	(2,937)
Compensated absences	7,878
Accrued interest on debt	(9,230)
Amortization of loss on refunding	(41,800)
Amortization of premium	3,383

Internal service funds are used by management to charge self-insurance costs to individual funds. The increase in net assets of the internal service fund is reported with governmental activities.	71,420
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,620,176</u>
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The accompanying notes are an integral part of this statement.

VILLAGE OF BROWN DEER
Statement of Net Position
Proprietary Funds
December 31, 2013

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Storm Water Utility</u>	<u>Totals</u>	<u>Governmental Activities - Internal Service Fund</u>
ASSETS					
Current					
Cash and cash equivalents	\$ 1,408,274	\$ 467,566	\$ 270,158	\$ 2,145,998	\$ 67,856
Accounts receivable	217,495	219,885	239,562	676,942	19,233
Materials and supplies inventory	22,430	-	-	22,430	-
Current portion of advance to other funds	-	-	11,753	11,753	-
Restricted assets - cash and cash equivalents					
Unspent bond proceeds	422,959	363,690	-	786,649	-
Equipment replacement funds	-	367,285	-	367,285	-
Total current assets	<u>2,071,158</u>	<u>1,418,426</u>	<u>521,473</u>	<u>4,011,057</u>	<u>87,089</u>
Noncurrent assets					
Capital assets					
Land	11,654	-	-	11,654	-
Construction in progress	5,881	-	-	5,881	-
Structures, improvements and equipment	12,429,731	7,871,573	6,668,563	26,969,867	-
Less: accumulated depreciation	(4,365,571)	(3,899,194)	(2,315,645)	(10,580,410)	-
Other assets					
Advance to other funds	-	-	21,226	21,226	-
Investment in CVMIC	-	-	-	-	311,374
Total noncurrent assets	<u>8,081,695</u>	<u>3,972,379</u>	<u>4,374,144</u>	<u>16,428,218</u>	<u>311,374</u>
Total assets	<u>10,152,853</u>	<u>5,390,805</u>	<u>4,895,617</u>	<u>20,439,275</u>	<u>398,463</u>
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	81,479	107,905	4,955	194,339	42,000
Accrued interest	12,342	9,395	11,287	33,024	-
Unearned revenue	65,526	-	-	65,526	-
Current portion of advance from other funds	-	11,753	-	11,753	-
Current portion of long-term liabilities	151,600	102,223	404,572	658,395	-
Total current liabilities	<u>310,947</u>	<u>231,276</u>	<u>420,814</u>	<u>963,037</u>	<u>42,000</u>
Noncurrent liabilities					
Accumulated sick and vacation pay	21,299	5,736	9,780	36,815	-
Advance from other funds	-	21,226	-	21,226	-
Long-term bonds and notes payable	1,589,150	1,081,863	1,020,414	3,691,427	-
Total noncurrent liabilities	<u>1,610,449</u>	<u>1,108,825</u>	<u>1,030,194</u>	<u>3,749,468</u>	<u>-</u>
Total liabilities	<u>1,921,396</u>	<u>1,340,101</u>	<u>1,451,008</u>	<u>4,712,505</u>	<u>42,000</u>
NET POSITION					
Net investment in capital assets	6,771,004	3,155,583	2,934,232	12,860,819	-
Restricted for equipment replacement	-	367,285	-	367,285	-
Unrestricted	1,460,453	527,836	510,377	2,498,666	356,463
TOTAL NET POSITION	<u>\$ 8,231,457</u>	<u>\$ 4,050,704</u>	<u>\$ 3,444,609</u>	<u>\$ 15,726,770</u>	<u>\$ 356,463</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF BROWN DEER
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended December 31, 2013

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Storm Water Utility</u>	<u>Totals</u>	<u>Governmental Activities - Internal Service Fund</u>
OPERATING REVENUES					
Sale of water	\$ 1,482,454	\$ -	\$ -	\$ 1,482,454	\$ -
Sewage collection charges	-	1,350,441	-	1,350,441	-
Storm water charges	-	-	879,321	879,321	-
Other operating revenues	145,914	1,020	122,767	269,701	91,000
Total operating revenues	<u>1,628,368</u>	<u>1,351,461</u>	<u>1,002,088</u>	<u>3,981,917</u>	<u>91,000</u>
OPERATING EXPENSES					
Operation and maintenance	1,023,150	1,436,304	350,240	2,809,694	93,293
Depreciation	243,276	162,563	187,135	592,974	-
Taxes	1,806	-	-	1,806	-
Total operating expenses	<u>1,268,232</u>	<u>1,598,867</u>	<u>537,375</u>	<u>3,404,474</u>	<u>93,293</u>
Operating income (loss)	<u>360,136</u>	<u>(247,406)</u>	<u>464,713</u>	<u>577,443</u>	<u>(2,293)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	3,122	24,037	1,840	28,999	73,713
Interest expense	(49,944)	(41,529)	(48,093)	(139,566)	-
Amortization of debt discount/premiums	663	194	5,345	6,202	-
Total nonoperating revenues (expenses)	<u>(46,159)</u>	<u>(17,298)</u>	<u>(40,908)</u>	<u>(104,365)</u>	<u>73,713</u>
Income before contributions and transfers	<u>313,977</u>	<u>(264,704)</u>	<u>423,805</u>	<u>473,078</u>	<u>71,420</u>
PROCEEDS ON SALE OF CAPITAL ASSETS	-	3,502	-	3,502	-
TRANSFERS OUT	<u>(285,602)</u>	<u>(11,956)</u>	<u>-</u>	<u>(297,558)</u>	<u>-</u>
Change in net position	28,375	(273,158)	423,805	179,022	71,420
Net position - beginning of year (restated)	<u>8,203,082</u>	<u>4,323,862</u>	<u>3,020,804</u>	<u>15,547,748</u>	<u>285,043</u>
Net position - end of year	<u>\$ 8,231,457</u>	<u>\$ 4,050,704</u>	<u>\$ 3,444,609</u>	<u>\$ 15,726,770</u>	<u>\$ 356,463</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF BROWN DEER
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2013

	<u>Business-type Activities - Enterprise</u>			<u>Governmental Activities - Internal Service Fund</u>	
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Storm Water Utility</u>		<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 1,669,264	\$ 1,378,890	\$ 906,508	\$ 3,954,662	\$ 91,561
Paid to suppliers for goods and services	(949,354)	(1,300,535)	(288,058)	(2,537,947)	(93,293)
Paid to employees for services	(89,268)	(214,778)	(94,493)	(398,539)	-
Receipts (payments) for interfund services	<u>38,308</u>	<u>(38,308)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>668,950</u>	<u>(174,731)</u>	<u>523,957</u>	<u>1,018,176</u>	<u>(1,732)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfer out - paid for tax equivalent	<u>(285,602)</u>	<u>(11,956)</u>	<u>-</u>	<u>(297,558)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on long-term debt	(135,300)	(101,328)	(370,515)	(607,143)	-
Interest paid on long-term debt	(48,828)	(40,344)	(50,550)	(139,722)	-
Payments on capital related advances	-	(10,059)	-	(10,059)	-
Received on advances to other funds	-	-	10,059	10,059	-
Proceeds on sale of capital assets	-	3,502	-	3,502	-
Acquisition and construction of capital assets	<u>(275,137)</u>	<u>-</u>	<u>(350,123)</u>	<u>(625,260)</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(459,265)</u>	<u>(148,229)</u>	<u>(761,129)</u>	<u>(1,368,623)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income received	<u>3,122</u>	<u>24,037</u>	<u>1,840</u>	<u>28,999</u>	<u>19,233</u>
Net increase (decrease) in cash and cash equivalents	(72,795)	(310,879)	(235,332)	(619,006)	17,501
Cash and cash equivalents - beginning of year	<u>1,904,028</u>	<u>1,509,420</u>	<u>505,490</u>	<u>3,918,938</u>	<u>50,355</u>
Cash and cash equivalents - end of year	<u>\$ 1,831,233</u>	<u>\$ 1,198,541</u>	<u>\$ 270,158</u>	<u>\$ 3,299,932</u>	<u>\$ 67,856</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF BROWN DEER
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended December 31, 2013

	<u>Business-type Activities - Enterprise</u>				Governmental Activities - Internal Service Fund
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Storm Water Utility</u>	<u>Totals</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 360,136	\$ (247,406)	\$ 464,713	\$ 577,443	\$ (2,293)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	243,276	162,563	187,135	592,974	-
Depreciation paid by the sewer utility	38,308	(38,308)	-	-	-
(Increase) decrease in assets					
Accounts receivable	35,952	27,429	(95,580)	(32,199)	561
Inventory	4,213	-	-	4,213	-
Increase (decrease) in liabilities					
Accounts payable and accrued liabilities	(19,642)	(79,656)	(33,261)	(132,559)	-
Unearned revenue	4,944	-	-	4,944	-
Accumulated sick leave payable	1,763	647	950	3,360	-
Net cash provided by (used in) operating activities	<u>\$ 668,950</u>	<u>\$ (174,731)</u>	<u>\$ 523,957</u>	<u>\$ 1,018,176</u>	<u>\$ (1,732)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS					
Cash and cash equivalents	\$ 1,408,274	\$ 467,566	\$ 270,158	\$ 2,145,998	\$ 67,856
Restricted cash and cash equivalents	<u>422,959</u>	<u>730,975</u>	<u>-</u>	<u>1,153,934</u>	<u>-</u>
CASH AND CASH EQUIVALENTS	<u>\$ 1,831,233</u>	<u>\$ 1,198,541</u>	<u>\$ 270,158</u>	<u>\$ 3,299,932</u>	<u>\$ 67,856</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF BROWN DEER
Statement of Fiduciary Net Position
Agency Fund
December 31, 2013

	<u>Property Tax</u>
ASSETS	
Cash and cash equivalents	\$ 12,397,762
Taxes receivable	<u>9,040,295</u>
TOTAL ASSETS	<u>\$ 21,438,057</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 42,405
Due to other taxing units	<u>21,395,652</u>
TOTAL LIABILITIES	<u>\$ 21,438,057</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Brown Deer, Wisconsin (“Village”) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

This report includes all of the funds of the Village of Brown Deer. The reporting entity for the Village consists of, (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. This report does not contain any component units.

B. Government-Wide and Fund Financial Statements

In March 2012, the GASB issued statement No. 65 – *Items Previously Recorded as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows or resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Previous financial reporting standards did not include guidance for these elements, which are distinct from assets and liabilities. The Village implemented this standard effective January 1, 2013.

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (continued)

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Village does not allocate indirect expenses to functions in the statement of activities. 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 or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which are considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows, liabilities, deferred inflows, net position/fund balance, revenues, and expenditure/expenses.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (continued)

Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

General Fund - accounts for the Village's primary operating activities. It is used to account for and report all financial resources except those required to be accounted for in another fund.

Capital Projects Fund - TIF No. 2 Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TIF project plan.

Capital Projects Fund - TIF No. 3 Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TIF project plan.

Capital Projects Fund - TIF No. 4 Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TIF project plan.

Capital Projects Fund - Capital Improvements Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the Capital Improvement Plan.

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

The Village reports the following major enterprise funds:

Water Utility - accounts for operations of the water system

Sewer Utility - accounts for operations of the sewer system

Storm Water Utility - accounts for operations of the storm water system.

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (continued)

Fund Financial Statements (continued)

The Village reports the following nonmajor governmental funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Grant Fund	Police Asset Forfeiture Fund
Special Assessments Fund	Recycling Fund
Library Fund	Park and Recreation Program Fund
North Shore Health Department Fund	Strehlow Donation Fund

In addition, the Village reports the following fund types:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Village, or to other governmental units, on a cost- reimbursement basis.

Risk Management Fund - accounts for the Village's participation in and purchase of general liability insurance from Cities and Villages Mutual Insurance Company.

Agency funds are used to account for assets held by the Village in a trustee capacity for the Village or as an agent for individuals, private organizations, and/or other governmental units.

Property Tax Fund - accounts for the collection of property tax for other taxing governmental agencies and the distributions made to those agencies.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)

Government-Wide Financial Statements (continued)

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used 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 are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources. Compensated absences are reported in the governmental funds only if they have matured.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and deferred inflows. Amounts received prior to the entitlement period are recorded as unearned revenues.

Special assessments are recorded as revenues when they become measurable and available as current assets. The Village annually levies special assessments to finance the operation and maintenance costs of certain areas of street lighting. These assessments are reported as special assessments receivables and deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest, interdepartmental charges for services, cable television fees, library nonresident fees and interest. Other general revenues such as fines and forfeitures, licenses and permits, public charges for services and commercial revenues (except investment income) are recognized when received in cash or when measurable and available under the criteria described above.

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)

Fund Financial Statements (continued)

The Village reports deferred inflows on its governmental funds balance sheet. Deferred inflows arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred inflows arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when resources are received before the Village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability or deferred inflow is removed from the balance sheet and revenue is recognized.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The 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 water, sewer and storm water utilities are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

For purposes of the statement of cash flows, the Village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of Village funds is restricted by state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The Village has adopted an investment policy which states the Villages investments shall be in accordance with state statutes and provides the following guidelines for allowable investments:

Custodial Credit Risk

Collateralization is required on certificates of deposit that exceed the FDIC insurance limits and repurchase agreements. The amount to be collateralized is 102% of the market value of principal and accrued interest. The Village chooses to limit its collateral to U.S. treasury securities and its agencies. Collateral must be held by an independent third party with whom the entity has a current custodial agreement. At year-end the Village had \$663 in uncollateralized deposits, which violates its investment policy.

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (continued)

1. Deposits and Investments (continued)

Credit Risk and Concentration of Credit Risk

Per state statutes, Village investments are limited to securities issued or guaranteed by the federal governments, securities having the highest or second highest rating category or a nationally recognized agency and local government investment pools which are currently unrated.

With the exception of U.S. treasury securities and the Local Government Investment Pool, no more than 60% of the Village's total investment portfolio will be invested in a single security type or with a single financial institution and no more than 10% shall be with a single issuer of U.S. agencies or commercial paper.

Interest Rate Risk

The Village limits its investments to investments with maturity less than five years unless specifically approved by the Village Board.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2013, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these financial statements.

See Note IV.A. for further information.

**VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (continued)

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the Village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying agency fund statement of fiduciary net position.

Property tax calendar - 2013 tax roll:

Lien date and levy date	December 2013
Tax bills mailed	December 2013
Payment in full, or	January 31, 2014
First installment due	January 31, 2014
Second installment due	March 31, 2014
Third installment due	May 31, 2014
Personal property taxes in full	January 31, 2014
Tax settlements	
Initial settlement	January 15, 2014
Second settlement	February 15, 2014
Third settlement	April 15, 2014
Fourth settlement	June 15, 2014
Final settlement	August 15, 2014
Tax deed by County - 2013	
Delinquent real estate taxes	October 2016

No allowance for doubtful accounts has been established for the village's receivables. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water, sewer and stormwater utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (continued)

2. Receivables (continued)

The water, sewer and storm water utilities provide services to customers primarily within the municipal boundaries. Customers are billed on a quarterly basis as of the first day of March, June, September and December. Revenue for the month of December is consistently recognized as revenue in the subsequent year. Metered water sales to customers are billed at rates approved by the Public Service Commission of Wisconsin. Sewer and storm water customers are billed rates established by the Village's Board of Trustees. Delinquent balances at the time of the property tax lien date are placed on the customers' tax bill and collected through the normal tax collection process.

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at the lower of cost or market on a first-in, first-out (FIFO) basis based on physical quantities on hand. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (continued)

5. Capital Assets (continued)

Government-Wide Statements (continued)

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed funds. No net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired, or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	10-40 Years
Machinery and equipment	5-15 Years
Library collection	12 Years
Utility system	18-90 Years
Infrastructure	10-50 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (continued)

6. Compensated Absences

Under terms of employment, employees are granted sick pay benefits and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable available resources. Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2013, are determined on the basis of current salary rates and included salary related payments.

7. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts and any premiums, are reported as other financing sources. Payments of principal and interest, and debt issuance costs are reported as expenditures. Debt issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance of losses on refunding is shown as a deferred outflow of resources on the Statement of Net Position.

The Village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the Village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$10.07 million, made up of two issues.

**VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (continued)

8. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability for claims and judgments is only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. Refer to Note V.E. on commitments and contingencies.

9. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either 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.
- c. Unrestricted net position - All other net positions that do not meet the definition of "restricted" or "net investment in capital assets."

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

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 9,957,826	\$ 12,860,819	\$ (207,181)	\$ 22,611,464
Unrestricted	(7,888,701)	2,498,666	207,181	(5,182,854)

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

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (continued)

10. Equity Classifications (continued)

Fund Statements

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*, the Village classifies governmental fund balance as follows:

- a. Non-spendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either 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.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The Village has adopted a financial policy authorizing the Finance and Public Works Committee to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted for those purposes

Propriety fund equity is classified the same as in the government-wide statements.

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (continued)

Equity Classifications (continued)

Fund Statements (continued)

The Village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Village of Brown Deer has a formal minimum fund balance policy. That policy is to maintain a working capital amount of a minimum of 15% of the ensuing year's budgeted General Fund expenditures, with a targeted maximum of 30% of the ensuing year's budgeted expenditures. The balance at year end was \$2,576,744 and is included in the unassigned General Fund balance.

Basis for Existing Rates

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin and effective September 1, 2011.

Sewer Utility

Current sewer rates were approved by the Village Board on November 19, 2011 and effective January 1, 2012.

Storm Water Utility

Current storm water rates were approved by the Village Board on November 15, 2010 and effective January 1, 2011.

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Other Policies - Tax Incremental Districts

On January 1, 1995, the Village created "Tax Incremental District No. 2, Village of Brown Deer, Wisconsin" to eliminate and prevent areas of blight within the Village by promoting public health, safety and welfare, and by increasing the Village's tax base, and the number of jobs available in the Village. Project costs are estimated to be \$2.0 million, which are being financed through prior years' bond issuances. Property taxes to be generated in future years, measured by the increment in value of the property in the District over the base year, are to be used to retire the interest and principal of the related debt issues.

On March 7, 2005, the Village created "Tax Incremental District No. 3, Village of Brown Deer, Wisconsin" to eliminate areas of blight and stimulate the redevelopment of West Brown Deer Road corridor within the Village. Project costs are estimated to be \$7.4 million, which will be financed through future borrowings. Property taxes to be generated in future years, measured by the increment in value of the property in the District over the base year, are to be used to retire the interest and principal of the related debt issues.

On March 7, 2005, the Village created "Tax Incremental District No. 4, Village of Brown Deer, Wisconsin" to eliminate and stimulate the redevelopment of the original Village Planned Development District and the Teutonia Avenue corridor within the Village. Project costs are estimated to be \$6.2 million, which will be financed through future borrowings. Property taxes to be generated in future years, measured by the increment in value of the property in the District over the base year, are to be used to retire the interest and principal of the related debt issues.

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

II. RECONCILIATION OF GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The details of this reconciliation include the following items.

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	\$ 17,826,970
Unamortized premium	70,034
Compensated absences	740,542
Other postemployment benefits	36,130
Accrued interest	<u>170,972</u>
Combined Adjustment for Long-Term Liabilities	<u><u>\$ 18,844,648</u></u>

**VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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 I.C.

A budget has been adopted for the General Fund, special revenue funds (excluding Grant, Police Asset Forfeiture, and Strehlow Donation Funds), debt service fund and the capital projects funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds levying a general property tax.

The budgeted amounts presented include any amendments adopted during the year. The Village Manager may authorize transfers of budgeted amounts within the General Fund. Transfers between funds and changes to the total budget must be approved by two-thirds of the Village Board.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the function level for the General Fund and at the individual fund level for all other funds.

B. Excess Expenditures and Other Financing Uses Over Appropriations

Excess of expenditures over appropriations are as follows:

Fund	Final Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General Fund			
General Government	\$ 1,477,277	\$ 1,499,031	\$ 21,754
Health and Human Services	127,200	156,957	29,757
Culture, recreation and education	200,227	203,653	3,426
Debt Service Fund	834,180	880,784	46,604
Special Revenue Funds			
Library Fund	515,038	552,608	37,570
Park and Recreation Program Fund	223,383	238,794	15,411
Capital Projects Fund			
TIF No. 2 Capital Projects Fund	700,094	739,512	39,418
TIF No. 3 Capital Projects Fund	461,010	505,186	44,176
TIF No. 4 Capital Projects Fund	2,676,803	4,474,736	1,797,933

The excess of expenditures over appropriations were financed with current year revenue sources and available fund balances.

**VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

C. Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2013, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>
TIF No. 4	\$(765,862)
Grants Fund	(631)

The Grant Fund's deficit is anticipated to be funded with future contributions or general tax revenues. The TIF District's deficit is anticipated to be funded with future increment.

D. Limitations on the Village's Tax Levy

As part of Wisconsin's Act 32 (2011), legislation was passed that limits the Village's future tax levies. Generally, the Village is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the Village's equalized value due to new construction, or zero percent for the 2012 levy collected in 2013 and thereafter. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions.

**VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The Village maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net assets and balance sheet as cash and investments.

The Village's cash and investments at year end were comprised of the following:

	Carrying Value	Statement Balance	Associated Risks
Petty cash	\$ 8,886	\$ -	N/A
Demand deposits	13,998,939	11,618,198	Custodial credit risk
Certificates of deposit	4,785,493	4,785,493	Custodial credit risk
Money market funds	374,098	374,098	Custodial credit risk
Local government investment pool	1,224,659	1,224,659	Credit risk
Municipal bonds	683,363	683,363	Custodial credit, credit, concentration of credit risk and interest rate risk
U.S. agencies	2,405,914	2,405,914	Custodial credit, credit, concentration of credit risk and interest rate risk
	\$ 23,481,352	\$ 21,091,725	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted			
Cash and cash equivalents	\$ 9,929,656		
Restricted cash and cash equivalents	1,153,934		
Per statement of net position - Agency Fund			
Cash and cash equivalents	12,397,762		
Total cash and investments	\$ 23,481,352		

Deposits in each local bank are insured by the FDIC in the amount of \$250,000 for demand deposits and \$250,000 for time and savings deposits. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing the custodial credit risk.

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (continued)

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. Government). SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash.

Custodial Credit Risk

Deposits

Custodial risk is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to the Village.

As of December 31, 2013, \$663 of the Village's total certificates of deposit balance of \$4,785,493 was exposed to custodial credit risk as uninsured and uncollateralized. The entire balance of demand deposits and money market accounts was fully insured or collateralized as of December 31, 2013.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Village does not have any investments exposed to custodial credit risk.

**VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (continued)

Custodial Credit Risk (continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2013, the Village's investments were rated as follows:

Investment Type	Amount	Moody's Investors Services
U.S. agencies	\$ 2,405,914	AAA
Municipal Bonds	92,623	Aaa
Municipal Bonds	69,136	Aa1
Municipal Bonds	226,117	Aa2
Municipal Bonds	73,155	Aa3
Municipal Bonds	182,094	A1
Municipal Bonds	40,238	A2
LGIP	1,224,659	Unrated

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2013, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
FHLMC	US Agencies	13.76%
FNMA	US Agencies	10.04%

**VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2013, the Village's investments matured as follows:

Investment Type	Fair Value	Maturity			
		Less than 6 months	6 months - 1 year	1-3 years	3 or more years
Certificates of deposit	\$4,785,493	\$1,061,059	\$2,036,696	\$1,588,285	\$ 99,453
Local government investment pool	1,224,659	1,224,659			
US agencies	2,405,914	-	-	-	2,405,914
Municipal bonds	683,363	60,473	-	467,792	155,098
Totals	\$9,099,429	\$2,346,191	\$2,036,696	\$2,056,077	\$2,660,465

The Village has invested in certificates of deposit which exceed the maturity allowed by state statutes. See Note I.D.I, for the Village's investment policy and further information on deposits and investments.

B. Receivables

Governmental funds report *deferred inflows* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components for *deferred inflows and unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Property taxes receivable for subsequent year	\$ -	\$ 9,534,337	\$ 9,534,337
Special assessments not yet due	36,644	-	36,644
Grant funds	620,250		620,250
Total Deferred/Unearned Revenue for Governmental Funds	\$ 656,894	\$ 9,534,337	\$ 10,191,231

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables (continued)

No allowances for doubtful accounts have been established for the Village's receivables. All receivables are expected to be collected in the subsequent year except for delinquent personal property taxes and other receivables that total \$41,490.

C. Restricted Assets

Equipment Replacement Account

The Sewer Utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources. The balance in this account as of December 31, 2013 was \$367,285.

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,279,694	\$ -	\$ -	\$ 1,279,694
Construction in progress	595,992	1,561,928	2,016,621	141,299
Total capital assets not being depreciated	<u>1,875,686</u>	<u>1,561,928</u>	<u>2,016,621</u>	<u>1,420,993</u>
Capital assets being depreciated				
Machinery and equipment	3,302,046	176,054	211,019	3,267,081
Library collection	1,053,393	61,163	86,294	1,028,262
Buildings and improvements	6,876,509	105,765	-	6,982,274
Infrastructure	9,805,666	3,281,133	-	13,086,799
Total capital assets being depreciated	<u>21,037,614</u>	<u>3,624,115</u>	<u>297,313</u>	<u>24,364,416</u>
Total capital assets	<u>22,913,300</u>	<u>5,186,043</u>	<u>2,313,934</u>	<u>25,785,409</u>
Less: Accumulated depreciation for				
Buildings and improvements	3,394,132	285,337	190,756	3,488,713
Library collection	634,371	79,140	86,294	627,217
Machinery and equipment	1,455,965	229,262	-	1,685,227
Infrastructure	5,601,331	378,955	-	5,980,286
Total accumulated depreciation	<u>11,085,799</u>	<u>972,694</u>	<u>277,050</u>	<u>11,781,443</u>
Net capital assets, being depreciated	<u>9,951,815</u>	<u>2,651,421</u>	<u>20,263</u>	<u>12,582,973</u>
Total governmental activities capital assets net of accumulated depreciation	<u>\$ 11,827,501</u>	<u>\$ 4,213,349</u>	<u>\$ 2,036,884</u>	<u>\$ 14,003,966</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 159,686
Public safety	106,453
Public works, which includes the depreciation of infrastructure	543,924
Culture, recreation and education	155,935
Conservation and development	6,696
Total Governmental Activities Depreciation Expense	<u>\$ 972,694</u>

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 11,654	\$ -	\$ -	\$ 11,654
Construction in progress	51,308	220,117	265,544	5,881
Total capital assets not being depreciated	<u>62,962</u>	<u>220,117</u>	<u>265,544</u>	<u>17,535</u>
Capital assets being depreciated				
Structures and improvements	477,886	-	-	477,886
Water utility system	11,085,924	213,184	88,607	11,210,501
Sewer utility system	7,556,346	-	-	7,556,346
Storm water utility system	6,116,353	375,420	-	6,491,773
Machinery and equipment	<u>1,259,324</u>	<u>82,083</u>	<u>108,046</u>	<u>1,233,361</u>
Total capital assets being depreciated	<u>26,495,833</u>	<u>670,687</u>	<u>196,653</u>	<u>26,969,867</u>
Total capital assets	<u>26,558,795</u>	<u>890,804</u>	<u>462,197</u>	<u>26,987,402</u>
Less: Accumulated depreciation for				
Structures and improvements	305,406	12,922	-	318,328
Water utility system	3,317,468	231,712	88,607	3,460,573
Sewer utility system	3,552,450	94,567	-	3,647,017
Storm water utility system	2,019,901	175,349	-	2,195,250
Machinery and equipment	<u>988,864</u>	<u>78,424</u>	<u>108,046</u>	<u>959,242</u>
Total accumulated depreciation	<u>10,184,089</u>	<u>592,974</u>	<u>196,653</u>	<u>10,580,410</u>
Net capital assets, being depreciated	<u>16,311,744</u>	<u>77,713</u>	<u>-</u>	<u>16,389,457</u>
Business-type capital assets net of accumulated depreciation	<u>\$ 16,374,706</u>	<u>\$ 297,830</u>	<u>\$ 265,544</u>	<u>\$ 16,406,992</u>

Depreciation expense was charged to functions as follows:

Business-type Activities	
Water Utility	\$ 243,276
Sewer Utility	162,563
Storm Water Utility	187,135
Total Business-type Activities Depreciation Expense	<u>\$ 592,974</u>

**VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund Receivables / Payables, Advances and Transfers

The following is a schedule of interfund receivables, payables and advances including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
Interfund receivable / payables			
General Fund	TIF No. 4	\$ 303,517	
General Fund	Grants Fund	7,939	
Less: Fund eliminations		<u>(311,456)</u>	
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ -</u>	
Interfund Advances			
Storm Water Utility	Sewer Utility	<u>\$ 32,979</u>	\$ 21,226

All interfund balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. All interfund receivables/payables are due within one year.

The interfund advance between the Storm Water Utility and the Sewer Utility for \$32,979 bears interest with rates ranging from 3.75% to 4.55% and is due annually in varying amounts through April 1, 2016.

For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Purpose
General Fund	Water Utility	<u>\$ 297,558</u>	Payment in lieu of taxes

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.

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

**VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2013 was as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and notes payable					
General obligation debt	\$ 19,571,639	\$ -	\$ 2,531,962	\$ 17,039,677	\$ 1,513,514
G.O. Note payable-Village of Whitefish Bay	553,980	-	49,866	504,114	50,759
G.O. Note payable-Village of Bayside	308,113	-	24,934	283,179	27,606
Unamortized premium on bonds	73,417	-	3,383	70,034	-
Total Bonds and Notes Payable	<u>\$ 20,507,149</u>	<u>\$ -</u>	<u>\$ 2,610,145</u>	<u>\$ 17,897,004</u>	<u>\$ 1,591,879</u>
Other Liabilities					
Other postemployment benefits	33,193	47,760	44,823	36,130	-
Vested compensated absences	748,420	301,359	309,237	740,542	310,000
Total Other Liabilities	<u>781,613</u>	<u>349,119</u>	<u>354,060</u>	<u>776,672</u>	<u>310,000</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 21,288,762</u>	<u>\$ 349,119</u>	<u>\$ 2,964,205</u>	<u>\$ 18,673,676</u>	<u>\$ 1,901,879</u>
Business-type Activities					
Bonds and notes payable					
General obligation debt	\$ 4,920,223	\$ -	\$ 607,143	\$ 4,313,080	\$ 641,395
Unamortized premium on bonds	27,015	-	7,273	19,742	-
Other liabilities					
Vested compensated absences	51,589	32,998	30,772	53,815	17,000
Total Business-type Activities Long-Term Liabilities	<u>\$ 4,998,827</u>	<u>\$ 32,998</u>	<u>\$ 645,188</u>	<u>\$ 4,386,637</u>	<u>\$ 658,395</u>

All general obligation notes and bonds payable are backed by the full faith and credit of the Village. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

**VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (continued)

General Obligation Debt

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2013 was \$46,358,130. Total general obligation debt and related pledges outstanding at year end was \$22,140,050.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2013</u>
Governmental Activities					
General Obligation Debt					
Taxable issues					
Refunding Bonds	10/13/2009	4/4/2014	2.00-2.50%	\$ 374,439	\$ 84,157
	5/9/2011	4/1/2022	1.80-4.35%	625,000	535,000
	11/26/2012	4/1/2028	1.00-3.25%	5,345,000	5,145,000
Whitefish Bay NSFD	11/1/2010	4/1/2022	2.00-3.00%	943,823	504,114
Bayside NSFD	4/6/2012	8/1/2023	0.80-2.30%	501,799	283,179
Community Dev Bonds	9/29/2006	4/1/2026	5.35-5.80%	5,580,000	915,000
	5/2/2007	10/1/2022	5.40-5.50%	3,355,000	2,545,000
Tax-exempt issues					
Promissory Notes	4/1/2006	4/1/2016	3.75-3.80%	1,300,000	535,000
	12/12/2011	4/1/2031	2.00-3.35%	630,000	630,000
	11/26/2012	4/1/2032	0.65-2.50%	550,000	550,000
Refunding Bonds	4/23/2012	4/1/2016	2.00%	400,000	302,763
Corporate Purpose Bonds	4/1/2006	4/1/2022	4.00-4.10%	415,000	290,000
	4/5/2010	4/1/2030	2.10-5.80%	5,355,000	5,030,000
State Trust Fund Loan	12/12/2011	3/15/2016	3.25%	277,000	212,235
	12/27/2012	3/15/2017	2.50%	301,122	265,522
Total Governmental Activities General Obligation Debt					<u>\$ 17,826,970</u>
Business-type Activities					
General Obligation Deb					
Tax-exempt issues					
Promissory Notes	12/12/2011	4/1/2031	2.00-3.35%	\$ 800,000	\$ 735,000
	11/26/2012	4/1/2016	2.00%	815,000	780,000
Refunding Bonds	10/13/2009	4/4/2014	2.00-2.50%	1,160,561	260,843
	4/23/2012	4/1/2016	2.00%	505,000	382,237
Corporate Purpose Bonds	4/1/2006	4/1/2022	4.00-4.10%	2,020,000	1,325,000
	4/3/2008	4/1/2016	2.60-4.00%	1,125,000	830,000
Total Business-type Activities General Obligation Debt					<u>\$ 4,313,080</u>

**VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (continued)

Note Payable - Village of Whitefish Bay

The Village issued a \$943,823 general obligation promissory note to the Village of Whitefish Bay for a portion of various fire department projects in connection with the Village's participation in the North Shore Fire Department. The total balance due on the notes was \$504,114 on December 31, 2013. Principal is due annually on April 1 through 2022 and interest is due semi-annually on April 1 and October 1 with interest at rates of 2.0-3.0%.

Note Payable - Village of Bayside

The Village issued a \$483,989 general obligation promissory note to the Village of Bayside for a portion of various fire department projects in connection with the Village's participation in the North Shore Fire Department. The balance due on this note was \$283,179 on December 31, 2013. Principal is due annually on August 1 through 2023 and interest is due semi-annually on February 1 and August 1 with interest at rates of 0.80-2.30%.

Annual Maturities of General Obligation Debt

Debt service requirements to maturity are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Bonds and Notes Payable</u>		<u>Bonds and Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,591,879	\$ 628,310	\$ 641,395	\$ 123,274
2015	1,646,060	571,131	390,552	109,312
2016	1,694,850	509,456	406,133	98,276
2017	1,382,471	454,301	290,000	87,829
2018	1,419,598	408,878	300,000	78,003
2019-2023	6,812,109	1,290,166	1,510,000	226,449
2024-2028	2,745,000	404,843	430,000	78,232
2029-2032	535,003	31,109	345,000	17,831
Totals	<u>\$ 17,826,970</u>	<u>\$ 4,298,194</u>	<u>\$ 4,313,080</u>	<u>\$ 819,206</u>

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (continued)

Other Debt Information

Estimated payments of compensated absences and other post employment benefits are not included in the debt service requirement schedules. The compensated absences liability is primarily attributable to the general fund. The other post employment benefits are attributable primarily to the General Fund.

**VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Net Position / Fund Balances

Net position reported on the government wide statement of net position at December 31, 2013 includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 1,279,694
Construction in progress	141,299
Other capital assets, net of accumulated depreciation	12,582,973
Less: related long-term capital debt outstanding	(7,011,482)
Plus: unspent capital related debt proceeds	<u>1,683,894</u>
Total Net Investment in Capital Assets	<u>8,676,378</u>
Restricted for police asset forfeiture fund	15,584
Restricted for police donations	17,028
Restricted for parks and recreation	49,880
Restricted for TIF development	1,549,321
Restricted for capital asset acquisition and construction	58,215
Restricted for library	<u>116,377</u>
Total Restricted	<u>1,806,405</u>
Unrestricted (Deficit)	<u>(6,682,496)</u>
Total Governmental Activities Net Position (Deficit)	<u><u>\$ 3,800,287</u></u>

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 11,654
Construction in progress	5,881
Other capital assets, net of accumulated depreciation	16,389,457
Less: related long-term capital debt outstanding	(4,313,080)
Less: premium on debt	(19,742)
Plus: unspent capital related debt proceeds	<u>786,649</u>
Total Net Investment in Capital Assets	<u>12,860,819</u>
Restricted for equipment replacement	367,285
Unrestricted	<u>2,498,666</u>
Total Business-Type Activities Net Position	<u><u>\$15,726,770</u></u>

**VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

V. OTHER INFORMATION

A. Employees' Retirement System

All eligible city employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple- employer defined benefit public employee retirement system. All employees initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS

Prior to June 29, 2011, covered employees in the General category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, and Executives and Elected Officials. Required contributions for protective contributions are the same as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates are:

	<u>Employee</u>	<u>Employer</u>
General	6.65%	6.65%
Executives and Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

The payroll for Village employees covered by the system for the year ended December 31, 2013 was \$4,468,655; the employer's total payroll was \$4,578,536. The total required contribution for the year ended December 31, 2013 was \$660,181 or 14.77% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ending December 31, 2012 and 2011 were \$630,178 and \$654,095, respectively, equal to the required contributions for each year.

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

V. OTHER INFORMATION (CONTINUED)

A. Employees' Retirement System (continued)

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially become WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

WRS also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

There was no pension related debt for the Village as of December 31, 2013.

B. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; natural disasters; employee health claims and workers' compensation. The Village purchases general and automobile liability insurance from the Cities and Villages Mutual Insurance Company. The Village purchases commercial insurance for all other risks. There have been no significant reductions in insurance coverage for any risk of loss in the past year and settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

In 1987, the Village invested \$429,675 for participation in the Wisconsin Municipal Insurance Commission (WMIC), an intergovernmental cooperation commission created in August 1987 by contract under Section 66.30 of the Wisconsin Statutes to facilitate the organization, establishment and capitalization of the CVMIC. The Cities and Villages Mutual Insurance Company (CVMIC) is a mutual insurance company established on September 19, 1987 under section 611.23 of the Wisconsin Statutes to provide liability insurance coverage to the cities and villages which make up the membership of the WMIC.

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

V. OTHER INFORMATION (CONTINUED)

B. Risk Management (continued)

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The City does not exercise any control over the activities of the agencies beyond the election of the officers and board.

In prior years, the CVMIC paid dividends to the Village based on a schedule designed to enable the Village to partially or totally finance the Village's debt service requirements on its related debt. As of December 31, 2007, the Village's debt and the WMIC's debt were paid in full. The WMIC has no assets, liabilities, equity or financial activity for the year ended December 31, 2013.

Complete financial statements for CVMIC can be obtained from the CVMIC administrative office at 9898 W. Bluemound Road, Wauwatosa, Wisconsin 53226.

Member equity in the CVMIC includes the following components:

- Member equity ownership attributable to the WMIC bonds (\$25 million) is based on the amount of the bond the member delivered in proportion to the bonds delivered by all members. The City's percentage participation in WMIC and CVMIC at December 31, 2013 was 1.019% or \$254,750.
- Member equity ownership attributable to earnings on premiums and other non-borrowed assets is based on the aggregate premiums paid by the member in proportion to the premiums paid by all members, weighted to reflect length of membership. The CVMIC component of ownership as of December 31, 2013 was 1.421% or \$56,624.

Upon withdrawal, expulsion or dissolution, a member is entitled to the following:

- A lump sum payment of its ownership percentage of unencumbered reserves attributable to earnings on premiums and other assets.
- A lump sum payment of its bond amount percentage of unencumbered reserves attributable to the WMIC bond proceeds.
- Annual installment payments of its bond amount percentage of the minimum permanent surplus in effect at the time of departure determined by dividing the amount of its ownership by the number of years the WMIC bonds will be outstanding, plus reasonable interest.

**VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

V. OTHER INFORMATION (CONTINUED)

B. Risk Management (continued)

The CVMIC provides the Village with \$5.0 million of liability coverage for losses over its self-insurance retention level of \$25,000 per occurrence with a \$100,000 annual aggregate stop loss. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities. The Village's annual cost is its annual premium, claims and other operating expenses. An annual premium is charged to cover expected claims and administrative costs. The claims component of the premium is determined by independent actuaries and allocated among the participating municipalities based on payroll and loss history. The Village and other participating cities and villages are subject to cover loss experiences that exceed predictions through retrospective assessments.

The Village has recorded an unpaid claims liability for claims that have occurred but are not settled and for claims incurred but not recorded (IBNR). This liability is based upon estimates from an annual actuarial study. The estimates of claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Changes in the unpaid claim liability amount in fiscal years 2012 and 2013 were:

Year	Beginning Balance	Incurred Claims	Claims Paid/ Settled	Ending Balance
2012	\$ 42,000	\$ 611	\$ 611	\$ 42,000
2013	42,000	416	416	42,000

At December 31, 2013, the internal service fund established for liability insurance has a net position of \$356,463.

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

V. OTHER INFORMATION (CONTINUED)

C. Inter-Municipal Agreements

North Shore Fire Department (NSFD)

The Village is a member of the North Shore Fire Department along with the Villages of Bayside, Fox Point, River Hills, Shorewood, Whitefish Bay and the City of Glendale. The Department was created by an agreement signed in 1994 pursuant to the provisions of Sections 61.65 and 66.30 of the Wisconsin Statutes. The Department, which commenced operations on January 1, 1995, provides fire and emergency medical services to the member communities. Upon dissolution of the Department, assets will be divided by the participants then participating in accordance with the proportion of the previous year's cost allocation formula percentage. The Department is governed by a seven member board consisting of one representative and one alternate from each municipality. Only one member from each municipality may vote. The Village has a commitment to the Department to annually finance a portion of the Department's approved expenditures. In 2013, the Village incurred expenditures of \$2.03 million for fire protection and emergency medical services under this agreement. The Department's 2013 approved budget is \$13.9 million of which the Village's portion is approximately \$2.06 million. On December 31, 2013, the Department had total fund equity of approximately \$1,196,000, a deficit in net position of approximately \$7,269,000 and net investment in capital assets of approximately \$2.9 million. Complete 2013 financial statements for the Department are available from the Department at 4401 West River Lane, Brown Deer, WI 53223.

Milwaukee Area Domestic Animal Control Commission (MADACC)

The Village is a member of the Milwaukee Area Domestic Animal Control Commission along with eighteen other communities within Milwaukee County. The Commission was created by an agreement signed in 1997 pursuant to the provisions of Section 66.30 of the Wisconsin Statutes. The Commission was established to provide a jointly-operated animal control services facility for domestic animals. The Commission is governed by a nineteen member Board consisting of one representative from each municipality, each having one vote. Formulas for the sharing of operating and debt costs, and for the distribution of assets upon termination of participation, are provided within the agreement.

**VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

V. OTHER INFORMATION (CONTINUED)

C. Inter-Municipal Agreements (continued)

North Shore Health Department (NSHD)

The North Shore Health Department is comprised of the Villages of Brown Deer, Bayside, Fox Point, Shorewood, Whitefish Bay, and River Hills, as well as the City of Glendale. The NSHD Board of Health is comprised of one member representative from each community, to be appointed by each communities President's/Mayor's.

The Village of Brown Deer is the fiscal agent for the NSHD. Compensation is made to the Village of Brown Deer by each individual community using a formula of direct hours and population as well as indirect costs prorated based on each community's population percentage to all NSHD municipalities' total population.

Bayside Communications Center (BACC)

The Village of Brown Deer entered into a ten year agreement with the Village of Bayside effective January 1, 2012 in which Bayside will provide a unified public safety answering point (PSAP). Bayside provides dispatch service to Brown Deer, including all police and fire emergency calls, transfer calls, calls for medical emergencies, emergency rescue calls, and calls for dispatch services. The operating costs are be based on a formula that is restricted by the lesser of the State imposed levy limit plus any non-personnel contractual obligations or the consumer price index increase. The agreement states that the Village will make an annual capital contribution to the BACC with payments ranging from \$4,524 to \$16,201.

D. Other Postemployment Benefits

The Village administers a single-employer defined benefit postemployment healthcare plan. The plan provides funding towards medical insurance benefits to eligible retirees and their families through the Village's group medical insurance plan, which covers both active and retired members. The eligibility requirements and the amount of the benefit vary based on the retiree's position, years of service, age at retirement and year retiring and ranges from \$85 to \$600 per month per retiree. If eligible, the retiree may elect to remain on the Village's healthcare plan until they are Medicare eligible.

**VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

V. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefits (continued)

The Village administers a single-employer defined postemployment healthcare plan. The Village's postemployment healthcare plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in an other post-employment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

As of December 31, 2013, the plan had 7 retirees receiving benefits and 56 active plan members. During 2013, the Village contributed \$44,823 to the plan and retirees contributed \$56,068.

The Village funds these postemployment benefits on a pay-as-you-go basis, accordingly no liability is recognized within the fund financial statements. However a liability is recorded for the unfunded liability on the government-wide financial statements on a go forward basis beginning on January 1, 2007 as allowed under Governmental Accounting Standards Board Statement No. 45.

The Village's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount determined under the alternative measurement method in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities.

The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Village's net OPEB obligation:

Annual Required Contribution	\$ 47,878
Interest on net OPEB obligation	1,328
Adjustment to annual required contribution	<u>(1,446)</u>
Annual OPEB cost (expense)	47,760
Contributions made	<u>(44,823)</u>
Increase in net OPEB Liability	2,937
Net OPEB Liability - beginning of year	<u>33,193</u>
Net OPEB Liability - end of year	<u>\$ 36,130</u>

**VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

V. OTHER INFORMATION (CONTINUED)

D. Other PostEmployment Benefits (continued)

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The Village implemented GASB Statement No. 45 as of January 1, 2007.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
12/31/2011	\$ 56,097	22.8%	\$ 15,460
12/31/2012	57,082	38.6%	33,193
12/31/2013	47,760	93.9%	36,130

The funded status as of January 1, 2013, the most recent actuarial valuation date, was 0% funded. The actuarial accrued liability for benefits was \$512,028 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$512,028. The covered payroll (annual payroll of active employees covered by the plan) was \$4.6 million, and the ratio of the UAAL to the covered payroll was 10.8%.

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples of these estimates include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual requested contributions of the Village are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of the measurement. A copy of the plan can be obtained at the Brown Deer Village Hall. The measurement methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the January 1, 2013 actuarial valuation, the project unit credit actuarial cost method was used. The OPEB valuation uses a discount rate assumption of 4.0 percent. The actuarial assumptions included a 4.0% rate of return and an annual healthcare cost trend rates used ranged from a high of 9.5% in 2014 to a low of 5.5% on 2029 and later. The plan's unfunded actuarial accrued liability is being amortized as a closed level percent amortization method. The remaining amortization period at December 31, 2013, was 27 years.

**VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

V. OTHER INFORMATION (CONTINUED)

E. Commitments and Contingencies

From time to time, the Village becomes involved in legal actions and claims, most of which normally occur in governmental operations. Legal actions and claims are defended by the Village's various insurance carriers, since claims brought against the Village are covered by insurance policies. In the opinion of Village management, any proceedings known to exist at December 31, 2013, are not likely to have a material adverse impact on the Village's financial position.

The Village has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

F. Restatement

As described in Note 1, the Village adopted GASB Statement No. 65 Items *Previously Recognized as Assets and Liabilities* as of January 1, 2012. The standard eliminates the provision for capitalizing and amortizing debt issue costs. Debt issue costs are considered as expense at the time the debt is issued.

The Village maintains an equity investment in the Cities and Villages Mutual Insurance Company (CVMIC), as described in Note V.B. The equity investment has been adjusted to reflect the village's share of the equity of CVMIC based on its audited financial statements.

In 2008 the Village utilized the alternative method to evaluate its OPEB obligation as allowed under GASB 45. Subsequent valuations were conducted utilizing an actuarial study, and as they were tailored to the Village circumstances resulted in a significant difference in the AAL and the related components. With the significant difference between the reports the OPEB obligation has been restated to more accurately reflect the liability of the Village.

Net position as of December 31, 2012 have been restated as follows:

	Governmental Activities	Business-Type Activities	Water Utility	Sewer Utility	Storm Water Utility	Internal Service Fund
Ending net position, December 31, 2012, as previously reported	\$ (61,783)	\$ 15,611,792	\$ 8,230,371	\$ 4,338,905	\$ 3,042,516	\$ 457,824
Restatement to correct CVMIC valuation	(172,781)	-	-	-	-	(172,781)
Restatement to correct OPEB obligation	1,554,209	-	-	-	-	-
Restatement to remove debt issuance costs	(139,534)	(64,044)	(27,289)	(15,043)	(21,712)	-
Net position, December 31, 2013, as restated	\$ 1,180,111	\$ 15,547,748	\$ 8,203,082	\$ 4,323,862	\$ 3,020,804	\$ 285,043

VILLAGE OF BROWN DEER
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

V. OTHER INFORMATION (CONTINUED)

G. Effect of New Accounting Standards on Current-Period Financial Statements

In November 2010, the GASB issued an accounting standard which amended previous guidance related to the definition of the reporting entity. The objective of this statement is to improve financial reporting for a governmental financial reporting entity. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. The Village implemented the requirements of this standard beginning with the year ending December 31, 2013.

In March 2012, the GASB issued an accounting standard regarding financial reporting of deferred outflows of resources, deferred inflows of resources, and net position. The objective of this statement is to clarify the reporting of certain items previously reported as assets and liabilities. The Village implemented the requirements of this standard beginning with the year ending December 31, 2013.

In March 2012, the GASB issued an accounting standard which contains technical corrections for previously issued standards to resolve conflicting guidance. The Village implemented the requirements of this standard beginning with the year ending December 31, 2013.

In June 2012, the GASB issued an accounting standard which establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. The Village will implement the requirements of this standard beginning with the year ending December 31, 2014.

In June 2012, the GASB issued an accounting standard that replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The Village will implement the requirements of this standard beginning with the year ending December 31, 2015.

In January 2013, the GASB issued an accounting standard that establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Village will implement the requirements of this standard beginning with the year ending December 31, 2014.

In November 2013, the GASB issued an accounting standard that amends previous guidance on accounting and reporting for pensions. The requirements of this standard will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement No. 68 in the accrual basis financial statements and nonemployer contributing entities. The Village will implement the requirements of this standard beginning with the year ending December 31, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF BROWN DEER
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
	<u>Budget</u>	<u>Budget</u>		<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes	\$ 6,637,200	\$ 6,637,200	\$ 6,724,176	\$ 86,976
Intergovernmental revenues	1,336,195	1,336,195	1,416,419	80,224
Licenses and permits	353,370	353,370	435,420	82,050
Fines, forfeitures and penalties	270,000	270,000	220,057	(49,943)
Public charges for services	10,150	10,150	22,006	11,856
Interdepartmental charges for services	722,630	722,630	769,718	47,088
Commercial revenues	134,500	134,500	118,850	(15,650)
Total revenues	<u>9,464,045</u>	<u>9,464,045</u>	<u>9,706,646</u>	<u>242,601</u>
EXPENDITURES				
Current				
General government	1,472,277	1,477,277	1,499,031	(21,754)
Public safety	6,128,293	6,128,293	6,079,982	48,311
Public works	1,785,027	1,785,027	1,695,611	89,416
Health and human services	127,200	127,200	156,957	(29,757)
Culture, recreation and education	200,227	200,227	203,653	(3,426)
Total expenditures	<u>9,713,024</u>	<u>9,718,024</u>	<u>9,635,234</u>	<u>82,790</u>
Excess (deficiency) of revenues over expenditures	<u>(248,979)</u>	<u>(253,979)</u>	<u>71,412</u>	<u>325,391</u>
OTHER FINANCING SOURCES (USES)				
Proceeds on sale of capital assets	-	-	44,999	
Transfers in	255,439	260,439	297,558	37,119
Total other financing sources (uses)	<u>255,439</u>	<u>260,439</u>	<u>342,557</u>	<u>37,119</u>
Net change in fund balance	<u>\$ 6,460</u>	<u>\$ 6,460</u>	413,969	<u>\$ 362,510</u>
Fund balance - beginning of year			<u>3,499,360</u>	
Fund balance - end of year			<u>\$ 3,913,329</u>	

The accompanying note is an integral part of this schedule.

VILLAGE OF BROWN DEER
Schedule of OPEB Funding Progress
December 31, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll {(b-a)/c}
1/1/2013	\$ -	\$ 512,028	\$ 512,028	-	\$ 4,578,000	11.18 %
1/1/2010	-	575,566	575,566	-	4,500,718	12.79 %
1/1/2008	-	5,382,548	5,382,548	-	4,306,000	125.00 %

The accompany note is an integral part of this schedule.

VILLAGE OF BROWN DEER
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2013

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 I.C.

A budget has been adopted for the general fund, special revenue funds (excluding Grant, Police Asset Forfeiture, and Strehlow Donation Funds), debt service fund and the capital projects funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds levying a general property tax.

The budgeted amounts presented include any amendments adopted during the year. The Village Manager may authorize transfers of budgeted amounts within the General Fund. Transfers between funds and changes to the total budget must be approved by two-thirds of the Village Board.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the function level for the General Fund and at the individual fund level for all other funds.

Excess of expenditures over appropriations are as follows:

<u>Fund</u>	<u>Final Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General Fund			
General Government	\$ 1,477,277	\$ 1,499,031	\$ 21,754
Health and Human Services	127,200	156,957	29,757
Culture, recreation and education	200,227	203,653	3,426
Debt Service Fund	834,180	880,784	46,604
Special Revenue Funds			
Library Fund	515,038	552,608	37,570
Park and Recreation Program Fund	223,383	238,794	15,411
Capital Projects Fund			
TIF No. 2 Capital Projects Fund	700,094	739,512	39,418
TIF No. 3 Capital Projects Fund	461,010	505,186	44,176
TIF No. 4 Capital Projects Fund	2,676,803	4,474,736	1,797,933

The excess of expenditures over appropriations were financed with current year revenue sources and available fund balances.

SUPPLEMENTARY INFORMATION

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VILLAGE OF BROWN DEER
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2013

	Special Revenue Funds							Total Nonmajor Governmental Funds	
	Grant	Special Assessments	Library	North Shore Health Department	Police Asset Forfeiture	Recycling	Park and Recreation Program		Strehlow Donation
ASSETS									
Cash and cash equivalents	\$ -	\$ 190,796	\$ 78,539	\$ 36,024	\$ 15,584	\$ 381,900	\$ 107,872	\$ 99,735	\$ 910,450
Receivables (net)									
Taxes									
Tax levy	-	-	385,346	-	-	332,800	47,500	-	765,646
Special assessments on tax roll	-	36,644	-	-	-	-	-	-	36,644
Accounts	-	375	577	9,110	-	7,444	4,127	-	21,633
Due from other governments	7,343	-	-	32,278	-	-	-	-	39,621
TOTAL ASSETS	<u>\$ 7,343</u>	<u>\$ 227,815</u>	<u>\$ 464,462</u>	<u>\$ 77,412</u>	<u>\$ 15,584</u>	<u>\$ 722,144</u>	<u>\$ 159,499</u>	<u>\$ 99,735</u>	<u>\$ 1,773,994</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES									
LIABILITIES									
Accounts payable and accrued liabilities	\$ 35	\$ 7,827	\$ 12,594	\$ 21,897	\$ -	\$ 11,125	\$ 489	\$ -	\$ 53,967
Due to other funds	7,939	-	-	-	-	-	-	-	7,939
Unearned revenues	-	-	-	2,400	-	-	-	-	2,400
Total liabilities	<u>7,974</u>	<u>7,827</u>	<u>12,594</u>	<u>24,297</u>	<u>-</u>	<u>11,125</u>	<u>489</u>	<u>-</u>	<u>64,306</u>
DEFERRED INFLOWS OF RESOURCES									
Subsequent year tax levy	-	-	385,346	-	-	332,800	47,500	-	765,646
Special assessments	-	36,644	-	-	-	-	-	-	36,644
	<u>-</u>	<u>36,644</u>	<u>385,346</u>	<u>-</u>	<u>-</u>	<u>332,800</u>	<u>47,500</u>	<u>-</u>	<u>802,290</u>
Fund Balances (Deficit)									
Restricted	-	-	66,522	-	15,584	-	-	99,735	181,841
Committed	-	183,344	-	53,115	-	378,219	111,510	-	726,188
Unassigned	(631)	-	-	-	-	-	-	-	(631)
Total fund balances (deficit)	<u>(631)</u>	<u>183,344</u>	<u>66,522</u>	<u>53,115</u>	<u>15,584</u>	<u>378,219</u>	<u>111,510</u>	<u>99,735</u>	<u>907,398</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	<u>\$ 7,343</u>	<u>\$ 227,815</u>	<u>\$ 464,462</u>	<u>\$ 77,412</u>	<u>\$ 15,584</u>	<u>\$ 722,144</u>	<u>\$ 159,499</u>	<u>\$ 99,735</u>	<u>\$ 1,773,994</u>

VILLAGE OF BROWN DEER
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2013

	Special Revenue Funds							Total Nonmajor Governmental Funds	
	Grant Fund	Special Assessments	Library	North Shore Health Department	Police Asset Forfeiture	Recycling	Park and Recreation Program		Strehlow Donation
REVENUES									
Taxes	\$ -	\$ -	\$ 385,346	\$ -	\$ -	\$ -	\$ 47,500	\$ -	\$ 432,846
Intergovernmental revenues	16,118	-	113,693	141,117	-	43,826	15,291	-	330,045
Licenses and permits	-	-	-	112,722	-	-	-	-	112,722
Public charges for services	-	-	28,195	28,607	-	353,533	106,787	-	517,122
Public improvement revenues	-	38,553	-	-	-	-	-	-	38,553
Intergovernmental charges for services	-	-	-	462,741	-	-	-	-	462,741
Commercial revenues	-	190	10,770	741	(22)	19,797	63,430	40,828	135,734
Total revenues	<u>16,118</u>	<u>38,743</u>	<u>538,004</u>	<u>745,928</u>	<u>(22)</u>	<u>417,156</u>	<u>233,008</u>	<u>40,828</u>	<u>2,029,763</u>
EXPENDITURES									
Current:									
Public safety	-	-	-	-	9,461	-	-	-	9,461
Public works	-	31,381	-	-	-	274,999	-	-	306,380
Health and human services	-	-	-	728,528	-	-	-	-	728,528
Culture, recreation and education	16,118	-	491,445	-	-	-	229,458	6,203	743,224
Capital outlay	-	-	61,163	-	-	-	9,336	-	70,499
Total expenditures	<u>16,118</u>	<u>31,381</u>	<u>552,608</u>	<u>728,528</u>	<u>9,461</u>	<u>274,999</u>	<u>238,794</u>	<u>6,203</u>	<u>1,858,092</u>
Net change in fund balances over expenditures	<u>-</u>	<u>7,362</u>	<u>(14,604)</u>	<u>17,400</u>	<u>(9,483)</u>	<u>142,157</u>	<u>(5,786)</u>	<u>34,625</u>	<u>171,671</u>
Fund balances (deficit) - beginning of year	<u>(631)</u>	<u>175,982</u>	<u>81,126</u>	<u>35,715</u>	<u>25,067</u>	<u>236,062</u>	<u>117,296</u>	<u>65,110</u>	<u>735,727</u>
Fund balances (deficit) - end of year	<u>\$ (631)</u>	<u>\$ 183,344</u>	<u>\$ 66,522</u>	<u>\$ 53,115</u>	<u>\$ 15,584</u>	<u>\$ 378,219</u>	<u>\$ 111,510</u>	<u>\$ 99,735</u>	<u>\$ 907,398</u>

NON-MAJOR FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Grant Fund - This fund is used to account for various grants received by the Village.

Special Assessments Fund - This fund is used to account for assessment, collection, and disbursement of special assessments related to sewer, water, and street improvement projects.

Library Fund - This fund is used to account for the activities of the Village public library.

North Shore Health Department Fund - This fund is used to account for activity of the North Shore Health Department.

Police Asset Forfeiture Fund - This fund is used to account for asset forfeitures resulting from police activities.

Recycling Fund - This fund is used to account for the operations of the recycling program.

Park & Recreation Program Fund - This fund accounts for the operation of the Park & Recreation Programs. Funds are segregated in this special fund to account for the revenues and expenditures of park services and recreational programs.

Strehlow Donation Fund - This fund accounts for donations received for library and park and recreation purposes.

VILLAGE OF BROWN DEER
Special Revenue Funds
Schedule of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2013

	Special Assessments Fund			Library Fund		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 385,346	\$ 385,346	\$ -
Intergovernmental revenues	-	-	-	113,386	113,693	307
Licenses and permits	-	-	-	-	-	-
Public charges for services	-	-	-	39,000	28,195	(10,805)
Public improvement revenues	38,553	38,553	-	-	-	-
Intergovernmental charges for services	-	-	-	-	-	-
Commercial revenues	560	190	(370)	17,000	10,770	(6,230)
Total revenues	<u>39,113</u>	<u>38,743</u>	<u>(370)</u>	<u>554,732</u>	<u>538,004</u>	<u>(16,728)</u>
EXPENDITURES						
Current:						
Public works	38,550	31,381	7,169	-	-	-
Health and human services	-	-	-	-	-	-
Culture, recreation and education	-	-	-	515,038	491,445	23,593
Capital outlay	-	-	-	-	61,163	(61,163)
Total expenditures	<u>38,550</u>	<u>31,381</u>	<u>7,169</u>	<u>515,038</u>	<u>552,608</u>	<u>(37,570)</u>
Net change in fund balances	<u>\$ 563</u>	7,362	<u>\$ 6,799</u>	<u>\$ 39,694</u>	(14,604)	<u>\$ (54,298)</u>
Fund balances - beginning of year		<u>175,982</u>			<u>81,126</u>	
Fund balances - end of year		<u>\$ 183,344</u>			<u>\$ 66,522</u>	

VILLAGE OF BROWN DEER
Special Revenue Funds
Schedule of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2013

	North Shore Health Department Fund			Recycling Fund		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	135,325	141,117	5,792	40,000	43,826	3,826
Licenses and permits	98,880	112,722	13,842	-	-	-
Public charges for services	40,000	28,607	(11,393)	332,560	353,533	20,973
Public improvement revenues	-	-	-	-	-	-
Intergovernmental charges for services	460,619	462,741	2,122	-	-	-
Commercial revenues	500	741	241	21,200	19,797	(1,403)
Total revenues	<u>735,324</u>	<u>745,928</u>	<u>10,604</u>	<u>393,760</u>	<u>417,156</u>	<u>23,396</u>
EXPENDITURES						
Current:						
Public works	-	-	-	308,954	274,999	33,955
Health and human services	734,759	728,528	6,231	-	-	-
Culture, recreation and education	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>734,759</u>	<u>728,528</u>	<u>6,231</u>	<u>308,954</u>	<u>274,999</u>	<u>33,955</u>
Net change in fund balances	<u>\$ 565</u>	17,400	<u>\$ 16,835</u>	<u>\$ 84,806</u>	142,157	<u>\$ 57,351</u>
Fund balances - beginning of year		<u>35,715</u>			<u>236,062</u>	
Fund balances - end of year		<u>\$ 53,115</u>			<u>\$ 378,219</u>	

VILLAGE OF BROWN DEER
Special Revenue Funds
Schedule of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2013

	Park and Recreation Program Fund		
	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 47,500	\$ 47,500	\$ -
Intergovernmental revenues	-	15,291	15,291
Licenses and permits	-	-	-
Public charges for services	140,634	106,787	(33,847)
Public improvement revenues	-	-	-
Intergovernmental charges for services	-	-	-
Commercial revenues	<u>36,332</u>	<u>63,430</u>	<u>27,098</u>
Total revenues	<u>224,466</u>	<u>233,008</u>	<u>8,542</u>
EXPENDITURES			
Current:			
Public works	-	-	-
Health and human services	-	-	-
Culture, recreation and education	222,383	229,458	(7,075)
Capital outlay	<u>1,000</u>	<u>9,336</u>	<u>(8,336)</u>
Total expenditures	<u>223,383</u>	<u>238,794</u>	<u>(15,411)</u>
Net change in fund balances	<u>\$ 1,083</u>	(5,786)	<u>\$ (6,869)</u>
Fund balances - beginning of year		<u>117,296</u>	
Fund balances - end of year		<u>\$ 111,510</u>	

DEBT SERVICE FUND

Debt Service 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 TID or enterprise fund debt.

VILLAGE OF BROWN DEER
Debt Service Funds
Schedule of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 834,181	\$ 834,181	\$ -
Commercial revenues	<u>300</u>	<u>577</u>	<u>277</u>
Total revenues	<u>834,481</u>	<u>834,758</u>	<u>277</u>
EXPENDITURES			
Debt service:			
Principal	676,554	712,591	(36,037)
Interest and fiscal charges	<u>157,626</u>	<u>168,193</u>	<u>(10,567)</u>
Total expenditures	<u>834,180</u>	<u>880,784</u>	<u>(46,604)</u>
 Net change in fund balances	 <u>301</u>	 <u>(46,026)</u>	 <u>(46,327)</u>
 Fund balances - beginning of year		 <u>104,491</u>	
 Fund balances - end of year		 <u>\$ 58,465</u>	

CAPITAL PROJECT FUNDS

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

Capital Improvements Fund - This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the Capital Improvement Plan.

TIF No. 2 Fund - This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TIF project plan.

TIF No. 3 Fund - This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TIF project plan.

TIF No. 4 Fund - This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TIF project plan.

VILLAGE OF BROWN DEER
Capital Projects Funds
Schedule of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2013

	TIF No. 2 Fund			TIF No. 3 Fund		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ 534,414	\$ 688,657	\$ 154,243	\$ 682,959	\$ 578,250	\$ (104,709)
Intergovernmental revenues	599	1,841	1,242	4,868	2,320	(2,548)
Public improvement revenues	-	-	-	-	1,250,000	1,250,000
Commercial revenues	<u>6,000</u>	<u>320</u>	<u>(5,680)</u>	<u>-</u>	<u>376</u>	<u>376</u>
Total revenues	<u>541,013</u>	<u>690,818</u>	<u>149,805</u>	<u>687,827</u>	<u>1,830,946</u>	<u>1,143,119</u>
EXPENDITURES						
Current:						
Public safety	-	-	-	-	-	-
Conservation and development	142,043	164,609	(22,566)	109,386	171,756	(62,370)
Capital outlay	-	-	-	-	-	-
Debt service						
Principal	335,000	385,000	(50,000)	165,000	240,000	(75,000)
Interest and fiscal charges	<u>223,051</u>	<u>189,903</u>	<u>33,148</u>	<u>186,624</u>	<u>93,430</u>	<u>93,194</u>
Total expenditures	<u>700,094</u>	<u>739,512</u>	<u>(39,418)</u>	<u>461,010</u>	<u>505,186</u>	<u>(44,176)</u>
Excess (deficiency) of revenues over expenditures	<u>(159,081)</u>	<u>(48,694)</u>	<u>110,387</u>	<u>226,817</u>	<u>1,325,760</u>	<u>1,098,943</u>
OTHER FINANCING SOURCES (USES)						
Proceeds on sale of capital assets	-	99,500	99,500	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>99,500</u>	<u>99,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (159,081)</u>	50,806	<u>\$ 209,887</u>	<u>\$ 226,817</u>	1,325,760	<u>\$ 1,098,943</u>
Fund balances - beginning of year		<u>147,060</u>			<u>25,695</u>	
Fund balances - end of year		<u>\$ 197,866</u>			<u>\$ 1,351,455</u>	

VILLAGE OF BROWN DEER
Capital Projects Funds
Schedule of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2013

	TIF No. 4 Fund			Capital Improvements Fund		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ 173,335	\$ 87,644	\$ (85,691)	\$ 362,108	\$ 362,108	\$ -
Intergovernmental revenues	63,637	58,924	(4,713)	43,100	138,976	95,876
Public improvement revenues	-	-	-	-	-	-
Commercial revenues	<u>2,000</u>	<u>467</u>	<u>(1,533)</u>	<u>5,000</u>	<u>(2,171)</u>	<u>(7,171)</u>
Total revenues	<u>238,972</u>	<u>147,035</u>	<u>(91,937)</u>	<u>410,208</u>	<u>498,913</u>	<u>88,705</u>
EXPENDITURES						
Current:						
Public safety	-	-	-	-	99,485	(99,485)
Conservation and development	189,228	208,495	(19,267)	-	-	-
Capital outlay	2,100,000	2,835,905	(735,905)	1,665,859	705,839	960,020
Debt service						
Principal	161,181	1,194,371	(1,033,190)	-	74,800	(74,800)
Interest and fiscal charges	<u>226,394</u>	<u>235,965</u>	<u>(9,571)</u>	<u>-</u>	<u>17,375</u>	<u>(17,375)</u>
Total expenditures	<u>2,676,803</u>	<u>4,474,736</u>	<u>(1,797,933)</u>	<u>1,665,859</u>	<u>897,499</u>	<u>768,360</u>
Net change in fund balances	<u>\$ (2,437,831)</u>	<u>(4,327,701)</u>	<u>\$ (1,889,870)</u>	<u>\$ (1,255,651)</u>	<u>(398,586)</u>	<u>\$ 857,065</u>
Fund balances - beginning of year		<u>3,561,839</u>			<u>1,736,550</u>	
Fund balances (deficit) - end of year		<u>\$ (765,862)</u>			<u>\$ 1,337,964</u>	

AGENCY FUND

Agency Funds are used to account for assets held by the Village as an agent for individuals, private organizations, other governmental units and/or other funds.

Property Tax Fund - This fund accounts for the collection of property tax for other taxing governmental agencies and the distributions made to those agencies.

VILLAGE OF BROWN DEER
Agency Fund
Combining Statement of Changes in
Assets and Liabilities
Year Ended December 31, 2013

	Balance 12-31-12	Additions	Deletions	Balance 12-31-13
Property Tax Fund				
Assets				
Cash and cash equivalents	\$ 6,241,365	\$ 12,397,762	\$ 6,241,365	\$ 12,397,762
Temporary investments	5,824,920	-	5,824,920	-
Taxes receivable	9,562,491	9,040,295	9,562,491	9,040,295
Total	<u>\$ 21,628,776</u>	<u>\$ 21,438,057</u>	<u>\$ 21,628,776</u>	<u>\$ 21,438,057</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 55,322	\$ 42,405	\$ 55,322	\$ 42,405
Due to other taxing units	21,573,454	21,395,652	21,573,454	21,395,652
Total	<u>\$ 21,628,776</u>	<u>\$ 21,438,057</u>	<u>\$ 21,628,776</u>	<u>\$ 21,438,057</u>

VILLAGE OF BROWN DEER
Capital Assets Used in Governmental Activities
Schedule by Source
Year Ended December 31, 2013

Capital assets

Land	\$ 549,948
Right-of-way land	729,746
Construction in progress	141,299
Machinery and equipment	3,267,081
Library collection	1,028,262
Buildings and improvements	6,982,274
Infrastructure	<u>13,086,799</u>
Total capital assets	<u>\$ 25,785,409</u>

Investment in capital assets by source

Assets purchased prior to 1999	\$ 14,054,542
General fund	69,709
Special revenue funds	1,244,667
Capital projects funds	<u>10,416,491</u>
Total investment in capital assets	<u>\$ 25,785,409</u>

STATISTICAL SECTION

VILLAGE OF BROWN DEER, WISCONSIN

Statistical Section

This part of the Village of Brown Deer's comprehensive annual financial report presents thorough information as a framework for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the overall financial well-being of the Village.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Village's most significant local revenue source, property taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue new debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is obtained from the comprehensive annual financial reports for the given year. The village implemented GASB 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Village of Brown Deer

Net Position by Component
Last Ten Fiscal Years
Schedule 1

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012 (2)</u>	<u>2013</u>
Governmental Activities										
Net investment in capital assets	938,608	2,124,776	1,931,018	4,507,883	6,521,521	7,896,810	7,151,972	7,745,484	8,555,686	8,676,378
Restricted	330,189	292,330	373,925	576,532	158,908	139,934	136,004	134,846	171,303	1,806,405
Unrestricted	1,416,753	982,965	47,583	212,582	(6,454,081)	(8,017,081)	(7,468,247)	(8,571,699)	(8,788,772)	(6,682,496)
Total governmental activities net position	2,685,550	3,400,071	2,352,526	5,296,997	226,348	19,663	(180,271)	(691,369)	(61,783)	3,800,287
Business-type Activities										
Net investment in capital assets	9,789,787	10,116,023	10,615,509	10,732,537	10,817,430	11,324,970	12,202,860	12,438,719	12,772,500	12,860,819
Restricted	236,100	236,100	238,177	250,410	256,627	270,574	285,153	306,799	336,488	367,285
Unrestricted	1,143,198	1,124,508	1,303,419	1,766,429	2,414,521	2,719,583	2,006,739	2,206,903	2,502,804	2,498,666
Total business-type activities net position	11,169,085	11,476,631	12,157,105	12,749,376	13,488,578	14,315,127	14,494,752	14,952,421	15,611,792	15,726,770
Primary government										
Net investment in capital assets (1)	10,728,395	12,240,799	12,546,527	15,240,420	17,338,951	19,221,780	19,354,832	19,963,636	21,114,209	21,330,016
Restricted	566,289	528,430	612,102	826,942	415,535	410,508	421,157	441,645	507,791	2,173,690
Unrestricted	2,559,951	2,107,473	1,351,002	1,979,011	(4,039,560)	(5,297,498)	(5,461,508)	(6,144,229)	(6,071,991)	(3,976,649)
Total primary government net position	13,854,635	14,876,702	14,509,631	18,046,373	13,714,926	14,334,790	14,314,481	14,261,052	15,550,009	19,527,057

Notes

- (1) The governmental activities net assets invested in capital assets, net of related debt noted above exclude portions of long-term debt that was used to purchase capital assets of the business-type activities. The total government-wide net assets invested in capital assets, net of related debt include this amount as capital related debt.
- (2) Net Position restated in 2013 due to GASB 65 reclassifications, an OPEB restatement and a CVMIC restatement.

Village of Brown Deer

Changes in Net Position
Last Ten Fiscal Years
Schedule 2

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012 (2)	2013
Expenses										
Governmental Activities:										
General Government	1,354,753	1,248,252	1,310,904	1,428,147	1,604,219	1,399,299	1,294,235	1,344,051	1,273,135	1,551,039
Public Safety	5,122,670	5,560,569	5,297,075	5,840,005	6,027,981	6,085,914	5,871,990	6,440,420	6,695,189	6,313,518
Public Works	1,730,582	1,673,057	1,653,951	2,515,341	2,725,520	2,637,864	2,396,016	2,738,878	2,787,379	2,903,734
Health & Human Services	577,398	427,809	447,877	588,902	585,576	639,859	567,554	592,289	615,587	823,513
Culture, recreation & education	1,051,794	1,042,838	1,040,708	1,210,538	1,158,463	1,155,647	1,222,130	1,180,413	1,073,182	1,111,854
Conservation & development	1,932,949	238,773	2,893,011	252,903	5,188,719	1,153,866	926,179	836,638	272,050	131,899
Interest & Fiscal Charges	553,301	323,714	500,144	788,676	767,327	779,652	898,923	900,832	773,085	752,513
Total government activities expense	12,323,447	10,515,012	13,143,670	12,624,512	18,057,805	13,852,121	13,177,027	14,033,521	13,689,607	13,588,070
Business-type Activities:										
Water Utility	1,208,994	1,210,456	1,229,903	1,300,484	1,338,455	1,285,391	1,257,481	1,373,831	1,412,419	1,317,513
Storm Water Utility	222,515	579,859	821,892	559,051	586,526	696,986	516,569	544,299	544,483	580,123
Sewer Utility	864,541	1,033,598	1,119,759	871,343	1,271,182	1,113,731	1,480,800	1,423,391	1,272,097	1,640,202
Total business-type activities expense	2,296,050	2,823,913	3,171,554	2,730,878	3,196,163	3,096,108	3,254,850	3,341,521	3,228,999	3,537,838
Total Primary Government Expense	14,619,497	13,338,925	16,315,224	15,355,390	21,253,968	16,948,229	16,431,877	17,375,042	16,918,606	17,125,908
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	200,032	211,990	204,027	191,752	170,454	233,401	224,517	235,111	499,387	379,149
Public Safety	478,618	427,471	443,599	435,036	527,206	442,000	387,979	403,111	473,061	415,983
Public Works	260,063	217,726	200,380	226,919	260,905	422,678	341,960	375,275	423,741	374,993
Health & Human Services	319,235	183,303	234,260	237,158	295,159	260,891	263,814	433,146	459,251	588,915
Culture, Recreation & Education	426,191	411,424	332,176	317,169	314,188	302,632	310,925	306,447	286,574	134,982
Conservation & Development	1,027,874	-	-	-	59,169	9,500	-	-	-	-
Interest & Fiscal Charges	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	731,438	686,192	851,256	742,801	782,055	753,316	759,543	686,607	864,150	947,594
Capital Grants and Contributions	106,220	80,038	1,600	113,339	69,751	1,166,530	39,700	181,220	83,475	1,488,274
Total governmental activities program revenues	3,549,671	2,218,144	2,267,298	2,264,174	2,478,887	3,590,948	2,328,438	2,620,917	3,089,639	4,329,890
Business-type activities:										
Charges for Services										
Water Utility	1,416,193	1,476,254	1,440,517	1,496,524	1,550,763	1,527,206	1,548,514	1,573,212	1,750,070	1,628,368
Storm Water Utility	184,911	751,719	801,376	761,600	756,703	753,407	756,220	898,483	884,737	1,002,088
Sewer Utility	749,482	875,071	976,764	951,261	1,191,308	1,226,339	1,295,464	1,310,263	1,398,628	1,351,461
Capital Grants and Contributions	19,303	100,125	659,425	125,041	510,239	579,555	6,840	227,012	91,176	-
Total business-type activities program revenues	2,369,889	3,203,169	3,878,082	3,334,426	4,009,013	4,086,507	3,607,038	4,008,970	4,124,611	3,981,917
Total Primary Government Program Revenues	5,919,560	5,421,313	6,145,380	5,598,600	6,487,900	7,677,455	5,935,476	6,629,887	7,214,250	8,311,807
Net (Expense)/Revenue										
Governmental Activities	(8,773,776)	(8,296,868)	(10,876,372)	(10,360,338)	(15,578,918)	(10,261,173)	(10,848,589)	(11,412,604)	(10,599,968)	(9,258,180)
Business-type Activities	73,839	379,256	706,528	603,548	812,850	990,399	352,188	667,449	895,612	444,079
Total Primary Government Net Expense	(8,699,937)	(7,917,612)	(10,169,844)	(9,756,790)	(14,766,068)	(9,270,774)	(10,496,401)	(10,745,155)	(9,704,356)	(8,814,101)
General Revenues and Other changes in Net Position										
Governmental Activities:										
Property Taxes										
Property Taxes	6,755,663	7,175,285	7,589,400	7,678,552	8,107,615	8,334,365	8,764,225	8,788,024	9,307,851	9,127,458
Hotel Room Taxes	448,135	463,345	532,554	562,272	594,277	433,152	476,934	492,759	504,958	580,404
Intergovtl revenues not restr to spec progra	1,105,161	870,427	902,394	897,517	834,519	809,936	815,719	981,580	900,234	1,445,459
Investment Income	307,247	351,456	591,811	870,154	521,324	173,266	279,908	258,171	187,040	77,035
Miscellaneous	18,095	18,495	42,632	20,314	249,968	83,884	72,142	125,533	48,650	226,206
Gain on sale/disposal of capital assets	-	2,870	-	-	-	-	-	-	-	124,236
Special Item-Forgiveness of debt	370,000	-	-	-	-	-	-	-	-	-
Transfers	173,224	129,511	170,036	178,658	200,566	219,885	239,727	255,439	280,821	297,558
Total Governmental Activities	9,177,525	9,011,389	9,828,827	10,207,467	10,508,269	10,054,488	10,648,655	10,901,506	11,229,554	11,878,356
Business-type Activities:										
Investment Income										
Investment Income	25,534	57,801	143,982	167,381	126,918	56,035	67,164	45,659	44,580	28,999
Gain on sale/disposal of capital assets	-	-	-	-	-	-	-	-	-	3,502
Transfers	(173,224)	(129,511)	(170,036)	(178,658)	(200,566)	(219,885)	(239,727)	(255,439)	(280,821)	(297,558)
Total Business-type Activities	(147,690)	(71,710)	(26,054)	(11,277)	(73,648)	(163,850)	(172,563)	(209,780)	(236,241)	(265,057)
Total Primary Government	9,029,835	8,939,679	9,802,773	10,196,190	10,434,621	9,890,638	10,476,092	10,691,726	10,993,313	11,613,299
Change in Net Position										
Governmental Activities	403,749	714,521	(1,047,545)	(152,871)	(5,070,649)	(206,685)	(199,934)	(511,098)	629,586	2,620,176
Business-type Activities	(73,851)	307,546	680,474	592,271	739,202	826,549	179,625	457,669	659,371	179,022
Total Primary Government	329,898	1,022,067	(367,071)	439,400	(4,331,447)	619,864	(20,309)	(53,429)	1,288,957	2,799,198

Notes

- (1) Past year's revenues and expenses have not been adjusted for restatements made in future years.
- (2) Net Position restated in 2013 due to GASB 65 implementation, and restatements for OPEB and CVMIC equity investment.

Village of Brown Deer

Fund Balances, Governmental Funds
Last Ten Fiscal Years
Schedule 3

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund										
Reserved	69,529	20,945	41,813	174,201	218,234	86,310	499,848	-	-	-
Non-Spendable	-	-	-	-	-	-	-	416,993	64,112	1,319,557
Restricted	-	-	-	-	-	-	-	-	-	17,028
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	54,350	17,028	-
Unreserved	1,476,928	1,525,327	2,142,814	2,170,494	2,084,613	2,138,358	2,110,667	-	-	-
Unassigned	-	-	-	-	-	-	-	2,607,990	3,418,220	2,576,744
Total General Fund	<u>1,546,457</u>	<u>1,546,272</u>	<u>2,184,627</u>	<u>2,344,695</u>	<u>2,302,847</u>	<u>2,224,668</u>	<u>2,610,515</u>	<u>3,079,333</u>	<u>3,499,360</u>	<u>3,913,329</u>
All Other Governmental Funds										
Reserved	-	94,487	134,438	5,825,172	2,992,495	2,087,634	1,553,668	-	-	-
Non-Spendable	-	-	-	-	-	-	-	185,000	-	-
Restricted	-	-	-	-	-	-	-	5,077,401	5,391,888	3,531,736
Committed	-	-	-	-	-	-	-	458,644	565,055	726,188
Assigned	-	-	-	-	-	-	-	477,075	355,050	-
Unreserved, reported in:										
Special Revenue Funds	1,657,546	1,518,313	1,646,105	1,664,963	1,360,706	1,487,031	589,556	-	-	-
Capital Projects Funds	2,234,487	1,656,825	5,232,585	2,797,314	(902,435)	(15,661)	5,076,918	-	-	-
Unassigned, reported in:										
Special Revenue Funds	-	-	-	-	-	-	-	(631)	(631)	(631)
Capital Projects Funds	-	-	-	-	-	-	-	(381,245)	-	(1,170,007)
Total All Other Governmental Funds	<u>3,892,033</u>	<u>3,269,625</u>	<u>7,013,128</u>	<u>10,287,449</u>	<u>3,450,766</u>	<u>3,559,004</u>	<u>7,220,142</u>	<u>5,816,244</u>	<u>6,311,362</u>	<u>3,087,286</u>
Total Fund Balances	<u>5,438,490</u>	<u>4,815,897</u>	<u>9,197,755</u>	<u>12,632,144</u>	<u>5,753,613</u>	<u>5,783,672</u>	<u>9,830,657</u>	<u>8,895,577</u>	<u>9,810,722</u>	<u>7,000,615</u>

(1) 2006 data has been adjusted for the restatement made in 2007.

(2) The Village adopted GASB 54 in 2011 and this allowed more detailed designations in the Fund Balance category.

Village of Brown Deer

Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
Schedule 4

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	7,203,799	7,638,630	8,121,954	8,240,825	8,701,892	8,767,517	9,241,159	9,280,783	9,812,808	9,707,862
Intergovernmental Revenues	1,911,190	1,598,052	1,633,872	1,724,335	1,807,380	1,791,978	1,647,442	1,893,141	1,886,372	1,948,525
Licenses & Permits	343,360	356,642	391,722	418,859	566,574	497,711	424,692	461,043	544,833	548,142
Fines, Forfeits, & Penalties	318,649	263,269	228,259	190,952	234,898	239,217	252,831	263,121	250,361	220,057
Charges for Services	447,600	430,612	462,718	461,167	402,427	598,940	522,458	511,019	566,363	539,128
Public Improvement Revenues	20,879	22,257	27,403	23,803	35,916	40,832	33,068	38,684	32,202	1,288,553
Interdepartmental charges for Services	163,675	158,507	150,976	132,697	185,704	381,808	721,695	695,883	759,625	769,718
Intergovernmental charges for Services	436,651	519,406	471,568	464,793	291,341	303,416	283,829	290,537	470,582	462,741
Commercial Revenues	1,296,365	348,618	695,436	896,673	640,312	309,663	333,581	431,476	351,035	254,153
Total Revenues	12,142,168	11,335,993	12,183,908	12,554,104	12,866,444	12,931,082	13,460,755	13,865,687	14,674,181	15,738,879
Expenditures										
Current										
General Government	1,352,105	1,245,905	1,304,354	1,289,577	1,312,184	1,429,045	1,392,821	1,482,937	1,510,800	1,499,031
Public Safety	4,927,090	5,282,256	5,043,607	5,360,445	5,689,106	5,597,110	5,630,157	5,743,693	5,960,230	6,188,928
Public Works	1,522,897	1,537,451	1,639,818	1,799,267	2,175,827	2,122,608	2,252,669	2,311,414	2,039,082	2,001,991
Health & Human Services	571,586	573,869	597,059	676,855	700,576	736,367	700,503	716,998	998,174	885,485
Culture, Recreation & Education	980,110	974,980	914,264	975,769	1,005,877	1,022,048	993,127	1,084,861	979,652	946,877
Conservation & Development	33,002	14,589	-	75,037	5,250,100	1,185,021	293,124	849,218	707,572	544,860
Other	-	-	-	-	-	-	-	-	-	-
Capital Outlay	2,516,473	1,437,273	4,964,572	1,861,175	1,173,198	715,254	1,777,563	1,684,905	1,597,908	3,612,243
Debt Service										
Principal	917,028	728,876	755,529	938,034	2,494,258	668,677	1,162,915	1,644,786	1,668,039	2,606,762
Interest & Fiscal Charges	514,473	322,575	353,132	726,209	847,924	748,479	805,618	1,080,744	926,444	704,866
Total Expenditures	13,334,764	12,117,774	15,572,335	13,702,368	20,649,050	14,224,609	15,008,497	16,599,556	16,387,901	18,991,043
Excess of Revenues Over/(Under) Expenditures										
	(1,192,596)	(781,781)	(3,388,427)	(1,148,264)	(7,782,606)	(1,293,527)	(1,547,742)	(2,733,869)	(1,713,720)	(3,252,164)
Other Financing Sources/(Uses)										
Transfers In										
Transfers In	797,350	565,949	463,866	752,206	1,366,041	233,485	1,296,079	255,439	312,669	297,558
Transfers Out										
Transfers Out	(624,126)	(436,438)	(293,830)	(573,548)	(1,165,475)	(13,600)	(1,056,352)	-	(31,848)	-
Debt										
General obligation debt issued	3,385,000	-	7,573,961	3,355,000	690,000	1,474,439	5,355,000	1,532,000	6,605,778	-
Premium on debt issued	36,415	-	-	6,392	-	5,174	-	4,473	66,063	-
Refunded general Obligation Debt	(1,720,000)	-	-	-	-	(375,912)	-	-	-	-
Payment of Unfunded pension liability	-	-	-	-	-	-	-	-	-	-
Payment to Fiscal Agent	-	-	-	-	-	-	-	-	(4,323,797)	-
Sale of Capital Assets	7,055	29,677	26,289	37,050	13,509	-	-	6,878	-	144,499
Total Other Financing Sources/(Uses)	1,881,694	159,188	7,770,286	3,577,100	904,075	1,323,586	5,594,727	1,798,790	2,628,865	442,057
Net Change in Fund Balances	689,098	(622,593)	4,381,859	2,428,836	(6,878,531)	30,059	4,046,985	(935,079)	915,145	(2,810,107)
Debt Service as a % of noncapital expenditures	13.23%	9.84%	10.45%	14.05%	17.16%	10.49%	14.88%	18.27%	17.54%	21.53%

(2) Past year's revenues and expenditures have not been adjusted for restatements made in future years.

Village of Brown Deer

Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
Table 5

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Personal Property	Total Taxable Assessed Value *	Total Direct Tax Rate	Total Taxable Equalized Value	Ratio of Assessed to Equalized Value
2004	551,142,900	285,391,900	24,049,400	2,000	36,559,734	897,145,934	7.67	953,396,417	94.10%
2005	557,280,100	277,397,900	25,186,400	2,000	32,634,927	892,501,327	7.93	977,818,400	91.27%
2006	561,379,400	284,343,600	20,041,300	2,000	29,815,681	895,581,981	8.17	1,075,292,200	83.29%
2007	563,574,400	272,206,500	19,361,100	1,700	26,144,600	881,288,300	8.55	1,138,992,600	77.37%
2008	709,395,400	343,196,900	26,868,900	2,100	34,830,200	1,114,293,500	6.90	1,144,172,900	97.39%
2009	711,061,000	325,208,900	29,195,400	2,100	35,959,800	1,101,427,200	7.19	1,128,003,400	97.64%
2010	631,732,000	316,076,000	28,707,500	2,000	29,048,500	1,005,566,000	7.99	1,074,804,200	93.56%
2011	632,156,200	314,500,100	28,591,300	2,000	25,822,300	1,001,071,900	8.16	1,038,140,200	96.43%
2012	552,872,916	310,728,300	28,373,100	1,900	25,567,800	917,544,016	8.85	962,776,000	95.30%
2013	550,381,100	308,353,500	29,108,900	1,900	25,815,500	913,660,900	8.95	927,162,600	98.54%

Source: Wisconsin Department of Revenue

*Note: Total Taxable Assessed Value does not include tax exempt properties; Tax exempt properties are not assigned values.

Village of Brown Deer

Direct and Overlapping Property Tax Rates
 (per \$1,000 of assessed valuation)
 Last Ten Fiscal Years
 Table 6

Tax Year	Collection Year	Direct Rates								Overlapping Rates						Net Tax Rate
		Village of Brown Deer		Capital Improv	Equipment Repl	Other Special Rev Funds	Special Library	Debt Service	TID Incr	Total Direct	Brown Deer School District	Milwaukee Area Technical College	Milwaukee County	Milwaukee Metro Sewage Distr	State of Wisconsin	
2004	2005	5.87	0.24	0.25	0.07	0.34	0.90	-	7.67	11.91	2.05	4.83	1.63	0.21	(1.66)	26.64
2005	2006	6.23	0.31	0.31	0.07	0.38	0.62	-	7.93	12.40	2.06	4.66	1.56	0.21	(1.61)	27.21
2006	2007	6.25	0.26	0.29	0.07	0.41	0.88	-	8.17	12.46	2.13	4.71	1.56	0.21	(2.00)	27.24
2007	2008	6.59	0.24	0.32	0.07	0.44	0.89	-	8.55	13.49	2.29	5.03	1.66	0.22	(2.24)	29.00
2008	2009	5.54	0.21	0.09	0.06	0.35	0.65	-	6.90	12.03	1.88	4.07	1.33	0.17	(1.95)	24.43
2009	2010	5.86	0.21	0.09	0.05	0.35	0.64	-	7.19	12.65	1.96	4.25	1.36	0.17	(1.98)	25.60
2010	2011	6.48	0.34	-	0.05	0.38	0.74	-	7.99	13.65	2.05	4.75	1.54	0.18	(2.18)	27.98
2011	2012	6.55	0.35	-	0.05	0.38	0.83	-	8.16	13.95	2.02	4.89	1.57	0.18	(2.19)	28.58
2012	2013	7.08	0.39	-	0.05	0.42	0.91	-	8.85	15.16	2.22	5.29	1.71	0.18	(2.34)	31.07
2013	2014	7.18	0.41	-	0.05	0.42	0.89	-	8.95	15.28	2.16	5.21	1.73	0.17	(2.32)	31.18

Source: Village of Brown Deer Adopted Budget

Village of Brown Deer

Principal Property Tax Payers
Current Year and Nine Years Ago
Table 7

Taxpayer	Type of Business	2013			2004		
		Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Brown Deer Market WI LLC	Property Mgmt	32,614,300	1	3.57%	18,203,007	3	2.03%
FIS (Fidelity Information Systems)	Data Processing	17,231,800	2	1.89%	21,313,696	1	2.38%
Deer Run Apartments	Property Mgmt	14,789,400	3	1.62%	14,284,985	4	1.59%
North Pointe Apartments Ltd.	Rental Property	11,125,000	4	1.22%	11,480,800	6	1.28%
Walmart	Retail	11,000,000	5	1.20%	-	-	0.00%
Brook Lane Apartments	Property Mgmt	9,645,300	6	1.06%	9,024,139	10	1.01%
River Place Apartments LLC	Property Mgmt	9,150,500	7	1.00%	-	-	0.00%
WITI TV 6	Television Station	8,633,500	8	0.94%	10,652,577	7	1.19%
Park Plaza Apartments	Property Mgmt	7,712,900	9	0.84%	-	-	0.00%
Mutual Savings Bank	Financial Institution	7,049,500	10	0.77%	13,545,794	5	1.51%
Sheraton Hotel	Hotel	-	-	0.00%	10,526,978	8	1.17%
Brown Deer Business Park-WI TWO, LLC	Property Mgmt	-	-	0.00%	20,055,600	2	2.24%
Badger Meter	Manufacturing	-	-	0.00%	10,240,000	9	1.14%
Total		128,952,200		14.11%	139,327,576		15.53%

(a) Based on total Assessed Value
 2004 897,145,934
 2013 913,660,900

Source: Prior years' Village of Brown Deer CAFR and the Village Tax System

Village of Brown Deer

Property Tax Levies and Collections
Last Ten Years
Table 8

Levy Year	Collection Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2004	2005	7,003,254	6,985,584	99.75%	-	6,985,584	99.75%
2005	2006	7,395,247	7,353,446	99.43%	33,023	7,386,469	99.88%
2006	2007	7,768,752	7,743,892	99.68%	-	7,743,892	99.68%
2007	2008	8,107,614	8,083,546	99.70%	16,979	8,100,526	99.91%
2008	2009	8,325,311	8,312,151	99.84%	9,743	8,321,895	99.96%
2009	2010	8,764,224	8,746,849	99.80%	12,845	8,759,694	99.95%
2010	2011	8,788,023	8,779,240	99.90%	6,240	8,785,480	99.97%
2011	2012	9,305,950	9,301,960	99.96%	2,931	9,304,891	99.99%
2012	2013	9,102,050	9,099,106	99.97%	-	9,099,106	99.97%
2013	2014	9,201,537	*	0.00%	*	*	0.00%

* Note : Data for the 2014 Collection Year is not yet available.

Village of Brown Deer

Ratios of General Bonded Debt Outstanding
Last Ten Years
Table 9

<u>Fiscal Year</u>	<u>Total General Bonded Debt</u>	<u>Reserved Funds for Debt Service</u>	<u>Net General Bonded Debt</u>	<u>Total Taxable Equalized Value</u>	<u>Ratio of General Bonded Debt to Equalized Property Value</u>	<u>Population</u>	<u>Net General Bonded Debt Per Capita</u>
2004	9,843,875	-	9,843,875	953,396,417	1.03%	11,845	831.06
2005	8,928,780	94,487	8,834,293	977,818,400	0.90%	11,831	746.71
2006	17,576,597	124,438	17,452,159	1,075,292,200	1.62%	11,750	1,485.29
2007	19,820,280	36,320	19,783,960	1,138,992,600	1.74%	11,715	1,688.77
2008	18,815,943	21,793	18,794,150	1,144,172,900	1.64%	11,705	1,605.65
2009	18,876,538	30,797	18,845,741	1,128,003,400	1.67%	11,720	1,608.00
2010	22,641,828	17,009	22,624,819	1,074,804,200	2.11%	11,690	1,935.40
2011	23,807,985	21,766	23,786,219	1,038,140,200	2.29%	11,999	1,982.35
2012	24,758,575	104,491	24,654,084	962,776,000	2.56%	12,065	2,043.44
2013	22,140,050	58,465	22,081,585	927,162,600	2.38%	12,086	1,827.04

Village of Brown Deer

Ratios of Outstanding Debt by Type
Last Ten Years
Table 10

Fiscal Year	Governmental Activities				Business Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds/Notes	Anticipation Notes	Notes Payable to Other Municipalities	Tax Increment Project Revenue Bonds Payable	General Obligation Bonds/Notes				
2004	4,799,703	1,675,000	1,337,620	210,000	3,369,172	11,391,495	1.27%	961.71	
2005	4,140,058	1,675,000	1,294,389	145,000	3,113,722	10,368,169	1.17%	876.36	
2006	11,034,872	1,675,000	1,244,522	75,000	4,866,722	18,896,116	1.81%	1,608.18	
2007	13,607,358	1,675,000	1,117,578	-	4,537,922	20,937,858	1.69%	1,787.27	
2008	13,532,421	-	1,063,257	-	5,283,522	19,879,200	2.03%	1,698.35	
2009	14,021,655	-	1,007,155	-	4,854,884	19,883,694	1.96%	1,696.56	
2010	18,272,424	-	983,202	-	4,369,405	23,625,031	1.77%	2,020.96	
2011	18,228,206	-	914,633	-	4,665,146	23,807,985	2.06%	1,984.16	
2012	19,571,639	-	862,093	-	4,920,223	25,353,955	2.39%	2,101.45	
2013	17,039,677	-	787,293	-	4,313,080	22,140,050	*	1,831.88	

Source: Wisconsin Departments of Revenue and Administration

* Note : Data for 2013 Personal Income is not yet available.

Village of Brown Deer

Legal Debt Margin Information
Last Ten Years
Table 11

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Equalized Value of Real and Personal Property	953,396,417	977,818,400	1,075,292,200	1,138,992,600	1,144,172,900	1,128,003,400	1,074,804,200	1,038,140,200	962,776,000	927,162,600
General Obligation Debt Limit Five (5) Percent of Equalized Valuation per Section 67.03 of the Wisconsin Statutes	47,669,821	48,890,920	53,764,610	56,949,630	57,208,645	56,400,170	53,740,210	51,907,010	48,138,800	46,358,130
Amount of Debt Applicable to Debt Limitation:										
General Obligation Bonds/Notes	9,843,875	8,928,780	17,576,597	19,820,280	18,815,943	18,876,538	22,641,828	23,807,985	24,758,575	22,140,050
Less: Amount Available for Financing GO Debt	-	94,487	124,438	36,320	21,793	30,797	17,009	21,766	104,491	58,465
Net O/S GO Debt Applicable to Debt Limitation	9,843,875	8,834,293	17,452,159	19,783,960	18,794,150	18,845,741	22,624,819	23,786,219	24,654,084	22,081,585
Legal margin for New Debt	37,825,946	40,056,627	36,312,451	37,165,670	38,414,495	37,554,429	31,115,391	28,120,791	23,484,716	24,276,545
Total net debt applicable to the limit as a percentage of debt limit	20.65%	18.07%	32.46%	34.74%	32.85%	33.41%	42.10%	45.82%	51.21%	47.63%

Village of Brown Deer

Computation of Direct, Overlapping, and Underlying Debt
 As of December 31, 2013
 Table 12

Governmental Unit	General Obligation Bonded Debt Outstanding	Percentage Applicable to Village	Amount Applicable to Village
Village	\$ 17,826,970	100%	\$ 17,826,970
Milwaukee Area Technical College	101,170,000	1.32%	1,335,878
Milwaukee County	716,978,000	1.62%	11,636,338
Brown Deer School District	28,976,066	100%	28,976,066
Milwaukee Metropolitan Sewage District	970,256,497	1.65%	16,054,923
Total Overlapping	1,817,380,563		58,003,205
Total Direct and Overlapping Debt	\$ 1,835,207,533		\$ 75,830,175

Source: Prior year's Village Bond Issuance

Note: Overlapping governments are those that correspond with the geographic boundaries of the Village. The overlapping portion of debt is calculated by estimating the portion of outstanding debt of these overlapping governments that is the responsibility of the taxpayers of the Village through the taxes levied by these government agencies.

Village of Brown Deer

Demographic and Economic Statistics
Last Ten Years
Table 13

Year	Population	Personal Income (in thousands)	Per Capita				
			Adjusted Gross Income			Unemployment Rates	
			Village of Brown Deer	Milwaukee County	State of Wisconsin	Milwaukee County	State of Wisconsin
2004	11,845	265,126,635	22,383	19,175	21,756	6.40%	5.00%
2005	11,831	266,662,242	22,539	19,372	22,214	4.80%	4.80%
2006	11,750	268,201,421	22,826	20,782	23,845	5.70%	4.70%
2007	11,715	269,124,482	22,973	21,603	24,374	5.90%	4.90%
2008	11,705	260,643,494	22,268	21,233	24,329	6.50%	5.80%
2009	11,720	247,895,969	21,152	20,195	23,211	9.30%	8.50%
2010	11,690	246,836,267	21,115	20,486	24,218	9.60%	8.30%
2011	11,999	226,111,060	18,844	20,680	24,901	9.00%	7.50%
2012	12,065	205,897,980	17,066	21,433	26,271	8.40%	6.90%
2013	12,086	**	**	**	**	8.30%	6.70%

Source: Wisconsin Departments of Revenue, Administration & Workforce Development

*Unemployment rate specific to the Village of Brown Deer is not available.

**Data not yet available for 2013.

Village of Brown Deer

Principal Employers
Current Year
Table 14

Employer	Type of Business	2006			2013		
		Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
FIS (Fidelity Information Systems)	Data Processing	1,125	1	0.26%	2,700	1	0.59%
Signicast	Manufacturer of Ferrous investment castings	-		0.00%	685	2	0.15%
Badger Meter	Water Meter Manufacturing	483	3	0.11%	530	3	0.12%
Guaranty Bank *	Savings Institutions	578	2	0.13%	450	4	0.10%
MILSCO Manufacturing	Manufacturer of Office Chairs	-		0.00%	350	5	0.08%
YMCA (Young Men's Christian Association) *	Civil & Social Organizations	175	5	0.04%	340	6	0.07%
Rite Hite Corporation (Hdqtrs)	Manufacturers of mechanical & hydraulic lifts	-		0.00%	240	7	0.05%
Brown Deer Public Schools	Elementary & Secondary Schools	119	11	0.03%	221	8	0.05%
New World Communications/TV 6	Television Broadcasting	210	4	0.05%	210	9	0.05%
U Line Corp *	Household Refrigerator Manufacturing	175	6	0.04%	200	10	0.04%
Kohl's *	Department Store	175	10	0.04%	-		0.00%
TAPCO *	Electrical Apparatus & Equipt. Wholesalers	-		0.00%	-		0.00%
Sheraton Milwaukee North *	Hotel	175	8	0.04%	-		0.00%
Village of Brown Deer	Government	100	12	0.02%	-		0.00%
Pick 'n Save *	Supermarkets	175	7	0.04%	-		0.00%
GB Home Equity *	Sales Financing	175	9	0.04%	-		0.00%
Total		3,662		0.85%	5,926		1.29%

Source: Wisconsin Department of Workforce Development

(a) According to GASB 44, information for the current year and nine years prior should be shown. In prior CAFR's, we did not include this data.

We will show what comparative data we have until a 10 year comparison is compiled.

* Approximate number of employees. Exact count was either not available or given to us upon inquiry.

Village of Brown Deer

Various Statistics
Last Ten Years
Table 15

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Village Employees										
General Government										
Village Manager	3	2	2	3	3	3	3	3	2	3
Administration	5	5	5	5	4	5	5	5	5	4
Court	2	2	2	2	1	2	2	2	1	2
Health	11	11	8	8	7	7	7	6	8	8
Library	22	21	18	16	17	18	16	13	14	14
Parks and Recreation	6	5	4	4	4	3	3	2	3	3
Water Utility	5	5	3	3	3	3	3	3	2	2
Public Works	14	15	13	13	13	12	12	11	10	12
Public Safety										
Police	39	39	38	38	35	37	36	33	34	33
Community Services										
Engineering	2	3	3	3	3	3	3	2	2	2
Inspection/Maintenance	6	6	4	3	3	3	3	2	2	2
Total	115	114	100	98	93	96	93	82	83	85
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	6	6	6	6	6	6	6	6	6	6
Fire Stations	5	5	5	5	5	5	5	5	5	5
Public Works										
Streets (miles)	54	54	54	54	54	54	54	54	54	54
Parks & Recreation										
Number of Parks	3	3	3	3	3	3	3	3	3	3
Acreage of parkland	17	17	17	17	17	17	17	17	17	17
Water Utility										
Miles of Water Main	67	67	67	68	68	68	68	68	68	68
Number of Hydrants	650	650	663	665	669	671	671	671	672	672
Daily Average Consumption (gallons)	1,423,783	1,383,515	1,339,416	1,246,918	1,365,178	1,297,893	1,260,553	1,369,148	1,442,126	1,119,688
Wastewater Utility										
Miles of Sanitary Sewer	51	51	51	51	51	51	51	51	53	53
Miles of Storm Sewer	10	10	10	10	10	10	10	10	16	17

(a) Various departments within the Village provided the information shown above.

Village of Brown Deer

Operating Indicators by Program/Function
Ten Year Trend
Table 16

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Police										
Physical Arrests	1,142	1,105	850	984	850	922	884	950	684	598
Parking Citations	1,197	1,089	1,172	1,441	1,158	886	1,268	800	1,076	1,112
Traffic Citations	5,923	4,722	3,610	4,525	3,573	4,767	3,719	4,361	3,566	4,094
Prisoner Handling	679	756	494	369	282	323	224	310	304	242
Complaints	1,773	1,860	1,364	1,649	1,536	1,486	1,407	1,503	1,537	1,521
General Government										
Building Permits Issued	276	263	281	293	309	328	209	206	170	242
Library										
Patron Count/Card Holders	8,130	6,966	7,300	7,559	6,833	7,370	7,714	8,011	8,322	8,634
Items Borrowed	322,508	293,181	265,246	240,995	250,126	247,649	241,399	222,383	218,980	198,645
Park and Recreation										
Recreation Programs	84	82	83	86	122	112	101	100	95	90
Recreation Program Registration	2,770	2,770	2,737	2,513	2,933	2,686	2,421	3,003	2,577	1,935
Pond Attendance	6,016	10,193	9,590	8,018	7,238	7,048	9,391	9,215	10,375	6,115
Water Utility										
Number of Customers	3,759	3,782	3,792	3,795	3,789	3,817	3,825	3,829	3,736	3,739
Gallons Sold (millions)	485,396	504,983	488,879	455,125	455,405	428,322	425,090	427,673	469,538	408,686
Public Fire Protection Serv Customer	3,484	3,509	3,495	3,531	3,544	3,562	3,571	3,575	3,579	3,580
Northshore Health Department										
Blood Pressure Screenings	619	537	351	467	357	195	123	132	267	65
Immunizations	928	212	661	569	819	623	598	682	772	883
Restaurant Inspections (BD Only)	87	114	-	109	81	87	78	80	130	116

(a) Various Village departments provided the information shown above.

(b) Traffic Citations includes those along with Written Warnings & Certificate of Correction Citations.