



**Milwaukee County, Wisconsin
Comprehensive Annual
Financial Report
for the year ended
December 31, 2008**

VILLAGE OF BROWN DEER

Brown Deer, Wisconsin

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

December 31, 2008

Prepared By

The Office of the Village Manager and
The Office of the Treasurer/Comptroller

Village Manager
Treasurer/Comptroller

Russell Van Gompel
Stephanie M. Walker, CPA

VILLAGE OF BROWN DEER

TABLE OF CONTENTS December 31, 2008

INTRODUCTORY SECTION

	<u>Page</u>
Transmittal Letter	1 – 5
Directory of Officials	6
Organization Chart	7
GFOA Reporting Award	8

FINANCIAL SECTION

Independent Auditors' Report	9 - 10
Management's Discussion and Analysis	11 - 25
Basic Financial Statements	
Statement of Net Assets	26
Statement of Activities	27
Balance Sheet – Governmental Funds	28
Statement of Revenue, Expenditures, and Changes in Fund Balances – Governmental Funds	29
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Statement of Net Assets – Proprietary Funds	31
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	32
Statement of Cash Flows – Proprietary Funds	33 – 34
Statement of Fiduciary Net Assets – Fiduciary Funds	35
Index to Notes to Financial Statements	36 – 37
Notes to Financial Statements	38 – 71

VILLAGE OF BROWN DEER

TABLE OF CONTENTS December 31, 2008

REQUIRED SUPPLEMENTARY INFORMATION

	<u>Page</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	72
Schedule of Funding Progress of Net OPEB Liability	73
Notes to Required Supplementary Information	74

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Combining Balance Sheet – Nonmajor Governmental Funds	75 – 76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	77 - 78
Special Revenue Funds Schedule of Revenues, Expenditures and Changes in Fund Balances – Actual and Budget	79 - 80
Debt Service Funds Schedule of Revenues, Expenditures and Changes in Fund Balances – Actual and Budget	81
Capital Projects Funds Schedule of Revenues, Expenditures and Changes in Fund Balances – Actual and Budget	82 - 83
Fiduciary Funds Combining Statement of Changes in Assets and Liabilities – All Agency Funds	84

OTHER SUPPLEMENTARY INFORMATION

Capital Assets Used in Governmental Activities Schedule by Source	85
--	----

VILLAGE OF BROWN DEER

TABLE OF CONTENTS December 31, 2008

STATISTICAL SECTION

	<u>Table</u>	<u>Page</u>
Net Assets by Component	1	86
Changes in Net Assets	2	87
Fund Balances, Governmental Funds	3	88
Changes in Fund Balances, Governmental Funds	4	89
Assessed Value and Actual Value of Taxable Property	5	90
Direct and Overlapping Property Tax Rates	6	91
Principal Property Tax Payers	7	92
Property Tax Levies and Collections	8	93
Ratios of Net General Bonded Debt Outstanding	9	94
Ratios of Outstanding Debt By Type	10	95
Legal Debt Margin Information	11	96
Direct and Overlapping Governmental Activities Debt	12	97
Demographic and Economic Statistics	13	98
Principal Employers	14	99
Various Statistics	15	100
Operating Indicators By Program/Function	16	101

INTRODUCTORY SECTION



April 15, 2009

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, 2008, 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 Virchow, Krause & Company, 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, 2008, 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 unqualified opinion that the Village of Brown Deer's financial statements for the fiscal year ended December 31, 2008, 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 require 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 prosperous 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 11,705.

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, and regulations 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 three 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 services more economically than those which could be provided by the individual communities. 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.

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.

Current Year Initiatives

In 2008, 14 building permits were issued in Deerbrook Estates, a single-family residential development on a 21 acre site adjacent to Park Plaza Court. Fourteen sites remain in this 43 lot subdivision which was created from land purchased from the Village in 2004.

Tax Incremental Financing District #2, formed in 1995, has generated a 2008 increment of \$19,004,600, a decrease of \$56,200 from the 2007 increment. Improvements in the district include the phased redevelopment of the Commerce Center of Brown Deer by Gen Cap Bradley LLC into a 1 acre commercial development with small service type businesses and an 8 acre residential development of 65 condominiums in the mid-price range of \$185,000. Gen Cap completed the demolition of the Commerce Center in 2008. The Village assisted in financing the relocation of a bank and a dental office during 2008.

The Tax Incremental Financing District #3, formed in 2005, includes property along the West Brown Deer Road corridor, bounded by: 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 district has generated an increment of \$11,754,500 which is an increase of \$623,100 from 2007. The Village assisted a developer purchasing 6 acres within this district. Two of these acres are to be redeveloped for commercial property fronting West Brown Deer Road, including a Walgreen's Pharmacy Store which was completed in 2008, and the remaining 4 acres off North 60th Street will be 52 condominium and town home units. Fourteen residential units were completed in 2008 and Phase II is scheduled for 2009. The Village also issued a building permit for a new dental office in this district.

The Tax Incremental Financing District #4, formed in 2005, includes property within the Original Village Planned Development District and the North Teutonia Avenue corridor. The district is estimated to generate a total increment of \$12,945,384 and has generated \$2,940,000 through 2008, an increase of \$261,300. During 2008 the Village assisted a developer with the costs of construction of a new office building. The Village plans to reconstruct the streetscape within the Original Village District in 2009 and 2010.

The Village mails a combined newsletter and Park & Recreation Program flyer which is sent out three (3) times a year to all Village residents and businesses. The newsletter provides information on Village programs, departments, enrollment information for Park & Recreation programs and matters of interest. 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 District, the Village issued a building permit for a \$9,000,000 construction project to create the first ever Healthy Lifestyle Village. This project is a collaboration of the Rite-Hite Family YMCA, Wheaton Franciscan Healthcare and the Walter Schroeder Aquatic Center to create a destination campus where people will have the support and resources they need to take action and improve the health and quality of their life. While the project was started in 2008, completion is scheduled for June 2009.

CASH MANAGEMENT

Cash temporarily idle during the year was invested in demand deposits, certificates of deposits, federal agency bonds, and investment pools. The investment pools utilized by the Village were the State of Wisconsin Local Government Investment Pool, (a part of the State Investment Fund) and the CLASS investment (Cooperative Liquid Assets Securities System) established by an intergovernmental agreement, both of which invest primarily in U.S. Treasury securities, repurchase agreements, and agency securities backed by the full faith and credit of the U.S. Government. The average yield on all investments was 4.19%. The maturities of the investments range from overnight to 3 years. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, does not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

RISK MANAGEMENT

In 1987, the Village issued \$429,675 taxable general obligation refunding bonds to provide financing of the Village's participation in the Wisconsin Municipal Insurance Commission (WMIC). WMIC is an intergovernmental cooperative commission formed to facilitate the formation of the Cities and Village's Mutual Insurance Company (CVMIC). CVMIC is a separate and distinct entity independent of WMIC and is owned by the participating cities and villages of WMIC. CVMIC was formed to provide liability insurance to Wisconsin municipalities as of January 1, 1988.

CVMIC provides the Village with \$5,000,000 of liability coverage for losses over its self-insured retention level of \$25,000 per occurrence with a \$100,000 aggregate stop loss. The Village's annual cost for coverage is the sum of the principal and interest on its general obligation bonds, its annual premium, claims and other operating expenses. CVMIC pays dividends to the Village based on a schedule designed to enable the Village to totally finance the Village's debt service requirements on its related general obligation issue. 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 participating municipalities based on payroll and loss history. The Village and other participating cities and villages are subject to cover loss experiences, which exceed predictions through retrospective assessments.

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

Village staff relies on CVMIC loss control personnel and the many loss control-training sessions offered by CVMIC. The Village has an active safety committee, which operates with guidance from CVMIC. The committee, consisting of employees from each department of the Village, examines safety issues affecting employees; monitors safety issues, and regularly examines Village buildings for safety related issues.

PENSION AND OTHER POST EMPLOYMENT BENEFITS

The Village of Brown Deer participates in the Wisconsin Retirement System, a cost-sharing multiple-employer defined benefit public employee retirement system. The Village contributes a percentage of each eligible employee's salary as determined annually by the system.

The Village contributes towards retiree health insurance costs in differing amounts based on employment agreements. Additional information on these benefits can be found within the notes to the financial statements.

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, 2007. This was the ninth 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 Virchow, Krause & Company, 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, police, public works and community services 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. 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,



Russell Van Gompel
Village Manager



Stephanie M. Walker, CPA
Comptroller/Treasurer

This page intentionally blank.

VILLAGE OF BROWN DEER

DIRECTORY OF OFFICIALS December 31, 2008

Elected Officials

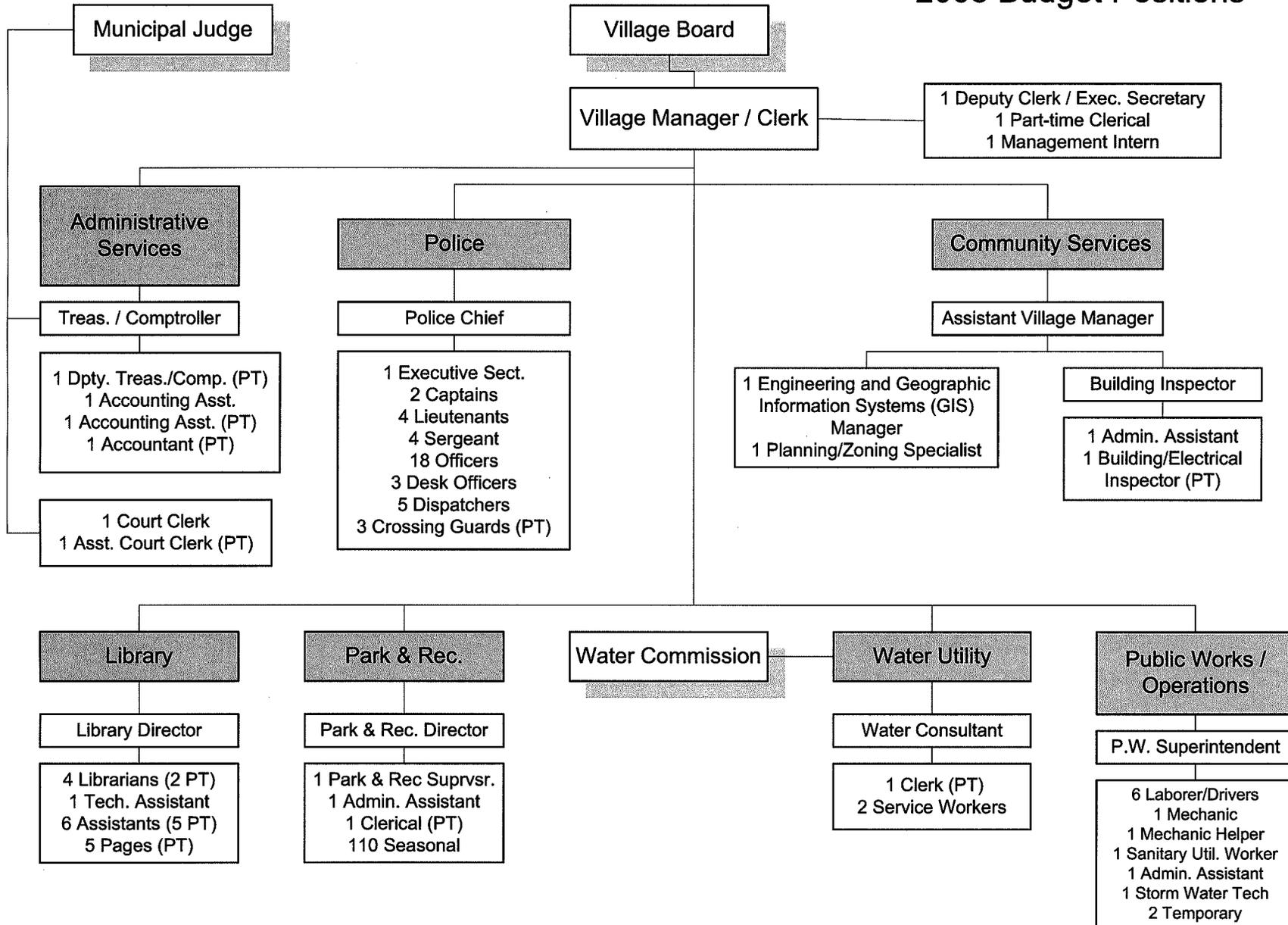
<u>Name</u>	<u>Title</u>	<u>Term</u>
Carl Krueger	Village President	April, 2010
Jeff Baker	Village Trustee	April, 2010
Terry Boschert	Village Trustee	April, 2011
Bob Oates	Village Trustee	April, 2012
Tim Schilz	Village Trustee	April, 2012
Gary Springman	Village Trustee	April, 2010
Andrea J. Weddle-Henning	Village Trustee	April, 2011
David M. Victor	Municipal Judge	April, 2010

Administrators

<u>Name</u>	<u>Title</u>	<u>Term</u>
Russell Van Gompel	Village Manager	Appointed
Accurate Appraisal LLC	Village Assessor	Contract
John Fuchs	Village Attorney	Contract
Chad Hoier	Park and Recreation Director	Appointed
Larry Neitzel	Superintendent of Public Works	Appointed
Jane Peterson	Director of Public Health	Appointed
Mike Rau	Water Consultant	Contract
Joseph Rice	Library Director	Appointed
Steven Rinzel	Chief of Police	Appointed
Jesse Thyes	Assistance Village Manager/ Director of Community Services	Appointed
Stephanie M. Walker, CPA	Comptroller/Treasurer	Appointed

Village of Brown Deer Organization Chart

2008 Budget Positions



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, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. R.", written in a cursive style.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", written in a cursive style.

Executive Director

This page intentionally blank.

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Village Board
Village of Brown Deer
Brown Deer, Wisconsin

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, Wisconsin, as of and for the year ended December 31, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Brown Deer's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, Wisconsin, as of December 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 and other supplementary information as 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 and other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Village Board
Village of Brown Deer

The "Letter of Transmittal" and "Statistical Section" listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Village of Brown Deer, Wisconsin. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on such information.

Vickroy, Krause & Company, LLP

Milwaukee, Wisconsin
May 8, 2009



MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2008

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, 2008. 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 assets. When expenses exceed revenues, the result is a decrease in net assets. You can think of this relationship between revenues and expenses as the Village's operating results and the net assets, as measured in the Statement of Net Assets, as one way to measure the Village's financial health, or financial position. Over time, increases and decreases in the Village's net assets, 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, in assessing the overall health of our Village.

- The assets of the Village of Brown Deer exceeded its liabilities as of December 31, 2008, by \$13,714,926 (*net assets*). The Village reported deficit unrestricted governmental activities net assets of \$6,454,081 and unrestricted business-type activities net assets of \$2,414,521. During the current year, the Village's net assets decreased \$4,331,447.
- As of December 31, 2008, the Village of Brown Deer's governmental funds reported combined ending fund balances of \$5,753,613, a decrease of \$6,878,531 in comparison with the prior year. \$2,542,884 is *available for spending* at the government's discretion (*unreserved fund balance*.)
- As of December 31, 2008, the unreserved fund balance for the general fund was \$2,084,613 or 23.3% of total general fund expenditures.
- The Village of Brown Deer's total debt decreased by \$592,730 (2.7%) during 2008.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 comprise of three components: 1) government-wide financial statement, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

VILLAGE OF BROWN DEER

Management's Discussion and Analysis For the Year Ended December 31, 2008

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 sewer utility.

STATEMENT OF NET ASSETS

The *statement of net assets* presents information on all of the Village of Brown Deer's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases and decreases in net assets 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 assets 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	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 19,150,361	\$ 22,424,533	\$ 4,589,542	\$ 3,424,288	\$ 23,739,903	\$ 25,848,821
Capital assets	<u>10,427,055</u>	<u>10,096,073</u>	<u>14,949,279</u>	<u>14,232,895</u>	<u>25,376,334</u>	<u>24,328,968</u>
Total assets	29,577,416	32,520,606	19,538,821	17,657,183	49,116,237	50,177,789
Long-term debt outstanding	16,213,446	17,552,918	5,321,107	4,574,365	21,534,553	22,127,283
Other liabilities	<u>13,137,622</u>	<u>9,670,691</u>	<u>729,136</u>	<u>333,442</u>	<u>13,866,758</u>	<u>10,004,133</u>
Total liabilities	29,351,068	27,223,609	6,050,243	4,907,807	35,401,311	32,131,416
Net assets:						
Invested in capital assets, net of debt	6,521,521	4,507,883	10,817,430	10,732,537	17,338,951	15,240,420
Restricted	158,908	576,532	256,627	250,410	415,535	826,942
Unrestricted (deficit)	<u>(6,454,081)</u>	<u>212,582</u>	<u>2,414,521</u>	<u>1,766,429</u>	<u>(4,039,560)</u>	<u>1,979,011</u>
Total net assets	<u>\$ 226,348</u>	<u>\$ 5,296,997</u>	<u>\$ 13,488,578</u>	<u>\$ 12,749,376</u>	<u>\$ 13,714,926</u>	<u>\$ 18,046,373</u>

Governmental Activities

Current and other assets for governmental activities primarily represent cash, investments, taxes receivable and land held for resale and they decreased in 2008 by \$3.27 million for the following reasons: the Village used approximately \$1.0 million of cash on hand to pay towards existing debt and \$2.3 million of previously issued debt proceeds was spent on capital projects, developer incentive payments and other the TIF projects.

Other liabilities represent accounts payable, accrued payroll liabilities, deposits and deferred revenues. Total other liabilities increased \$3.5 million in 2008 due to two developer incentive payments which were owed at year end.

VILLAGE OF BROWN DEER

Management's Discussion and Analysis For the Year Ended December 31, 2008

Invested in capital assets, net of related debt represents the Village's equity in its capital assets and represented 62.5% of the historical cost of the Village's governmental activities capital assets. This percentage is up from 44.6% in 2007. This change is due to a decrease in outstanding capital related debt. The Village decreased this debt by \$1.7 million in 2008.

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 assets represent resources that are subject to external restrictions on how they may be used. Restricted net assets consist of amounts restricted for library purposes. In 2007 restricted net assets also included assets restricted for tax incremental financing district (TIF) projects or debt repayment. 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 oftentimes early in the life of a TIF district the only resources available are in the form of debt proceeds. Due to the number of current TIF projects, no net assets related to these TIF districts were on hand at year end.

The remaining balance of unrestricted net assets may be used to meet ongoing obligations to citizens and creditors. The Village's unrestricted net assets decreased from 2007 due to significant spending on economic development which is not capitalized as an asset. The Village spent approximately \$5.4 million on economic development within its three TIF districts in 2008. The remaining decrease in unrestricted net assets of \$1.3 million was due to unrestricted revenues being used to decrease outstanding capital related debt. When unrestricted resources are used in this way, the Village's invested in capital assets net of related debt increases and resources remaining for unrestricted net assets decrease.

Business-type Activities

Business-type activities current and other assets consist of cash, investments and receivables. Current and other assets increased \$1.2 million in the current year. This increase was from the issuance of debt during 2008. Approximately \$1.0 million of the debt proceeds were unspent at year end.

Long term debt issued of \$1.1 million exceeded debt payments of \$380,000 which caused an increase in long-term liabilities. Other liabilities for governmental and business-type activities include accounts payable, accrued interest payable, special deposits and unearned revenue. Other liabilities increased \$395,000 due mainly to an increase in accounts payable related to a sanitary sewer maintenance work.

STATEMENT OF ACTIVITIES

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

VILLAGE OF BROWN DEER

Management's Discussion and Analysis For the Year Ended December 31, 2008

The table below summarizes the statement of activities for 2007 and 2008. Explanations for increases or decreases that are more than \$100,000 and 5% from the previous year are given following the table.

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2006
Revenues						
Program revenues:						
Charges for services	\$ 1,627,081	\$ 1,408,034	\$ 3,498,774	\$ 3,209,385	\$ 5,125,855	\$ 4,617,419
Operating grants and contributions	782,055	742,801	-	-	782,055	742,801
Capital grants and contributions	69,751	113,339	510,239	125,041	579,990	238,380
General revenues:						
Property taxes	8,107,615	7,678,552	-	-	8,107,615	7,678,552
Other taxes	594,277	562,272	-	-	594,277	562,272
Other general revenues	<u>1,605,811</u>	<u>1,787,985</u>	<u>126,918</u>	<u>167,381</u>	<u>1,732,729</u>	<u>1,955,366</u>
Total revenues	<u>12,786,590</u>	<u>12,292,983</u>	<u>4,135,931</u>	<u>3,501,807</u>	<u>16,922,521</u>	<u>15,794,790</u>
Expenses						
General government	1,604,219	1,428,147	-	-	1,604,219	1,428,147
Public safety	6,027,981	5,840,005	-	-	6,027,981	5,840,005
Public works	2,725,520	2,515,341	-	-	2,725,520	2,515,341
Health and human services	585,576	588,902	-	-	585,576	588,902
Culture, recreation and education	1,158,463	1,210,538	-	-	1,158,463	1,210,538
Conservation and development	5,188,719	252,903	-	-	5,188,719	252,903
Interest and fiscal charges	767,327	788,676	-	-	767,327	788,676
Water	-	-	1,338,455	1,300,484	1,338,455	1,300,484
Storm Water	-	-	586,526	559,051	586,526	559,051
Sanitary Sewer	-	-	<u>1,271,182</u>	<u>871,343</u>	<u>1,271,182</u>	<u>871,343</u>
Total expenses	<u>18,057,805</u>	<u>12,624,512</u>	<u>3,196,163</u>	<u>2,730,878</u>	<u>21,253,968</u>	<u>15,355,390</u>
Increase (decrease) in net assets						
before transfers	(5,271,215)	(331,529)	939,768	770,929	(4,331,447)	439,400
Transfers	<u>200,566</u>	<u>178,658</u>	<u>(200,566)</u>	<u>(178,658)</u>	-	-
Changes in net assets	(5,070,649)	(152,871)	739,202	592,271	(4,331,447)	439,400
Net assets - beginning of year	<u>5,296,997</u>	<u>5,449,868</u>	<u>12,749,376</u>	<u>12,157,105</u>	<u>18,046,373</u>	<u>17,606,973</u>
Net assets - end of year	<u>\$ 226,348</u>	<u>\$ 5,296,997</u>	<u>\$ 13,488,578</u>	<u>\$ 12,749,376</u>	<u>\$ 13,714,926</u>	<u>\$ 18,046,373</u>

Significant Changes in Governmental Activities

Governmental activities decreased the Village of Brown Deer's net assets by \$5,070,649, while the Business-type activities increased net assets by \$739,202. The change in net assets for governmental activities decreased from 2007 significantly due mainly to an increase in spending on economic development. The change in net assets for Business-type activities increased between 2007 and 2008 primarily due to capital contributions. Other individual increases to revenues and decreases to expenses are described below.

VILLAGE OF BROWN DEER

Management's Discussion and Analysis
For the Year Ended December 31, 2008

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 2007 and 2008.

	Governmental Activities			
	2008	2007	Change	% Chg
Revenues				
Program revenues:				
Charges for services	\$ 1,627,081	\$ 1,408,034	\$ 219,047	15.56%
Operating grants and contributions	782,055	742,801	39,254	5.28%
Capital grants and contributions	69,751	113,339	(43,588)	-38.46%
General revenues:				
Property taxes	8,107,615	7,678,552	429,063	5.59%
Other taxes	594,277	562,272	32,005	5.69%
Other general revenues	1,605,811	1,787,985	(182,174)	-10.19%
Total revenues	\$ 12,786,590	\$ 12,292,983	\$ 493,607	4.02%

Charges for services are primarily made up of cable franchise fees, building permits, court fines, recycling services, contributions from other governments for health services, library reciprocal borrowing payments received, and recreation fees. All charges for services increased \$219,047 from 2007. This increase was due to increases in the following areas and amounts: rental income (\$59,169), building permits (\$43,750), court fines (\$43,946), right of way permits (\$19,063), health department contributions (\$27,888) and health department permits (\$22,901).

Rental income increased in 2008 due to the purchase of a property in December of 2007. Building permits were higher in 2008 due to a large commercial development. Court fines were lower in 2007 as the court changed computer systems in 2006. This change decreased collection efforts in 2007 as staff changed procedures and methods and converted to the new system. The health department contributions from other communities increased in 2008 as the health department started a new program with another north shore community for environmental health. Health permits increased due to a rate increase.

The State of Wisconsin caps local municipal property tax increases by 2%, 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. In 2008 property taxes levied for all purposes other than TIF increased \$145,707 or 2%. However due to increases in TIF values and taxes levied by other taxing units property taxes levied for TIF purposes increased \$283,356 or 56% from 2007.

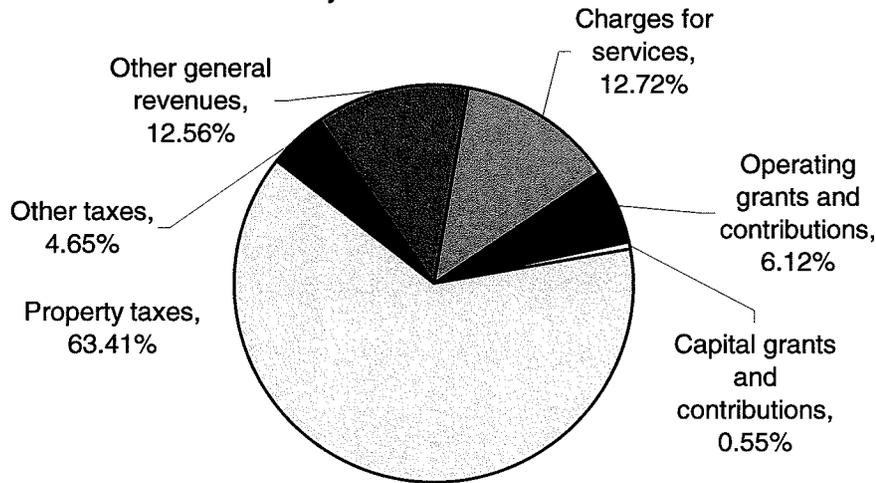
Other general revenues primarily consist of general state aids and investment income. During 2008 the Village earned approximately \$348,000 less in investment income due to changes in economic conditions. This decrease was offset by insurance reimbursements of \$183,000 which were received due to damage done to the Village hall building.

VILLAGE OF BROWN DEER

Management's Discussion and Analysis For the Year Ended December 31, 2008

As identified above and on the chart below, property taxes are the largest revenue source for governmental activities accounting for approximately 63% 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 Revenues by Source



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 parks and 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 2007 and 2008 expenses and reasons for significant changes are addressed following the table.

Expenses	2008	2007	Change	% Chg
General government	\$ 1,604,219	\$ 1,428,147	\$ 176,072	12.33%
Public safety	6,027,981	5,840,005	187,976	3.22%
Public works	2,725,520	2,515,341	210,179	8.36%
Health and human services	585,576	588,902	(3,326)	-0.56%
Culture, recreation and education	1,158,463	1,210,538	(52,075)	-4.30%
Conservation and development	5,188,719	252,903	4,935,816	1951.66%
Interest and fiscal charges	767,327	788,676	(21,349)	-2.71%
Total expenses	\$ 18,057,805	\$ 12,624,512	\$ 5,433,293	43.04%

See independent auditors' report

VILLAGE OF BROWN DEER

Management's Discussion and Analysis For the Year Ended December 31, 2008

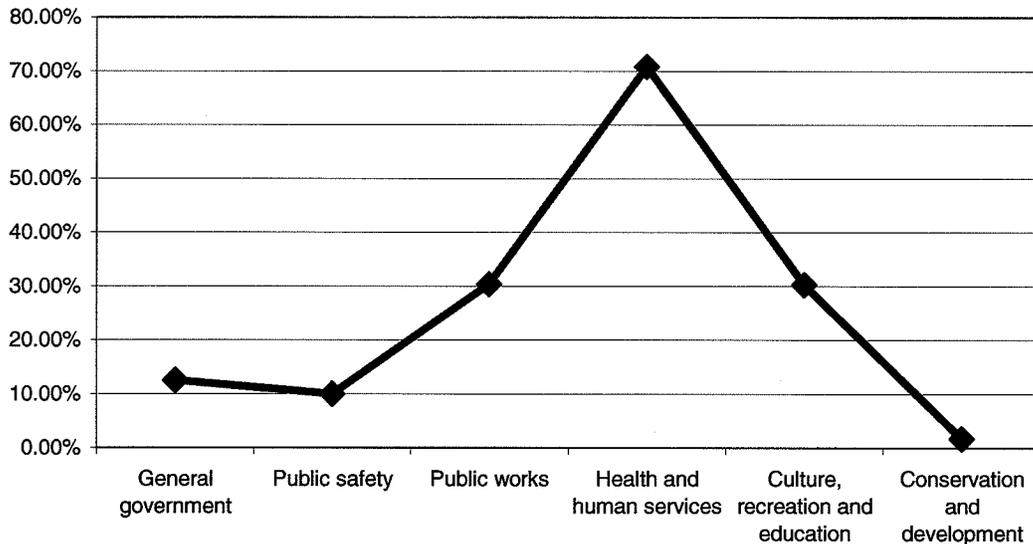
The Village's expenses for general government increased \$176,072 from 2007. This change is due to the loss on disposal of capital assets retired during the year of \$76,000 and an increase in expenses due to a Village-wide property revaluation completed during 2008.

Public works expenses increased due to the purchase of new recycling carts for all residents in 2008. This resulted in approximately \$300,000 in additional expenses related to recycling. This increase was offset by lower expenses in 2008 related to OPEB and compensated absence liabilities.

Conservation and development expenses increased \$4.9 million from 2007. In 2008, the Village incurred expenses for four developer incentive payments totaling over \$4.0 million. It is anticipated that these costs will be recovered in future years through the TIF increments received as property values increase within the Village. Additional economic development projects included business relocation costs of \$900,000.

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. Health and Human Services function is the most funded by program revenues as 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.

Percentages of Expenses funded by Program Revenues



VILLAGE OF BROWN DEER

Management's Discussion and Analysis
For the Year Ended December 31, 2008

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 water, storm and sanitary sewer charges to its customers on a quarterly basis. Any bills not paid by the tax levy date are placed on the property owner's tax bill. The table below compares the 2007 to 2008 revenues.

	Business-type Activities			
	2008	2007	Change	% Chg
Revenues				
Program revenues:				
Charges for services	\$ 3,498,774	\$ 3,209,385	\$ 289,389	9.02%
Capital grants and contributions	510,239	125,041	385,198	308.06%
General revenues:				
Other general revenues	126,918	167,381	(40,463)	-24.17%
Total revenues	<u>\$ 4,135,931</u>	<u>\$ 3,501,807</u>	<u>\$ 634,124</u>	<u>18.11%</u>

Charges for services increased \$289,389 in 2008. This was mainly due to rate increases received from Milwaukee Metropolitan Sewerage District (MMSD). The sanitary sewer utility adjusts the rates billed each quarter based on the charges received from MMSD. MMSD rates increase almost 25% in 2008 which is then directly pass on to the utility customers. Rates for all utilities are reviewed annually and adjusted as necessary.

Capital grants and contributions represent assets contributed by developers in the water and sewer utilities and capital grants received by the storm water utility. The water utility received mains, services and other infrastructure during 2008 that was constructed by developers within the Village. The sewer received manholes and sewer mains. The storm water utility's grant revenue increase in 2008 as two large, grant funded projects neared completion.

Other general revenues category is interest income. As mentioned above, this revenue stream has decreased due to lower interest rates in 2008.

Business-type Activities - Expenses

The table below compares the Village's Business-type activities expenses from 2007 to 2008.

	Business-type Activities			
	2008	2007	Change	% Chg
Expenses				
Water	\$ 1,338,455	\$ 1,300,484	\$ 37,971	2.92%
Storm Water	586,526	559,051	27,475	4.91%
Sanitary Sewer	1,271,182	871,343	399,839	45.89%
Total expenses	<u>\$ 3,196,163</u>	<u>\$ 2,730,878</u>	<u>\$ 465,285</u>	<u>17.04%</u>

See independent auditors' report

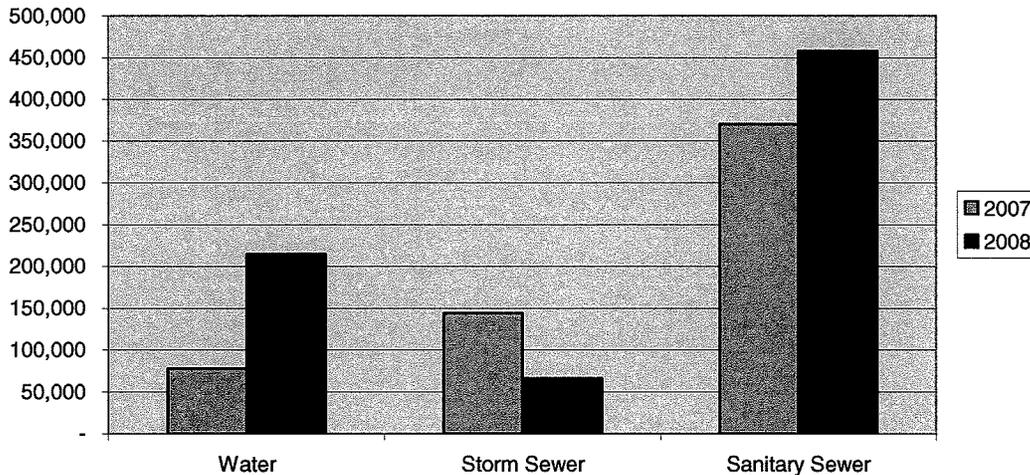
VILLAGE OF BROWN DEER

Management's Discussion and Analysis For the Year Ended December 31, 2008

Expenses for both the storm water and water utilities remained relatively constant from 2007 to 2008. However Sanitary Sewer expenses increased 45% from 2007. Of this increase, approximately \$110,000 was due to increases received in sewer treatment costs from MMSD. The majority of the remaining increase is due to inflow and infiltration work done during 2008. The sanitary sewer utility spent approximately \$270,000 on inflow and infiltration work which is not capitalized. The inflow and filtration work consists of testing sewer mains for infiltration of rainwater and sealing of small cracks. These are considered maintenance projects unless substantial pipes need to be replaced or lined.

Business-type activities increased the Village of Brown Deer's net assets by \$739,202 in 2008 and \$592,271 in 2007. While the change in net assets was comparable between 2007 and 2008, there was a large shift in where that increase came from between the two years. The graph below shows the net income by utility for each year.

Change in Net Assets 2007 to 2008



Specific reasons for these changes were previously addressed.

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.

VILLAGE OF BROWN DEER

Management's Discussion and Analysis For the Year Ended December 31, 2008

GOVERNMENTAL FUNDS

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

The Village maintains sixteen 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, and the Debt Service Fund, all of which are considered to be major funds. Data from the other twelve 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, 2008, the governmental funds reported combined ending fund balances of \$5,753,613, a decrease of \$6,878,531 in comparison with the prior year. Ninety-six percent (96%) of the Village's fund balance is *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed for prepaid items, contractual commitments, other fund's deficit, and non-current receivables.

The General Fund is the chief operating fund of the Village of Brown Deer. As of December 31, 2008, the total fund balance of the general fund was \$2,302,847 of which \$2,084,613 was unreserved. This unreserved fund balance represents approximately 23.3% of total general fund expenditures. The Village 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 2008.

The TIF District No. 2 fund balance decreased due to the redevelopment project for the West Bradley Road corridor and development incentives. The 2008 expenditures were supported with a borrowing completed in 2007, creating a decrease in fund balance of \$1.5 million. The TIF District continues to generate an increment sufficient for debt service and district projects.

TIF Districts No. 3 was created in 2005, but had very little development activity until the current year. During 2008, a Lowe's Home Improvement and a Walgreens were completed in TIF No. 3. The Village offered some development incentives totaling \$2.3 million on these projects which caused a decrease in fund balance in this fund. These projects will be included in the 2009 assessment roll and it is hoped will create a substantial increase in property value.

VILLAGE OF BROWN DEER

Management's Discussion and Analysis For the Year Ended December 31, 2008

The Village's non-major funds decreased fund balance by \$2,965,498 for the following reasons:

- Approximately \$1.0 million of Note Anticipation Notes due in 2008 were repaid with available resources on hand.
- TIF No. 4 agreed to pay a developer \$1.1 million which was included in the 2008 expenditures. The borrowing and the payment for this agreement were done in early 2009. However, under governmental accounting debt transactions are not accrued, whereas the liability under the developer agreement is accrued.
- The Capital Improvements Fund used fund balance of \$625,415 as the Village used up debt proceeds issued in 2006.
- The Recycling Fund purchased new recycling carts for all Village properties in 2008, causing a use of fund balance of \$243,841. The cost of these carts was billed to residents on their 2008 tax bill and will be recognized as revenue in 2009.

GENERAL FUND BUDGETARY HIGHLIGHTS

General fund revenues exceeded budget by \$265,000 due to the following:

- General Fund tax revenues exceeded budget by \$69,000 due to hotel/motel tax revenues coming in higher than anticipated. A new hotel opened in the Village during 2008 generating an additional \$35,000. The other three hotels within the Village also saw increases in revenues during 2008.
- Intergovernmental revenues exceeded budget by \$78,000 as fire dues (\$46,000) and other grants (\$15,000) were not budgeted.
- Licenses and permits exceeded budget by \$157,000 as
 - o Building permits exceeding budget by \$82,000 and heating and air conditioning permits exceeded budget by \$15,400 due to continued commercial development in the Village.
 - o Cable franchise fees were \$19,000 over budget. The Village receives these fees on cable services provided within the Village.
 - o Right of way permits also exceeded budget by \$31,500 due to phone and electrical work being completed in the Village.
- Court fine revenues did not reach budgeted levels by \$65,000 which offset some of the amounts above.

General Fund expenditures surpassed the final budget by \$24,553 which was made up of savings in general government and public safety offset by a budget overrun in the public works function. General government was under budget by \$109,555 as the contingency budget of \$90,219 was not spent and the savings in public safety was due to an open sergeant's position in the police department.

The Village's public works department consists of employees who split time between public works, recycling and the sanitary sewer and storm water utilities. Each year during the budget process an allocation of these costs between the departments is made based on historical trends and current year projects. However, the actual allocation of labor often does not match the budgeted amounts. In 2008 public works exceeded budget in the following areas:

- Winter operations were over budget by \$85,189 due to the record amounts of snow fall received both in early and late 2008.
- Municipal complex expenditures were over budget by \$33,192 due to increased fuel, oil and repair costs in 2008.
- Refuse operations were also over budget by \$43,240. The Village signed a new waste collection contract in late 2007 which included an increase in rates which exceeded the amount planned during the budget process.

VILLAGE OF BROWN DEER

Management's Discussion and Analysis For the Year Ended December 31, 2008

The only 2008 budget amendment was made in order to remain eligible for the State of Wisconsin expenditure restraint program. This program provides state funding to communities that restrict spending growth within their General Fund. The 2008 budget was amended to add \$90,219 to the contingency budget in order to keep the 2009 budget eligible for this program.

PROPRIETARY FUNDS

The Village of Brown Deer maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statement. The Village uses enterprise funds to account for its water utility, storm water and sewer utility. *Internal service funds* are 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 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, for the storm water utility and for the 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 assets of the water, storm water and sewer utilities at the end of the year amounted to \$1,434,359; \$393,762; and \$586,400 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. Fiduciary funds maintained by the Village are: the Tax Collection Fund which records the tax roll and tax collection for other taxing jurisdictions; and the North Shore Cable Commission Fund which records the operations for the seven member communities' cable television community access channel. The Village serves as the fiscal agent. 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 36-71 of this report. The information provided below on capital asset and long-term debt can also be found within the footnotes to the financial statements.

VILLAGE OF BROWN DEER

Management's Discussion and Analysis For the Year Ended December 31, 2008

CAPITAL ASSETS

The Village's capital asset activity for 2007 and 2008 is summarized below and significant additions and deletions are described after the table.

	Governmental Activities		Business-type Activities	
	2008	2007	2008	2007
Land	\$ 1,297,994	\$ 1,307,369	\$ 11,653	\$ 11,653
Construction in progress	370,829	303,040	555,074	111,002
Machinery and equipment	2,413,708	2,408,386	1,186,099	1,182,124
Library collection	1,131,265	1,124,292	-	-
Buildings and improvements	6,336,406	5,416,768	477,886	477,886
Infrastructure	7,644,018	8,122,189	21,193,170	20,480,131
Total capital assets	<u>19,194,220</u>	<u>18,682,044</u>	<u>23,423,882</u>	<u>22,262,796</u>
Less accumulated depreciation	<u>(8,767,165)</u>	<u>(8,585,971)</u>	<u>(8,474,603)</u>	<u>(8,029,901)</u>
Capital assets net of depreciation	<u>\$ 10,427,055</u>	<u>\$ 10,096,073</u>	<u>\$ 14,949,279</u>	<u>\$ 14,232,895</u>

Governmental Activities

- Buildings and improvements increased from 2007 due to the replacement of the Village hall and municipal complex HVAC systems. These projects combined for additions of \$458,000 and disposals of \$464,000.
- The Village experienced a sewer backup during 2008. This backup caused flooding in the entire basement of the Village Hall building. Total costs to renovate the building were \$211,000.
- There was also an adjustment moving \$645,900 from the infrastructure category to the buildings and improvements category of capital assets. This change represented lighting and parking lots which are more properly considered other improvements as the infrastructure category of assets is only composed of roads, sidewalks and bridges.
- The only significant infrastructure addition in 2008 was the annual road program of \$232,884.

Business-type Activities

- \$570,000 of the construction in progress increases were related to storm water projects for sub-surface best management practices, and bank restoration along Beaver Creek. Both of these projects remained in construction in progress at year end.
- The water utility replaced over 3,746 feet of main in older sections of the Village that had been experiencing significant numbers of main breaks for a cost of \$240,000.
- The water utility also received mains, services and other infrastructure for the new Beaver Creek condos, Candlewood Suites and Bradley Village developments totaling \$166,550.
- The sanitary sewer utility received mains and manholes from the Bradley Village development. Sewer assets constructed by developers on other projects are owned by the developer.

Additional information on the Village of Brown Deer's capital assets can be found in Note IV D. on pages 58 through 59 and also in the supplemental information on page 85.

VILLAGE OF BROWN DEER

Management's Discussion and Analysis For the Year Ended December 31, 2008

LONG-TERM DEBT

State statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total equalized valuation. The current debt limitation for the Village of Brown Deer is \$57,208,645, which significantly exceeds the Village of Brown Deer's current outstanding general obligation debt of \$18,815,943. This debt is entirely backed by the full faith and credit of the government. As of December 31, 2008, the Village of Brown Deer's outstanding debt equaled 32.9% of the state authorized debt.

The table below summarizes the Village's long term debt for 2007 and 2008:

	Governmental Activities		Business-type Activities	
	2008	2007	2008	2007
General obligation bonds and notes	\$ 13,532,421	\$ 13,607,358	\$ 5,283,522	\$ 4,537,922
Note Anticipation Notes	-	1,675,000	-	-
Notes Payable	1,063,257	1,117,578	-	-
Compensated absences	625,064	654,880	37,585	36,443
OPEB liability	992,704	498,102	-	-
Total	<u>\$ 16,213,446</u>	<u>\$ 17,552,918</u>	<u>\$ 5,321,107</u>	<u>\$ 4,574,365</u>

In 2008 the Village of Brown Deer borrowed \$690,000 to refund \$1,675,000 of currently due Note Anticipation Notes issued in 2004. The balance due on the NAN's was paid from resources on hand. The business-type activities issued \$1,125,000 in General Obligation Corporate Purpose Bonds for utility projects scheduled for 2008 and 2009.

In 2007, the Village adopted GASB Statement No. 45 which required the Village 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 method. Actuarial assumptions and further information on this liability can be found in note V E. on pages 68 through 70.

Additional information of the Village of Brown Deer's long-term debt can be found in note IV F. on pages 62 through 64 and also in the statistical section on pages 86 through 101.

OTHER INFORMATION

The combining statements referred to earlier in connection with non-major 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 75-78 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 collected 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. However, we have still experienced an increase in unemployment, a decrease in expected interest income in 2009 and may see a decline in future state aids.

VILLAGE OF BROWN DEER

Management's Discussion and Analysis For the Year Ended December 31, 2008

The unemployment rate for Milwaukee County as of December, 2008 was 6.5% compared to 5.4% in December, 2007. This compares with an unemployment rate of 6.2% for the State of Wisconsin and a 7.2% national rate. Rates for the Village specially 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>.

Nationally many municipalities are dealing with problems related to declining real estate market. According to the State of Wisconsin's February, 2009 Economic Outlook report, median home prices for the third quarter of 2008 in Milwaukee County dropped 6.5% to \$155,000 from the same quarter in 2007 and the number of sales dropped 4.9% from 2007. State-wide home prices dropped 5.3% for third quarter 2008 compared to the 2007. State-wide home sales for all of 2008 were down 16.7% (State-wide information from the December, 2008 Economic Outlook report).

The Village's 2009 tax levy was again capped by the State of Wisconsin. The Village's limit for 2009 was 2% plus an adjustment for changes in debt service. The cap plus the changes in debt service limited the Village's tax levy for 2008 at \$7,780,827, which would have been a 6.3% increase. However the Village levied just \$7,465,151 which is a 2% increase from the 2007 levy.

The Village's 2009 budget for the General Fund includes an increase of 5.0% in total expenditures due mainly to anticipated wage increases for employees. The 2009 General Fund budget is a balanced budget with no planned use of fund balance.

The Village of Brown Deer's 2008 and 2009 budgets qualify the Village to receive the State of Wisconsin's Expenditure Restraint Shared Revenue payment; as it did in past years. This program provides state funding to communities that restrict their General Fund budgeted expenditure growth by a certain percentage annually.

Intergovernmental revenues primarily funded by annual State programs, finance approximately 13.5% of the Village's 2009 General Fund expenditures. The State is currently facing substantial revenue shortfalls due to the declining economy which may impact the Village's future years' revenue sources.

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 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>.

VILLAGE OF BROWN DEER

STATEMENT OF NET ASSETS December 31, 2008

	Governmental Activities	Business Type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 8,370,297	\$ 2,757,867	\$ 11,128,164
Temporary investments	2,992,438	-	2,992,438
Receivables (net)			
Taxes	4,713,267	-	4,713,267
Accounts	300,091	509,991	810,082
Other	172,503	241,888	414,391
Inventory	-	24,665	24,665
Land held for resale	2,107,748	-	2,107,748
Prepaid items	64,342	-	64,342
Deferred charges	-	27,113	27,113
Restricted cash and cash equivalents	-	1,028,018	1,028,018
Investment in CVMIC	429,675	-	429,675
Capital assets			
Land	1,297,994	11,653	1,309,647
Construction in progress	370,829	555,074	925,903
Other capital assets, net of depreciation	8,758,232	14,382,552	23,140,784
Total Assets	29,577,416	19,538,821	49,116,237
LIABILITIES			
Accounts payable and accrued expenses	4,044,572	587,361	4,631,933
Accrued interest payable	224,224	73,049	297,273
Due to other governments	63,507	-	63,507
Special deposits	27,025	-	27,025
Unearned revenue	8,778,294	68,726	8,847,020
Noncurrent liabilities			
Due within one year	674,511	437,097	1,111,608
Due in more than one year	15,538,935	4,884,010	20,422,945
Total Liabilities	29,351,068	6,050,243	35,401,311
NET ASSETS			
Invested in capital assets, net of related debt	6,521,521	10,817,430	17,338,951
Restricted for			
Library purposes	158,908	-	158,908
Equipment replacement	-	256,627	256,627
Unrestricted (deficit)	(6,454,081)	2,414,521	(4,039,560)
TOTAL NET ASSETS	\$ 226,348	\$ 13,488,578	\$ 13,714,926

See accompanying notes to the financial statements.

VILLAGE OF BROWN DEER

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business Type Activities	Totals
			Grants and Contributions	Grants and Contributions			
Governmental Activities							
General government	\$ 1,604,219	\$ 170,454	\$ -	\$ 29,759	\$ (1,404,006)	\$ -	\$ (1,404,006)
Public safety	6,027,981	527,206	72,405	1,625	(5,426,745)	-	(5,426,745)
Public works	2,725,520	260,905	558,243	6,750	(1,899,622)	-	(1,899,622)
Health and human services	585,576	295,159	119,308	-	(171,109)	-	(171,109)
Culture, recreation and education	1,158,463	314,188	32,099	3,432	(808,744)	-	(808,744)
Conservation and development	5,188,719	59,169	-	28,185	(5,101,365)	-	(5,101,365)
Interest and fiscal charges	767,327	-	-	-	(767,327)	-	(767,327)
Total Governmental Activities	18,057,805	1,627,081	782,055	69,751	(15,578,918)	-	(15,578,918)
Business-type Activities							
Water Utility	1,338,455	1,550,763	-	166,550	-	378,858	378,858
Storm Water Utility	586,526	756,703	-	256,564	-	426,741	426,741
Sewer Utility	1,271,182	1,191,308	-	87,125	-	7,251	7,251
Total Business-type Activities	3,196,163	3,498,774	-	510,239	-	812,850	812,850
Total	\$ 21,253,968	\$ 5,125,855	\$ 782,055	\$ 579,990	(15,578,918)	812,850	(14,766,068)
General revenues							
Property taxes							
Property taxes, levied for general purposes					6,039,089	-	6,039,089
Property taxes, levied for debt service					786,701	-	786,701
Property taxes, levied for capital projects					1,281,825	-	1,281,825
Hotel room taxes					594,277	-	594,277
Intergovernmental revenues not restricted to specific programs					834,519	-	834,519
Investment income					521,324	126,918	648,242
Other					249,968	-	249,968
Total General Revenues					10,307,703	126,918	10,434,621
Transfers					200,566	(200,566)	-
Change in net assets					(5,070,649)	739,202	(4,331,447)
Net Assets - Beginning of Year					5,296,997	12,749,376	18,046,373
Net Assets - End of Year					\$ 226,348	\$ 13,488,578	\$ 13,714,926

See accompanying notes to the financial statements.

VILLAGE OF BROWN DEER

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2008

	General	Capital Projects Funds		Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
		TIF No. 2	TIF No. 3			
ASSETS						
Cash and cash equivalents	\$ 2,299,180	\$ 1,165,005	\$ 1,580,763	\$ 348,755	\$ 2,976,594	\$ 8,370,297
Temporary investments	2,992,438	-	-	-	-	2,992,438
Receivables						
Taxes	3,281,112	268,237	164,845	401,324	597,749	4,713,267
Accounts	221,997	46,878	31,216	-	-	300,091
Due from other governments	69,209	48,475	-	-	44,221	161,905
Due from other funds	61,325	-	-	-	-	61,325
Land held for resale	-	2,107,748	-	-	-	2,107,748
Prepays	150	-	-	-	-	150
TOTAL ASSETS	\$ 8,925,411	\$ 3,636,343	\$ 1,776,824	\$ 750,079	\$ 3,618,564	\$ 18,707,221
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued liabilities	\$ 561,112	\$ 131,991	\$ 1,949,072	\$ -	\$ 1,359,453	\$ 4,001,628
Due to other governments	37,040	-	-	-	26,467	63,507
Special deposits	27,025	-	-	-	-	27,025
Deferred revenues	5,997,387	533,650	330,361	728,286	1,271,764	8,861,448
Total liabilities	<u>6,622,564</u>	<u>665,641</u>	<u>2,279,433</u>	<u>728,286</u>	<u>2,657,684</u>	<u>12,953,608</u>
Fund Balances (Deficits)						
Reserved for						
Prepays	150	-	-	-	-	150
Non-current assets	89,883	2,107,748	-	-	-	2,197,631
Recycling fund deficit	128,201	-	-	-	-	128,201
Encumbrances	-	862,954	-	-	-	862,954
Debt service	-	-	-	21,793	-	21,793
Unreserved, designated for, reported in:						
General fund						
Working capital	938,554	-	-	-	-	938,554
Specific purposes	8,334	-	-	-	-	8,334
Special revenue funds - 2009 budget appropriations	-	-	-	-	206,555	206,555
Capital project funds - future projects	-	-	-	-	164,810	164,810
Unreserved, undesignated, reported in						
General fund, undesignated	1,137,725	-	-	-	-	1,137,725
Special revenue funds	-	-	-	-	1,154,151	1,154,151
Capital projects funds (deficit)	-	-	(502,609)	-	(564,636)	(1,067,245)
Total fund balances	<u>2,302,847</u>	<u>2,970,702</u>	<u>(502,609)</u>	<u>21,793</u>	<u>960,880</u>	<u>5,753,613</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,925,411	\$ 3,636,343	\$ 1,776,824	\$ 750,079	\$ 3,618,564	
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.						10,427,055
Special assessments recognized as revenue						40,832
Interest recognized as revenue						42,322
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 assets.						400,196
Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds.						(16,437,670)
NET ASSETS OF GOVERNMENTAL FUNDS						\$ 226,348

VILLAGE OF BROWN DEER

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2008

	General	Capital Projects Funds		Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
		TIF No. 2	TIF No. 3			
REVENUES						
Taxes	\$ 6,182,147	\$ 457,423	\$ 267,132	\$ 786,701	\$ 1,008,489	\$ 8,701,892
Intergovernmental revenues	1,364,540	26,638	11,646	-	404,556	1,807,380
Licenses and permits	479,036	-	-	-	87,538	566,574
Fines, forfeitures and penalties	234,898	-	-	-	-	234,898
Public charges for services	23,098	-	-	-	379,329	402,427
Public improvement revenues	-	-	-	-	35,916	35,916
Interdepartmental charges for services	185,704	-	-	-	-	185,704
Intergovernmental charges for services	-	-	-	-	291,341	291,341
Commercial revenues	325,754	114,364	49,693	5,655	144,846	640,312
Total Revenues	8,795,177	598,425	328,471	792,356	2,352,015	12,866,444
EXPENDITURES						
Current						
General government	1,312,184	-	-	-	-	1,312,184
Public safety	5,689,106	-	-	-	-	5,689,106
Public works	1,620,343	-	-	-	555,484	2,175,827
Health and human services	145,795	-	-	-	554,781	700,576
Culture, recreation and education	197,946	-	-	-	807,931	1,005,877
Conservation and development	-	1,613,297	2,500,792	-	1,136,011	5,250,100
Capital outlay	-	-	-	-	1,173,198	1,173,198
Debt service						
Principal retirement	-	85,000	-	2,354,937	54,321	2,494,258
Interest and fiscal charges	-	370,690	213,775	219,173	44,286	847,924
Total Expenditures	8,965,374	2,068,987	2,714,567	2,574,110	4,326,012	20,649,050
Excess (deficiency) of revenues over (under) expenditures	(170,197)	(1,470,562)	(2,386,096)	(1,781,754)	(1,973,997)	(7,782,606)
OTHER FINANCING SOURCES (USES)						
Transfers in	200,566	-	-	1,077,227	88,248	1,366,041
Transfers out	(72,217)	-	-	-	(1,093,258)	(1,165,475)
General obligation debt issued	-	-	-	690,000	-	690,000
Sale of capital assets	-	-	-	-	13,509	13,509
Total other financing sources (uses)	128,349	-	-	1,767,227	(991,501)	904,075
Net Change in Fund Balance	(41,848)	(1,470,562)	(2,386,096)	(14,527)	(2,965,498)	(6,878,531)
FUND BALANCES - BEGINNING OF YEAR	2,344,695	4,441,264	1,883,487	36,320	3,926,378	12,632,144
FUND BALANCES - END OF YEAR (DEFICIT)	\$ 2,302,847	\$ 2,970,702	\$ (502,609)	\$ 21,793	\$ 960,880	\$ 5,753,613

VILLAGE OF BROWN DEER

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2008

Net change in fund balances - total governmental funds	\$ (6,878,531)
--	----------------

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 assets, the cost of these assets is capitalized and they are depreciated over their 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	1,173,198
Some items reported as capital outlay were not capitalized	(282,405)
Insurance recoveries financing capital assets	183,736
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements	101,489
Depreciation is reported in the government-wide financial statements	(755,401)
Net book value of assets retired	(89,635)

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.	47,235
--	--------

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Debt proceeds	(690,000)
Principal repaid	2,494,258

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 post-employment benefits	(494,602)
Compensated absences	29,816
Accrued interest on debt	80,597

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	9,596
--	-------

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ (5,070,649)
---	----------------

VILLAGE OF BROWN DEER

STATEMENT OF NET ASSETS PROPRIETARY FUNDS December 31, 2008

	Business Type Activities - Enterprise Funds			Totals	Governmental
	Water Utility	Sewer Utility	Storm Water Utility		Internal Service Fund
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 1,382,283	\$ 1,098,135	\$ 277,449	\$ 2,757,867	\$ -
Accounts receivable	209,338	185,808	114,845	509,991	-
Due from other governments	-	-	241,888	241,888	10,598
Prepaid expenses	-	-	-	-	64,192
Materials and supplies inventory	24,665	-	-	24,665	-
Total current assets	1,616,286	1,283,943	634,182	3,534,411	74,790
Non-Current Assets					
Restricted Assets - cash and cash equivalents					
Construction funds	82,620	327,218	361,553	771,391	-
Equipment replacement funds	-	256,627	-	256,627	-
Capital Assets					
Land	11,653	-	-	11,653	-
Construction in progress	1,447	-	553,627	555,074	-
Structures, improvements and equipment	11,178,392	7,122,265	4,556,498	22,857,155	-
Accumulated depreciation	(3,633,447)	(3,367,567)	(1,473,589)	(8,474,603)	-
Other Assets					
Deferred debits	9,566	8,000	9,547	27,113	-
Advance to other funds	-	-	79,355	79,355	-
Investment in CVMIC	-	-	-	-	429,675
Total noncurrent assets	7,650,231	4,346,543	4,086,991	16,083,765	429,675
TOTAL ASSETS	9,266,517	5,630,486	4,721,173	19,618,176	504,465
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	83,765	416,390	87,206	587,361	42,944
Accrued interest	17,209	16,353	39,487	73,049	-
Due to other funds	-	-	-	-	61,325
Deferred revenue	68,726	-	-	68,726	-
Current portion of long-term liabilities	67,803	60,922	308,372	437,097	-
Total current liabilities	237,503	493,665	435,065	1,166,233	104,269
Noncurrent Liabilities					
Accumulated sick and vacation pay	21,740	5,379	9,569	36,688	-
Advance from other funds	-	79,355	-	79,355	-
Long-term bonds and notes payable	1,022,700	1,016,322	2,808,300	4,847,322	-
Total Noncurrent liabilities	1,044,440	1,101,056	2,817,869	4,963,365	-
TOTAL LIABILITIES	1,281,943	1,594,721	3,252,934	6,129,598	104,269
NET ASSETS					
Invested in capital assets, net of related debt	6,550,215	3,385,376	881,839	10,817,430	-
Restricted for					
Equipment replacement	-	256,627	-	256,627	-
Unrestricted	1,434,359	393,762	586,400	2,414,521	400,196
TOTAL NET ASSETS	\$ 7,984,574	\$ 4,035,765	\$ 1,468,239	\$ 13,488,578	\$ 400,196

See accompanying notes to the financial statements.

VILLAGE OF BROWN DEER

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2008

	Business Type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Storm Water Utility		
OPERATING REVENUES					
Sale of water	\$ 1,423,513	\$ -	\$ -	\$ 1,423,513	\$ -
Sewage collection charges	-	1,191,308	-	1,191,308	-
Stormwater charges	-	-	749,488	749,488	-
Other operating revenues	127,250	-	7,215	134,465	91,306
Total operating revenues	<u>1,550,763</u>	<u>1,191,308</u>	<u>756,703</u>	<u>3,498,774</u>	<u>91,306</u>
OPERATING EXPENSES					
Operation and maintenance	1,055,800	1,088,965	327,701	2,472,466	92,308
Depreciation	238,929	138,486	129,800	507,215	-
Taxes	2,930	-	-	2,930	-
Total operating expenses	<u>1,297,659</u>	<u>1,227,451</u>	<u>457,501</u>	<u>2,982,611</u>	<u>92,308</u>
Operating income (loss)	<u>253,104</u>	<u>(36,143)</u>	<u>299,202</u>	<u>516,163</u>	<u>(1,002)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	36,442	58,958	31,518	126,918	10,598
Interest expense	(39,976)	(43,232)	(128,432)	(211,640)	-
Amortization of debt discount	(820)	(499)	(593)	(1,912)	-
Total nonoperating revenues (expense)	<u>(4,354)</u>	<u>15,227</u>	<u>(97,507)</u>	<u>(86,634)</u>	<u>10,598</u>
Income (loss) before contributions and transfers	248,750	(20,916)	201,695	429,529	9,596
CAPITAL CONTRIBUTIONS	166,550	87,125	256,564	510,239	-
TRANSFERS OUT	<u>(200,566)</u>	<u>-</u>	<u>-</u>	<u>(200,566)</u>	<u>-</u>
Change in net assets	214,734	66,209	458,259	739,202	9,596
TOTAL NET ASSETS - BEGINNING OF YEAR	<u>7,769,840</u>	<u>3,969,556</u>	<u>1,009,980</u>	<u>12,749,376</u>	<u>390,600</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 7,984,574</u>	<u>\$ 4,035,765</u>	<u>\$ 1,468,239</u>	<u>\$ 13,488,578</u>	<u>\$ 400,196</u>

VILLAGE OF BROWN DEER

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2008

	Business Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Storm Water Utility	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 1,522,581	\$ 1,127,705	\$ 725,268	\$ 3,375,554	\$ 91,306
Paid to suppliers for goods and services	(905,217)	(761,078)	(173,371)	(1,839,666)	(155,556)
Paid to employees for services	(57,565)	(38,948)	(75,788)	(172,301)	-
Receipts (payments) for interfund services	28,613	(69,297)	(81,097)	(121,781)	61,325
Net cash flows from operating activities	<u>588,412</u>	<u>258,382</u>	<u>395,012</u>	<u>1,241,806</u>	<u>(2,925)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfer out - paid for tax equivalent	(200,566)	-	-	(200,566)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt issuance costs	(5,340)	(4,852)	(5,885)	(16,077)	-
Proceeds from long-term debt	371,250	337,500	416,250	1,125,000	-
Principal paid on long-term debt	(54,400)	(45,000)	(280,000)	(379,400)	-
Interest paid on long-term debt	(30,789)	(34,722)	(120,323)	(185,834)	-
Salvage value of utility plant retired	1,999	-	-	1,999	-
Payments on advances	-	(8,206)	-	(8,206)	-
Received on advances to other funds	-	-	8,206	8,206	-
Acquisition and construction of capital assets	(401,326)	-	(470,950)	(872,276)	-
Net cash flows from capital and related financing activities	<u>(118,606)</u>	<u>244,720</u>	<u>(452,702)</u>	<u>(326,588)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income received	36,442	58,958	31,518	126,918	-
Net change in cash and cash equivalents	<u>305,682</u>	<u>562,060</u>	<u>(26,172)</u>	<u>841,570</u>	<u>(2,925)</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,159,221</u>	<u>1,119,920</u>	<u>665,174</u>	<u>2,944,315</u>	<u>2,925</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,464,903</u>	<u>\$ 1,681,980</u>	<u>\$ 639,002</u>	<u>\$ 3,785,885</u>	<u>\$ -</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS					
Cash and cash equivalents	\$ 1,382,283	\$ 1,098,135	\$ 277,449	\$ 2,757,867	\$ -
Restricted cash and cash equivalents	82,620	583,845	361,553	1,028,018	-
CASH AND CASH EQUIVALENTS	<u>\$ 1,464,903</u>	<u>\$ 1,681,980</u>	<u>\$ 639,002</u>	<u>\$ 3,785,885</u>	<u>\$ -</u>

VILLAGE OF BROWN DEER

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 (concluded)

For the Year Ended December 31, 2008

	Business Type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Storm Water Utility		
RECONCILIATION OF OPERATING INCOME (LOSS), TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 253,104	\$ (36,143)	\$ 299,202	\$ 516,163	\$ (1,002)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities					
Depreciation	238,929	138,486	129,800	507,215	-
Depreciation charged to other funds	39,442	(36,486)	(2,956)	-	-
Amortization of standpipe painting	70,535	-	-	70,535	-
(Increase) decrease in assets					
Accounts receivable	(40,782)	(63,603)	(31,435)	(135,820)	-
Prepaid expenses	-	-	-	-	(64,192)
Inventory	(2,346)	-	-	(2,346)	-
Increase (decrease) in liabilities					
Accounts payable and accrued liabilities	17,013	255,679	(375)	272,317	944
Due to other funds	-	-	-	-	61,325
Deferred revenue	12,600	-	-	12,600	-
Accumulated sick leave payable	(83)	449	776	1,142	-
Net cash flows from operating activities	<u>\$ 588,412</u>	<u>\$ 258,382</u>	<u>\$ 395,012</u>	<u>\$ 1,241,806</u>	<u>\$ (2,925)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Cost of utility plant additions contributed by developers	<u>\$ 166,550</u>	<u>\$ 87,125</u>	<u>\$ -</u>	<u>\$ 253,675</u>	<u>\$ -</u>

VILLAGE OF BROWN DEER

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2008

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 5,290,787
Temporary investments	2,992,438
Taxes receivable	12,826,603
Due from other governments	<u>5,081</u>
TOTAL ASSETS	<u>21,114,909</u>
LIABILITIES	
Liabilities	
Accounts payable and accrued liabilities	38,469
Due to other taxing units	<u>21,076,440</u>
TOTAL LIABILITIES	<u>21,114,909</u>
NET ASSETS	<u>\$ -</u>

See accompanying notes to the financial statements.

VILLAGE OF BROWN DEER

INDEX TO NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE	Page
I. Summary of Significant Accounting Policies	38
A. Reporting Entity	38
B. Government-Wide and Fund Financial Statements	38
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	41
D. Assets, Liabilities, and Net Assets or Equity	43
1. Deposits and Investments	43
2. Receivables	45
3. Inventories and Prepaid Items	46
4. Restricted Assets	46
5. Capital Assets	47
6. Other Assets	48
7. Compensated Absences	48
8. Long-Term Obligations/Conduit Debt	48
9. Claims and Judgments	49
10. Equity Classifications	49
11. Basis for Existing Rates	50
E. Other Policies – Tax Incremental District	50
II. Reconciliation of Government-Wide and Fund Financial Statements	51
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Assets	51
III. Stewardship, Compliance, and Accountability	52
A. Budgetary Information	52
B. Excess Expenditures and Other Financing Uses over Appropriations	52
C. Deficit Balances	53
D. Limitation on the Village's Tax Levy	53
IV. Detailed Notes on All Funds	54
A. Deposits and Investments	54
B. Receivables	57
C. Restricted Assets	57
D. Capital Assets	58
E. Interfund Receivables / Payables, Advances and Transfers	60
F. Long-Term Obligations	62
G. Net Assets / Fund Balances	65

VILLAGE OF BROWN DEER

INDEX TO NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE

V.	Other Information	66
A.	Employees' Retirement System	66
B.	Risk Management	67
C.	Intermunicipal Agreements	68
D.	Other Post-Employment Benefits	68
E.	Commitments and Contingencies	71
F.	Land Held for Resale	71
G.	Subsequent Events	71
H.	New Accounting Pronouncements	71

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 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

Government-Wide Financial Statements

The statement of net assets 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.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Government-Wide Financial Statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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, liabilities, net assets/fund equity, 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, liabilities, 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.

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.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

The Village reports the following major governmental funds:

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

Capital Projects Fund – TIF No. 2 Fund – accounts for expenditures outlined in the TIF project plan and related revenues and proceeds from long-term borrowing.

Capital Projects Fund – TIF No. 3 Fund – accounts for expenditures outlined in the TIF project plan and related revenues and proceeds from long-term borrowing.

Debt Service Fund – accounts for resources accumulated and payments made for principal and interest on long-term debt 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.

The Village reports the following non-major governmental funds:

Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Grant Fund	North Shore Fire Department Asset Sale Fund
Special Assessments Fund	Police Asset Forfeiture Fund
Library Fund	Recycling Fund
Park and Recreation Fund	North Shore Health Department Fund

Capital Projects Funds – used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

Capital Improvements Fund	Park Plaza CSM Fund
Equipment Replacement Fund	TIF No. 4 Fund

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

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.

North Shore Cable Commission Fund – accounts for activities associated with the North Shore Cable Commission. The Village serves as the fiscal agent for this organization.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net assets 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, and liabilities 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 revenue. 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.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

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.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)

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 revenues. 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 revenues. Amounts received prior to the entitlement period are also recorded as deferred 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 revenue.

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.

The Village reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also 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 for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) 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.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)

Fund Financial Statements (continued)

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. 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 on 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 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.

D. ASSETS, LIABILITIES, AND NET ASSETS 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.
- 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.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (continued)

1. Deposits and Investments (continued)

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 State and 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.

Credit Risk and Concentration of Credit Risk

Per state statutes, Village investments are limited to securities issued or guarantee 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 State Local Investment Pool, no more than 50% of the Village's total investment portfolio will be invested in a single security type or with a single financial institution.

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, 2008, 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.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (continued)

1. Deposits and Investments (continued)

The CLASS investment (Cooperative Liquid Assets Securities System) is an investment pool established by an intergovernmental agreement dated March 1, 1996. CLASS is available for investment by Wisconsin governmental entities except school districts. CLASS operates consistent with the provisions of a 2a-7 like pool, and invests only in investments legally permissible under Wisconsin law, with a weighted average maturity not exceeding 120 days. The value of pool shares is the same as the fair value position in the pool.

See Note IV.A. for further information.

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 assets.

Property tax calendar – 2008 tax roll:

Lien date and levy date	December 2008
Tax bills mailed	December 2008
Payment in full, or	January 31, 2009
First installment due	January 31, 2009
Second installment due	March 31, 2009
Third installment due	May 31, 2009
Personal property taxes in full	January 31, 2009
Tax settlements	
Initial settlement	January 15, 2009
Second settlement	February 15, 2009
Third settlement	April 15, 2009
Fourth settlement	June 15, 2009
Final settlement	August 15, 2009
Tax deed by County – 2008	
Delinquent real estate taxes	October 2011

Accounts receivable have been shown net of an allowance for uncollectible accounts. 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.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (continued)

2. Receivables (continued)

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".

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.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (continued)

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.

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 assets. 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, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (continued)

6. Other Assets

In governmental funds statements and the government-wide governmental activities statements, debt issuance costs are recognized as expenditures in the current period. The amounts for the government-wide governmental activities statements are not material.

For the proprietary fund statements and the government-wide business-type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

7. 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, 2008, are determined on the basis of current salary rates and included salary related payments.

8. 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 (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements, bond premiums and discounts incurred in the governmental funds are generally recognized as revenue or expense in the current period. For the government-wide business-type activities statements, bond premiums and discounts incurred in the proprietary funds are deferred and amortized over the life of the issue using the straight-line 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 both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net assets.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (continued)

8. Long-Term Obligations/Conduit Debt (continued)

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 \$10.4 million, made up of two issues.

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds when due and payable. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

10. Equity Classifications

Government-Wide Statements

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

- a. Invested in capital assets, net of related debt – 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 assets – Consists of net assets 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 assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserved fund balance is that portion of fund balance that is not available for the subsequent year's budget due to legal restrictions or resources which are not available for current spending. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled "designated". The balance of unreserved fund balance is labeled "undesignated", which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (continued)

11. Basis for Existing Rates

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin and effective September 1, 2007.

Sewer Utility

Current sewer rates were approved by the Village Board on November 19, 2007 and effective January 1, 2008.

Storm Water Utility

Current storm water rates were approved by the Village Board on December 18, 2006 and effective January 1, 2007.

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, 2008

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS

A. *EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS*

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

Land	\$ 1,297,994
Construction in progress	370,829
Machinery and equipment	2,413,708
Library collection	1,131,265
Buildings and improvements	6,336,406
Infrastructure	7,644,018
Less: Accumulated depreciation	<u>(8,767,165)</u>
Adjustment for Capital Assets	<u>\$ 10,427,055</u>

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 assets.

Bonds and notes payable	\$ 14,595,678
Compensated absences	625,064
Other Post Employment Benefits	992,704
Accrued interest	<u>224,224</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 16,437,670</u>

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE 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, North Shore Fire Department Asset Sale and Police Asset Forfeiture), debt service fund and the capital projects funds (excluding Park Plaza CSM fund). Wisconsin Statue 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:

<u>Fund</u>	<u>Final Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General Fund			
Public works	\$ 1,444,561	\$ 1,620,343	\$ 175,782
Culture, recreation and education	196,208	197,946	1,738
Special Revenue Funds			
Special Assessments	37,270	46,912	9,642
Library	587,711	599,217	11,506
North Shore Health Department	482,549	554,781	72,232
Recycling	307,172	508,572	201,400
Capital Projects Fund			
TIF No. 2 Capital Projects Fund	770,000	2,068,987	1,298,987
TIF No. 3 Capital Projects Fund	38,854	2,714,567	2,675,713
TIF No. 4 Capital Project Fund	10,000	1,136,011	1,126,011

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, 2008

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

C. DEFICIT BALANCES

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

As of December 31, 2008, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>
TIF No. 3 Capital Projects Fund	\$ 502,609
Recycling Special Revenue Fund	128,201
TIF No. 4 Capital Projects Fund	1,082,701

The deficit in TIF No. 3 is due to the existence of a developer agreement which required a payment of \$1,950,000 in 2009. This payment will be financed through debt proceeds.

The Recycling Fund's deficit is due to the purchase of recycling carts made in 2008. The cost of the carts was billed to residents on their 2008 tax bills and will be recognized as revenue in 2009.

The deficit in TIF No. 4 is due to the existence of a developer agreement which required a payment of \$1,100,000 in early 2009. The financing for this payment was the issuance of a State Trust Fund Loan in 2009 which is not accrued in the fund financial statements.

D. LIMITATIONS ON THE VILLAGE'S TAX LEVY

As part of Wisconsin's Act 20 (2007), 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 3.86% for the 2007 levy collected in 2008 and 2% for the 2008 levy collected in 2009. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit is set to expire after the 2008 levy.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE 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	\$ 4,220	\$ -	N/A
Demand deposits	13,486,160	12,859,297	Custodial credit risk
Money market funds	1,271,010	1,271,010	Custodial credit risk
LGIP	2,270,364	2,270,364	Credit and interest rate risks
MBIA CLASS Municipal Investors Fund	415,214	415,214	Credit and interest rate risks
U.S. agencies	2,272,578	2,272,578	Custodial, credit, concentration of credit and interest rate risks
Commercial paper	1,747,808	1,747,808	Custodial, credit, concentration of credit and interest rate risks
Certificates of deposit	<u>1,964,491</u>	<u>1,964,491</u>	Custodial credit risk
	<u>\$ 23,431,845</u>	<u>\$ 22,800,762</u>	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted			
Cash and cash equivalents	\$ 11,128,164		
Temporary investments	2,992,438		
Restricted - cash and cash equivalents	1,028,018		
Per statement of net assets - Fiduciary Funds			
Cash and cash equivalents	5,290,787		
Temporary investments	<u>2,992,438</u>		
Total cash and investments	<u>\$ 23,431,845</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited amounts for noninterest bearing accounts. The FDIC coverage is scheduled to return to \$100,000 at the end of 2009.

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 custodial credit risk.

Investments in the LGIP are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by any FDIC and State of Wisconsin Guarantee Fund insurance. This coverage expired on February 15, 2009.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 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.

The Village maintains a collateral agreement with three banks. The banks pledge various government securities for the entire bank balance exceeding FDIC and the State Deposit Guarantee Fund coverages. As of December 31, 2008, \$8,384,767 of the Village's demand deposits were collateralized by securities held by the financial institution's trust department or agent in the Village's name.

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, 2008, \$231,006 of the Village's total bank balances of \$12,859,297 was exposed to custodial credit risk as they were uninsured and uncollateralized. State Deposit Guarantee Fund coverage was not used in calculating these amounts.

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.

As of December 31, 2008, \$268,795 of the Village's total investments subject to custodial credit risk of \$5,984,876 were uninsured and uncollateralized. State Deposit Guarantee Fund coverage was not used in calculating these amounts.

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, 2008, the Village's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poor's</u>	<u>Fitch Ratings</u>	<u>Moody's Investor Service</u>
Commercial Paper	A-1	Not available	P-1
Money market funds	AAA	Not available	AAA
US Agencies	AAA	Not available	AAA

The Village also had investments in the LGIP and MBIA which are external pools and are not rated.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

A. DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

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

At December 31, 2008, investments with at least 5% concentration were as follows:

Issuer	Investment Type	Percentage of Portfolio
General Electric	Commercial Paper	5%
FHLB	US Agencies	8%

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, 2008, 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
LGIP	\$ 2,270,364	\$ 2,270,364	\$ -	\$ -	\$ -
MBIA	415,214	415,214	-	-	-
US agencies	2,272,578	-	500,155	1,772,423	-
Commercial paper	1,747,808	749,813	997,995	-	-
Totals	\$ 6,705,964	\$ 3,435,391	\$ 1,498,150	\$ 1,772,423	\$ -

See Note I.D.I. for the Village's investment policy and further information on deposits and investments.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

B. RECEIVABLES

Governmental funds report *deferred revenue* 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 also defer revenue recognition 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 revenue and unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes receivable for subsequent year	\$ -	\$ 8,708,456	\$ 8,708,456
Interest receivable	42,322	-	42,322
Developer receivables	-	69,838	69,838
Special assessments not yet due	<u>40,832</u>	<u>-</u>	<u>40,832</u>
 Total Deferred/Unearned Revenue for Governmental Funds	 <u>\$ 83,154</u>	 <u>\$ 8,778,294</u>	 <u>\$ 8,861,448</u>

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 outstanding that total \$24,068.

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, 2008 was \$256,627.

Construction Funds

These funds represent debt proceeds of \$771,391 at December 31, 2008 that are restricted for use in the construction of water, sewer and storm water facilities

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Governmental Activities					
Capital Assets not being depreciated					
Land	\$ 1,307,369	\$ -	\$ 9,375	\$ -	\$ 1,297,994
Construction in progress	303,040	525,987	458,198	-	370,829
Total Capital Assets Not Being Depreciated	1,610,409	525,987	467,573	-	1,668,823
Capital Assets being depreciated					
Machinery and equipment	2,408,386	60,315	54,993	-	2,413,708
Library collection	1,124,292	76,586	69,613	-	1,131,265
Buildings and improvements	5,416,768	738,444	464,711	645,905	6,336,406
Infrastructure	8,122,189	232,884	65,150	(645,905)	7,644,018
Total Capital Assets Being Depreciated	17,071,635	1,108,229	654,467	-	17,525,397
Total Capital Assets	18,682,044	1,634,216	1,122,040	-	19,194,220
Less: Accumulated Depreciation for					
Buildings and improvements	2,631,307	182,448	27,522	-	2,786,233
Library collection	599,659	88,069	69,613	-	618,115
Machinery and equipment	1,068,953	206,744	421,091	99,471	954,077
Infrastructure	4,286,052	278,140	55,981	(99,471)	4,408,740
Total Accumulated Depreciation	8,585,971	755,401	574,207	-	8,767,165
Net Capital Assets, Being Depreciated	8,485,664	352,828	80,260	-	8,758,232
Total Governmental Activities Capital Assets Net of Accumulated Depreciation	\$ 10,096,073	\$ 878,815	\$ 547,833	\$ -	\$ 10,427,055

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 101,511
Public safety	81,077
Public works, which includes the depreciation of infrastructure	407,576
Culture, recreation and education	151,715
Conservation and development	13,522
Total Governmental Activities Depreciation Expense	\$ 755,401

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE 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	\$ 11,653	\$ -	\$ -	\$ 11,653
Construction in progress	111,002	905,222	461,150	555,074
Total Capital Assets Not Being Depreciated	122,655	905,222	461,150	566,727
Capital Assets being depreciated				
Structures and improvements	477,886	-	-	477,886
Water utility system	9,451,711	563,455	62,455	9,952,711
Sewer utility system	6,773,623	87,125	-	6,860,748
Storm water utility system	4,254,797	124,914	-	4,379,711
Machinery and equipment	1,182,124	3,975	-	1,186,099
Total Capital Assets Being Depreciated	22,140,141	779,469	62,455	22,857,155
Total Capital Assets	22,262,796	1,684,691	523,605	23,423,882
Less: Accumulated Depreciation for				
Structures and improvements	237,709	13,539	-	251,248
Water utility system	2,626,981	205,879	62,513	2,770,347
Sewer utility system	3,118,780	84,792	-	3,203,572
Storm water utility system	1,297,066	115,058	-	1,412,124
Machinery and equipment	749,365	87,947	-	837,312
Total Accumulated				
Depreciation	8,029,901	507,215	62,513	8,474,603
Net Capital Assets, Being Depreciated	14,110,240	272,254	(58)	14,382,552
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 14,232,895	\$ 1,177,476	\$ 461,092	\$ 14,949,279

Depreciation expense was charged to functions as follows:

Business-type Activities

Water Utility	\$238,929
Sewer Utility	138,486
Storm Water Utility	129,800
Total Business-type Activities Depreciation Expense	\$507,215

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 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 receivables / payables			
General Fund	Internal Service Fund	\$ 61,325	\$ -
Less: Fund eliminations		<u>(61,325)</u>	
Total Internal Balances - Government-Wide Statement of Net Assets		<u>\$ -</u>	
 Interfund Advances			
Storm Water Utility	Sewer Utility	\$ 79,355	\$ 70,819
Less: Fund eliminations		<u>(79,355)</u>	
Total Internal Balances - Government-Wide Statement of Net Assets		<u>\$ -</u>	

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 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 assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

E. INTERFUND RECEIVABLES / PAYABLES, ADVANCES AND TRANSFERS (continued)

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principle Purpose
General Fund	Water Utility	\$ 200,566	Payment in lieu of taxes
Debt Service Fund	General Fund	66,000	Prior year levy
Debt Service Fund	Park Plaza CSM Fund	<u>1,011,227</u>	Debt service
Subtotal - Debt Service Fund		1,077,227	
Equipment Replacement Fund	Special Assessments Fund	82,031	Fund elimination
Grant Fund	General Fund	<u>6,217</u>	Operating subsidy
Total - Fund Financial Statements		1,366,041	
Less: Fund eliminations		<u>(1,165,475)</u>	
Total Transfers - Government-wide Statement of Activities		<u>\$ 200,566</u>	

Fund Transferred To	Fund Transferred From	Amount
Governmental Activities	Business-type Activities	\$ 200,566
Business-type Activities	Governmental Activities	<u>(200,566)</u>
Total Government-wide Financial Statements		<u>\$ -</u>

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

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, 2008

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 13,607,358	\$ 690,000	\$ 764,937	\$ 13,532,421	\$ 612,527
Note anticipation notes	1,675,000	-	1,675,000	-	-
Note payable-Village of Whitefish Bay	729,320	-	36,511	692,809	37,401
Note payable-Village of Bayside	388,258	-	17,810	370,448	18,701
Total Bonds and Notes Payable	16,399,936	690,000	2,494,258	14,595,678	668,629
Other Liabilities					
Other post employment benefits	498,102	514,222	19,620	992,704	-
Vested compensated absences	654,880	269,468	299,284	625,064	5,882
Total Other Liabilities	1,152,982	783,690	318,904	1,617,768	5,882
 Total Governmental Activities Long-Term Liabilities	 \$ 17,552,918	 \$ 1,473,690	 \$ 2,813,162	 \$ 16,213,446	 \$ 674,511
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 4,537,922	\$ 1,125,000	\$ 379,400	\$ 5,283,522	\$ 436,200
Other Liabilities					
Vested compensated absences	36,443	21,322	20,180	37,585	897
 Total Business-type Activities Long-Term Liabilities	 \$ 4,574,365	 \$ 1,146,322	 \$ 399,580	 \$ 5,321,107	 \$ 437,097

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the Village. Note anticipation notes are payable from the proceeds of future general obligation debt issues. 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, 2008

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

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, 2008 was \$57,208,645. Total general obligation debt and related pledges outstanding at year end was \$18,815,943.

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2008
Governmental Activities					
General Obligation Debt					
Taxable issues					
Promissory Notes	10/1/2000	4/1/2010	7.05-7.60%	\$ 550,000	\$ 190,000
Refunding Bonds	4/3/2008	4/1/2013	3.50-4.40%	690,000	690,000
Community Dev Bonds	9/29/2006	4/1/2026	5.35 - 5.8%	5,580,000	5,580,000
	5/2/2007	10/1/2022	5.4 - 5.5%	3,355,000	3,355,000
Tax-exempt issues					
Promissory Notes	4/1/2006	4/1/2016	3.75-3.80%	1,300,000	1,300,000
Corporate Purpose Bonds	4/1/1999	4/1/2014	3.40-4.50%	776,500	431,478
	4/1/2006	4/1/2022	4.00-4.10%	415,000	415,000
Capital Improvement Bonds	12/1/2001	4/1/2016	3.00-4.55%	1,150,000	735,000
State Trust Fund Loan	1/27/2003	3/15/2022	6.00%	824,408	691,887
	2/23/2006	3/15/2010	3.50-3.75%	278,000	144,056
Total Governmental Activities General Obligation Debt					<u>\$ 13,532,421</u>
Business-type Activities					
General Obligation Debt Tax Exempt					
Capital Improvement Bonds	12/1/2001	4/1/2016	3.00-4.55%	\$ 1,460,000	\$ 935,000
Corporate Purpose Bonds	4/1/1999	4/1/2014	3.40-4.50%	2,723,500	1,353,522
	4/1/2006	4/1/2022	4.00-4.10%	2,020,000	1,870,000
	4/3/2008	4/1/2016	2.60-4.00%	1,125,000	1,125,000
Total Business-type Activities General Obligation Debt					<u>\$ 5,283,522</u>

Note Payable – Village of Whitefish Bay

In 2002, the Village agreed to pay to the Village of Whitefish Bay \$943,823 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 \$692,809 on December 31, 2008. 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 2.3-4.85%.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

Note Payable – Village of Bayside

In 2003, the Village agreed to pay to the Village of Bayside \$483,989 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 \$370,448 on December 31, 2008. 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 2.5-4.2%.

Annual Maturities of General Obligation Debt

Debt service requirements to maturity are as follows:

	Governmental Activities Bonds and Notes Payable		Business-type Activities Bonds and Notes Payable	
	Principal	Interest	Principal	Interest
2009	\$ 668,629	\$ 743,153	\$ 436,200	\$ 224,427
2010	1,129,554	688,059	477,400	186,810
211	1,008,963	636,413	498,600	167,413
2012	1,060,759	588,292	526,600	146,673
2013	1,124,675	536,671	537,800	124,751
2014-2018	4,588,670	1,952,521	1,696,922	358,015
2019-2023	4,039,428	796,927	1,110,000	101,045
2024-2028	975,000	87,145	-	-
Totals	<u>\$ 14,595,678</u>	<u>\$ 6,029,181</u>	<u>\$ 5,283,522</u>	<u>\$ 1,309,134</u>

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability is primarily attributable to the general fund.

Current Refunding

On April 3, 2008 the Village issued \$690,000 in general obligation bonds with an average interest rate of 4.11% to current refund \$1,675,000 of outstanding note anticipation notes with an average interest rate of 3.65%. The net proceeds of \$675,000 (after debt discount and payment of underwriting fees, insurance and other issue costs) plus an additional \$1,000,000 of sinking fund monies were used to prepay the outstanding debt service requirements on the old bonds.

The cash flow requirements on the refunded note anticipation notes prior to the refunding were \$1,705,569 due on October 1, 2008. The cash flow requirements on the new bonds are \$778,702 from April, 2008 to 2013. The note anticipation notes were refunded as intended when originally issued.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

G. NET ASSETS/FUND BALANCES

Governmental activities net assets reported on the government wide statement of net assets at December 31, 2008 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Land	\$ 1,297,994
Construction in progress	370,829
Other capital assets, net of accumulated depreciation	8,758,232
Less: related long-term debt outstanding	<u>(3,905,534)</u>
Total Invested in Capital Assets	<u>6,521,521</u>
Resticted for Library	<u>158,908</u>
Unrestricted (Deficit)	<u>(6,454,081)</u>
Total Governmental Activities Net Assets	<u>\$ 226,348</u>

Business -Type Activities

Invested in capital assets, net of related debt	
Land	\$ 11,653
Construction in progress	555,074
Other capital assets, net of accumulated depreciation	14,382,552
Less: related long-term debt outstanding	<u>(4,728,522)</u>
Plus: unspent capital related debt proceeds	<u>596,673</u>
Total Invested in Capital Assets	<u>10,817,430</u>
Resticted for equipement replacement	256,627
Unrestricted	<u>2,414,521</u>
Total Governmental Activities Net Assets	<u>\$ 13,488,578</u>

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible Village of Brown Deer employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the general category are required by statute to contribute 6.0% of their salary (3.0% for executives and elected officials, 5.1% for protective occupations with social security, and 3.4% for protective occupations without social security) to the plan. Employers generally make these contributions to the plan on behalf of the employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for employees covered by the System for the year ended December 31, 2008 was \$4,425,598; the employer's total payroll was \$4,651,608. The total required contribution paid entirely by the employer for the year ended December 31, 2008 was \$570,777, or 12.90% of covered payroll. Of this amount, 100% was contributed by the employer for the current year. Total contributions for the years ended December 31, 2007 and 2006 were \$529,053 and \$505,068, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) are entitled to receive retirement benefits. 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 year earnings. Employees terminating covered employment before becoming eligible for retirement benefits may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefits. For employees beginning participation 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 are immediately vested.

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of the Wisconsin Statutes. The System 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, 2008.

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.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE V – OTHER INFORMATION (continued)

B. RISK MANAGEMENT (continued)

In 1987, the Village invested \$429,675 for participation in the Wisconsin Municipal Insurance Commission (WMIC). The WMIC is an intergovernmental cooperation commission formed to facilitate the formation of the Cities and Villages Mutual Insurance Company (CVMIC). The CVMIC is a separate and distinct entity independent of the WMIC and owned by the participating cities and villages of the WMIC. The CVMIC was formed to provide liability insurance to Wisconsin municipalities as of January 1, 1988.

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, 2008.

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.

Management of WMIC and CVMIC consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The municipality does not exercise any control over the activities of the agencies beyond the election of the officers and board. Percentage participation can be affected by acceptance of new members to WMIC and CVMIC. The Village's percentage participation in WMIC and CVMIC at December 31, 2008 was 1.02%. Upon withdrawal, expulsion or dissolution, the Village would be entitled to a lump sum payment which at December 31, 2008 would approximate \$220,000.

Complete financial statements for CVMIC can be obtained from the CVMIC administrative office at 1250 South Sunnyslope Road, Suite 105, Brookfield, WI 53005.

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 estimated 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 2007 and 2008 were:

Year	Beginning Balance	Incurred Claims	Claims Paid/ Settled	Ending Balance
2007	\$ 42,000	\$ 52,309	\$ 52,309	\$ 42,000
2008	42,000	1,992	1,048	42,944

At December 31, 2008, the internal service fund established for liability insurance has net assets of \$400,196.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE V – OTHER INFORMATION (continued)

C. INTER-MUNICIPAL AGREEMENTS

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 2008, the Village incurred expenditures of \$1.87 million for fire protection and emergency medical services under this agreement. The Department's 2009 approved budget is \$13.7 million of which the Village's portion is approximately \$2.0 million. On December 31, 2008, the Department had total fund equity of approximately \$740,000, total net assets of \$4.1 million and investment in capital assets of approximately \$1.8 million. Complete 2008 financial statements for the Department are available from the Department at 4401 West River Lane, Brown Deer, WI 53223.

Also, 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. In 1997, the Commission borrowed \$2.5 million at 5.75% due annually through 2013, for the purchase of land and the construction of a facility. The Village's share of that borrowing is approximately \$16,557. In 2007, the Commission borrowed \$185,000 at various interest rates due through 2012 to refinance outstanding pension liability. In 2008, the Commission borrowed \$190,000 at various interest rates due annually through 2013 to purchase a HVAC system. The Village's share of those borrowings is approximately \$700 and \$900, respectively.

D. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Village administers a single-employer defined benefit post-employment 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. Benefit provisions and contribution requirements are established through collective bargaining agreements and other employment agreements and may be amended only through negotiations between the Village and the union, or for non-union employees between the Village and the employee. 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, 2008

NOTE V – OTHER INFORMATION (continued)

D. OTHER POST-EMPLOYMENT BENEFITS (continued)

Plan Description (continued)

As of December 31, 2008 the plan had 7 retirees receiving benefits and 69 active plan members. During 2008 the Village contributed \$19,620 to the plan and retirees contributed \$66,901.

The Village funds these post-employment 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.

Net OPEB Liability

The Village's annual other post-employment 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 over a period of 30 years.

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	\$ 514,222
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	514,222
Contributions made	(19,620)
Increase in net OPEB Liability	494,602
 Net OPEB Liability - beginning of year	 498,102
Net OPEB Liability - end of year	\$ 992,704

Trend Information

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. Due to this timing only two years are presented.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
12/31/2007	\$ 514,222	3.1%	\$ 498,102
12/31/2008	514,222	3.8%	992,704

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE V – OTHER INFORMATION (continued)

D. OTHER POST-EMPLOYMENT BENEFITS (continued)

Funded Status

The funded status as of January 1, 2008, the most recent actuarial valuation date, was 0 percent funded. The actuarial accrued liability for benefits was \$5,382,548 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,382,548. The covered payroll (annual payroll of active employees covered by the plan) was \$4.3 million, and the ratio of the UAAL to the covered payroll was 125%.

Alternative Measurement Method Assumptions

The Alternative measurement method 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, would present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. As this is the first year the Village has implemented GASB Statement No. 45, this information is presented for the current year only.

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. 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.

The Village utilized the alternative measurement method as of January 1, 2008. The method's assumptions included entry-age cost method, level percentage of payroll amortization method, a 3.75% rate of return and an annual healthcare cost trend rate of 9% in the initial year, reduced by 1% annually to a rate of 5% after four years. Both rates include a 3.75% rate of inflation assumption. The value of the plan assets was not determined as there were no plan assets as of the measurement date. The plan's unfunded actuarial liability is being amortized over 30 years, with 30 years of remaining amortization.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 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, 2008, are not likely to have a material adverse impact on the Village's financial position.

The Village has entered into a number of agreements with developers which provide for future payments of \$3,135,000 in varying amounts during 2010 to 2012. These agreements are contingent upon future development obligations within the Village's TIF districts. Funding for future payments will come from future borrowings or tax increment if available.

The Village participates in a number of State and Federally assisted grant programs. These programs are subject to program compliance audits by grantors or their representatives. The audits of these programs for or including the year-ended December 31, 2008 have not been conducted. Accordingly, the Village's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Village expects such amounts, if any, to be immaterial.

F. LAND HELD FOR RESALE

In 2006, 2007 and 2008 the Village purchased certain parcels of land for a cost of \$2.1 million. These properties are included in the Village's Tax Increment District No. 2 and are part of the Village's redevelopment plan. It is the intent of the Village to sell these properties at market value. The carrying value of the land held for resale is at the lower of cost or market.

G. SUBSEQUENT EVENTS

On January 23, 2009, the Village issued State Trust Fund Loan for \$1,100,000. The loan was issued to finance a payment to a developer within the Village. The loan matures in varying installments from 2010 through 2028 and bears interest of 5.5%. The loan is expected to be repaid through tax increment generated within TIF No. 4.

H. NEW ACCOUNTING PRONOUNCEMENTS

In February, 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This standard provides new guidance on fund balance categories and definitions for governmental fund types. This standard may affect the funds certain activities are reported in and may result in the restatement of current year fund balances. This standard is effective for financial statement periods beginning after June 15, 2010. For the Village of Brown Deer these standards would be required to be implemented for the year ending December 31, 2011.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF BROWN DEER

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 6,112,870	\$ 6,112,870	\$ 6,182,147	\$ 69,277
Intergovernmental revenues	1,286,309	1,286,309	1,364,540	78,231
Licenses and permits	322,030	322,030	479,036	157,006
Fines, forfeitures and penalties	300,000	300,000	234,898	(65,102)
Public charges for services	12,100	12,100	23,098	10,998
Interdepartmental charges for services	190,450	190,450	185,704	(4,746)
Commercial revenues	306,843	306,843	325,754	18,911
Total Revenues	8,530,602	8,530,602	8,795,177	264,575
EXPENDITURES				
Current				
General government	1,331,520	1,421,739	1,312,184	109,555
Public safety	5,730,095	5,730,095	5,689,106	40,989
Public works	1,444,561	1,444,561	1,620,343	(175,782)
Health and human services	148,218	148,218	145,795	2,423
Culture, recreation and education	196,208	196,208	197,946	(1,738)
Total Expenditures	8,850,602	8,940,821	8,965,374	(24,553)
Excess (deficiency) of revenues over expenditures	(320,000)	(410,219)	(170,197)	240,022
OTHER FINANCING SOURCES				
Transfers in	320,000	320,000	200,566	(119,434)
Transfers out	-	-	(72,217)	(72,217)
Total Other Financing Sources	320,000	320,000	128,349	(191,651)
Net Change in Fund Balances	\$ -	\$ (90,219)	(41,848)	\$ 48,371
FUND BALANCES - BEGINNING OF YEAR			2,344,695	
FUND BALANCES - END OF YEAR			\$ 2,302,847	

See independent auditors' report and accompanying notes to the required supplementary information

VILLAGE OF BROWN DEER

SCHEDULE OF FUNDING PROGRESS OF NET OPEB LIABILITY

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Uni (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/08	\$ -	\$ 5,382,548	\$ 5,382,548	0%	\$ 4,306,000	125%

NOTES:

1: The Village is required to present the above information for the three most recent actuarial studies. The above referenced study was performed as of January 1, 2008 and was the first and only study performed.

2: The data presented in this schedule was taken from the report issued by the actuary, except the Covered Payroll data was supplied by the Village.

3: The Village used the alternative measurement method for calculation of the AAL.

VILLAGE OF BROWN DEER

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2008

NOTE I – 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, North Shore Fire Department Asset Sale and Police Asset Forfeiture), debt service funds and the capital projects funds (excluding Park Plaza CSM fund). 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			
Public works	\$ 1,444,561	\$ 1,620,343	\$ 175,782
Culture, recreation and education	196,208	197,946	1,738

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

This page intentionally blank.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NON-MAJOR FUNDS

SPECIAL REVENUE FUNDS

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

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.

North Shore Fire Department Asset Sale Fund - This fund is used to account for the sale of various fire department assets to the North Shore Fire 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.

CAPITAL PROJECT FUNDS

Capital Projects Funds are used to account for financial resources 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 all public works projects.

Park Plaza CSM Fund – This fund is used to account for proceeds from long-term borrowing and other resources to be used for capital improvement projects related to the Park Plaza property.

Equipment Replacement Fund - This fund is used to account for the rolling stock replacement program, which accumulates annual funding for the replacement of vehicles and similar equipment.

TIF No. 4 Fund – These funds are used to account for activity related to Tax Incremental District No. 4.

VILLAGE OF BROWN DEER

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2008

	Special Revenue Funds							
	Grant Fund	Special Assessments Fund	Library Fund	North Shore Health Department Fund	North Shore Fire Department Asset Sale Fund	Police Asset Forfeiture Fund	Recycling Fund	Park and Recreation Program Fund
ASSETS								
Cash and cash equivalents	\$ 683	\$ 202,916	\$ 354,568	\$ 182,453	\$ 928,673	\$ 6,587	\$ 202,338	\$ 117,868
Taxes receivable	-	21,565	213,378	-	-	-	104,020	35,267
Due from other governments	3,011	-	-	8,019	-	-	-	-
TOTAL ASSETS	\$ 3,694	\$ 224,481	\$ 567,946	\$ 190,472	\$ 928,673	\$ 6,587	\$ 306,358	\$ 153,135
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued liabilities	\$ 3,694	\$ 2,704	\$ 21,819	\$ 37,957	\$ -	\$ -	\$ 60,469	\$ 1,389
Due to other governments	-	-	-	26,467	-	-	-	-
Deferred revenues	-	40,832	387,219	-	-	-	374,090	64,000
Total liabilities	3,694	43,536	409,038	64,424	-	-	434,559	65,389
Fund Balances								
Unreserved								
Designated for future capital projects	-	-	-	-	-	-	-	-
Designated for 2009 budget appropriations	-	14,169	25,096	14,016	150,000	-	-	3,274
Undesignated (deficit)	-	166,776	133,812	112,032	778,673	6,587	(128,201)	84,472
Total fund balances	-	180,945	158,908	126,048	928,673	6,587	(128,201)	87,746
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,694	\$ 224,481	\$ 567,946	\$ 190,472	\$ 928,673	\$ 6,587	\$ 306,358	\$ 153,135

VILLAGE OF BROWN DEER

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

(concluded)
December 31, 2008

	Capital Projects Funds				Total Nonmajor Governmental Funds
	Capital Improvements	Park Plaza CSM Fund	Equipment Replacement Fund	TIF No. 4 Fund	
ASSETS					
Cash and cash equivalents	\$ 462,908	\$ -	\$ 460,381	\$ 57,219	\$ 2,976,594
Taxes receivable	127,502	-	55,105	40,912	597,749
Due from other governments	33,191	-	-	-	44,221
TOTAL ASSETS	\$ 623,601	\$ -	\$ 515,486	\$ 98,131	\$ 3,618,564
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ 97,782	\$ -	\$ 27,050	\$ 1,106,589	\$ 1,359,453
Due to other governments	-	-	-	-	26,467
Deferred revenues	231,380	-	100,000	74,243	1,271,764
Total liabilities	329,162	-	127,050	1,180,832	2,657,684
Fund Balances					
Unreserved					
Designated for future capital projects	92,950	-	71,860	-	164,810
Designated for 2009 budget appropriations	-	-	-	-	206,555
Undesignated (deficit)	201,489	-	316,576	(1,082,701)	589,515
Total fund balances	294,439	-	388,436	(1,082,701)	960,880
TOTAL LIABILITIES AND FUND BALANCES	\$ 623,601	\$ -	\$ 515,486	\$ 98,131	\$ 3,618,564

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

For the Year Ended December 31, 2008

	Special Revenue Funds						
	Grant Fund	Special Assessments Fund	Library Fund	North Shore			Park and Recreation Program Fund
				North Shore Health Department Fund	Fire Department Asset Sale Fund	Police Asset Forfeiture Fund	
REVENUES							
Taxes	\$ -	\$ -	\$ 387,219	\$ -	\$ -	\$ -	\$ 64,000
Intergovernmental revenues	12,582	-	151,224	119,308	-	78,983	-
Licenses and permits	-	-	-	87,538	-	-	-
Public charges for services	-	-	33,914	47,132	-	176,827	121,456
Public improvement revenues	-	35,916	-	-	-	-	-
Intergovernmental charges for services	-	-	-	291,341	-	-	-
Commercial revenues	-	6,266	22,182	5,524	18,123	206	21,091
Total revenues	12,582	42,182	594,539	550,843	18,123	206	206,547
EXPENDITURES	18,799	42,182	594,539	550,843	18,123	206	206,547
Current:							
Public works	-	46,912	-	-	-	508,572	-
Health and human services	-	-	-	554,781	-	-	-
Culture, recreation and education	18,799	-	599,217	-	-	-	189,915
Conservation and development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	18,799	46,912	599,217	554,781	-	508,572	189,915
Excess (deficiency) of revenues over (under) expenditures	(6,217)	(4,730)	(4,678)	(3,938)	18,123	206	16,632
OTHER FINANCING SOURCES (USES)							
Transfers in	6,217	-	-	-	-	-	-
Transfers out	-	(82,031)	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	6,217	(82,031)	-	-	-	-	-
Net Change in Fund Balance	-	(86,761)	(4,678)	(3,938)	18,123	206	16,632
FUND BALANCES (DEFICIT)							
- BEGINNING OF YEAR	-	267,706	163,586	129,986	910,550	6,381	71,114
FUND BALANCES (DEFICIT) - END OF YEAR	\$ -	\$ 180,945	\$ 158,908	\$ 126,048	\$ 928,673	\$ 6,587	\$ (128,201)

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

For the Year Ended December 31, 2008

	Capital Projects Funds				Total Nonmajor Governmental Funds
	Capital Improvements	Park Plaza CSM Fund	Equipment Replacement Fund	TIF No. 4 Fund	
REVENUES					
Taxes	\$ 207,736	\$ -	\$ 285,250	\$ 64,284	\$ 1,008,489
Intergovernmental revenues	39,941	-	1,625	893	404,556
Licenses and permits	-	-	-	-	87,538
Public charges for services	-	-	-	-	379,329
Public improvement revenues	-	-	-	-	35,916
Intergovernmental charges for services	-	-	-	-	291,341
Commercial revenues	28,782	11,891	20,862	998	144,846
Total revenues	<u>276,459</u>	<u>11,891</u>	<u>307,737</u>	<u>66,175</u>	<u>2,352,015</u>
EXPENDITURES	<u>276,459</u>	<u>11,891</u>	<u>389,768</u>	<u>66,175</u>	<u>2,440,263</u>
Current:					
Public works	-	-	-	-	555,484
Health and human services	-	-	-	-	554,781
Culture, recreation and education	-	-	-	-	807,931
Conservation and development	-	-	-	1,136,011	1,136,011
Capital outlay	901,874	-	271,324	-	1,173,198
Debt service:					
Principal	-	-	54,321	-	54,321
Interest and fiscal charges	-	-	44,286	-	44,286
Total expenditures	<u>901,874</u>	<u>-</u>	<u>369,931</u>	<u>1,136,011</u>	<u>4,326,012</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(625,415)</u>	<u>11,891</u>	<u>(62,194)</u>	<u>(1,069,836)</u>	<u>(1,973,997)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	82,031	-	88,248
Transfers out	-	(1,011,227)	-	-	(1,093,258)
Sale of capital assets	-	-	13,509	-	13,509
Total other financing sources (uses)	<u>-</u>	<u>(1,011,227)</u>	<u>95,540</u>	<u>-</u>	<u>(991,501)</u>
Net Change in Fund Balance	<u>(625,415)</u>	<u>(999,336)</u>	<u>33,346</u>	<u>(1,069,836)</u>	<u>(2,965,498)</u>
FUND BALANCES (DEFICIT)					
- BEGINNING OF YEAR	<u>919,854</u>	<u>999,336</u>	<u>355,090</u>	<u>(12,865)</u>	<u>3,926,378</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 294,439</u>	<u>\$ -</u>	<u>\$ 388,436</u>	<u>\$ (1,082,701)</u>	<u>\$ 960,880</u>

VILLAGE OF BROWN DEER

SPECIAL REVENUE FUNDS SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the Year Ended December 31, 2008

	Special Assessments Fund			Library Fund			North Shore Health Department Fund		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ 387,219	\$ 387,219	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	151,092	151,224	132	-	119,308	119,308
Licenses and permits	-	-	-	-	-	-	58,700	87,538	28,838
Public charges for services	-	-	-	37,400	33,914	(3,486)	55,033	47,132	(7,901)
Public improvement revenues	35,917	35,916	(1)	-	-	-	-	-	-
Intergovernmental charges for services	-	-	-	-	-	-	301,341	291,341	(10,000)
Commercial revenues	3,950	6,266	2,316	12,000	22,182	10,182	-	5,524	5,524
Total revenues	<u>39,867</u>	<u>42,182</u>	<u>2,315</u>	<u>587,711</u>	<u>594,539</u>	<u>6,828</u>	<u>415,074</u>	<u>550,843</u>	<u>135,769</u>
EXPENDITURES									
Current:									
Public works	37,270	46,912	(9,642)	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	482,549	554,781	(72,232)
Culture, recreation and education	-	-	-	587,711	599,217	(11,506)	-	-	-
Total expenditures	<u>37,270</u>	<u>46,912</u>	<u>(9,642)</u>	<u>587,711</u>	<u>599,217</u>	<u>(11,506)</u>	<u>482,549</u>	<u>554,781</u>	<u>(72,232)</u>
Excess (deficiency) of revenues over expenditures	2,597	(4,730)	(7,327)	-	(4,678)	(4,678)	(482,549)	(554,781)	72,232
OTHER FINANCING SOURCES									
Transfers out	-	(82,031)	(82,031)	-	-	-	-	-	-
Net Change in Fund Balance	<u>\$ 2,597</u>	<u>(86,761)</u>	<u>\$ (89,358)</u>	<u>\$ -</u>	<u>(4,678)</u>	<u>\$ (4,678)</u>	<u>\$ (67,475)</u>	<u>(3,938)</u>	<u>\$ (72,232)</u>
FUND BALANCES - BEGINNING OF YEAR		<u>267,706</u>			<u>163,586</u>		<u>129,986</u>		
FUND BALANCES - END OF YEAR (DEFICIT)		<u>\$ 180,945</u>			<u>\$ 158,908</u>		<u>\$ 126,048</u>		

VILLAGE OF BROWN DEER

SPECIAL REVENUE FUNDS SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (concluded)

For the Year Ended December 31, 2008

	Recycling Fund			Park and Recreation Program Fund		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 64,000	\$ 64,000	\$ -
Intergovernmental revenues	64,025	78,983	14,958	-	-	-
Licenses and permits	-	-	-	-	-	-
Public charges for services	157,950	176,827	18,877	147,912	121,456	(26,456)
Public improvement revenues	-	-	-	-	-	-
Intergovernmental charges for services	-	-	-	-	-	-
Commercial revenues	24,400	8,921	(15,479)	25,150	21,091	(4,059)
Total revenues	<u>246,375</u>	<u>264,731</u>	<u>18,356</u>	<u>237,062</u>	<u>206,547</u>	<u>(30,515)</u>
EXPENDITURES						
Current:						
Public works	307,172	508,572	(201,400)	-	-	-
Health and human services	-	-	-	-	-	-
Culture, recreation and education	-	-	-	237,062	189,915	47,147
Total expenditures	<u>307,172</u>	<u>508,572</u>	<u>(201,400)</u>	<u>237,062</u>	<u>189,915</u>	<u>47,147</u>
Excess (deficiency) of revenues over expenditures	(60,797)	(243,841)	219,756	-	16,632	16,632
OTHER FINANCING SOURCES						
Transfers out	-	-	-	-	-	-
Net Change in Fund Balance	<u>\$ (60,797)</u>	<u>(243,841)</u>	<u>\$ (183,044)</u>	<u>\$ -</u>	<u>16,632</u>	<u>\$ 16,632</u>
FUND BALANCES - BEGINNING OF YEAR		<u>115,640</u>			<u>71,114</u>	
FUND BALANCES - END OF YEAR (DEFICIT)		<u>\$ (128,201)</u>			<u>\$ 87,746</u>	

DEBT SERVICE FUND

Debt Service Fund is used to account for the accumulation of resources for, and the payments of, the Village's general long-term debt principal and interest (other than debt accounted for in the Proprietary Funds).

VILLAGE OF BROWN DEER

DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2008

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 786,701	\$ 786,701	\$ -
Commercial revenues	3,223	5,655	2,432
Total revenues	<u>789,924</u>	<u>792,356</u>	<u>2,432</u>
EXPENDITURES			
Debt service:			
Principal	2,439,337	2,354,937	84,400
Interest and fiscal charges	822,190	219,173	603,017
Total expenditures	<u>3,261,527</u>	<u>2,574,110</u>	<u>687,417</u>
Deficiency of revenues over expenditures	<u>(2,471,603)</u>	<u>(1,781,754)</u>	<u>689,849</u>
OTHER FINANCING SOURCES			
Transfers in	1,669,603	1,077,227	(592,376)
General obligation debt issued	736,000	690,000	(46,000)
Total other financing sources	<u>2,405,603</u>	<u>1,767,227</u>	<u>(638,376)</u>
Net Change in Fund Balance	<u>\$ (66,000)</u>	<u>(14,527)</u>	<u>\$ 51,473</u>
FUND BALANCES - BEGINNING OF YEAR		<u>36,320</u>	
FUND BALANCES - END OF YEAR		<u>\$ 21,793</u>	

CAPITAL PROJECT FUNDS

Capital Projects Funds are used to account for financial resources 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 all public works projects.

Equipment Replacement Fund - This fund is used to account for the rolling stock replacement program, which accumulates annual funding for the replacement of vehicles and similar equipment.

TIF No. 2 Fund - This fund is used to account for activity related to the Tax Incremental Financing District No. 2.

TIF No. 3 Fund - This fund is used to account for activity related to the Tax Incremental Financing District No. 3.

TIF No. 4 Fund - This fund is used to account for activity related to the Tax Incremental Financing District No. 4.

VILLAGE OF BROWN DEER

CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended December 31, 2008

	Capital Improvements Fund			Equipment Replacement Fund			TIF No. 2 Fund		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES									
Taxes	\$ 207,736	\$ 207,736	\$ -	\$ 285,250	\$ 285,250	\$ -	\$ 433,850	\$ 457,423	\$ 23,573
Intergovernmental revenues	155,000	39,941	(115,059)	-	1,625	1,625	3,000	26,638	23,638
Public charges for services	-	-	-	-	-	-	-	-	-
Public improvement revenues	160,000	-	(160,000)	-	-	-	-	-	-
Commercial revenues	200	28,782	28,582	-	20,862	20,862	38,840	114,364	75,524
Total revenues	<u>522,936</u>	<u>276,459</u>	<u>(246,477)</u>	<u>285,250</u>	<u>307,737</u>	<u>22,487</u>	<u>475,690</u>	<u>598,425</u>	<u>122,735</u>
EXPENDITURES									
Current:									
Conservation and development	-	-	-	-	-	-	770,000	1,613,297	(843,297)
Capital outlay	1,337,828	901,874	435,954	439,235	271,324	167,911	-	-	-
Debt service:									
Principal	-	-	-	-	54,321	(54,321)	-	85,000	(85,000)
Interest and fiscal charges	-	-	-	-	44,286	(44,286)	-	370,690	(370,690)
Total expenditures	<u>1,337,828</u>	<u>901,874</u>	<u>435,954</u>	<u>439,235</u>	<u>369,931</u>	<u>69,304</u>	<u>770,000</u>	<u>2,068,987</u>	<u>(1,298,987)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(814,892)</u>	<u>(625,415)</u>	<u>189,477</u>	<u>(153,985)</u>	<u>(62,194)</u>	<u>91,791</u>	<u>(294,310)</u>	<u>(1,470,562)</u>	<u>(1,176,252)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	82,031	82,031	-	-	-
Transfers out	-	-	-	-	-	-	(455,690)	-	455,690
Sale of capital assets	-	-	-	-	13,509	13,509	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,540</u>	<u>95,540</u>	<u>(455,690)</u>	<u>-</u>	<u>455,690</u>
Net Change in Fund Balance	<u>\$ (814,892)</u>	<u>(625,415)</u>	<u>\$ 189,477</u>	<u>\$ (153,985)</u>	<u>33,346</u>	<u>\$ 187,331</u>	<u>\$(750,000)</u>	<u>(1,470,562)</u>	<u>\$ (720,562)</u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		<u>919,854</u>			<u>355,090</u>			<u>4,441,264</u>	
FUND BALANCES - END OF YEAR (DEFICIT)		<u>\$ 294,439</u>			<u>\$ 388,436</u>			<u>\$ 2,970,702</u>	

VILLAGE OF BROWN DEER

CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 (concluded)
 For the Year Ended December 31, 2008

	TIF No. 3 Fund			TIF No. 4 Fund		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ 251,585	\$ 267,132	\$ 15,547	\$ 60,092	\$ 64,284	\$ 4,192
Intergovernmental revenues	1,044	11,646	10,602	1,156	893	(263)
Public charges for services	-	-	-	-	-	-
Public improvement revenues	-	-	-	-	-	-
Commercial revenues	-	49,693	49,693	-	998	998
Total revenues	<u>252,629</u>	<u>328,471</u>	<u>75,842</u>	<u>61,248</u>	<u>66,175</u>	<u>4,927</u>
EXPENDITURES						
Current:						
Conservation and development	38,854	2,500,792	(2,461,938)	10,000	1,136,011	(1,126,011)
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	213,775	(213,775)	-	-	-
Total expenditures	<u>38,854</u>	<u>2,714,567</u>	<u>(2,675,713)</u>	<u>10,000</u>	<u>1,136,011</u>	<u>(1,126,011)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>213,775</u>	<u>(2,386,096)</u>	<u>(2,599,871)</u>	<u>51,248</u>	<u>(1,069,836)</u>	<u>(1,121,084)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(213,775)	-	213,775	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>(213,775)</u>	<u>-</u>	<u>213,775</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(2,386,096)</u>	<u>\$(2,386,096)</u>	<u>\$ 51,248</u>	<u>(1,069,836)</u>	<u>\$(1,121,084)</u>
FUND BALANCES (DEFICIT) -						
BEGINNING OF YEAR		<u>1,883,487</u>			<u>(12,865)</u>	
FUND BALANCES - END OF YEAR (DEFICIT)		<u>\$ (502,609)</u>			<u>\$(1,082,701)</u>	

AGENCY FUNDS

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.

North Shore Cable Commission – This fund is used to account for activities associated with the North Shore Cable Commission. The Village serves as the fiscal agent for this organization.

VILLAGE OF BROWN DEER

AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES For the Year ended December 31, 2008

	Balance 12-31-07	Additions	Deletions	Balance 12-31-08
Property Tax Fund				
Assets				
Cash and cash equivalents	\$ 2,255,282	\$ 5,279,912	\$ 2,255,282	\$ 5,279,912
Temporary investments	4,721,639	2,992,438	4,721,639	2,992,438
Taxes receivable	12,451,828	12,826,603	12,451,828	12,826,603
Total	\$ 19,428,749	\$ 21,098,953	\$ 19,428,749	\$ 21,098,953
Liabilities				
Accounts payable and accrued liabilities	\$ 9,446	\$ 25,399	\$ 9,446	\$ 25,399
Due to other taxing units	19,419,303	21,073,554	19,419,303	21,073,554
Total	\$ 19,428,749	\$ 21,098,953	\$ 19,428,749	\$ 21,098,953
North Shore Cable Commission				
Assets				
Cash and cash equivalents	\$ 7,449	\$ 28,697	\$ 25,271	\$ 10,875
Due from other governments	4,959	5,081	4,959	5,081
Total	\$ 12,408	\$ 33,778	\$ 30,230	\$ 15,956
Liabilities				
Accounts payable	\$ 9,945	\$ 13,070	\$ 9,945	\$ 13,070
Due to other taxing units	2,463	2,886	2,463	2,886
Total	\$ 12,408	\$ 15,956	\$ 12,408	\$ 15,956
Total - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 2,262,731	\$ 5,308,609	\$ 2,280,553	\$ 5,290,787
Temporary Investments	4,721,639	2,992,438	4,721,639	2,992,438
Taxes receivable	12,451,828	12,826,603	12,451,828	12,826,603
Due from other governments	4,959	5,081	4,959	5,081
Total	\$ 19,441,157	\$ 21,132,731	\$ 19,458,979	\$ 21,114,909
Liabilities				
Accounts payable and accrued liabilities	\$ 19,391	\$ 38,469	\$ 19,391	\$ 38,469
Due to other taxing units	19,421,766	21,076,440	19,421,766	21,076,440
Total	\$ 19,441,157	\$ 21,114,909	\$ 19,441,157	\$ 21,114,909

OTHER SUPPLEMENTARY INFORMATION

CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES

VILLAGE OF BROWN DEER

CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES SCHEDULE BY SOURCE December 31, 2008

Capital assets

Land	\$ 568,948
Right-of-way land	729,046
Construction in progress	370,829
Machinery and equipment	2,413,708
Library collection	1,131,265
Buildings and improvements	6,336,406
Infrastructure	<u>7,644,018</u>
Total capital assets	<u>\$ 19,194,220</u>

Investment in capital assets by source

Assets purchased prior to 1/01/99	\$ 10,537,084
General fund	38,709
Special revenues funds	1,347,670
Capital project funds	<u>7,270,757</u>
Total investment in capital assets	<u>\$ 19,194,220</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 wellbeing 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, the property tax.

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 Assets by Component
Last six fiscal years
Schedule 1

	Fiscal Year					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities						
Invested in capital assets, net of related debt	(724,239)	938,608	2,124,776	1,931,018	4,507,883	6,521,521
Restricted	351,606	330,189	292,330	373,925	576,532	158,908
Unrestricted	740,007	1,416,753	982,965	47,583	212,582	(6,454,081)
Total governmental activities net assets	367,374	2,685,550	3,400,071	2,352,526	5,296,997	226,348
Business-type Activities						
Invested in capital assets, net of related debt	11,543,073	9,789,787	10,116,023	10,615,509	10,732,537	10,817,430
Restricted	236,100	236,100	236,100	238,177	250,410	256,627
Unrestricted	1,074,556	1,143,198	1,124,508	1,303,419	1,766,429	2,414,521
Total business-type activities net assets	12,853,729	11,169,085	11,476,631	12,157,105	12,749,376	13,488,578
Primary government						
Invested in capital assets, net of related debt	10,818,834	10,728,395	12,240,799	12,546,527	15,240,420	17,338,951
Restricted	587,706	566,289	528,430	612,102	826,942	415,535
Unrestricted	1,814,563	2,559,951	2,107,473	1,351,002	1,979,011	(4,039,560)
Total primary government net assets	13,221,103	13,854,635	14,876,702	14,509,631	18,046,373	13,714,926

(1) According to GASB 44, a ten year trend should be shown. We implemented GASB 34 in the 2003 fiscal year. Until a 10 year trend is compiled, we will show the the trend of the most current years reflecting GASB 34 standards.

Village of Brown Deer

Changes in Net Assets
Last six fiscal years
Schedule 2

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental Activities:						
General Government	1,568,674	1,354,753	1,248,252	1,310,904	1,428,147	1,604,219
Public Safety	5,539,070	5,122,670	5,560,569	5,297,075	5,840,005	6,027,981
Public Works	1,614,576	1,730,582	1,673,057	1,653,951	2,515,341	2,725,520
Health & Human Services	626,504	577,398	427,809	447,877	588,902	585,576
Culture, recreation & education	1,053,665	1,051,794	1,042,838	1,040,708	1,210,538	1,158,463
Conservation & development	414,926	1,932,949	238,773	2,893,011	252,903	5,188,719
Interest & Fiscal Charges	539,004	553,301	323,714	500,144	788,676	767,327
Total government activities expense	11,356,419	12,323,447	10,515,012	13,143,670	12,624,512	18,057,805
Business-type Activities:						
Water Utility	1,237,623	1,208,994	1,210,456	1,229,903	1,300,484	1,338,455
Storm Water Utility	-	222,515	579,859	821,892	559,051	586,526
Sewer Utility	785,222	864,541	1,033,598	1,119,759	871,343	1,271,182
Total business-type activities expense	2,022,845	2,296,050	2,823,913	3,171,554	2,730,878	3,196,163
Total Primary Government Expense	13,379,264	14,619,497	13,338,925	16,315,224	15,355,390	21,253,968
Program Revenues						
Governmental Activities:						
Charges for Services	1,788,652	2,712,013	1,451,914	1,414,442	1,408,034	1,627,081
Operating Grants and Contributions	835,838	731,438	686,192	851,256	742,801	782,055
Capital Grants and Contributions	57,218	106,220	80,038	1,600	113,339	69,751
Total governmental activities program revenues	2,681,708	3,549,671	2,218,144	2,267,298	2,264,174	2,478,887
Business-type activities:						
Charges for Services	2,144,344	2,350,586	3,103,044	3,218,657	3,209,385	3,498,774
Operating Grants and Contributions	-	-	-	-	-	-
Capital Grants and Contributions	9,495	19,303	100,125	659,425	125,041	510,239
Total business-type activities program revenues	2,153,839	2,369,889	3,203,169	3,878,082	3,334,426	4,009,013
Total Primary Government Program Revenues	4,835,547	5,919,560	5,421,313	6,145,380	5,598,600	6,487,900
Net (Expense)/Revenue						
Governmental Activities	(8,674,711)	(8,773,776)	(8,296,868)	(10,876,372)	(10,360,338)	(15,578,918)
Business-type Activities	130,994	73,839	379,256	706,528	603,548	812,850
Total Primary Government Net Expense	(8,543,717)	(8,699,937)	(7,917,612)	(10,169,844)	(9,756,790)	(14,766,068)
General Revenues and Other changes in Net Assets						
Governmental Activities:						
Property Taxes	6,755,934	6,755,663	7,175,285	7,589,400	7,678,552	8,107,615
Hotel Room Taxes	429,445	448,135	463,345	532,554	562,272	594,277
Intergov'tl revenues not restr to spec progr	1,193,049	1,105,161	870,427	902,394	897,517	834,519
Investment Income	257,638	307,247	351,456	591,811	870,154	521,324
Miscellaneous	29,327	18,095	18,495	42,632	20,314	249,968
Gain on sale/disposal of capital assets	30,175	-	2,870	-	-	-
Special Item-Forgiveness of debt	-	370,000	-	-	-	-
Transfers	177,336	173,224	129,511	170,036	178,658	200,566
Total Governmental Activities	8,872,904	9,177,525	9,011,389	9,828,827	10,207,467	10,508,269
Business-type Activities:						
Investment Income	14,424	25,534	57,801	143,982	167,381	126,918
Transfers	(177,336)	(173,224)	(129,511)	(170,036)	(178,658)	(200,566)
Total Business-type Activities	(162,912)	(147,690)	(71,710)	(26,054)	(11,277)	(73,648)
Total Primary Government	8,709,992	9,029,835	8,939,679	9,802,773	10,196,190	10,434,621
Change in Net Assets						
Governmental Activities	198,193	403,749	714,521	(1,047,545)	(152,871)	(5,070,649)
Business-type Activities	(31,918)	(73,851)	307,546	680,474	592,271	739,202
Total Primary Government	166,275	329,898	1,022,067	(367,071)	439,400	(4,331,447)

(1) According to GASB 44, a ten year trend should be shown. We implemented GASB 34 in the 2003 fiscal year. Until a 10 year trend is compiled, we will show the the trend of the most current years reflecting GASB 34 standards.

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

Village of Brown Deer

Fund Balances, Governmental Funds
Last ten fiscal years
Schedule 3

	Fiscal Year									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund										
Reserved	66,516	103,818	63,166	129,881	15,416	69,529	20,945	41,813	174,201	218,234
Unreserved	1,372,148	1,303,699	1,331,671	1,149,597	1,393,131	1,476,928	1,525,327	2,142,814	2,170,494	2,084,613
Total General Fund	<u>1,438,664</u>	<u>1,407,517</u>	<u>1,394,837</u>	<u>1,279,478</u>	<u>1,408,547</u>	<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>
All Other Governmental Funds										
Reserved	421,248	400,644	427,400	279,573	657,979	-	94,487	134,438	5,825,172	2,992,495
Unreserved, reported in:										
Special Revenue Funds	776,654	793,213	654,566	1,432,964	1,635,936	1,657,546	1,518,313	1,646,105	1,664,963	1,360,706
Capital Projects Funds	1,071,825	1,698,175	3,450,396	3,847,345	1,046,930	2,234,487	1,656,825	5,232,585	2,797,314	(902,435)
Debt Service Funds	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>2,269,727</u>	<u>2,892,032</u>	<u>4,532,362</u>	<u>5,559,882</u>	<u>3,340,845</u>	<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>
Total Fund Balances	<u>3,708,391</u>	<u>4,299,549</u>	<u>5,927,199</u>	<u>6,839,360</u>	<u>4,749,392</u>	<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>

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

Village of Brown Deer

Changes in Fund Balance, Governmental Funds
Last ten fiscal years
Schedule 4

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes	6,297,290	6,348,633	6,630,650	7,123,840	7,185,379	7,203,799	7,638,630	8,121,954	8,240,825	8,701,892
Intergovernmental Revenues	2,439,989	2,165,993	2,102,727	2,645,734	2,040,584	1,911,190	1,598,052	1,633,872	1,724,335	1,807,380
Licenses & Permits	264,301	225,598	316,974	296,253	321,129	343,360	356,642	391,722	418,859	566,574
Fines, Forfeits, & Penalties	273,839	301,293	289,378	281,082	298,346	318,649	263,269	228,259	190,952	234,898
Charges for Services	948,683	915,052	1,005,722	933,452	392,528	447,600	430,612	462,718	461,167	402,427
Public Improvement Revenues	40,495	30,598	30,367	26,271	30,213	20,879	22,257	27,403	23,803	35,916
Interdepartmental charges for Services	269,481	268,170	286,669	246,657	421,298	163,675	158,507	150,976	132,697	185,704
Intergovernmental charges for Services	206,483	184,870	138,163	147,848	272,494	436,651	519,406	471,568	464,793	291,341
Commercial Revenues	989,715	900,073	755,518	503,229	302,152	1,296,365	348,618	695,436	896,673	640,312
Miscellaneous Revenues	-	-	-	-	-	-	-	-	-	-
Total Revenues	11,730,276	11,340,280	11,556,168	12,204,366	11,264,123	12,142,168	11,335,993	12,183,908	12,554,104	12,866,444
Expenditures										
Current										
General Government	1,220,588	1,291,110	1,181,198	1,141,453	1,477,781	1,352,105	1,245,905	1,304,354	1,289,577	1,312,184
Public Safety	4,265,581	4,419,383	4,760,505	5,093,769	4,819,929	4,927,090	5,282,256	5,043,607	5,360,445	5,689,106
Public Works	828,013	916,177	988,800	964,254	1,469,585	1,522,897	1,537,451	1,639,818	1,799,267	2,175,827
Health & Human Services	1,767,554	1,767,871	1,759,385	1,711,124	637,428	571,586	573,869	597,059	676,855	700,576
Culture, Recreation & Education	868,016	908,399	929,385	965,890	1,040,569	980,110	974,980	914,264	975,769	1,005,877
Conservation & Development	-	-	-	-	28,746	33,002	14,589	-	75,037	5,250,100
Other	154,118	112,427	113,177	81,616	-	-	-	-	-	-
Capital Outlay	3,669,819	949,956	1,836,623	826,658	1,619,623	2,516,473	1,437,273	4,964,572	1,861,175	1,173,198
Debt Service										
Principal	993,322	607,964	686,962	834,738	850,926	917,028	728,876	755,529	938,034	2,494,258
Interest & Fiscal Charges	413,871	462,558	461,633	499,084	498,935	514,473	322,575	353,132	726,209	847,924
Total Expenditures	14,180,882	11,435,845	12,717,668	12,118,586	12,443,522	13,334,764	12,117,774	15,572,335	13,702,368	20,649,050
Excess of Revenues Over/(Under) Expenditures	(2,450,606)	(95,565)	(1,161,500)	85,780	(1,179,399)	(1,192,596)	(781,781)	(3,388,427)	(1,148,264)	(7,782,606)
Other Financing Sources/(Uses)										
Transfers In	245,544	136,179	258,770	427,413	669,072	797,350	565,949	463,866	752,206	1,366,041
Transfers Out	(245,544)	(136,179)	(258,770)	(427,413)	(491,736)	(624,126)	(436,438)	(293,830)	(573,548)	(1,165,475)
Debt										
General obligation debt issued	3,455,000	550,000	2,610,000	-	824,408	3,385,000	-	7,573,961	3,355,000	690,000
Premium on debt issued	-	-	-	-	-	36,415	-	-	6,392	-
Refunded general Obligation Debt	-	-	-	-	-	(1,720,000)	-	-	-	-
Proceeds from Capital Lease	86,150	-	-	-	-	-	-	-	-	-
Other Sources	-	-	-	-	-	-	-	-	-	-
Payment of Unfunded pension liability	-	-	-	-	(824,408)	-	-	-	-	-
Sale of Capital Assets	141,388	136,723	179,150	1,138,375	41,187	7,055	29,677	26,289	37,050	13,509
Total Other Financing Sources/(Uses)	3,682,538	686,723	2,789,150	1,138,375	218,523	1,881,694	159,188	7,770,286	3,577,100	904,075
Net Change in Fund Balances	1,231,932	591,158	1,627,650	1,224,155	(960,876)	689,098	(622,593)	4,381,859	2,428,836	(6,878,531)
Debt Service as a percentage of noncapital expe	13.39%	10.21%	10.56%	11.81%	12.47%	13.23%	9.84%	10.45%	14.05%	17.16%

(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
1999	416,297,300	227,104,300	19,959,500	-	42,989,134	706,350,234	8.10	775,976,300	91.03%
2000	416,743,400	229,444,700	20,436,200	-	42,367,148	708,991,448	8.25	795,002,801	89.18%
2001	420,403,250	239,340,700	21,561,100	-	36,272,100	717,577,150	9.06	821,392,800	87.36%
2002	421,888,350	241,438,600	21,305,200	-	42,702,115	727,334,265	8.90	864,832,900	84.10%
2003	424,570,650	241,420,000	20,504,500	-	35,120,444	721,615,594	8.94	893,424,600	80.77%
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	7.47	1,144,172,900	97.39%

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 & 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		Equipment Repl	Other Special Rev Funds	Debt Library	Debt Service	TID Incr	Total Direct	Brown Deer	Milwaukee		County Tax Credit	Milwaukee		State of Wisconsin	
Deer	Capital Improv	School District	Area Technical College							Milwaukee County	Metro Sewage Distr						
1999	2000	6.19	0.31	0.07	-	0.43	1.10	-	8.10	15.02	2.24	7.68	(1.62)	1.87	0.22	(3.05)	30.46
2000	2001	5.97	0.58	0.17	-	0.43	1.10	-	8.25	15.37	2.27	7.85	(1.66)	1.90	0.22	(2.83)	31.37
2001	2002	6.17	0.38	0.35	0.10	0.43	1.16	0.47	9.06	14.86	2.32	7.73	(1.49)	1.95	0.23	(2.59)	32.07
2002	2003	6.60	0.12	0.32	0.10	0.42	1.34	-	8.90	13.69	2.39	7.61	(1.56)	2.02	0.24	(2.29)	31.00
2003	2004	6.83	0.09	0.33	0.09	0.42	1.18	-	8.94	14.68	2.45	7.51	(1.59)	1.97	0.25	(2.18)	32.03
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	6.11	0.21	0.09	0.06	0.35	0.65	-	7.47	11.69	1.83	3.95	-	1.29	0.17	(1.95)	24.46

Source: Village of Brown Deer Budget Book

*Note: County Tax Credit included in County Tax Rate starting in Tax Year 2004.

Village of Brown Deer

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

Taxpayer	Type of Business	2008			1999		
		Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Brown Deer Center LLC	Property Mgmt	26,465,900	1	2.38%	35,900,000	1	5.08%
Deer Run Apartments	Property Mgmt	15,846,700	2	1.42%	13,000,000	4	1.84%
Metavante Corporation	Data Processing	15,555,400	3	1.40%	28,925,600	2	4.10%
Brown Deer WI LLC	Property Mgmt	14,494,400	4	1.30%	13,330,000	3	1.89%
North Pointe Apartments Ltd.	Rental Property	11,610,400	5	1.04%	9,500,000	6	1.34%
Lowe's Home Center	Retail	11,278,500	6	1.01%	-	-	0.00%
River Place Apartments LLC	Property Mgmt	9,000,000	7	0.81%	8,000,000	10	1.13%
Mutual Savings Bank	Savings Bank	8,102,900	8	0.73%	8,276,100	9	1.17%
Brook Lane Apartments	Property Mgmt	7,949,700	9	0.71%	8,900,000	8	1.26%
WITI TV 6	Television Station	7,920,300	10	0.71%	11,453,600	5	1.62%
Sheraton Hotel	Hotel	-		0.00%	9,120,100	7	1.29%
Total		128,224,200		11.51%	146,405,400		20.73%

(a) Based on total Assessed Value
 1999 706,350,234
 2008 1,114,293,500

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

Village of Brown Deer

Property Tax Levies & 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
1999	2000	5,901,493	5,868,824	99.45%		5,868,824	99.45%
2000	2001	6,043,087	5,943,296	98.35%		5,943,296	98.35%
2001	2002	6,550,883	6,538,652	99.81%		6,538,652	99.81%
2002	2003	6,472,365	6,462,775	99.85%		6,462,775	99.85%
2003	2004	6,446,234	6,382,474	99.01%		6,382,474	99.01%
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%	-	8,083,546	99.70%
2008	2009	8,325,311	*	0.00%	*	*	0.00%

* Note : Data for the 2009 Collection Year is not yet available.

Village of Brown Deer

Ratios of General Bonded Debt Outstanding
Last ten years
Table 9

Fiscal Year	Total General Bonded Debt	Reserved Funds for Debt Service	Net General Bonded Debt	Total Taxable Equalized Value	Ratio of General Bonded Debt to Equalized Property Value	Population	Net General Bonded Debt Per Capita
1999	7,699,675	1,951	7,697,724	775,976,300	0.99%	12,294	626.14
2000	7,159,175	1,951	7,157,224	795,002,801	0.90%	12,170	588.10
2001	9,681,500	30,038	9,651,462	821,392,800	1.18%	12,151	794.29
2002	8,931,425	43,473	8,887,952	864,832,900	1.03%	12,118	733.45
2003	9,023,057	49,183	8,973,874	893,424,600	1.00%	12,044	745.09
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

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 <u>Bonds/Notes</u>	Anticipation <u>Notes</u>	Notes Payable to Other <u>Municipalities</u>	Tax Increment Project Revenue <u>Bonds Payable</u>	General Obligation <u>Bonds/Notes</u>				
1999	7,000,000	-	-	1,095,000	699,675		8,794,675	0.26%	715.36
2000	6,491,600	-	-	1,595,000	667,575		8,754,175	0.25%	719.32
2001	9,056,600	-	-	985,000	624,900		10,666,500	0.24%	877.83
2002	8,360,000	-	943,823	865,000	571,425		10,740,248	0.22%	886.31
2003	8,484,356	-	1,411,794	730,000	538,701		11,164,851	0.21%	927.01
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	*	1,698.35

Source: Wisconsin Departments of Revenue and Administration

* Note : Data for 2008 Personal Income is not yet available.

Village of Brown Deer

Legal Debt Margin Information
Last ten years
Table 11

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Equalized Value of Real and Personal Property	775,976,300	795,002,801	821,392,800	864,832,900	893,424,600	953,396,417	977,818,400	1,075,292,200	1,138,992,600	1,144,172,900
General Obligation Debt Limit Five (5) Percent of Equalized Valuation per Section 67.03 of the Wisconsin Statutes	38,798,815	39,750,140	41,069,640	43,241,645	44,671,230	47,669,821	48,890,920	53,764,610	56,949,630	57,208,645
Amount of Debt Applicable to Debt Limitation:										
General Obligation Bonds/Notes	7,699,675	7,159,175	9,681,500	8,931,425	9,023,057	9,843,875	8,928,780	17,576,597	19,820,280	18,815,943
Less: Amount Available for Financing GO Debt	1,951	1,951	30,038	43,473	49,183	-	94,487	124,438	36,320	21,793
Net O/S GO Debt Applicable to Debt Limitation	7,697,724	7,157,224	9,651,462	8,887,952	8,973,874	9,843,875	8,834,293	17,452,159	19,783,960	18,794,150
Legal margin for New Debt	31,101,091	32,592,916	31,418,178	34,353,693	35,697,356	37,825,946	40,056,627	36,312,451	37,165,670	38,414,495
Total net debt applicable to the limit as a percentage of debt limit	19.84%	18.01%	23.50%	20.55%	20.09%	20.65%	18.07%	32.46%	34.74%	32.85%

Village of Brown Deer

Computation of Direct, Overlapping, and Underlying Debt
 As of December 31, 2008
 Table 12

Governmental Unit	General Obligation Bonded Debt Outstanding	Percentage Applicable to Village	Amount Applicable to Village
Village	18,815,943	100%	18,815,943
Milwaukee Area Technical College	41,875,000	1.32%	552,750
Milwaukee County	404,836,683	1.60%	6,477,387
Brown Deer School District	8,947,314	94%	8,447,159
Milwaukee Metropolitan Sewage District	741,135,989	1.64%	12,154,630
Total Overlapping	<u>1,196,794,986</u>		<u>27,631,926</u>
Total Direct and Overlapping Debt	<u><u>1,215,610,929</u></u>		<u><u>46,447,869</u></u>

Village of Brown Deer

Demographic & 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
1999	12,294	269,619,714	21,931	17,400	19,657	3.80%	3.10%
2000	12,170	271,950,820	22,346	18,067	20,503	4.30%	3.40%
2001	12,151	263,567,341	21,691	18,083	20,091	5.40%	4.40%
2002	12,118	256,307,818	21,151	17,492	19,809	6.60%	5.30%
2003	12,044	262,005,176	21,754	17,900	20,606	7.10%	5.60%
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	*	*	*	*	6.50%	5.80%

Source: Wisconsin Departments of Revenue, Administration & Workforce Development

*Data not yet available for 2008

Village of Brown Deer

Principal Employers
Current year
Table 14

Employer	Type of Business	2006			2008		
		Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
M&I Corporation/Metavante *	Data Processing	1,125	1	0.26%	1,125	1	0.26%
Signicast	Manufacturer of Ferrous investment ca	-	-	0.00%	644	2	0.15%
Guaranty Bank *	Savings Institutions	578	2	0.13%	580	3	0.13%
Badger Meter	Water Meter Manufacturing	483	3	0.11%	530	4	0.12%
MILSCO Manufacturing	Manufacturer of Office Chairs	-	-	0.00%	495	5	0.11%
M&I Support Services Corp *	Commercial Banking	-	-	0.00%	375	6	0.09%
YMCA (Young Men's Christian Association) *	Civil & Social Organizations	175	5	0.04%	340	7	0.08%
Rite Hite Corporation(Hdqtrs)	Manufacturers of mechanical & hydrau	-	-	0.00%	334	8	0.08%
Brown Deer Public Schools	Elementary & Secondary Schools	119	11	0.03%	222	9	0.05%
New World Communications/TV 6	Television Broadcasting	210	4	0.05%	210	10	0.05%
U Line Corp *	Household Refrigerator Manufacturing	175	6	0.04%	175	11	0.04%
Pick 'n Save *	Supermarkets	175	7	0.04%	175	12	0.04%
GB Home Equity *	Sales Financing	175	9	0.04%	175	13	0.04%
Kohl's *	Department Store	175	10	0.04%	175	14	0.04%
Lowe's Home Centers *	Retail Home Center	-	-	0.00%	175	15	0.04%
Sheraton Milwaukee North *	Hotel	175	8	0.04%	122	16	0.03%
Village of Brown Deer	Government	100	12	0.02%	98	17	0.02%
Total		<u>3,662</u>		<u>0.85%</u>	<u>5,947</u>		<u>1.38%</u>

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

Varioius Statistics
 Last seven years
 Table 15

	2002	2003	2004	Fiscal Year 2005	2006	2007	2008
Village Employees							
General Government							
Village Manager	3	4	3	2	2	3	3
Administration	4	5	5	5	5	5	4
Court	3	2	2	2	2	2	1
Health	10	11	11	11	8	8	7
Library	18	18	22	21	18	16	17
Parks and Recreation	4	6	6	5	4	4	4
Water Utility	4	5	5	5	3	3	3
Public Works	12	13	14	15	13	13	13
Public Safety							
Police	38	37	39	39	38	38	35
Community Services							
Engineering	2	2	2	3	3	3	3
Inspection/Maintenance	6	7	6	6	4	3	3
Total	104	110	115	114	100	98	93
Public Safety							
Police Stations	1	1	1	1	1	1	1
Patrol Vehicles	-	6	6	6	6	6	6
Fire Stations	5	5	5	5	5	5	5
Public Works							
Streets (miles)	54	54	54	54	54	54	54
Parks & Recreation							
Number of Parks	3	3	3	3	3	3	3
Acreage of parkland	17	17	17	17	17	17	17
Water Utility							
Miles of Water Main	67	67	67	67	67	68	68
Number of Hydrants	650	650	650	650	663	665	669
Daily Average Consumption (gallons)	1,414,315	1,419,041	1,423,783	1,383,515	1,339,416	1,246,918	1,365,178
Wastewater Utility							
Miles of Sanitary Sewer	51	51	51	51	51	51	51
Miles of Storm Sewer	10	10	10	10	10	10	10

- (a) According to GASB 44, a ten year trend should be shown. Prior to 2002, the municipality did not prepare a CAFR and thus, did not collect this information. We will show what comparative data we have until a 10 year trend is compiled.
- (b) Various departments within the Village provided the information shown above.

Village of Brown Deer

Operating Indicators by Program/Function
Seven Year Trend
Table 16

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Public Safety							
Police							
Physical Arrests		1,021	1,142	1,105	850	984	850
Parking Violations		1,379	1,197	1,089	1,172	1,441	1,158
Traffic Violations		3,554	3,456	2,725	1,812	2,526	1,863
General Government							
Building Permits Issued	279	254	276	263	281	293	309
Library							
Patron Count	8,800	8,885	8,130	6,966	7,300	7,559	6,833
Items Borrowed	325,287	328,452	322,508	293,181	265,246	240,995	250,126
Park and Recreation							
Recreation Programs	81	81	84	82	83	86	122
Recreation Attendance	3,398	3,433	2,770	2,770	2,737	2,513	2,933
Pond Attendance	8,954	-	6,016	10,193	9,590	8,018	7,238
Water Utility							
Number of Customers	3,731	3,745	3,759	3,782	3,792	3,795	3,679
Gallons Sold (millions)	516,225	517,950	485,396	504,983	488,879	455,125	455,405
Public Fire Protection Service	-	3,476	3,484	3,509	3,495	3,531	3,544
Northshore Health Department							
*Statistics given are for Village of Brown Deer Only							
Blood Pressure Screenings	531	503	619	537	351	467	357
Immunizations	1,184	1,049	928	212	661	569	819
Restaurant Inspections	110	108	87	114	-	109	81

- (a) According to GASB 44, a ten year trend should be shown. Prior to 2002, the municipality did not prepare a CAFR and thus, did not collect this information. We will show what comparative data we have until a 10 year trend is compiled.
- (b) Various Village departments provided the information shown above.