

VILLAGE OF
BROWN DEER



*Milwaukee County, Wisconsin
Comprehensive Annual Financial Report
As of and For the Year Ended
December 31, 2011*

VILLAGE OF BROWN DEER

Brown Deer, Wisconsin

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Including Independent Auditors' Report

As of and for the Year Ended
December 31, 2011

Prepared By
The Office of the Treasurer/Comptroller

Treasurer/Comptroller
Accountant
Village Manager

Bridget M. Souffrant
Nicole Theys
Russell Van Gompel

VILLAGE OF BROWN DEER

TABLE OF CONTENTS As of and for the Year Ended December 31, 2011

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 Revenues, 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

VILLAGE OF BROWN DEER

TABLE OF CONTENTS As of and for the Year Ended December 31, 2011

Notes to Financial Statements	38 – 72
-------------------------------	---------

REQUIRED SUPPLEMENTARY INFORMATION

	<u>Page</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	73
Schedule of Funding Progress of Net OPEB Liability	74
Notes to Required Supplementary Information	75

SUPPLEMENTARY INFORMATION

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

VILLAGE OF BROWN DEER

TABLE OF CONTENTS As of and for the Year Ended December 31, 2011

	<u>Table</u>	<u>Page</u>
Net Assets by Component	1	85
Changes in Net Assets	2	86
Fund Balances of Governmental Funds	3	87
Changes in Fund Balances of Governmental Funds	4	88
Assessed Value and Actual Value of Taxable Property	5	89
Property Tax Rates of Direct and Overlapping Governments	6	90
Principal Property Taxpayers	7	91
Property Tax Levies and Collections	8	92
Ratios of General Bonded Debt Outstanding	9	93
Ratios of Outstanding Debt By Type	10	94
Legal Debt Margin Information	11	95
Direct and Overlapping Governmental Activities Debt	12	96
Demographic and Economic Statistics	13	97
Principal Employers	14	98
Various Statistics	15	99
Operating Indicators By Program/Function	16	100

INTRODUCTORY SECTION

This page intentionally blank.



June 6, 2012

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, 2011, 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 Baker Tilly Virchow Krause, 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, 2011, 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, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

COMMUNITY PROFILE

The Village of Brown Deer encompasses an area of 4.5 square miles in northern Milwaukee County. The Village of Brown Deer is bounded by the Village of River Hills on the east, the City of Mequon on the north and the City of Milwaukee on the south and west. The Milwaukee River and a large county park (Brown Deer Park) form the east boundary of the Village. Given the Village's location, it is considered to be one of the North Shore communities. The Village is bisected by Brown Deer Road (State Highway 100) which is a six-lane thoroughfare connecting other 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 11,999.

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

LOCAL ECONOMY

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

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

The Village’s single-family housing was constructed almost entirely in the period from 1950 to 1980, and can be characterized as being in the middle to upper-middle price range in the Milwaukee area market. The Village also has a substantial number of multifamily housing units, consisting of rental and condominium units, which occupy the same middle to upper-middle market niche. The residential base has continued to grow. In 2011, Milwaukee County had an unemployment rate of 9.00% compared to the State of Wisconsin at 7.50%. The new 2010 census data adjusted the Village’s population to 11,999 and showed an adjusted per capital gross income for the Village of Brown Deer of \$21,115. (Wisconsin Department of Revenue, Administration & Workforce Development).

CURRENT YEAR INITIATIVES

In 2010, the Wisconsin Department of Revenue (DOR) made a change in their process of determining the value of the Tax Incremental Districts (TID). Starting in 2010, the DOR determined the value of the TIDs based upon the annual reporting of the TIDs assessed values by the assessor, which is then adjusted by the municipalities overall level of assessment. This change affected the Village of Brown Deer’s TIDs significantly. In the next few paragraphs, you will be informed of the 2011 increment in each TID and the increase or decrease from 2010.

Tax Incremental Financing District #2, formed in 1995, generated an increment of \$20,126,400 in 2011, an increase of \$8,838,800 from the 2010 increment. The contemplated agreement of 65 units of condominiums on 6 acres of land with Gen Cap Bradley LLC has been modified. On the West side of Sherman boulevard 2 acres of the previously mentioned 6 acres was split and proposed to be 60 apartment units with Jewish Family Services, (JFS). This building called Bradley Crossing will also house JFS offices and a Community Center for the Village to operate. Construction on this project began in late 2011. The remaining 4 acres of land owned by Gen Cap Bradley LLC has a developer agreement in place with conceptual plans, but there are no current plans for further development. On the East side of Sherman boulevard, the Village approved a conceptual plan with Jewish Family Services for Deerwood Crossing, Phase II, which would add an additional 33 units to the existing 66 units already constructed in Phase I.

The Tax Incremental Financing District #3, formed in 2005, includes property along the West Brown Deer Road corridor, bounded by: N. 55th Street to the east, Brown Deer Road to the south, properties abutting West Brown Deer Road to the north, and Park Plaza Court to the west. The district has generated an increment of \$25,720,700 in 2011 which is an increase of \$8,695,200 from 2010. The 4 acres of land along the west side of North 60th Street are slated to be a condominium/town home development. Due to current market conditions there was no activity in 2011. Unfortunately, in October 2011, the Village received notice that Lowe’s Home Improvement closed the Brown Deer location. While having the store vacant is a loss to the community, the Village is fully covered through the existing development agreement for all future debt payments and taxes through the life of the agreement.

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 has generated an increment of \$6,463,500 through 2011, which is a decrease of \$1,759,300 from 2010. During 2011, the Village continued with its plans to reconstruct the streetscape within the Original Village District, but ran into difficulties with right of way acquisitions, and are currently working to settle the issue with the intent to finish the project in 2012 or 2013.

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.

In 2012, the Village issued a Village magazine called, *Our Brown Deer Magazine* to replace the newsletter. *Our Brown Deer Magazine* has more human interest pieces and partnerships with the School District. The Village continues to promote the community and all it has to offer by utilizing marketing brochures and the Our Brown Deer website www.ourbrowndeer.com which is a social media website used to inform and connect the residents.

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

Outside of the Tax Increment Districts, the Village issued building permits mainly for compliance repairs or remodeling, there was one new single family dwelling built in 2011. The Village worked with two businesses looking to expand in Brown Deer, H.H. Gregg and the Tile Shop to fill the vacant Marshall's location in the Market Place Shopping Center.

FINANCIAL POLICIES

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

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

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

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

effort to maintain the levy at a proportionate even level for tax rate stabilization, the Village is currently at 9.55%.

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Brown Deer for its comprehensive annual financial report for the fiscal year ended December 31, 2010. This was the twelfth 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 Baker Tilly Virchow Krause, LLP, audit management team, for their dedication and expertise, which contributed significantly to the report quality and adherence to professional accounting standards.

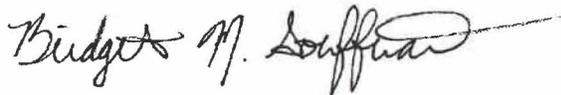
The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the administrative services, police, public works and community services departments.

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

Respectfully submitted,



Russell Van Gompel
Village Manager



Bridget M. Souffrant
Treasurer / Comptroller

This page intentionally blank.

VILLAGE OF BROWN DEER

DIRECTORY OF OFFICIALS December 31, 2011

Elected Officials

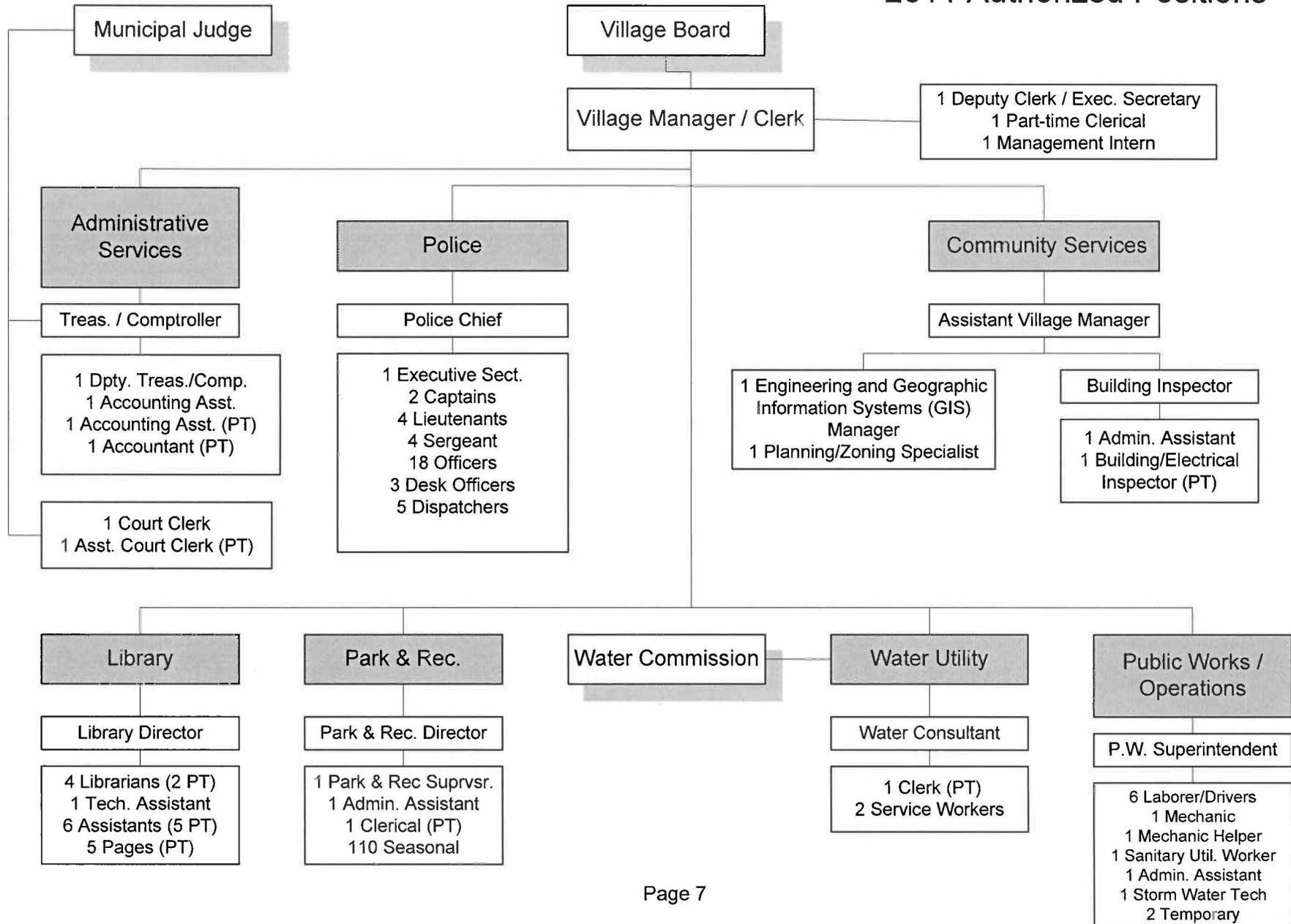
<u>Name</u>	<u>Title</u>	<u>Term</u>
Carl Krueger	Village President	April, 2013
Jeff Baker	Village Trustee	April, 2013
Terry Boschert	Village Trustee	April, 2014
Bob Oates	Village Trustee	April, 2015
Tim Schilz	Village Trustee	April, 2015
Gary Springman	Village Trustee	April, 2013
Andrea J. Weddle-Henning	Village Trustee	April, 2014
David M. Victor	Municipal Judge	April, 2013

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
Jamie Berg	Director of Public Health	Appointed
Mike Rau	Water Consultant	Contract
Joseph Rice	Library Director	Appointed
Steven Rinzel	Chief of Police	Appointed
Nathan Piotrowski	Community Development Director	Appointed
Bridget Souffrant	Treasurer / Comptroller	Appointed

Village of Brown Deer Organization Chart

2011 Authorized 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, 2010

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.



Linda C. Davidson

President

Jeffrey R. Enos

Executive Director

This page intentionally blank.

FINANCIAL SECTION

This page intentionally blank.

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, 2011, 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 previously 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, 2011, 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.

As described in Note I.B, the village adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective January 1, 2011.

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

Village Board
Village of Brown Deer

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

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 "Introductory Section" 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Robert Kelly Verneau Krause, LLP

Milwaukee, Wisconsin
June 6, 2012



MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and For the Year Ended December 31, 2011
(unaudited)

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, 2011. 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 and infrastructure, in assessing the overall health of our Village.

- The assets of the Village of Brown Deer exceeded its liabilities as of December 31, 2011, by \$14,261,052 (*net assets*). The Village reported deficit unrestricted governmental activities net assets of (\$8,571,699) and unrestricted business-type activities net assets of \$2,206,903. During the current year, the Village's net assets decreased by (\$53,429).
- As of December 31, 2011, the Village of Brown Deer's governmental funds reported combined ending fund balances of \$8,895,577, a decrease of \$935,080 in comparison with the prior year. At the end of 2011, there is \$2,226,114 *available for spending* at the government's discretion (*unassigned fund balance*.)
- As of December 31, 2011, the unassigned fund balance for the general fund was \$2,607,990 or 27% of total general fund expenditures.
- The Village of Brown Deer's total general obligation debt increased by \$251,524 during 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

VILLAGE OF BROWN DEER

Management's Discussion and Analysis
As of and For the Year Ended December 31, 2011
(unaudited)

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.

Both government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Brown Deer include general government, public safety, public works, health and human services, culture, recreation and education, and conservation and development. The business-type activities of the Village of Brown Deer include the water utility, storm water utility and the sanitary sewer utility.

STATEMENT OF NET 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	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 20,264,005	\$ 20,543,259	\$ 4,012,426	\$ 3,448,247	\$ 24,276,431	\$ 23,991,506
Capital assets	<u>11,526,599</u>	<u>11,279,494</u>	<u>16,295,023</u>	<u>16,099,339</u>	<u>27,821,622</u>	<u>27,378,833</u>
Total assets	31,790,604	31,822,753	20,307,449	19,547,586	52,098,053	51,370,339
Long-term debt outstanding	21,411,562	21,410,748	4,729,610	4,415,441	26,141,172	25,826,189
Other liabilities	<u>11,070,412</u>	<u>10,592,268</u>	<u>625,418</u>	<u>637,396</u>	<u>11,695,830</u>	<u>11,229,664</u>
Total liabilities	32,481,974	32,003,016	5,355,028	5,052,837	37,837,002	37,055,853
Net assets:						
Invested in capital assets, net of debt	7,745,484	7,151,972	12,438,719	12,202,860	20,184,203	19,354,832
Restricted	134,846	136,004	306,799	285,153	441,645	421,157
Unrestricted (deficit)	<u>(8,571,699)</u>	<u>(7,468,247)</u>	<u>2,206,903</u>	<u>2,006,739</u>	<u>(6,364,796)</u>	<u>(5,461,508)</u>
Total net assets	<u>\$ (691,369)</u>	<u>\$ (180,271)</u>	<u>\$ 14,952,421</u>	<u>\$ 14,494,752</u>	<u>\$ 14,261,052</u>	<u>\$ 14,314,481</u>

VILLAGE OF BROWN DEER

Management's Discussion and Analysis
As of and For the Year Ended December 31, 2011
(unaudited)

Governmental Activities

Current and other assets for governmental activities primarily represent cash, investments, taxes receivable and land held for resale. Current and other assets decreased in 2011 by (\$279,254), this is a result of the Village selling two remaining properties in TID 2 that were held for resale. The Village also purchased a different property in TID 4 that is shown currently as land held for resale.

Long-term debt outstanding remained balanced with the increase in new debt offset by savings in a refunding. Other liabilities represent accounts payable, accrued payroll liabilities, deposits and deferred revenues.

Capital assets are used to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village of Brown Deer's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The Village annually levies a tax in order to pay that year's installment of principal and interest on most long term debt.

A portion of the Village of Brown Deer's net assets represent resources that are subject to external restrictions on how they may be used. Restricted net assets consist of amounts restricted for library and police asset forfeiture purposes. The Village has three TIF districts one established in 1995 and the other two in 2005. TIF district financing is a tool used by municipalities to assist in funding economic development. Economic development by nature is a long-term process and often times, early in the life of a TIF district the only resources available are in the form of debt proceeds. 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 further decrease in unrestricted net assets of \$1,103,452 was due to having more invested in capital assets at the end of 2011. When unrestricted resources are added, the Village's Invested in Capital Assets Net of Related Debt decreases and resources remaining for unrestricted net assets then increase.

Business-type Activities

Business-type activities Current and Other Assets consist of cash, investments and receivables. Current and Other Assets increased by \$564,179 in the current year. This increase was due to the increase in account receivables for the utilities. The total capital assets in 2011 increased by \$195,684 due to the addition of equipment and capital improvements, mainly relating to the water main replacements, sewer infrastructure, and the storm water ditch rehabilitation project.

Long term liabilities increased overall by approximately \$314,169. The scheduled debt payments decreased the debt by (\$504,259), however new General Obligation Corporate Purpose Bonds were issued for the Water Utility (\$610,000) and sanitary sewer utility of (\$190,000). Other Liabilities for Governmental and Business-type Activities include accounts payable, accrued interest payable, special deposits and unearned revenue. Other Liabilities decreased by \$11,978.

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 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
As of and For the Year Ended December 31, 2011
(unaudited)

The table below summarizes the statement of activities for 2010 and 2011. 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	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for Services	\$ 1,753,090	\$ 1,529,195	\$ 3,781,958	\$ 3,600,198	\$ 5,535,048	\$ 5,129,393
Operating grants and contributions	686,607	759,543	-	-	686,607	759,543
Capital grants and contributions	181,220	39,700	227,012	6,840	408,232	46,540
General revenues:						
Property taxes	8,788,024	8,764,225	-	-	8,788,024	8,764,225
Other taxes	492,759	476,934	-	-	492,759	476,934
Other general revenues	1,365,284	1,167,769	45,659	67,164	1,410,943	1,234,933
Total revenues	13,266,984	12,737,366	4,054,629	3,674,202	17,321,613	16,411,568
Expenses						
General government	1,344,051	1,294,235	-	-	1,344,051	1,294,235
Public Safety	6,440,420	5,871,990	-	-	6,440,420	5,871,990
Public Works	2,738,878	2,396,016	-	-	2,738,878	2,396,016
Health and Human Services	592,289	567,554	-	-	592,289	567,554
Culture, recreation and education	1,180,413	1,222,130	-	-	1,180,413	1,222,130
Conservation and development	836,638	926,179	-	-	836,638	926,179
Interest and fiscal charges	900,832	898,923	-	-	900,832	898,923
Water	-	-	1,373,831	1,257,481	1,373,831	1,257,481
Storm Water	-	-	544,299	516,569	544,299	516,569
Sanitary Sewer	-	-	1,423,391	1,480,800	1,423,391	1,480,800
Total expenses	14,033,521	13,177,027	3,341,521	3,254,850	17,375,042	16,431,877
Increase (decrease) in net assets						
before transfers	(766,537)	(439,661)	713,108	419,352	(53,429)	(20,309)
Transfers	255,439	239,727	(255,439)	(239,727)	-	-
Changes in net assets	(511,098)	(199,934)	457,669	179,625	(53,429)	(20,309)
Net assets - Beginning of year	(180,271)	19,663	14,494,752	14,315,127	14,314,481	14,334,790
Net assets - End of year	\$ (691,369)	\$ (180,271)	\$ 14,952,421	\$ 14,494,752	\$ 14,261,052	\$ 14,314,481

Significant Changes in Governmental Activities

Governmental activities decreased the Village of Brown Deer's net assets by (\$511,098), while the Business-type activities increased net assets by \$457,669. The change in net assets for governmental activities decreased significantly from 2010 to 2011 due primarily to increased expenditures in public safety and public works. Both Departments had increases in revenues, which offset some of the expenditures; however the Health Department charges for services revenue source increased the most, approximately \$170,000. The change in net assets for Business-type activities increased significantly between 2010 and 2011 primarily due to a capital contribution from TIF 4 to the sewer utility for work completed in the Original Village. Other individual increases to revenues and decreases to expenses are described below.

VILLAGE OF BROWN DEER

Management's Discussion and Analysis
As of and For the Year Ended December 31, 2011
(unaudited)

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 2010 and 2011.

	Governmental Activities			
	2011	2010	Change	% Chg
Revenues				
Program revenues:				
Charges for services	\$ 1,753,090	\$ 1,529,195	\$ 223,895	14.64%
Operating grants and contributions	686,607	759,543	(72,936)	-9.60%
Capital grants and contributions	181,220	39,700	141,520	356.47%
General revenues:				
Property taxes	8,788,024	8,764,225	23,799	0.27%
Other taxes	492,759	476,934	15,825	3.32%
Other general revenues	1,365,284	1,167,769	197,515	16.91%
Total revenues	<u>\$ 13,266,984</u>	<u>\$ 12,737,366</u>	<u>\$ 529,618</u>	<u>4.16%</u>

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 \$223,895 from 2010. This increase can be accounted for in the following areas and amounts: a reclassification of health and human services expense to the General Government section, \$135,000; compliance certificates, \$5,000; cable franchise fees, \$10,000; building permits, \$20,000; recycling charges, \$12,000; and sale of recycling materials, \$20,000.

Operating grants and contributions declined from 2010 to 2011 by (\$72,936). There was a decrease in the State of Wisconsin Health related grants of approximately (\$60,000). In addition, there was a decrease in the recycling grant from the State by (\$24,000).

Capital grants and contributions increased by \$141,520 from 2010. In 2011, the Village was awarded a Community Development Block Grant (CDBG), a capital grant for our bus stop, shelters, and bus pads project. The Village also received a rebate on our 2010 Build America Bond debt issuance totaling approximately \$125,000.

Other general revenues increased \$197,515 from 2010. The most significant reason was the increase in funding at the State level for the Exempt Computer aid, increasing by \$175,000.

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 2011, property taxes levied for all purposes other than the TIF decreased (\$60,786) or (0.21%). However due to the adjustments

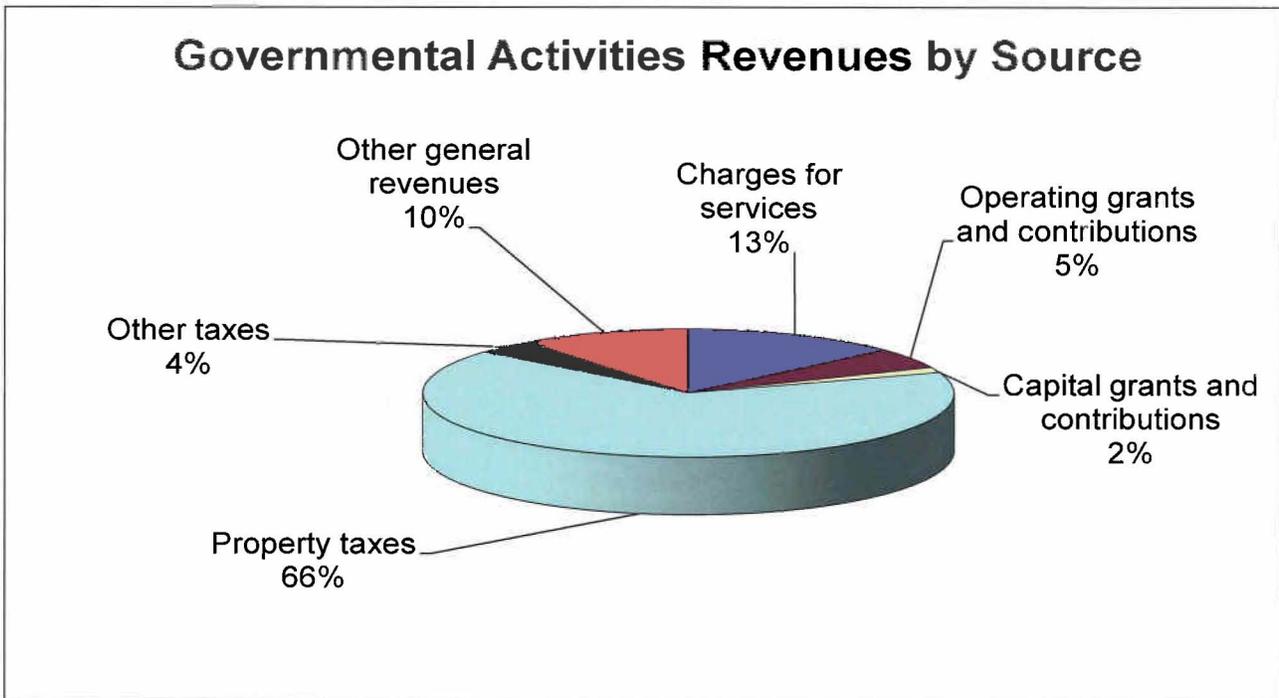
VILLAGE OF BROWN DEER

Management's Discussion and Analysis
As of and For the Year Ended December 31, 2011
(unaudited)

made by the State in the method of determining the assessed value for the TIF districts, the TIF values increased, property taxes levied for TIF purposes increased by \$517,926 or 51% from 2010.

Other Taxes consists of the hotel room tax, the Village expected that the hotel tax would still be significantly affected by the slow economy, but it managed to increase by \$15,825 in 2011. Other General Revenues primarily consist of general state aids and investment income. During 2011, the Village received \$172,000 more compared to 2010 in exempt computer aid from the State and recognized an unexpected insurance dividend of roughly \$20,000.

As identified above and on the chart below, property taxes are the largest revenue source for the Village's Governmental Activities category accounting for 66% of total revenues. Like most Wisconsin municipalities, the Village does not charge a local sales or income tax. The percentage composition of revenues has remained stable for the last several years.



Governmental Activities - Expenses

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

VILLAGE OF BROWN DEER

Management's Discussion and Analysis As of and For the Year Ended December 31, 2011 (unaudited)

development of the Village's tax base. The table below compares 2010 and 2011 expenditures; the reasons for significant changes are addressed following the table.

Expenses	2011	2010	Change	% Chg
General government	\$ 1,344,051	\$ 1,294,235	\$ 49,816	3.85%
Public safety	6,440,420	5,871,990	568,430	9.68%
Public works	2,738,878	2,396,016	342,862	14.31%
Health and human services	592,289	567,554	24,735	4.36%
Culture, recreation and education	1,180,413	1,222,130	(41,717)	-3.41%
Conservation and development	836,638	926,179	(89,541)	-9.67%
Interest and fiscal charges	900,832	898,923	1,909	0.21%
Total expenses	<u>\$ 14,033,521</u>	<u>\$ 13,177,027</u>	<u>\$ 856,494</u>	<u>6.50%</u>

General government expenditures increased \$49,816 compared to 2010. This can be attributed to the increase in elections resulting in additional supplies and staff time, staff retirements, increased printing costs and communications.

In 2011, Public safety increased expenditures over 2010 by \$568,430 due to the fire dues payment from the state which is a pass through to the NSFD, increased fuel costs, and staffing levels being higher compared to 2010.

The Public works department increased expenditures in 2011 over 2010 by \$342,862. The salary and benefits for the public works administration increased due to a staff retirement. In addition, in 2010 the Municipal Complex roof repair project was completed. When converting this expense to the Government Wide Statements, it is subtracted out of Public Works expenditures and recorded as an asset. Thus, in 2010, this caused a decrease in recorded Public Works expenditures. In 2011 we had no project of this magnitude resulting in the increased expenditures reported on the Government Wide Statements.

Health and Human Services also increased expenditures by \$24,735 in 2011 due to staff retirements.

Culture, Recreation and Education decreased expenditures in 2011 by (\$41,717) due to an increase in capital asset additions. In 2011, we had the completion of the Village Park Play Structure along with the HVAC Upgrade, which when accounted for in the Government Wide Statements, results in a decrease in expenditures because it is recorded as a fixed asset. In 2010, we also had capital asset additions but not as significant in scope and dollar value as those completed in 2011.

Conservation and Development expenditures decreased by (\$89,541) in 2011. There was development activity in TID 2, no activity in TID 3, and a delay in construction in TID 4 all resulting in the decrease of expenditures compared to 2010.

Interest and fiscal charges increased by \$1,909 in 2011 due to additional interest expense and issuance costs related to the new debt issuance and refunding.

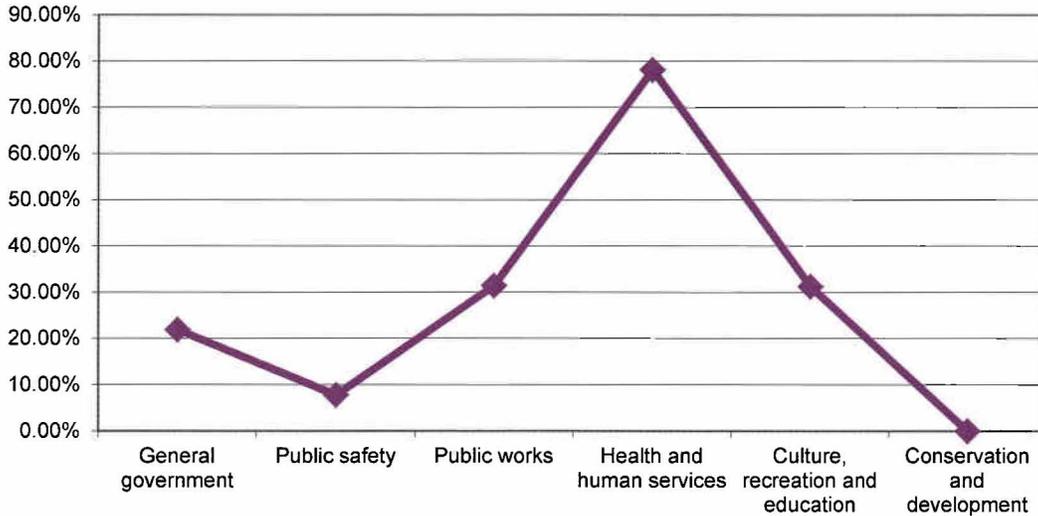
As mentioned within the revenues section, program revenues are revenues intended to pay for a certain activity or function. The graph below illustrates how much of each function's expenses are funded by program revenues. All expenses not funded through program revenues are financed with general revenues, primarily tax levy. In 2011, Health and Human Services was the function that was most funded by program revenues as a result of the grants that the health department diligently applies for and receives and the fact that the Village administers a health department for several other communities all of whom share in the costs of the program. Only the Village's portion of this program is funded by general revenues. The Public Works Department is the second department to most utilize program revenues due

VILLAGE OF BROWN DEER

Management's Discussion and Analysis As of and For the Year Ended December 31, 2011 (unaudited)

to the capital contributions received for projects completed throughout the year and the Park and Recreation Department is a close third due to the donations and program revenues.

Percentages of Expenses funded by Program Revenues



Significant Changes in Business-type Activities

Business-type Activities - Revenues

Unlike the Governmental activities, the Village's Business-type activities are financed primarily by user fees. The Village bills its customers for water, storm and sanitary sewer charges on a quarterly basis. Any utility bills left unpaid as of October 31st are placed on the property owner's tax bill. The table below compares the 2010 to 2011 revenues.

	Business-type Activities			
	2011	2010	Change	% Chg
Revenues				
Program revenues:				
Charges for services	\$ 3,781,958	\$ 3,600,198	\$ 181,760	5.05%
Capital grants and contributions	227,012	6,840	220,172	3218.89%
General revenues:				
Other general revenues	45,659	67,164	(21,505)	-32.02%
Total revenues	\$ 4,054,629	\$ 3,674,202	\$ 380,427	10.35%

The Water Utility and PSC approved a rate increase for 2012; the average between residential and industrial rates is a 7% increase. The sanitary sewer utility adjusts the rates billed each quarter based on the charges received from the Milwaukee Metropolitan Sewerage District (MMSD). MMSD's volumetric rate decreased by (4.07%) in 2012, which is directly passed on to the Village's utility customers. The Storm Water utility rate for 2011 increased to \$8.84 per equivalent runoff unit. Rates for all utilities are reviewed annually and adjusted as necessary.

VILLAGE OF BROWN DEER

Management's Discussion and Analysis
As of and For the Year Ended December 31, 2011
(unaudited)

Capital Grants and Contributions represent assets contributed by developers in the water and sanitary sewer utilities and capital grants received by the storm water utility. The sewer utility received contributed assets in 2011 from TID 4 relating to sewer work completed in the Original Village resulting in the \$220,172 increase over 2010. The Other General Revenues category is interest income.

Business-type Activities - Expenses

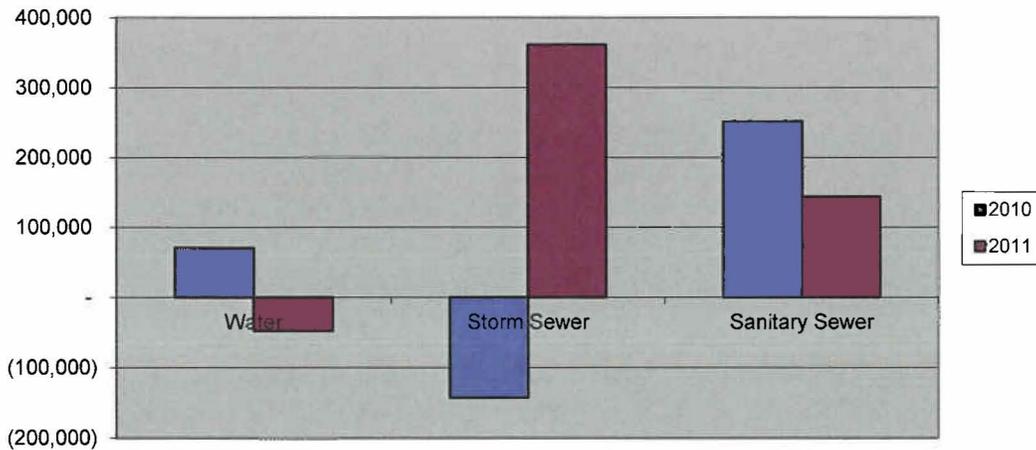
The table below compares the Village's Business-type activities expenses from 2010 to 2011.

Expenses	Business-type Activities			
	2011	2010	Change	% Chg
Water	\$ 1,373,831	\$ 1,257,481	\$ 116,350	9.25%
Storm Water	544,299	516,569	27,730	5.37%
Sanitary Sewer	<u>1,423,391</u>	<u>1,480,800</u>	<u>(57,409)</u>	<u>-3.88%</u>
Total expenses	<u>\$ 3,341,521</u>	<u>\$ 3,254,850</u>	<u>\$ 86,671</u>	<u>2.66%</u>

Expenditures for the Water Utility increased by \$116,350 from 2010 to 2011 due to purchasing more water and an increase in the PILOT payment to the General Fund. The Sanitary Sewer expenses decreased by (3.88%) due to the decrease in the MMSD charges. The Storm Water Utility on the other hand increased its expenditures by \$27,730 in 2011 due to capital expenditures. The Village typically alternates years in terms of focusing capital improvement efforts between sanitary sewer and storm sewer; in 2011, the Village focused on storm water improvements instead of sanitary sewer improvements.

Business-type activities increased the Village of Brown Deer's net assets by \$457,669 in 2011 and \$179,625 in 2010. The change in net assets for the Water utility was comparable between 2010 and 2011, however as discussed prior there was a large shift in expenditures between the Sanitary Sewer utility and the Storm Water utility resulting from capital projects. The graph below shows the net income by utility for each year.

Change in Net Assets 2010 to 2011



Specific reasons for these changes were previously addressed.

VILLAGE OF BROWN DEER

Management's Discussion and Analysis As of and For the Year Ended December 31, 2011 (unaudited)

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The basic governmental fund financial statements can be found on pages 28-30 of this report.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

The focus of *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the Village of Brown Deer's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2011, the governmental funds reported combined ending fund balances of \$8,895,577, a decrease of \$935,080 in comparison with the prior year. Five percent (5%) of the Village's fund balance is considered *nonspendable fund balance*, which are items such as prepaids, contractual commitments, other fund deficits, and non-current receivables. The *restricted fund balance* of fifty nine percent (59%) consists of items legally restricted in relation to debt service, Tax Increment Districts, the Library, police asset forfeitures, and capital construction. The *committed fund balances* are balances that the Village Board by resolution committed for a set purpose. This five percent (5%) is for street lighting purposes, the North Shore Health Department, the Recycling Fund, and Park and Recreation purposes. Six percent (6%) the Village's fund balance is considered *assigned fund balance*, meaning the Village Board authorized the Village Manager and the Treasurer/Comptroller to assign a purpose to certain funds. The six percent is made up of funding for subsequent year's budgets, police purposes (donations), and capital asset acquisition and construction. Twenty five percent (25%) of the Village's fund balance is *unreserved fund balance*, which is available for spending at the government's discretion.

VILLAGE OF BROWN DEER

Management's Discussion and Analysis As of and For the Year Ended December 31, 2011 (unaudited)

The General Fund is the chief operating fund of the Village of Brown Deer. As of December 31, 2011, the total fund balance of the general fund was \$3,079,333 of which \$2,607,990 was unreserved. This unreserved fund balance represents approximately 27% 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 2011.

TIF District No. 2's fund balance decreased due to a change in increment value from the state resulting in lower tax revenue, increased costs for attorney fees and a loss on land held for resale. The 2011 expenditures were supported with a borrowing completed in 2007, creating a decrease in fund balance of (\$808,857).

TIF District No. 3 was created in 2005, but had very little development activity until 2008. During 2011, there was no further development within the TIF. In 2008, the Village offered some development incentives totaling \$2.3 million on the Lowe's and Walgreens projects which caused a deficit in the fund balance. In 2011, the lack of additional development to help increase the increment from taxes resulted in another year with a deficit fund balance of (\$381,245).

TIF District No. 4 was created in 2005, includes property within the Original Village Planned Development District and the North Teutonia Avenue corridor. In 2010, the Village issued debt to fund the Original Village streetscape project, which has been delayed with hopes to start in 2013, thus resulting in the high fund balance of \$3,074,213.

The capital improvement fund decreased the fund balance by (\$84,878) resulting from capital purchases with unspent bond proceeds.

The Village's non-major funds increased the fund balance by \$3,303 and remains comparable to 2010.

GENERAL FUND BUDGETARY HIGHLIGHTS

General fund revenues were over budget by \$383,070 and can be accounted for by the following revenues that exceeded budget expectations:

- General Fund tax revenues came in \$43,500 over budget due to hotel room tax being slightly higher than expected and the Water Utility taxes calculating at a higher rate.
- Intergovernmental revenues were over budget by \$222,428 in large part due to an increase in allocation for computer exemptions from the state.
- Licenses and permits came in over budget by \$33,000 due to building permits from increased development in TID #2 and the cable franchise fees came in over budget due to a conservative budget estimate.
- Miscellaneous revenue came in over budget in 2011 by \$87,000, due to unanticipated insurance dividends.

General Fund expenditures were below the budgeted amount by \$55,070. Every Departmental group within the General Fund was over budget, with the exception of Public Safety. Public safety was under budget by \$221,671 due to savings gained in salaries and benefits as a result of various positions being open and promotions within the department leading to periods of time when positions were vacant. To recap the other Departmental groups, the General government was over budget by \$46,014, resulting from an increase in commitment costs (\$11,000) for the Municipal Court, increased wages and materials for elections (\$29,000), and increased communications costs (\$6,000). The public works department exceeded the budget by \$67,794 due to a staff retirement and increased winter operations from early 2011. The health department exceeded their budget by \$31,952 and the park and recreation department by \$20,841 in 2011 mainly due to staff retirements.

VILLAGE OF BROWN DEER

Management's Discussion and Analysis As of and For the Year Ended December 31, 2011 (unaudited)

There was one budget amendment made in 2011 in the General Fund in response to an increase in the number of elections. The budget amendment resulted in an increase of expenditures by \$6,200. The Village was able to remain eligible for the State of Wisconsin expenditure restraint program regardless of the budget amendment. This program provides state funding to communities that restrict spending growth within their General Fund.

PROPRIETARY FUNDS

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

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

Unrestricted net assets of the water, storm water and sanitary sewer utilities at the end of the year amounted to \$1,239,731; \$693,542; and \$219,630 respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the Village of Brown Deer's business-type activities.

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Village of Brown Deer's own programs. The single Fiduciary fund maintained by the Village is the Tax Collection Fund, which records the tax roll and tax collection for other taxing jurisdictions.

As of January 1, 2011, the Village turned over the responsibility of reporting and maintaining the North Shore Cable Commission Fund, which records the operations for the seven member communities' cable television community access channel to the Village of Shorewood. 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 38-72 of this report. The information provided below on capital assets and long-term debt can also be found within the footnotes to the financial statements.

VILLAGE OF BROWN DEER

Management's Discussion and Analysis
As of and For the Year Ended December 31, 2011
(unaudited)

CAPITAL ASSETS

The Village's capital asset activity for 2010 and 2011 is summarized below and significant additions and deletions are described after the table.

	Governmental Activities		Business-type Activities	
	2011	2010	2011	2010
Land	\$ 1,248,694	\$ 1,248,694	\$ 11,654	\$ 11,654
Construction in progress	450,286	190,709	2,950	1,142
Machinery and equipment	2,637,843	2,521,576	1,252,975	1,201,962
Library collection	1,083,287	1,107,679	-	-
Buildings and improvements	6,811,637	6,682,149	477,886	477,886
Infrastructure	9,677,028	9,517,574	24,326,425	23,800,470
Total capital assets	<u>21,908,775</u>	<u>21,268,381</u>	<u>26,071,890</u>	<u>25,493,114</u>
Less accumulated depreciation	<u>(10,382,176)</u>	<u>(9,988,895)</u>	<u>(9,776,867)</u>	<u>(9,393,772)</u>
Capital assets net of depreciation	<u>\$ 11,526,599</u>	<u>\$ 11,279,486</u>	<u>\$ 16,295,023</u>	<u>\$ 16,099,342</u>

Governmental Activities

- Buildings and improvements increased from 2010 due to the HVAC upgrade at the Library for \$129,000.
- Machinery and equipment increased in 2011 due to the purchase of two DPW plow trucks, three police vehicles, a computer server in the Police Department, the new Village Park play structure, Gates Grants computers at the Library, new Municipal Court computer software, and a new emergency siren.
- Over \$265,000 of infrastructure was added during 2011; \$48,000 was for bus shelters and pads (which were partially funded by a Community Development Block Grant) and the remaining \$216,000 was for road resurfacing.

Business-type Activities

- The water utility added to the Village's infrastructure by replacing water mains in older sections of the Village that had been experiencing significant numbers of main breaks at a cost of \$363,134.
- The storm water utility increased the infrastructure by \$179,000 in 2011.
- The storm water utility replaced the Library Basin Pedestrian Bridge in 2011 for \$22,155.
- The sanitary sewer utility added \$95,000 of infrastructure replacing aging pipe throughout the Village.
- The sewer utility also added 5 flow and rain loggers, \$41,595 and a one ton truck with a stake bed, \$36,115.

Additional information on the Village of Brown Deer's capital assets can be found in Note IV. D. on pages 57 through 59 and also in the supplemental information on page 84.

VILLAGE OF BROWN DEER

Management's Discussion and Analysis
As of and For the Year Ended December 31, 2011
(unaudited)

LONG-TERM DEBT

State statutes limit the amount of general obligation debt that a governmental entity can issue to 5% of its total equalized value. The current debt limitation for the Village of Brown Deer is \$51,907,010, which significantly exceeds the Village of Brown Deer's current outstanding general obligation debt of \$23,807,985. This debt is entirely backed by the full faith and credit of the government. As of December 31, 2011, the Village of Brown Deer's outstanding debt equaled 46% of the state authorized debt.

The table below summarizes the Village's long term debt for 2010 and 2011:

	Governmental Activities		Business-type Activities	
	2011	2010	2011	2010
General obligation bonds and notes	\$18,228,206	\$18,272,423	\$ 4,665,146	\$ 4,369,405
Unamortized premium on bonds	-	-	13,698	11,582
Notes Payable	914,633	983,202	-	-
Compensated absences	716,353	646,050	50,766	34,454
OPEB liability	<u>1,552,370</u>	<u>1,509,073</u>	-	-
Total	<u>\$21,411,562</u>	<u>\$21,410,748</u>	<u>\$ 4,729,610</u>	<u>\$ 4,415,441</u>

In 2011, the Village of Brown Deer issued a \$277,000 State Trust Fund Loan to purchase two plow trucks for the Department of Public Works. The Village also issued a \$625,000 General Obligation Refunding bond, the original bond was used to fund pension liability. The village realized a present value net savings of \$26,000 with the refunding bond. Finally, the Village issued a \$1,430,000 General Obligation Corporate Purpose Bonds for the funding of water system improvements (\$610,000), sewer infrastructure improvements (\$190,000), capital improvements relating to dispatch services (\$630,000).

In 2007, the Village adopted GASB Statement No. 45, which required the Village to record a liability for unfunded future other post employment benefits. This Statement did not require retroactive reporting of this liability. At this time the Village is funding this liability on a pay-as-you-go basis. Actuarial assumptions and further information on this liability can be found in note V D. on pages 68 through 70.

Additional information regarding the Village of Brown Deer's long-term debt can be found in note IV. F. on pages 61 through 63 and also in the statistical section on pages 93 through 96.

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 76-77 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

VILLAGE OF BROWN DEER

Management's Discussion and Analysis As of and For the Year Ended December 31, 2011 (unaudited)

that have been implemented by our legislature in Madison, which may prove to be somewhat difficult in the next few years.

The unemployment rate for Milwaukee County as of December, 2011 was 9.09% compared to 9.6% in December, 2010. This compares with an unemployment rate of 7.5% for the State of Wisconsin and an 8.9% national rate. Rates for the Village specifically are not available. Rates were obtained using the Wisconsin's Worknet website through the Department of Workforce Development, using seasonally adjusted rates, found at <http://worknet.wisconsin.gov/worknet/dalau.aspx?menuselection=da>.

Nationally, many municipalities are dealing with problems related to the continued decline of the real estate market. According to the State of Wisconsin's, Fall, 2011 Economic Outlook report, existing home sales fell 7.0% in 2010 and were down 17% in the first half of 2011. The median home price statewide for the first eight months of 2011 declined 7.7% from the previous year to an average of \$130,900.

The Village's 2011 tax levy was again capped by the State of Wisconsin. The Village's limit for 2011 was 2% plus an adjustment for changes in debt service. The Village levied \$7,762,620, which is a 1.73% increase from the 2010 levy.

Intergovernmental revenues primarily funded by annual State programs, finance approximately 13% of the Village's 2011 General Fund expenditures. The State is currently facing substantial revenue shortfalls due to the declining economy, which in conjunction with the laws passed, will impact the Village's future years' revenue sources.

The Village's 2012 budget for the General Fund includes a decrease of 0.11% in total expenditures due to staff turnover and reorganizing job positions and duties. The 2012 General Fund budget is a balanced budget and qualifies for the expenditure restraint program.

REQUESTS FOR INFORMATION

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

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

This page intentionally blank.

VILLAGE OF BROWN DEER

STATEMENT OF NET ASSETS As of December 31, 2011

	Governmental Activities	Business Type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 6,563,517	\$ 2,964,122	\$ 9,527,639
Temporary investments	2,225,362	-	2,225,362
Receivables (net)			
Taxes	9,667,272	-	9,667,272
Accounts	414,940	546,442	961,382
Due from other governments	436,415	-	436,415
Inventory	-	27,339	27,339
Land held for resale	185,000	-	185,000
Prepaid items	548	-	548
Internal balances	255,439	(255,439)	-
Deferred charges	-	43,672	43,672
Restricted cash and cash equivalents	-	686,290	686,290
Investment in CVMIC	429,675	-	429,675
Capital assets			
Land	1,248,694	11,654	1,260,348
Construction in progress	450,286	2,950	453,236
Other capital assets, net of depreciation	9,827,619	16,280,419	26,108,038
Unamortized debt issuance cost	85,837	-	85,837
Total Assets	<u>31,790,604</u>	<u>20,307,449</u>	<u>52,098,053</u>
LIABILITIES			
Accounts payable and accrued expenses	911,341	532,185	1,443,526
Accrued interest payable	259,102	36,630	295,732
Due to other governments	6,355	-	6,355
Special deposits	32,404	-	32,404
Unearned revenue	9,861,210	56,603	9,917,813
Noncurrent liabilities			
Due within one year	1,279,004	561,526	1,840,530
Due in more than one year	20,132,558	4,168,084	24,300,642
Total Liabilities	<u>32,481,974</u>	<u>5,355,028</u>	<u>37,837,002</u>
NET ASSETS (LIABILITIES)			
Invested in capital assets, net of related debt	7,745,484	12,438,719	19,963,636
Restricted for			
Police Asset Forfeiture purposes	10,401	-	10,401
Library	124,445	-	124,445
Equipment replacement	-	306,799	306,799
Unrestricted (deficit)	(8,571,699)	2,206,903	(6,144,229)
TOTAL NET ASSETS (LIABILITIES)	<u>\$ (691,369)</u>	<u>\$ 14,952,421</u>	<u>\$ 14,261,052</u>

See accompanying notes to the financial statements.

VILLAGE OF BROWN DEER

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Totals
Governmental Activities							
General government	\$ 1,344,051	\$ 235,111	\$ 10,277	\$ 48,637	\$ (1,050,026)	\$ -	\$ (1,050,026)
Public safety	6,440,420	403,111	97,866	-	(5,939,443)	-	(5,939,443)
Public works	2,738,878	375,275	486,498	7,648	(1,869,457)	-	(1,869,457)
Health and human services	592,289	433,146	29,572	-	(129,571)	-	(129,571)
Culture, recreation and education	1,180,413	306,447	62,194	-	(811,772)	-	(811,772)
Conservation and development	836,638	-	200	-	(836,438)	-	(836,438)
Interest and fiscal charges	900,832	-	-	124,935	(775,897)	-	(775,897)
Total Governmental Activities	14,033,521	1,753,090	686,607	181,220	(11,412,604)	-	(11,412,604)
Business-type Activities							
Water Utility	1,373,831	1,573,212	-	-	-	199,381	199,381
Sewer Utility	1,423,391	1,310,263	-	227,012	-	113,884	113,884
Storm Water Utility	544,299	898,483	-	-	-	354,184	354,184
Total Business-type Activities	3,341,521	3,781,958	-	227,012	-	667,449	667,449
Total	\$ 17,375,042	\$ 5,535,048	\$ 686,607	\$ 408,232	(11,412,604)	667,449	(10,745,155)
General revenues							
Property taxes							
Property taxes, levied for general purposes					6,680,168	-	6,680,168
Property taxes, levied for debt service					741,031	-	741,031
Property taxes, levied for capital projects					1,366,825	-	1,366,825
Hotel room taxes					492,759	-	492,759
Intergovernmental revenues not restricted to specific programs					981,580	-	981,580
Investment income					258,171	45,659	303,830
Other					125,533	-	125,533
Total General Revenues					10,646,067	45,659	10,691,726
Transfers					255,439	(255,439)	-
Change in net assets					(511,098)	457,669	(53,429)
Net Assets - Beginning of Year (Deficit)					(180,271)	14,494,752	14,314,481
Net Assets - End of Year (Deficit)					\$ (691,369)	\$ 14,952,421	\$ 14,261,052

See accompanying notes to the financial statements.

VILLAGE OF BROWN DEER

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2011

	Capital Projects Funds				Capital Improvements	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
	General	TIF No. 2	TIF No. 3	TIF No. 4				
ASSETS								
Cash and cash equivalents	\$ 570,578	\$ 494,700	\$ -	\$ 2,908,921	\$ 1,876,766	\$ 21,766	\$ 660,089	\$ 6,532,820
Temporary investments	2,225,362	-	-	-	-	-	-	2,225,362
Receivables								
Taxes	6,143,209	593,793	758,843	190,694	351,561	835,004	794,168	9,667,272
Accounts	176,942	607	204,151	6,325	2,385	-	3,821	394,231
Due from other governments	74,734	-	-	-	280,245	-	81,436	436,415
Due from other funds	686,686	-	-	-	-	-	-	686,686
Land held for resale	-	-	-	185,000	-	-	-	185,000
Prepaid items	548	-	-	-	-	-	-	548
TOTAL ASSETS	\$ 9,878,059	\$ 1,089,100	\$ 962,994	\$ 3,290,940	\$ 2,510,957	\$ 856,770	\$ 1,539,514	\$ 20,128,334
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued liabilities	\$ 613,371	\$ 12,312	\$ 12,854	\$ 24,132	\$ 133,589	\$ -	\$ 73,081	\$ 869,339
Due to other governments	6,355	-	-	-	-	-	-	6,355
Due to other funds	-	-	368,392	-	-	-	62,855	431,247
Special deposits	32,404	-	-	-	-	-	-	32,404
Deferred revenues	6,146,596	593,793	962,993	192,595	351,712	835,004	810,719	9,893,412
Total liabilities	6,798,726	606,105	1,344,239	216,727	485,301	835,004	946,655	11,232,757
Fund Balances (Deficits)								
Nonspendable								
Prepaid items	548	-	-	-	-	-	-	548
Grant fund deficit	631	-	-	-	-	-	-	631
Delinquent personal property taxes	8,783	-	-	-	-	-	-	8,783
Long-term receivables	407,031	-	-	-	-	-	-	407,031
Land Held for resale	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
Restricted								
Debt service	-	-	-	-	-	21,766	-	21,766
Tax Increment District capital projects purposes	-	482,995	-	3,074,213	-	-	-	3,557,208
Library purposes	-	-	-	-	-	-	124,445	124,445
Police asset forfeiture purposes	-	-	-	-	-	-	10,401	10,401
Capital asset acquisition and construction	-	-	-	-	1,548,581	-	-	1,548,581
Committed								
Street lighting purposes	-	-	-	-	-	-	175,525	175,525
North Shore Health Department purposes	-	-	-	-	-	-	17,636	17,636
Recycling purposes	-	-	-	-	-	-	150,726	150,726
Park & recreation purposes	-	-	-	-	-	-	114,757	114,757
Assigned								
Subsequent year's budget	25,200	-	-	-	-	-	-	25,200
Police purposes	29,150	-	-	-	-	-	-	29,150
Capital asset acquisition and construction	-	-	-	-	477,075	-	-	477,075
Unassigned (deficits)	2,607,990	-	(381,245)	-	-	-	(631)	2,226,114
Total fund balances	3,079,333	482,995	(381,245)	3,074,213	2,025,656	21,766	592,859	8,895,577
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,878,059	\$ 1,089,100	\$ 962,994	\$ 3,290,940	\$ 2,510,957	\$ 856,770	\$ 1,539,514	
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.								11,526,599
Unamortized debt issuance cost								85,837
Special assessments recognized as revenue								32,202
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.								439,081
Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds.								(21,670,664)
NET ASSETS OF GOVERNMENTAL FUNDS								\$ (691,369)

VILLAGE OF BROWN DEER

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	Capital Projects Funds				Capital Improvements	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
	General	TIF No. 2	TIF No. 3	TIF No. 4				
REVENUES								
Taxes	\$ 6,740,081	\$ 316,794	\$ 477,832	\$ 230,778	\$ 341,421	\$ 741,031	\$ 432,846	\$ 9,280,783
Intergovernmental revenues	1,435,952	1,378	1,872	92,478	46,364	-	315,097	1,893,141
Licenses and permits	363,995	-	-	-	-	-	97,048	461,043
Fines, forfeitures and penalties	263,121	-	-	-	-	-	-	263,121
Public charges for services	17,232	-	-	-	-	-	493,786	511,018
Public improvement revenues	-	-	-	-	-	-	38,684	38,684
Interdepartmental charges for services	695,883	-	-	-	-	-	-	695,883
Intergovernmental charges for services	-	-	-	-	-	-	290,537	290,537
Commercial revenues	252,415	6,267	-	33,007	19,324	555	119,908	431,476
Total Revenues	9,768,679	324,439	479,704	356,263	407,109	741,586	1,787,906	13,865,686
EXPENDITURES								
Current								
General government	1,482,937	-	-	-	-	-	-	1,482,937
Public safety	5,743,693	-	-	-	-	-	-	5,743,693
Public works	1,947,130	-	-	-	-	-	364,284	2,311,414
Health and human services	151,586	-	-	-	-	-	565,412	716,998
Culture, recreation and education	229,954	-	-	-	-	-	854,907	1,084,861
Conservation and development	-	576,197	93,832	179,189	-	-	-	849,218
Capital outlay	-	-	-	381,912	1,302,993	-	-	1,684,905
Debt service								
Principal retirement	-	300,000	140,000	36,441	68,569	1,099,776	-	1,644,786
Interest and fiscal charges	-	257,099	202,808	320,008	38,776	262,053	-	1,080,744
Total Expenditures	9,555,300	1,133,296	436,640	917,550	1,410,338	1,361,829	1,784,603	16,599,556
Excess (deficiency) of revenues over (under) expenditures	213,379	(808,857)	43,064	(561,287)	(1,003,229)	(620,243)	3,303	(2,733,870)
OTHER FINANCING SOURCES								
Transfers in	255,439	-	-	-	-	-	-	255,439
General obligation debt issued	-	-	-	-	907,000	625,000	-	1,532,000
Premium on debt issued	-	-	-	-	4,473	-	-	4,473
Sale of capital assets	-	-	-	-	6,878	-	-	6,878
Total other financing sources	255,439	-	-	-	918,351	625,000	-	1,798,790
Net Change in Fund Balance	468,818	(808,857)	43,064	(561,287)	(84,878)	4,757	3,303	(935,080)
FUND BALANCES - BEGINNING OF YEAR (DEFICIT)	2,610,515	1,291,852	(424,309)	3,635,500	2,110,534	17,009	589,556	9,830,657
FUND BALANCES - END OF YEAR (DEFICIT)	\$ 3,079,333	\$ 482,995	\$ (381,245)	\$ 3,074,213	\$ 2,025,656	\$ 21,766	\$ 592,859	\$ 8,895,577

See accompanying notes to the financial statements.

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, 2011

Net change in fund balances - total governmental funds	\$ (935,079)
--	--------------

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 estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements, but is capitalized in the government-wide financial statements	1,684,905
Some items reported as capital outlay were not capitalized	(945,303)
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements	432,369
Depreciation is reported in the government-wide financial statements	(886,099)
Net book value of assets retired	(38,773)

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.	(6,480)
--	---------

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	(1,532,000)
Principal repaid	1,644,786

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	(43,297)
Compensated absences	(70,303)
Accrued interest on debt	142,820
Unamortized debt issuance cost	32,631

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	<u>8,725</u>
--	--------------

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (511,098)</u>
---	---------------------

VILLAGE OF BROWN DEER

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 As of December 31, 2011

	Business Type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Storm Water Utility		
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 1,497,935	\$ 914,946	\$ 551,241	\$ 2,964,122	\$ 30,697
Accounts receivable	213,737	205,548	127,157	546,442	20,709
Materials and supplies inventory	27,339	-	-	27,339	-
Current portion of advance to other funds	-	-	9,641	9,641	-
Restricted Assets - cash and cash equivalents					
Construction funds	320,801	58,690	-	379,491	-
Total current assets	2,059,812	1,179,184	688,039	3,927,035	51,406
Non-Current Assets					
Restricted Assets - cash and cash equivalents					
Equipment replacement funds	-	306,799	-	306,799	-
Capital Assets					
Land	11,654	-	-	11,654	-
Construction in progress	2,950	-	-	2,950	-
Structures, improvements and equipment	12,059,579	7,895,573	6,102,134	26,057,286	-
Accumulated depreciation	(4,149,724)	(3,674,683)	(1,952,460)	(9,776,867)	-
Other Assets					
Deferred debits	19,346	10,605	13,721	43,672	-
Advance to other funds	-	-	43,037	43,037	-
Investment in CVMIC	-	-	-	-	429,675
Total noncurrent assets	7,943,805	4,538,294	4,206,432	16,688,531	429,675
TOTAL ASSETS	10,003,617	5,717,478	4,894,471	20,615,566	481,081
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	118,086	398,110	15,989	532,185	42,000
Accrued interest	8,751	8,441	19,438	36,630	-
Due to other funds	255,439	-	-	255,439	-
Unearned revenue	56,603	-	-	56,603	-
Current portion of advance from other funds	-	9,641	-	9,641	-
Current portion of long-term liabilities	113,050	89,963	358,513	561,526	-
Total current liabilities	551,929	506,155	393,940	1,452,024	42,000
Noncurrent Liabilities					
Accumulated sick and vacation pay	25,747	8,728	15,365	49,840	-
Advance from other funds	-	43,037	-	43,037	-
Long-term bonds and notes payable	1,356,203	974,319	1,787,722	4,118,244	-
Total Noncurrent liabilities	1,381,950	1,026,084	1,803,087	4,211,121	-
TOTAL LIABILITIES	1,933,879	1,532,239	2,197,027	5,663,145	42,000
NET ASSETS					
Invested in capital assets, net of related debt	6,776,007	3,658,810	2,003,902	12,438,719	-
Restricted for					
Equipment replacement	-	306,799	-	306,799	-
Unrestricted	1,293,731	219,630	693,542	2,206,903	439,081
TOTAL NET ASSETS	\$ 8,069,738	\$ 4,185,239	\$ 2,697,444	\$ 14,952,421	\$ 439,081

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, 2011

	Business Type Activities - Enterprise Funds			Total	Governmental
	Water Utility	Sewer Utility	Storm Water Utility		Activities - Internal Service Fund
OPERATING REVENUES					
Sale of water	\$ 1,437,001	\$ -	\$ -	\$ 1,437,001	\$ -
Sewage collection charges	-	1,310,263	-	1,310,263	-
Stormwater charges	-	-	864,059	864,059	-
Other operating revenues	136,211	-	34,424	170,635	86,135
Total operating revenues	<u>1,573,212</u>	<u>1,310,263</u>	<u>898,483</u>	<u>3,781,958</u>	<u>86,135</u>
OPERATING EXPENSES					
Operation and maintenance	1,121,278	1,229,111	294,017	2,644,406	98,119
Depreciation	218,096	157,485	169,192	544,773	-
Taxes	1,224	-	-	1,224	-
Total operating expenses	<u>1,340,598</u>	<u>1,386,596</u>	<u>463,209</u>	<u>3,190,403</u>	<u>98,119</u>
Operating income (loss)	<u>232,614</u>	<u>(76,333)</u>	<u>435,274</u>	<u>591,555</u>	<u>(11,984)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	8,282	30,142	7,235	45,659	20,709
Interest expense	(32,660)	(36,206)	(80,312)	(149,178)	-
Amortization of debt discount/premiums	(573)	(589)	(778)	(1,940)	-
Total nonoperating revenues (expense)	<u>(24,951)</u>	<u>(6,653)</u>	<u>(73,855)</u>	<u>(105,459)</u>	<u>20,709</u>
Income (loss) before contributions and transfers	<u>207,663</u>	<u>(82,986)</u>	<u>361,419</u>	<u>486,096</u>	<u>8,725</u>
CAPITAL CONTRIBUTIONS	-	227,012	-	227,012	-
TRANSFERS OUT	<u>(255,439)</u>	<u>-</u>	<u>-</u>	<u>(255,439)</u>	<u>-</u>
Change in net assets	<u>(47,776)</u>	<u>144,026</u>	<u>361,419</u>	<u>457,669</u>	<u>8,725</u>
TOTAL NET ASSETS - BEGINNING OF YEAR	<u>8,117,514</u>	<u>4,041,213</u>	<u>2,336,025</u>	<u>14,494,752</u>	<u>430,356</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 8,069,738</u>	<u>\$ 4,185,239</u>	<u>\$ 2,697,444</u>	<u>\$ 14,952,421</u>	<u>\$ 439,081</u>

See accompanying notes to the financial statements.

VILLAGE OF BROWN DEER

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2011

	Business Type Activities - Enterprise Funds			Total	Governmental
	Water Utility	Sewer Utility	Storm Water Utility		Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 1,539,902	\$ 1,287,660	\$ 852,278	\$ 3,679,840	\$ 80,258
Paid to suppliers for goods and services	(715,670)	(1,263,516)	(85,568)	(2,064,754)	(98,161)
Paid to employees for services	(54,907)	(50,993)	(117,696)	(223,596)	-
Receipts (payments) for interfund services	(4,635)	(36,049)	(81,092)	(121,776)	-
Net cash flows from operating activities	<u>764,690</u>	<u>(62,898)</u>	<u>567,922</u>	<u>1,269,714</u>	<u>(17,903)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfer out - paid for tax equivalent	(255,439)	-	-	(255,439)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt issuance costs	(11,987)	(3,624)	-	(15,611)	-
Debt premium received	4,331	1,349	-	5,680	-
Proceeds from long-term debt	610,000	190,000	-	800,000	-
Principal paid on long-term debt	(86,250)	(73,516)	(344,493)	(504,259)	-
Interest paid on long-term debt	(32,418)	(34,075)	(82,871)	(149,364)	-
Payments on capital related advances	-	(9,254)	-	(9,254)	-
Received on capital related advances to other funds	-	-	9,254	9,254	-
Acquisition and construction of capital assets	(366,227)	(172,906)	(201,324)	(740,457)	-
Net cash flows from capital and related financing activities	<u>117,449</u>	<u>(102,026)</u>	<u>(619,434)</u>	<u>(604,011)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income received	8,282	33,513	7,235	49,030	20,709
Net change in cash and cash equivalents	<u>634,982</u>	<u>(131,411)</u>	<u>(44,277)</u>	<u>459,294</u>	<u>2,806</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,183,754</u>	<u>1,411,846</u>	<u>595,518</u>	<u>3,191,118</u>	<u>27,891</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,818,736</u>	<u>\$ 1,280,435</u>	<u>\$ 551,241</u>	<u>\$ 3,650,412</u>	<u>\$ 30,697</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS					
Cash and cash equivalents	\$ 1,497,935	\$ 914,946	\$ 551,241	\$ 2,964,122	\$ 30,697
Restricted cash and cash equivalents	320,801	365,489	-	686,290	-
CASH AND CASH EQUIVALENTS	<u>\$ 1,818,736</u>	<u>\$ 1,280,435</u>	<u>\$ 551,241</u>	<u>\$ 3,650,412</u>	<u>\$ 30,697</u>

See accompanying notes to the financial statements.

VILLAGE OF BROWN DEER

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 (concluded)

For the Year Ended December 31, 2011

	Business Type Activities - Enterprise Funds			Total	Governmental
	Water Utility	Sewer Utility	Storm Water Utility		Activities - Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS), TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 232,614	\$ (76,333)	\$ 435,274	\$ 591,555	\$ (11,984)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities					
Depreciation	218,098	157,485	169,192	544,775	-
Depreciation charged to other funds	42,069	(39,118)	(2,951)	-	-
(Increase) decrease in assets					
Accounts receivable	(32,614)	(22,603)	(49,656)	(104,873)	(5,877)
Inventory	(537)	-	-	(537)	-
Increase (decrease) in liabilities					
Accounts payable and accrued liabilities	39,548	(84,366)	12,557	(32,261)	(42)
Due to other funds	255,439	-	-	255,439	-
Unearned revenue	(696)	-	-	(696)	-
Accumulated sick leave payable	10,769	2,037	3,506	16,312	-
Net cash flows from operating activities	<u>\$ 764,690</u>	<u>\$ (62,898)</u>	<u>\$ 567,922</u>	<u>\$ 1,269,714</u>	<u>\$ (17,903)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital Contribution by Village	<u>\$ -</u>	<u>\$ 220,567</u>	<u>\$ -</u>	<u>\$ 220,567</u>	<u>\$ -</u>

VILLAGE OF BROWN DEER

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS As of December 31, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 4,867,355
Temporary investments	6,676,086
Taxes receivable	<u>9,954,675</u>
 TOTAL ASSETS	 <u>21,498,116</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 3,175
Due to other taxing units	<u>21,494,941</u>
 TOTAL LIABILITIES	 <u><u>\$ 21,498,116</u></u>

VILLAGE OF BROWN DEER

INDEX TO NOTES TO FINANCIAL STATEMENTS

As of the Year Ended December 31, 2011

NOTE	<u>Page</u>
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	46
6. Other Assets	47
7. Compensated Absences	47
8. Long-Term Obligations/Conduit Debt	48
9. Claims and Judgments	48
10. Equity Classifications	48
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
E. Invested Funds	53
IV. Detailed Notes on All Funds	54
A. Deposits and Investments	56
B. Receivables	56
C. Restricted Assets	56
D. Capital Assets	57
E. Interfund Receivables / Payables, Advances and Transfers	59
F. Long-Term Obligations	61
G. Net Assets / Fund Balances	64

VILLAGE OF BROWN DEER

INDEX TO NOTES TO FINANCIAL STATEMENTS As of the Year Ended December 31, 2011

NOTE

V.	Other Information	65
A.	Employees' Retirement System	65
B.	Risk Management	65
C.	Intermunicipal Agreements	67
D.	Other Post-Employment Benefits	68
E.	Commitments and Contingencies	71
F.	Land Held for Resale	71
G.	Subsequent Event	71
H.	Effect of New Accounting Standards on Current Period Financial Statements	72

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

In February 2009, the GASB issued statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications based primarily on the extent to which the government is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

The Village made the decision to implement this standard effective January 1, 2011.

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 As of and for the Year Ended December 31, 2011

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 is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Village does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which are considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, 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 As of and for the Year Ended December 31, 2011

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 and report all financial resources except those required to be accounted for in another fund.

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

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

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

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

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

The Village reports the following major enterprise funds:

Water Utility – accounts for operations of the water system

Sewer Utility – accounts for operations of the sewer system

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

The Village reports the following non-major governmental funds:

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

Grant Fund

Special Assessments Fund

Library Fund

North Shore Health Department Fund

Police Asset Forfeiture Fund

Recycling Fund

Park and Recreation Program Fund

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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 – account of the activities associated with the North Shore Cable Commission. The Village served as the fiscal agent until another community took over in 2011.

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 unearned 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 guidance 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 As of and for the Year Ended December 31, 2011

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.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

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

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance 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 of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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

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, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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 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 60% of the Village's total investment portfolio will be invested in a single security type or with a single financial institution and no more than 10% shall be with a single issuer of U.S. agencies or commercial paper.

Interest Rate Risk

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

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2011, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these financial statements.

See Note IV.A. for further information.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Receivables

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

Property tax calendar – 2011 tax roll:

Lien date and levy date	December 2011
Tax bills mailed	December 2011
Payment in full, or	January 31, 2012
First installment due	January 31, 2012
Second installment due	March 31, 2012
Third installment due	May 31, 2012
Personal property taxes in full	January 31, 2012
Tax settlements	
Initial settlement	January 15, 2012
Second settlement	February 15, 2012
Third settlement	April 15, 2012
Fourth settlement	June 15, 2012
Final settlement	August 15, 2012
Tax deed by County – 2011	
Delinquent real estate taxes	October 2014

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

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

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.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. Inventories and Prepaid Items

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

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

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 As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

6. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide governmental activities statements debt costs are deferred and amortized over the term of the debt issue.

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, 2011, 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 As of and for the Year Ended December 31, 2011

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 \$10.2 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. The liability for claims and judgments is only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. 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, such as the library's, 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."

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

	Governmental Activities	Business-type Activities	Adjustment	Total
Invested in capital assets, net of related debt	\$ 7,745,484	\$ 12,438,719	\$ (220,567)	\$ 19,963,636
Unrestricted	(8,571,699)	2,206,903	220,567	(6,144,229)

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.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. *Equity Classifications*

Fund Statements

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

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

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

The Village of Brown Deer has a formal minimum fund balance policy. That policy is to maintain a working capital amount of a minimum of 15% of the ensuing year's budgeted general fund expenditures, with a targeted maximum of 30% of the ensuing year's budgeted expenditures. The balance at year end was \$1,451,959 and is included in the unassigned general fund balance.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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, 2011.

Sewer Utility

Current sewer rates were approved by the Village Board on November 9, 2009 and effective January 1, 2010. There was an increase approved on December 19, 2011 that is effective January 1, 2012.

Storm Water Utility

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

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 As of and for the Year Ended December 31, 2011

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*

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

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

Land	\$ 1,248,694
Construction in progress	450,286
Machinery and equipment	2,637,843
Library collection	1,083,287
Buildings and improvements	6,811,637
Infrastructure	9,677,028
Less: Accumulated depreciation	<u>(10,382,176)</u>
Adjustment for Capital Assets	<u>\$ 11,526,599</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	\$ 19,142,839
Compensated absences	716,353
Other post employment benefits	1,552,370
Accrued interest	<u>259,102</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 21,670,664</u>

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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 and Police Asset Forfeiture), debt service fund and the capital projects funds. 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:

Fund	Final Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General Fund			
General Government	\$ 1,399,470	\$ 1,482,937	\$ 83,467
Public Works	1,879,336	1,947,130	67,794
Culture, Recreation and Education	209,664	229,954	20,290
Health and Human Services	150,336	151,586	1,250
Debt Service Fund	660,043	1,361,829	701,786
Capital Projects Fund			
TIF No. 2 Capital Projects Fund	694,160	1,133,296	439,136
TIF No. 3 Capital Projects Fund	419,890	436,640	16,750

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
As of and for the Year Ended December 31, 2011

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, 2011, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>
Grant Fund	\$ (631)
TIF No. 3 Capital Projects Fund	(381,245)

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

The TIF No. 3 Capital Project Fund deficit is anticipated to be funded with future incremental taxes levied.

D. LIMITATIONS ON THE VILLAGE'S TAX LEVY

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

E. INVESTED FUNDS

Per state statutes, time deposits of the Village are limited to maturities of three years or less. As of December 31, 2011, the Village had \$311,750 in certificates of deposit with maturities of three to five years.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

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	\$ 7,175	\$ -	N/A
Demand deposits	13,190,386	11,439,682	Custodial credit risk
Certificates of deposit	6,522,501	6,522,501	Custodial credit risk
Money market funds	11,974	11,974	Custodial credit risk
LGIP	1,871,749	1,871,749	Credit and interest rate risks
Municipal Bonds	184,851	184,851	Custodial, credit, concentration of cr and interest rate risks
U.S. agencies	<u>2,194,096</u>	<u>2,194,096</u>	Custodial, credit, concentratio of cre risk and interest rate risks
	<u>\$ 23,982,732</u>	<u>\$ 22,224,853</u>	

Reconciliation to financial statements

Per statement of net assets

Unrestricted

Cash and cash equivalents \$ 9,527,639

Temporary investments 2,225,362

Restricted cash and cash equivalents 686,290

Per statement of net assets - Fiduciary Funds

Cash and cash equivalents 4,867,355

Temporary investments 6,676,086

Total cash and investments \$ 23,982,732

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest bearing transaction accounts.

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.

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.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

A. DEPOSITS AND INVESTMENTS (continued)

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, 2011, \$22,975 of the Village's total certificates of deposit balance of \$6,522,501 was exposed to custodial credit risk as they were uninsured and uncollateralized. The entire balance of demand deposits and money market accounts was fully insured as of December 31, 2011.

Investments

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

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

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, 2011, the Village's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poor's</u>	<u>Moody's Investors Services</u>
Money market funds	AAA	AAA
Fannie Mae	AA+	AAA
FNMA Note	AA+	AAA
FHLB Note	AA+	AAA
FHLBA Note	AA+	AAA
FNMA Note	AA+	AAA
Municipal bonds	AA-	AA2, AA3

The Village also had investments in the LGIP which is an external pool and is not rated.

Concentration of Credit Risk

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

At December 31, 2011, the investment portfolio was concentrated as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>
FHLB	US Agencies	14.15%
FHLBA	US Agencies	12.83%

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

A. DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

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

As of December 31, 2011, 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	\$ 1,871,749	\$ 1,871,749	\$ -	\$ -	\$ -
US agencies	2,194,096	-	-	1,548,076	646,020
Municipal Bonds	184,851	-	-	184,851	-
Totals	\$ 4,250,696	\$ 1,871,749	\$ -	\$ 1,732,927	\$ 646,020

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

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:

	Unavailable	Unearned	Total
Property taxes receivable for subsequent year	\$ -	\$ 9,635,070	\$ 9,635,070
Developer receivables	-	206,050	206,050
Special assessments not yet due	32,202	-	32,202
Other unearned revenue	-	20,090	20,090
Total Deferred/Unearned Revenue for Governmental Funds	\$ 32,202	\$ 9,861,210	\$ 9,893,412

No allowances for doubtful accounts have been established for the Village's receivables. All receivables are expected to be collected in the subsequent year except for delinquent personal property taxes and other receivables that total \$48,309.

C. RESTRICTED ASSETS

Long-Term Debt Accounts

Construction – Used to report proceeds of bond issuances that are restricted for use in construction. The balance of this account at December 31, 2011 is \$379,491.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

C. RESTRICTED ASSETS (continued)

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, 2011 was \$306,799.

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 1,248,694	\$ -	\$ -	\$ 1,248,694
Construction in progress	190,710	399,064	139,488	450,286
Total Capital Assets Not Being Depreciated	1,439,404	399,064	139,488	1,698,980
Capital Assets being depreciated				
Machinery and equipment	2,521,576	457,031	340,764	2,637,843
Library collection	1,107,679	60,200	84,592	1,083,287
Buildings and improvements	6,682,149	129,488	-	6,811,637
Infrastructure	9,517,574	265,676	106,222	9,677,028
Total Capital Assets Being Depreciated	19,828,978	912,395	531,578	20,209,795
Total Capital Assets	21,268,382	1,311,459	671,066	21,908,775
Less: Accumulated Depreciation for				
Buildings and improvements	2,930,259	222,799	-	3,153,058
Library collection	642,380	81,244	84,592	639,032
Machinery and equipment	1,395,256	230,653	301,991	1,323,918
Infrastructure	5,020,993	351,397	106,222	5,266,168
Total Accumulated Depreciation	9,988,888	886,093	492,805	10,382,176
Net Capital Assets, Being Depreciated	9,840,090	26,302	38,773	9,827,619
Total Governmental Activities Capital Assets Net of Accumulated Depreciation	\$ 11,279,494	\$ 425,366	\$ 178,261	\$ 11,526,599

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 118,438
Public safety	98,497
Public works, which includes the depreciation of infrastructure	506,876
Culture, recreation and education	154,633
Conservation and development	<u>7,649</u>
Total Governmental Activities Depreciation Expense	<u>\$ 886,093</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital Assets not being depreciated				
Land	\$ 11,654	\$ -	\$ -	\$ 11,654
Construction in progress	1,142	341,240	339,432	2,950
Total Capital Assets Not Being Depreciated	<u>12,796</u>	<u>341,240</u>	<u>339,432</u>	<u>14,604</u>
Capital Assets being depreciated				
Structures and improvements	477,886	-	-	477,886
Water utility system	10,598,817	363,133	117,215	10,844,734
Sewer utility system	7,477,631	95,195	16,480	7,556,346
Storm water utility system	5,724,022	201,323	-	5,925,345
Machinery and equipment	<u>1,201,962</u>	<u>78,995</u>	<u>27,983</u>	<u>1,252,975</u>
Total Capital Assets Being Depreciated	<u>25,480,318</u>	<u>738,646</u>	<u>161,678</u>	<u>26,057,286</u>
Total Capital Assets	<u>25,493,114</u>	<u>1,079,886</u>	<u>501,110</u>	<u>26,071,890</u>
Less: Accumulated Depreciation for				
Structures and improvements	278,326	13,541	-	291,867
Water utility system	3,102,837	225,273	117,215	3,210,895
Sewer utility system	3,377,915	96,448	16,480	3,457,883
Storm water utility system	1,701,183	154,455	-	1,855,638
Machinery and equipment	<u>933,511</u>	<u>55,056</u>	<u>27,983</u>	<u>960,584</u>
Total Accumulated				
Depreciation	<u>9,393,772</u>	<u>544,773</u>	<u>161,678</u>	<u>9,776,867</u>
Net Capital Assets, Being Depreciated	<u>16,086,546</u>	<u>193,873</u>	<u>-</u>	<u>16,280,419</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 16,099,342</u>	<u>\$ 535,113</u>	<u>\$ 339,432</u>	<u>\$ 16,295,023</u>

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Water Utility	\$218,096
Sewer Utility	157,485
Storm Water Utility	<u>169,192</u>
Total Business-type Activities Depreciation Expense	<u>\$544,773</u>

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	TIF #3	\$ 368,392	\$ 368,392
General Fund	Grant Fund	62,855	-
General Fund	Water Utility	<u>255,439</u>	-
Total:		<u>\$ 686,686</u>	
Less: Fund eliminations		(431,247)	
Total Internal Balances - Government-Wide Statement of Net Assets		<u>\$ 255,439</u>	
 Interfund Advances			
Storm Water Utility	Sewer Utility	<u>\$ 52,678</u>	\$ 43,037

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

The interfund advance between the Storm Water Utility and the Sewer Utility for \$52,678 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 As of and for the Year Ended December 31, 2011

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	\$ 255,439	Payment in lieu of taxes
Total - Fund Financial Statements		255,439	
Less: Fund eliminations		-	
Total Transfers - Government-wide Statement of Activities		\$ 255,439	

Fund Transferred To	Fund Transferred From	Amount
Governmental Activities	Business-type Activities	\$ 255,439
Business-type Activities	Governmental Activities	(255,439)
Total Government-wide Financial Statements		\$ -

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 As of and for the Year Ended December 31, 2011

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 18,272,423	\$ 1,532,000	\$ 1,576,217	\$ 18,228,206	\$ 1,197,689
G.O. Note payable-Village of Whitefish Bay	651,045	-	48,087	602,958	48,978
G.O. Note payable-Village of Bayside	332,157	-	20,482	311,675	21,372
Total Bonds and Notes Payable	<u>19,255,625</u>	<u>1,532,000</u>	<u>1,644,786</u>	<u>19,142,839</u>	<u>1,268,039</u>
Other Liabilities					
Other post employment benefits	1,509,073	56,097	12,800	1,552,370	-
Vested compensated absences	646,050	275,275	204,972	716,353	10,965
Total Other Liabilities	<u>2,155,123</u>	<u>331,372</u>	<u>217,772</u>	<u>2,268,723</u>	<u>10,965</u>
 Total Governmental Activities Long-Term Liabilities	 <u>\$ 21,410,748</u>	 <u>\$ 1,863,372</u>	 <u>\$ 1,862,558</u>	 <u>\$ 21,411,562</u>	 <u>\$ 1,279,004</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 4,369,405	\$ 800,000	\$ 504,259	\$ 4,665,146	\$ 560,600
Unamortized premium on bonds	11,582	5,680	3,564	13,698	-
Other Liabilities					
Vested compensated absences	34,454	21,477	5,165	50,766	926
 Total Business-type Activities Long-Term Liabilities	 <u>\$ 4,415,441</u>	 <u>\$ 827,157</u>	 <u>\$ 512,988</u>	 <u>\$ 4,729,610</u>	 <u>\$ 561,526</u>

General Obligation Debt

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

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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, 2011 was \$51,907,010. Total general obligation debt and related pledges outstanding at year end was \$23,807,985.

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2011
Governmental Activities					
General Obligation Debt					
Taxable issues					
Refunding Bonds	4/3/2008	4/1/2013	3.50-4.40%	\$ 690,000	\$ 300,000
	10/13/2009	4/4/2014	2.00-2.50%	374,439	234,176
	5/9/2011	4/1/2022	1.8-4.35%	625,000	625,000
Whitefish Bay NSFD	11/1/2010	4/1/2022	2.0-3.0%	943,823	602,958
Bayside NSFD	8/1/2003	10/1/2023	2.5-4.2%	483,989	311,675
Community Dev Bonds	9/29/2006	4/1/2026	5.35 - 5.8%	5,580,000	5,105,000
	5/2/2007	10/1/2022	5.4 - 5.5%	3,355,000	2,975,000
Tax-exempt issues					
Promissory Notes	4/1/2006	4/1/2016	3.75-3.80%	1,300,000	860,000
	12/12/2011	4/1/2031	2.00-3.35%	630,000	630,000
Corporate Purpose Bonds	4/1/2006	4/1/2022	4.00-4.10%	415,000	340,000
	4/5/2010	4/1/2030	2.1 - 5.8%	5,355,000	5,355,000
Capital Improvement Bonds	12/1/2001	4/1/2016	3.00-4.55%	1,150,000	490,000
State Trust Fund Loan	1/23/2009	3/15/2028	5.50%	1,100,000	1,037,030
	12/12/2011	3/15/2016	3.25%	277,000	277,000
Total Governmental Activities General Obligation Debt					\$ 19,142,839
Business-type Activities					
General Obligation Debt Tax Exempt					
Promissory Notes	12/12/2011	4/1/2031	2.00-3.35%	\$ 800,000	\$ 800,000
Capital Improvement Bonds	12/1/2001	4/1/2016	3.00-4.55%	1,460,000	620,000
Refunding Bonds	10/13/2009	4/4/2014	2.00-2.50%	1,160,561	725,146
Corporate Purpose Bonds	4/1/2006	4/1/2022	4.00-4.10%	2,020,000	1,555,000
	4/3/2008	4/1/2016	2.60-4.00%	1,125,000	965,000
Total Business-type Activities General Obligation Debt					\$ 4,665,146

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. In 2010, the Village of Whitefish Bay partially refunded this debt issue with general obligation refunding bonds. The refunding resulted in an increase in the principal that the Village owes, by \$34,730. The total balance due on the notes was \$602,958 on December 31, 2011. Principal is due annually on April 1 through 2022 and interest is due semi-annually on April 1 and October 1 with interest at rates of 2.0-3.0%.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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 \$311,675 on December 31, 2011. 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
2012	\$ 1,268,039	\$ 871,272	\$ 560,600	\$ 151,328
2013	1,408,066	822,728	564,380	138,282
2014	1,449,347	764,632	610,166	119,211
2015	1,456,551	705,949	365,000	102,180
2016	1,507,975	270,918	375,000	87,769
2017-2021	6,533,214	1,037,404	1,380,000	280,641
2022-2026	4,308,280	674,121	575,000	106,130
2027-2031	1,211,367	200,907	235,000	31,125
	\$ 19,142,839	\$ 5,347,931	\$ 4,665,146	\$ 1,016,666

Other Debt Information

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

Current Refunding

On May 9, 2011, the village issued \$625,000 in general obligation bonds with an average interest rate of 3.2% to current refund \$587,026 of an outstanding State trust fund loan with an average interest rate of 6.0%. The net proceeds of \$599,675 (after payment of \$25,325 in underwriting fees, insurance and other issuance costs) were used to prepay the outstanding debt service requirements on the old bonds.

The cash flow requirements on the refunded bonds and notes prior to the current refunding was \$893,414 from 2012 through 2022. The cash flow requirements on the refunding bonds are \$848,651 from 2012 through 2022. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$41,794.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

G. NET ASSETS/FUND BALANCES

Net assets reported on the government wide statement of net assets at December 31, 2011 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Land	\$ 1,248,694
Construction in progress	450,286
Other capital assets, net of accumulated depreciation	9,827,619
Less: related long-term debt outstanding	(19,142,750)
Plus: noncapital related debt	10,742,411
Plus: unspent capital related debt proceeds	<u>4,619,224</u>
Total Invested in Capital Assets	<u>7,745,484</u>
Restricted for Police Asset Forfeiture Fund	10,401
Restricted for library	<u>124,445</u>
Total Restricted	<u>134,846</u>
Unrestricted (Deficit)	<u>(8,571,699)</u>
Total Governmental Activities Net Assets	<u>\$ (691,369)</u>

Business -Type Activities

Invested in capital assets, net of related debt	
Land	\$ 11,654
Construction in progress	2,950
Other capital assets, net of accumulated depreciation	16,280,419
Less: related long-term debt outstanding	(4,665,823)
Less: premium on debt	(13,698)
Plus: noncapital related debt	443,726
Plus: unspent capital related debt proceeds	<u>379,491</u>
Total Invested in Capital Assets	<u>12,438,719</u>
Restricted for equipment replacement	306,799
Unrestricted	<u>2,206,903</u>
Total Business-Type Activities Net Assets	<u>\$ 14,952,421</u>

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible Village employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year (1,200 hours for employees hired on or after July 1, 2011) are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan through June 28, 2011. Beginning June 29, 2011, and thereafter, covered employees in the General category are required by statute to contribute 5.8% of their salary (6.65% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 5.8% for Protective Occupations without Social Security). Employers generally make these contributions to the plan on behalf of employees through June 28, 2011. Thereafter, employees are required to fund their contribution, subject to terms of employment contracts and which employee group they are a member of. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for Village employees covered by the system for the year ended December 31, 2011 was \$4,495,115; the employer's total payroll was \$4,576,841. The total required contribution for the year ended December 31, 2011 was \$654,095 or 14.55% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ending December 31, 2010 and 2009 were \$614,623 and \$563,478, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings, is the average of the employee's three highest years' earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, or beginning participation on or after July 1, 2011, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and between April 24, 1998 and June 30, 2011 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, 2011.

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 As of and for the Year Ended December 31, 2011

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

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, 2011.

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, 2011 was 1.02%. Upon withdrawal, expulsion or dissolution, the Village would be entitled to a lump sum payment which at December 31, 2011 would approximate \$295,000.

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

The Village has recorded an unpaid claims liability for claims that have occurred but are not settled and for claims incurred but not recorded (IBNR). This liability is based upon estimates from an annual actuarial study. The estimates of claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Changes in the unpaid claim liability amount in fiscal years 2010 and 2011 were:

Year	Beginning Balance	Incurred Claims	Claims Paid/ Settled	Ending Balance
2010	\$ 42,000	\$ 8,055	\$ 8,055	\$ 42,000
2011	42,000	9,373	9,373	42,000

At December 31, 2011, the internal service fund established for liability insurance has net assets of \$439,081.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE V – OTHER INFORMATION (continued)

C. INTER-MUNICIPAL AGREEMENTS

North Shore Fire Department (NSFD)

The Village is a member of the North Shore Fire Department along with the Villages of Bayside, Fox Point, River Hills, Shorewood, Whitefish Bay and the City of Glendale. The Department was created by an agreement signed in 1994 pursuant to the provisions of Sections 61.65 and 66.30 of the Wisconsin Statutes. The Department, which commenced operations on January 1, 1995, provides fire and emergency medical services to the member communities. Upon dissolution of the Department, assets will be divided by the participants then participating in accordance with the proportion of the previous year's cost allocation formula percentage. The Department is governed by a seven member board consisting of one representative and one alternate from each municipality. Only one member from each municipality may vote. The Village has a commitment to the Department to annually finance a portion of the Department's approved expenditures. In 2011, the Village incurred expenditures of \$2.1 million for fire protection and emergency medical services under this agreement. The Department's 2012 approved budget is \$13.7 million of which the Village's portion is approximately \$2.0 million. On December 31, 2011, the Department had total fund equity of approximately \$1,020,000, a deficit in net assets of approximately \$2,542,000 and investment in capital assets of approximately \$2.1 million. Complete 2011 financial statements for the Department are available from the Department at 4401 West River Lane, Brown Deer, WI 53223.

Milwaukee Area Domestic Animal Control Commission (MADACC)

The Village is a member of the Milwaukee Area Domestic Animal Control Commission along with eighteen other communities within Milwaukee County. The Commission was created by an agreement signed in 1997 pursuant to the provisions of Section 66.30 of the Wisconsin Statutes. The Commission was established to provide a jointly-operated animal control services facility for domestic animals. The Commission is governed by a nineteen member Board consisting of one representative from each municipality, each having one vote. Formulas for the sharing of operating and debt costs, and for the distribution of assets upon termination of participation, are provided within the agreement. In 2005, the Commission borrowed \$1.5 million at various interest rates due through 2013, to refinance debt issued in 1997 for the purchase of land and the construction of a facility. The Village's share of that borrowing is approximately \$13,600. In 2007, the Commission borrowed \$185,000 at various interest rates due annually 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 \$1,887 and \$2,584, respectively.

North Shore Health Department (NSHD)

Currently the North Shore Health Department is comprised of the Villages of Brown Deer, Bayside, Fox Point, Shorewood, Whitefish Bay, and River Hills, as well as the City of Glendale. During 2011, the Village entered into an agreement with the Shorewood/Whitefish Bay Health Department to consolidate with the North Shore Health Department (NSHD). The NSHD would then provide public health services for the Village of Shorewood and Village of Whitefish Bay as of January 1, 2012. The agreement is for a three year term and shall be renewed automatically each year thereafter, subject to the right of any party to withdraw. The NSHD Board of Health will now be comprised of one member representative from each community, to be appointed by each communities President's/Mayor's.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE V – OTHER INFORMATION (continued)

C. INTER-MUNICIPAL AGREEMENTS

North Shore Health Department (NSHD) (continued)

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

Bayside Communications Center (BACC)

During 2011, the Village of Brown Deer entered into a ten year agreement with the Village of Bayside effective January 1, 2012 in which Bayside will provide a unified public safety answering point (PSAP). Bayside shall provide dispatch service to Brown Deer, including all police and fire emergency calls, transfer calls, calls for medical emergencies, emergency rescue calls, and calls for dispatch services. For the fiscal year 2012, the Village of Brown Deer will pay the BACC \$344,306 for operating costs and \$377,087 for initial capital costs (construction and technology), with 50% being paid in 2011 and 50% in 2012. The operating costs will be based on a formula that is restricted by the lesser of the State imposed levy limit plus any non-personnel contractual obligations or the consumer price index increase. The agreement states that the Village will make an annual capital contribution to the BACC with payments ranging from \$4,524 to \$16,201.

D. OTHER POST-EMPLOYMENT BENEFITS

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.

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

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE V – OTHER INFORMATION (continued)

D. OTHER POST-EMPLOYMENT BENEFITS (continued)

As of December 31, 2011, the plan had 5 retirees receiving benefits and 62 active plan members. During 2011, the Village contributed \$12,800 to the plan and retirees contributed \$41,219.

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.

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.

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	\$	56,097
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost (expense)		56,097
Contributions made		(12,800)
Increase in net OPEB Liability		43,297
 Net OPEB Liability - beginning of year		 1,509,073
Net OPEB Liability - end of year	\$	1,552,370

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
12/31/2007	\$ 514,222	3.1%	\$ 498,102
12/31/2008	514,222	3.8%	992,704
12/31/2009	493,578	3.9%	1,467,172
12/31/2010	55,701	24.8%	1,509,073
12/31/2011	56,097	22.8%	1,552,370

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE V – OTHER INFORMATION (continued)

D. OTHER POST-EMPLOYMENT BENEFITS (continued)

The funded status as of January 1, 2010, the most recent actuarial valuation date, was 0% funded. The actuarial accrued liability for benefits was \$575,566 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$575,566. The covered payroll (annual payroll of active employees covered by the plan) was \$4.7 million, and the ratio of the UAAL to the covered payroll was 12%.

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

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

In the January 1, 2010 actuarial valuation, the project unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% rate of return and an annual healthcare cost trend rate of 7.5% in the initial year, reduced by 0.5% annually to a rate of 5.5% after four years. The plan's unfunded actuarial accrued liability is being amortized as an open level dollar amortization method. The remaining amortization period at December 31, 2011, was 30 years.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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, 2011, 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 \$930,000 in varying amounts during 2011 and 2012. These agreements are contingent upon future development obligations within the Village's TIF districts and will be reduced by the unpaid TIF differential payments from the developer, approximately \$204,501. Funding for future payments will come from future borrowings or tax increment if available.

The Village has the following encumbrances outstanding at year end, relating to funds on hand:

Major Fund, Tax Increment District #2	\$105,000
Major Fund, Tax Increment District #3	<u>\$825,000</u>
	<u>\$930,000</u>

In 2011, the Village entered into an agreement with General Capital Corp. and Jewish Family Services (JFS) to amend the existing developer agreement, which calls for future payments from the Village to the developer and payments from the developer to the Village relating to tax differential payments. The new agreement waives all of the previously mentioned payments as long as the developers construct a community center for Village operation. In order to create the space for the community center and new development, the Village sold two properties to the developers for \$1.

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

F. LAND HELD FOR RESALE

In 2006, 2007, and 2008 the Village purchased certain parcels of land for a cost of \$2.1 million of which all remaining properties have been sold in 2010 and 2011. In 2011, the Village purchased an additional parcel for \$185,000, which is included in the Village's Tax Increment District No. 4 and is a part of the Village's redevelopment plan. Also, during 2011, the Village sold certain parcels with an original cost of \$413,319 for \$1. At this time it is the intent of the Village to sell this property at market value. The carrying value of the land held for resale is at the lower of cost or market.

G. SUBSEQUENT EVENT

In April 2012, the Village issued General Obligation Refunding Bonds in the amount of \$905,000 with interest at 1.00%. The bonds were issued to refund the remaining balance on the 2001 General Obligation Capital Improvement Bonds. The bonds are due and payable beginning April 1, 2013 through April 1, 2016. Interest is due April 1 and October 1, beginning October 1, 2012.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE V – OTHER INFORMATION (continued)

H. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. Application of these standards may restate portions of these financial statements.

This page intentionally blank.

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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 6,696,508	\$ 6,696,508	\$ 6,740,081	\$ 43,573
Intergovernmental revenues	1,213,524	1,213,524	1,435,952	222,428
Licenses and permits	330,130	330,130	363,995	33,865
Fines, forfeitures and penalties	270,000	270,000	263,121	(6,879)
Public charges for services	16,100	16,100	17,232	1,132
Interdepartmental charges for services	694,412	694,412	695,883	1,471
Commercial revenues	164,935	164,935	252,415	87,480
Total Revenues	<u>9,385,609</u>	<u>9,385,609</u>	<u>9,768,679</u>	<u>383,070</u>
EXPENDITURES				
Current				
General government	1,430,723	1,436,923	1,482,937	(46,014)
Public safety	5,965,364	5,965,364	5,743,693	221,671
Public works	1,879,336	1,879,336	1,947,130	(67,794)
Health and human services	119,634	119,634	151,586	(31,952)
Culture, recreation and education	209,113	209,113	229,954	(20,841)
Total Expenditures	<u>9,604,170</u>	<u>9,610,370</u>	<u>9,555,300</u>	<u>55,070</u>
Excess (deficiency) of revenues over expenditures	(218,561)	(224,761)	213,379	438,140
OTHER FINANCING SOURCES				
Transfers in	220,000	220,000	255,439	35,439
Total Other Financing Sources	<u>220,000</u>	<u>220,000</u>	<u>255,439</u>	<u>35,439</u>
Net Change in Fund Balances	<u>\$ 1,439</u>	<u>\$ (4,761)</u>	468,818	<u>\$ 473,579</u>
FUND BALANCES - BEGINNING OF YEAR			<u>2,610,515</u>	
FUND BALANCES - END OF YEAR			<u>\$ 3,079,333</u>	

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

VILLAGE OF BROWN DEER

SCHEDULE OF FUNDING PROGRESS

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)
1/1/10	\$ -	\$ 575,566	\$ 575,566	0%	\$ 4,500,718	13%
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 studies were performed as of January 1, 2010 and January 1, 2008, respectively and were the only studies performed.

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

3: The Village used the projected unit credit actuarial cost method on the January 1, 2010 study and the entry age cost method for calculation of the AAL on the January 1, 2008 study. There was also a change in several other assumptions from the 2008 to the 2010 study. They are as follows: participation assumption was changed from 100% to 25-50%, the number of lives used in 2010 study was 69 vs. 75 in the 2008 study, discount rate was 4% in 2010 vs. 3.75% in 2008 study and finally, the retirement, mortality and withdrawal rates used were obtained from "Wisconsin Retirement System 2006 - 2008 Experience Study for the 2010 study vs. rates listed in the GASB 45 standard for the 2008 study.

VILLAGE OF BROWN DEER

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

As of and for the Year Ended December 31, 2011

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 Fund and Police Asset Forfeiture Fund), debt service funds and the capital projects funds. 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.

Excess of expenditures over appropriations are as follows:

Fund	Final Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General Fund			
General Government	\$ 1,399,470	\$ 1,482,937	\$ 83,467
Public Works	1,879,336	1,947,130	67,794
Health and human services	150,336	151,586	1,250
Culture, recreation and education	209,663	229,954	20,291

SUPPLEMENTARY INFORMATION

VILLAGE OF BROWN DEER

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

As of December 31, 2011

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Grant Fund	Special Assessments Fund	Library Fund	North Shore Health Department Fund	Police Asset Forfeiture Fund	Recycling Fund	Park and Recreation Program Fund	
ASSETS								
Cash and cash equivalents	\$ -	\$ 177,261	\$ 139,208	\$ 39,935	\$ 10,401	\$ 171,730	\$ 121,554	\$ 660,089
Accounts receivable	-	975	-	-	-	2,846	-	3,821
Taxes receivable	-	32,202	385,346	-	-	329,120	47,500	794,168
Due from other governments	<u>62,294</u>	<u>-</u>	<u>-</u>	<u>19,142</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,436</u>
TOTAL ASSETS	<u>\$ 62,294</u>	<u>\$ 210,438</u>	<u>\$ 524,554</u>	<u>\$ 59,077</u>	<u>\$ 10,401</u>	<u>\$ 503,696</u>	<u>\$ 169,054</u>	<u>\$ 1,539,514</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued liabilities	\$ 70	\$ 2,711	\$ 14,763	\$ 24,890	\$ -	\$ 23,850	\$ 6,797	\$ 73,081
Due to other funds	<u>62,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,855</u>
Deferred revenues	-	32,202	385,346	16,551	-	329,120	47,500	810,719
Total liabilities	<u>62,925</u>	<u>34,913</u>	<u>400,109</u>	<u>41,441</u>	<u>-</u>	<u>352,970</u>	<u>54,297</u>	<u>946,655</u>
Fund Balances (Deficits)								
Restricted	-	-	124,445	-	10,401	-	-	134,846
Committed	-	175,525	-	17,636	-	150,726	114,757	458,644
Unassigned (deficit)	<u>(631)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(631)</u>
Total fund balances (Deficits)	<u>(631)</u>	<u>175,525</u>	<u>124,445</u>	<u>17,636</u>	<u>10,401</u>	<u>150,726</u>	<u>114,757</u>	<u>592,859</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 62,294</u>	<u>\$ 210,438</u>	<u>\$ 524,554</u>	<u>\$ 59,077</u>	<u>\$ 10,401</u>	<u>\$ 503,696</u>	<u>\$ 169,054</u>	<u>\$ 1,539,514</u>

VILLAGE OF BROWN DEER

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

For the Year Ended December 31, 2011

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Grant Fund	Special Assessments Fund	Library Fund	North Shore Health Department Fund	Police Asset Forfeiture Fund	Recycling Fund	Park and Recreation Program Fund	
REVENUES								
Taxes	\$ -	\$ -	\$ 385,346	\$ -	\$ -	\$ -	\$ 47,500	\$ 432,846
Intergovernmental revenues	66,971	-	134,571	69,830	-	43,725	-	315,097
Licenses and permits	-	-	-	97,048	-	-	-	97,048
Public charges for services	-	-	30,698	36,168	-	293,511	133,409	493,786
Public improvement revenues	-	38,684	-	-	-	-	-	38,684
Intergovernmental charges for services	-	-	-	290,537	-	-	-	290,537
Commercial revenues	-	2,592	11,312	17,700	95	48,072	40,137	119,908
Total revenues	<u>66,971</u>	<u>41,276</u>	<u>561,927</u>	<u>511,283</u>	<u>95</u>	<u>385,308</u>	<u>221,046</u>	<u>1,787,906</u>
EXPENDITURES								
Current:								
Public works	-	35,413	-	-	-	328,871	-	364,284
Health and human services	-	-	-	565,412	-	-	-	565,412
Culture, recreation and education	66,971	-	573,486	-	-	-	214,450	854,907
Total expenditures	<u>66,971</u>	<u>35,413</u>	<u>573,486</u>	<u>565,412</u>	<u>-</u>	<u>328,871</u>	<u>214,450</u>	<u>1,784,603</u>
Net Change in Fund Balance	-	5,863	(11,559)	(54,129)	95	56,437	6,596	3,303
FUND BALANCES (DEFICIT)								
- BEGINNING OF YEAR	(631)	169,662	136,004	71,765	10,306	94,289	108,161	589,556
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (631)</u>	<u>\$ 175,525</u>	<u>\$ 124,445</u>	<u>\$ 17,636</u>	<u>\$ 10,401</u>	<u>\$ 150,726</u>	<u>\$ 114,757</u>	<u>\$ 592,859</u>

NON-MAJOR FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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, 2011

	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	\$ -	\$ -	\$ -	\$ 385,346	\$ 385,346	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	133,077	134,571	1,494	87,573	69,830	(17,743)
Licenses and permits	-	-	-	-	-	-	98,975	97,048	(1,927)
Public charges for services	-	-	-	36,500	30,698	(5,802)	44,000	36,168	(7,832)
Public improvement revenues	38,682	38,684	2	-	-	-	-	-	-
Intergovernmental charges for services	-	-	-	-	-	-	292,729	290,537	(2,192)
Commercial revenues	2,630	2,592	(38)	17,000	11,312	(5,688)	662	17,700	17,038
Total revenues	<u>41,312</u>	<u>41,276</u>	<u>(36)</u>	<u>571,923</u>	<u>561,927</u>	<u>(9,996)</u>	<u>523,939</u>	<u>511,283</u>	<u>(12,656)</u>
EXPENDITURES									
Current:									
Public works	52,917	35,413	17,504	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	584,894	565,412	19,482
Culture, recreation and education	-	-	-	597,389	573,486	23,903	-	-	-
Total expenditures	<u>52,917</u>	<u>35,413</u>	<u>17,504</u>	<u>597,389</u>	<u>573,486</u>	<u>23,903</u>	<u>584,894</u>	<u>565,412</u>	<u>19,482</u>
Net Change in Fund Balance	<u>\$ (11,605)</u>	<u>5,863</u>	<u>\$ 17,468</u>	<u>\$ (25,466)</u>	<u>(11,559)</u>	<u>\$ 13,907</u>	<u>\$ (60,955)</u>	<u>(54,129)</u>	<u>\$ 19,482</u>
FUND BALANCES - BEGINNING OF YEAR		<u>169,662</u>			<u>136,004</u>			<u>71,765</u>	
FUND BALANCES - END OF YEAR		<u>\$ 175,525</u>			<u>\$ 124,445</u>			<u>\$ 17,636</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, 2011

	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	\$ -	\$ -	\$ -	\$ 47,500	\$ 47,500	\$ -
Intergovernmental revenues	64,000	43,725	(20,275)	-	-	-
Public charges for services	272,985	293,511	20,526	142,725	133,409	(9,316)
Commercial revenues	18,200	48,072	29,872	21,620	40,137	18,517
Total revenues	<u>355,185</u>	<u>385,308</u>	<u>30,123</u>	<u>211,845</u>	<u>221,046</u>	<u>9,201</u>
EXPENDITURES						
Current:						
Public works	353,695	328,871	24,824	-	-	-
Culture, recreation and education	-	-	-	223,156	214,450	8,706
Total expenditures	<u>353,695</u>	<u>328,871</u>	<u>24,824</u>	<u>223,156</u>	<u>214,450</u>	<u>8,706</u>
Excess (deficiency) of revenues over expenditures	<u>1,490</u>	<u>56,437</u>	<u>5,299</u>	<u>(11,311)</u>	<u>6,596</u>	<u>17,907</u>
Net Change in Fund Balance	<u>\$ 1,490</u>	<u>56,437</u>	<u>\$ 54,947</u>	<u>\$ (11,311)</u>	<u>6,596</u>	<u>\$ 17,907</u>
FUND BALANCES - BEGINNING OF YEAR		<u>94,289</u>			<u>108,161</u>	
FUND BALANCES - END OF YEAR		<u>\$ 150,726</u>			<u>\$ 114,757</u>	

DEBT SERVICE FUND

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

VILLAGE OF BROWN DEER

DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 741,031	\$ 741,031	\$ -
Commercial revenues	1,000	555	(445)
Total revenues	<u>742,031</u>	<u>741,586</u>	<u>(445)</u>
EXPENDITURES			
Debt service:			
Principal	512,750	1,099,776	(587,026)
Interest and fiscal charges	147,293	262,053	(114,760)
Total expenditures	<u>660,043</u>	<u>1,361,829</u>	<u>(701,786)</u>
Deficiency of revenues over expenditures	<u>81,988</u>	<u>(620,243)</u>	<u>(702,231)</u>
OTHER FINANCING SOURCES (USES)			
General obligation debt issued	-	625,000	625,000
Total other financing sources	<u>-</u>	<u>625,000</u>	<u>625,000</u>
Net Change in Fund Balance	<u>\$ 81,988</u>	4,757	<u>\$ (77,231)</u>
FUND BALANCES - BEGINNING OF YEAR		<u>17,009</u>	
FUND BALANCES - END OF YEAR		<u>\$ 21,766</u>	

CAPITAL PROJECT FUNDS

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

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

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

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

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

VILLAGE OF BROWN DEER

CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended December 31, 2011

	Capital Improvements Fund			TIF No. 2 Fund		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ 341,321	\$ 341,421	\$ 100	\$ 476,102	\$ 316,794	\$ (159,308)
Intergovernmental revenues	408,500	46,364	(362,136)	1,768	1,378	(390)
Public charges for services	275,000	-	(275,000)	-	-	-
Commercial revenues	25,210	19,324	(5,886)	11,500	6,267	(5,233)
Total revenues	<u>1,050,031</u>	<u>407,109</u>	<u>(642,922)</u>	<u>489,370</u>	<u>324,439</u>	<u>(164,931)</u>
EXPENDITURES						
Current:						
Conservation and development	-	-	-	137,061	576,197	(439,136)
Capital outlay	3,364,131	1,302,993	2,061,138	-	-	-
Debt service						
Principal	68,569	68,569	-	300,000	300,000	-
Interest and fiscal charges	26,511	38,776	(12,265)	257,099	257,099	-
Total expenditures	<u>3,459,211</u>	<u>1,410,338</u>	<u>2,048,873</u>	<u>694,160</u>	<u>1,133,296</u>	<u>(439,136)</u>
Excess (deficiency) of revenues over (under) expenditures	(2,409,180)	(1,003,229)	1,405,951	(204,790)	(808,857)	(604,067)
OTHER FINANCING SOURCES (USES)						
General obligation debt issued	685,186	907,000	(221,814)	-	-	-
Premium on debt issued	-	4,473	4,473	-	-	-
Sale of capital assets	2,000	6,878	(4,878)	-	-	-
Total other financing sources (uses)	<u>687,186</u>	<u>918,351</u>	<u>(222,219)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$(1,721,994)</u>	<u>(84,878)</u>	<u>\$1,183,732</u>	<u>\$(204,790)</u>	<u>(808,857)</u>	<u>\$ (604,067)</u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		<u>2,110,534</u>			<u>1,291,852</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$2,025,656</u>			<u>\$ 482,995</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, 2011

	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	425,000	477,832	52,832	75,988	230,778	154,790
Intergovernmental revenues	4,357	1,872	(2,485)	773	92,478	91,705
Commercial revenues	-	-	-	2,000	33,007	31,007
Total revenues	<u>429,357</u>	<u>479,704</u>	<u>50,347</u>	<u>78,761</u>	<u>356,263</u>	<u>277,502</u>
EXPENDITURES						
Current:						
Conservation and development	77,082	93,832	(16,750)	169,197	179,189	(9,992)
Capital outlay	-	-	-	1,000,000	381,912	618,088
Debt service						
Principal retirement	140,000	140,000	-	36,441	36,441	-
Interest and fiscal charges	202,808	202,808	-	320,008	320,008	-
Total expenditures	<u>419,890</u>	<u>436,640</u>	<u>(16,750)</u>	<u>1,525,646</u>	<u>917,550</u>	<u>608,096</u>
Net Change in Fund Balance	<u>9,467</u>	<u>43,064</u>	<u>33,597</u>	<u>(1,446,885)</u>	<u>(561,287)</u>	<u>885,598</u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		<u>(424,309)</u>			<u>3,635,500</u>	
FUND BALANCES - END OF YEAR (DEFICIT)		<u>\$ (381,245)</u>			<u>\$ 3,074,213</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. Village served as the fiscal agent for the organization until another community took over in 2011.

VILLAGE OF BROWN DEER

AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES As of and for the Year ended December 31, 2011

	Balance 12-31-10	Additions	Deletions	Balance 12-31-11
Property Tax Fund				
Assets				
Cash and cash equivalents	\$ 8,499,207	\$ 4,867,355	\$ 8,499,207	\$ 4,867,355
Temporary investments	4,994,458	6,676,086	4,994,458	6,676,086
Taxes receivable	8,126,679	9,954,675	8,126,679	9,954,675
Total	\$ 21,620,344	\$ 21,498,116	\$ 21,620,344	\$ 21,498,116
Liabilities				
Accounts payable and accrued liabilities	\$ 64,617	\$ 3,175	\$ 64,617	\$ 3,175
Due to other taxing units	21,555,727	21,494,941	21,555,727	21,494,941
Total	\$ 21,620,344	\$ 21,498,116	\$ 21,620,344	\$ 21,498,116
North Shore Cable Commission				
Assets				
Cash and cash equivalents	\$ 3,400	\$ -	\$ 3,400	-
Due from other governments	686	-	686	-
Total	\$ 4,086	\$ -	\$ 4,086	\$ -
Liabilities				
Accounts payable	\$ 1,622	\$ -	\$ 1,622	-
Due to other taxing units	2,464	-	2,464	-
Total	\$ 4,086	\$ -	\$ 4,086	\$ -
Total - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 8,502,607	\$ 4,867,355	\$ 8,502,607	\$ 4,867,355
Temporary Investments	4,994,458	6,676,086	4,994,458	6,676,086
Taxes receivable	8,126,679	9,954,675	8,126,679	9,954,675
Due from other governments	686	-	686	-
Total	\$ 21,624,430	\$ 21,498,116	\$ 21,624,430	\$ 21,498,116
Liabilities				
Accounts payable and accrued liabilities	\$ 66,239	\$ 3,175	\$ 66,239	\$ 3,175
Due to other taxing units	21,558,191	21,494,941	21,558,191	21,494,941
Total	\$ 21,624,430	\$ 21,498,116	\$ 21,624,430	\$ 21,498,116

VILLAGE OF BROWN DEER

CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES SCHEDULE BY SOURCE As of December 31, 2011

Capital assets	
Land	\$ 518,948
Right-of-way land	729,746
Construction in progress	450,286
Machinery and equipment	2,637,843
Library collection	1,083,287
Buildings and improvements	6,811,637
Infrastructure	<u>9,677,028</u>
Total capital assets	<u>\$ 21,908,775</u>
Investment in capital assets by source	
Assets purchased prior to 1/01/99	\$ 10,644,770
General fund	38,709
Special revenue funds	1,299,692
Capital project funds	<u>9,925,604</u>
Total investment in capital assets	<u>\$ 21,908,775</u>

STATISTICAL SECTION

Village of Brown Deer

Net Assets by Component
Last nine fiscal years
Schedule 1

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	Fiscal Year <u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</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	7,896,810	7,151,972	7,745,484
Restricted	351,606	330,189	292,330	373,925	576,532	158,908	139,934	136,004	134,846
Unrestricted	740,007	1,416,753	982,965	47,583	212,582	(6,454,081)	(8,017,081)	(7,468,247)	(8,571,699)
Total governmental activities net assets	367,374	2,685,550	3,400,071	2,352,526	5,296,997	226,348	19,663	(180,271)	(691,369)
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	11,324,970	12,202,860	12,438,719
Restricted	236,100	236,100	236,100	238,177	250,410	256,627	270,574	285,153	306,799
Unrestricted	1,074,556	1,143,198	1,124,508	1,303,419	1,766,429	2,414,521	2,719,583	2,006,739	2,206,903
Total business-type activities net assets	12,853,729	11,169,085	11,476,631	12,157,105	12,749,376	13,488,578	14,315,127	14,494,752	14,952,421
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	19,221,780	19,354,832	19,963,636
Restricted	587,706	566,289	528,430	612,102	826,942	415,535	410,508	421,157	441,645
Unrestricted	1,814,563	2,559,951	2,107,473	1,351,002	1,979,011	(4,039,560)	(5,297,498)	(5,461,508)	(6,144,229)
Total primary government net assets	13,221,103	13,854,635	14,876,702	14,509,631	18,046,373	13,714,926	14,334,790	14,314,481	14,261,052

(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 trend of the most current years reflecting GASB 34 standards.

Village of Brown Deer

Changes in Net Assets
Last nine fiscal years
Schedule 2

	2003	2004	2005	2006	Fiscal Year				
					2007	2008	2009	2010	2011
Expenses									
Governmental Activities:									
General Government	1,568,674	1,354,753	1,248,252	1,310,904	1,428,147	1,604,219	1,399,299	1,294,235	1,344,051
Public Safety	5,539,070	5,122,670	5,560,569	5,297,075	5,840,005	6,027,981	6,085,914	5,871,990	6,440,420
Public Works	1,614,576	1,730,582	1,673,057	1,653,951	2,515,341	2,725,520	2,637,864	2,396,016	2,738,878
Health & Human Services	626,504	577,398	427,809	447,877	588,902	585,576	639,859	567,554	592,289
Culture, recreation & education	1,053,665	1,051,794	1,042,838	1,040,708	1,210,538	1,158,463	1,155,647	1,222,130	1,180,413
Conservation & development	414,926	1,932,949	238,773	2,893,011	252,903	5,188,719	1,153,886	926,179	836,638
Interest & Fiscal Charges	539,004	553,301	323,714	500,144	788,676	767,327	779,652	898,923	900,832
Total government activities expense	11,356,419	12,323,447	10,515,012	13,143,670	12,624,512	18,057,805	13,852,121	13,177,027	14,033,521
Business-type Activities:									
Water Utility	1,237,623	1,208,994	1,210,456	1,229,903	1,300,484	1,338,455	1,285,391	1,257,481	1,373,831
Storm Water Utility	-	222,515	579,859	821,892	559,051	586,526	696,986	516,569	544,299
Sewer Utility	785,222	864,541	1,033,598	1,119,759	871,343	1,271,182	1,113,731	1,480,800	1,423,391
Total business-type activities expense	2,022,845	2,296,050	2,823,913	3,171,554	2,730,878	3,196,163	3,096,108	3,254,850	3,341,521
Total Primary Government Expense	13,379,264	14,619,497	13,338,925	16,315,224	15,355,390	21,253,968	16,948,229	16,431,877	17,375,042
Program Revenues									
Governmental Activities:									
Charges for Services									
General Government	230,718	200,032	211,990	204,027	191,752	170,454	233,401	224,517	235,111
Public Safety	507,661	478,618	427,471	443,599	435,036	527,206	442,000	387,979	403,111
Public Works	241,103	260,063	217,726	200,380	226,919	260,905	422,678	341,960	375,275
Health & Human Services	347,759	319,235	183,303	234,260	237,158	295,159	260,891	263,814	433,146
Culture, Recreation & Education	461,411	426,191	411,424	332,176	317,169	314,188	302,632	310,925	306,447
Conservation & Development	-	1,027,874	-	-	-	59,169	9,500	-	-
Interest & Fiscal Charges	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	835,838	731,438	686,192	851,256	742,801	782,055	753,316	759,543	686,607
Capital Grants and Contributions	57,218	106,220	80,038	1,600	113,339	69,751	1,166,530	39,700	181,220
Total governmental activities program revenues	2,681,708	3,549,671	2,218,144	2,267,298	2,264,174	2,478,887	3,590,948	2,328,438	2,620,917
Business-type activities:									
Charges for Services									
Water Utility	1,408,182	1,416,193	1,476,254	1,440,517	1,496,524	1,550,763	1,527,206	1,548,514	1,573,212
Storm Water Utility	-	184,911	751,719	801,376	761,600	756,703	753,407	756,220	898,483
Sewer Utility	736,162	749,482	875,071	976,764	951,261	1,191,308	1,226,339	1,295,464	1,310,263
Capital Grants and Contributions	9,495	19,303	100,125	659,425	125,041	510,239	579,555	6,840	227,012
Total business-type activities program revenues	2,153,839	2,369,889	3,203,169	3,878,082	3,334,426	4,009,013	4,086,507	3,607,038	4,008,970
Total Primary Government Program Revenues	4,835,547	5,919,560	5,421,313	6,145,380	5,598,600	6,487,900	7,677,455	5,935,476	6,629,887
Net (Expense)/Revenue									
Governmental Activities	(8,674,711)	(8,773,776)	(8,296,868)	(10,876,372)	(10,360,338)	(15,578,918)	(10,261,173)	(10,848,589)	(11,412,604)
Business-type Activities	130,994	73,839	379,256	706,528	603,548	812,850	990,399	352,188	667,449
Total Primary Government Net Expense	(8,543,717)	(8,699,937)	(7,917,612)	(10,169,844)	(9,756,790)	(14,766,068)	(9,270,774)	(10,496,401)	(10,745,155)
General Revenues and Other changes in Net Assets									
Governmental Activities:									
Property Taxes									
Hotel Room Taxes	429,445	448,135	463,345	532,554	562,272	594,277	433,152	476,934	492,759
Intergov'tl revenues not restr to spec programs	1,193,049	1,105,161	870,427	902,394	897,517	834,519	809,936	815,719	981,580
Investment Income	257,638	307,247	351,456	591,811	870,154	521,324	173,266	279,908	258,171
Miscellaneous	29,327	18,095	18,495	42,632	20,314	249,968	83,884	72,142	125,533
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	219,885	239,727	255,439
Total Governmental Activities	8,872,904	9,177,525	9,011,389	9,828,827	10,207,467	10,508,269	10,054,488	10,648,655	10,901,506
Business-type Activities:									
Investment Income	14,424	25,534	57,801	143,982	167,381	126,918	56,035	67,164	45,659
Transfers	(177,336)	(173,224)	(129,511)	(170,036)	(178,658)	(200,566)	(219,885)	(239,727)	(255,439)
Total Business-type Activities	(162,912)	(147,690)	(71,710)	(26,054)	(11,277)	(73,648)	(163,850)	(172,563)	(209,780)
Total Primary Government	8,709,992	9,029,835	8,939,679	9,802,773	10,196,190	10,434,621	9,890,638	10,476,092	10,691,726
Change in Net Assets									
Governmental Activities	198,193	403,749	714,521	(1,047,545)	(152,871)	(5,070,649)	(206,685)	(199,934)	(511,098)
Business-type Activities	(31,918)	(73,851)	307,546	680,474	592,271	739,202	826,549	179,625	457,669
Total Primary Government	166,275	329,898	1,022,067	(367,071)	439,400	(4,331,447)	619,864	(20,309)	(53,429)

(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 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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	129,881	15,416	69,529	20,945	41,813	174,201	218,234	86,310	499,848	-
Nonspendable	-	-	-	-	-	-	-	-	-	416,993
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	54,350
Unreserved	1,149,597	1,393,131	1,476,928	1,525,327	2,142,814	2,170,494	2,084,613	2,138,358	2,110,667	-
Unassigned	-	-	-	-	-	-	-	-	-	2,607,990
Total General Fund	1,279,478	1,408,547	1,546,457	1,546,272	2,184,627	2,344,695	2,302,847	2,224,668	2,610,515	3,079,333
All Other Governmental Funds										
Reserved	279,573	657,979	-	94,487	134,438	5,825,172	2,992,495	2,087,634	1,553,668	-
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	5,262,401
Committed	-	-	-	-	-	-	-	-	-	458,644
Assigned	-	-	-	-	-	-	-	-	-	477,075
Unreserved, reported in:										
Special Revenue Funds	1,432,964	1,635,936	1,657,546	1,518,313	1,646,105	1,664,963	1,360,706	1,487,031	589,556	-
Capital Projects Funds	3,847,345	1,046,930	2,234,487	1,656,825	5,232,585	2,797,314	(902,435)	(15,661)	5,076,918	-
Unassigned, reported in:										
Special Revenue Funds	-	-	-	-	-	-	-	-	-	(631)
Capital Projects Funds	-	-	-	-	-	-	-	-	-	(381,245)
Total All Other Governmental Funds	5,559,882	3,340,845	3,892,033	3,269,625	7,013,128	10,287,449	3,450,766	3,559,004	7,220,142	5,816,244
Total Fund Balances	6,839,360	4,749,392	5,438,490	4,815,897	9,197,755	12,632,144	5,753,613	5,783,672	9,830,657	8,895,577

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

(2) The Village adopted GASB 54 in 2011 and this allowed more detailed fund balance category.

Village of Brown Deer

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

	Fiscal Year									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues										
Taxes	7,123,840	7,185,379	7,203,799	7,638,630	8,121,954	8,240,825	8,701,892	8,767,517	9,241,159	9,280,783
Intergovernmental Revenues	2,645,734	2,040,584	1,911,190	1,598,052	1,633,872	1,724,335	1,807,380	1,791,978	1,647,442	1,893,141
Licenses & Permits	296,253	321,129	343,360	356,642	391,722	418,859	566,574	497,711	424,692	461,043
Fines, Forfeits, & Penalties	281,082	298,346	318,649	263,269	228,259	190,952	234,898	239,217	252,831	263,121
Charges for Services	933,452	392,528	447,600	430,612	462,718	461,167	402,427	598,940	522,458	511,018
Public Improvement Revenues	26,271	30,213	20,879	22,257	27,403	23,803	35,916	40,832	33,068	38,684
Interdepartmental charges for Services	246,657	421,298	163,675	158,507	150,976	132,697	185,704	381,808	721,695	695,883
Intergovernmental charges for Services	147,848	272,494	436,651	519,406	471,568	464,793	291,341	303,416	283,829	290,537
Commercial Revenues	503,229	302,152	1,296,365	348,618	695,436	896,673	640,312	309,663	333,581	431,476
Total Revenues	12,204,366	11,264,123	12,142,168	11,335,993	12,183,908	12,554,104	12,866,444	12,931,082	13,460,755	13,865,686
Expenditures										
Current										
General Government	1,141,453	1,477,781	1,352,105	1,245,905	1,304,354	1,289,577	1,312,184	1,429,045	1,392,821	1,482,937
Public Safety	5,093,769	4,819,929	4,927,090	5,282,256	5,043,607	5,360,445	5,689,106	5,597,110	5,630,157	5,743,693
Public Works	964,254	1,469,585	1,522,897	1,537,451	1,639,818	1,799,267	2,175,827	2,122,608	2,252,669	2,311,414
Health & Human Services	1,711,124	637,428	571,586	573,869	597,059	676,855	700,576	736,367	700,503	716,998
Culture, Recreation & Education	965,890	1,040,569	980,110	974,980	914,264	975,769	1,005,877	1,022,048	993,127	1,084,861
Conservation & Development	-	28,746	33,002	14,589	-	75,037	5,250,100	1,185,021	293,124	849,218
Other	81,616	-	-	-	-	-	-	-	-	-
Capital Outlay	826,658	1,619,623	2,516,473	1,437,273	4,964,572	1,861,175	1,173,198	715,254	1,777,563	1,684,905
Debt Service										
Principal	834,738	850,926	917,028	728,876	755,529	938,034	2,494,258	668,677	1,162,915	1,644,786
Interest & Fiscal Charges	499,084	498,935	514,473	322,575	353,132	726,209	847,924	748,479	805,618	1,080,744
Total Expenditures	12,118,586	12,443,522	13,334,764	12,117,774	15,572,335	13,702,368	20,649,050	14,224,609	15,008,497	16,599,556
Excess of Revenues										
Over/(Under) Expenditures	85,780	(1,179,399)	(1,192,596)	(781,781)	(3,388,427)	(1,148,264)	(7,782,606)	(1,293,527)	(1,547,742)	(2,733,870)
Other Financing Sources/(Uses)										
Transfers In	427,413	669,072	797,350	565,949	463,866	752,206	1,366,041	233,485	1,296,079	255,439
Transfers Out	(427,413)	(491,736)	(624,126)	(436,438)	(293,830)	(573,548)	(1,165,475)	(13,600)	(1,056,352)	-
Debt										
General obligation debt issued	-	824,408	3,385,000	-	7,573,961	3,355,000	690,000	1,474,439	5,355,000	1,532,000
Premium on debt issued	-	-	36,415	-	-	6,392	-	5,174	-	4,473
Refunded general Obligation Debt	-	-	(1,720,000)	-	-	-	-	(375,912)	-	-
Payment of Unfunded pension liability	-	(824,408)	-	-	-	-	-	-	-	-
Sale of Capital Assets	1,138,375	41,187	7,055	29,677	26,289	37,050	13,509	-	-	6,878
Total Other Financing Sources/(Uses)	1,138,375	218,523	1,881,694	159,188	7,770,286	3,577,100	904,075	1,323,586	5,594,727	1,798,790
Net Change in Fund Balances	1,224,155	(960,876)	689,098	(622,593)	4,381,859	2,428,836	(6,878,531)	30,059	4,046,985	(935,080)
Debt Service as a % of noncapital expenditures	11.81%	12.47%	13.23%	9.84%	10.45%	14.05%	17.16%	10.49%	14.88%	17.67%

(1) 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
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	6.90	1,144,172,900	97.39%
2009	711,061,000	325,208,900	29,195,400	2,100	35,959,800	1,101,427,200	7.19	1,128,003,400	97.64%
2010	631,732,000	316,076,000	28,707,500	2,000	29,048,500	1,005,566,000	7.99	1,074,804,200	93.56%
2011	632,156,200	314,500,100	28,591,300	2,000	25,822,300	1,001,071,900	8.16	1,038,140,200	96.43%

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

		Direct Rates								Overlapping Rates							Net Tax Rate
Tax Year	Collection Year	Village of Brown Deer	Capital Improv	Equipment Repl	Other Special Rev Funds	Special Library	Debt Service	TID Incr	Total Direct	Brown Deer School District	Milwaukee Area Technical College	Milwaukee County	County Tax Credit	Milwaukee Metro Sewage Distr	State of Wisconsin	State Tax Credit	
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	5.54	0.21	0.09	0.06	0.35	0.65	-	6.90	12.03	1.88	4.07	-	1.33	0.17	(1.95)	24.43
2009	2010	5.86	0.21	0.09	0.05	0.35	0.64	-	7.19	12.65	1.96	4.25	-	1.36	0.17	(1.98)	25.60
2010	2011	6.48	0.34	-	0.05	0.38	0.74	-	7.99	13.65	2.05	4.75	-	1.54	0.18	(2.18)	27.98
2011	2012	6.55	0.35	-	0.05	0.38	0.83	-	8.16	13.95	2.02	4.89	-	1.57	0.18	(2.19)	28.58

Source: Village of Brown Deer Adopted Budget

*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

<u>Taxpayer</u>	<u>Type of Business</u>	2011			2002		
		<u>Total Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Total Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Brown Deer Market WI LLC	Property Mgmt	30,095,700	1	3.01%	16,619,500	3	2.28%
Brown Deer Business Park-WI TWO, LLC	Property Mgmt	23,002,000	2	2.30%	35,900,000	1	4.94%
FIS (Fidelity Information Systems)	Data Processing	15,794,500	3	1.58%	28,925,600	2	3.98%
Lowe's Home Center	Retail	15,529,600	4	1.55%	-	-	0.00%
Deer Run Apartments	Property Mgmt	14,949,400	5	1.49%	13,000,000	4	1.79%
North Pointe Apartments Ltd.	Rental Property	10,431,200	6	1.04%	9,500,000	6	1.31%
Mutual Savings Bank	Financial Institution	9,108,300	7	0.91%	8,276,100	10	1.14%
Brook Lane Apartments	Property Mgmt	8,373,300	8	0.84%	8,900,000	9	1.22%
River Place Apartments LLC	Property Mgmt	8,005,000	9	0.80%	-	-	0.00%
Brown Deer Center LLC	Property Mgmt	3,719,400	10	0.37%	-	-	0.00%
WITI TV 6	Television Station	-	-	0.00%	11,453,600	5	1.57%
Sheraton Hotel	Hotel	-	-	0.00%	9,120,100	8	1.25%
Badger Meter	Manufacturing	-	-	0.00%	9,348,200	7	1.29%
Total		139,008,400		13.89%	151,043,100		20.77%

(a) Based on total Assessed Value
2002 727,334,265
2011 1,001,071,900

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
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%	16,979	8,100,526	99.91%
2008	2009	8,325,311	8,312,151	99.84%	9,743	8,321,895	99.96%
2009	2010	8,764,224	8,746,849	99.80%	12,845	8,759,694	99.95%
2010	2011	8,788,023	8,779,240	99.90%	-	8,779,240	99.90%
2011	2012	8,174,525	*	0.00%	*	*	0.00%

* Note : Data for the 2012 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
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
2009	18,876,538	30,797	18,845,741	1,128,003,400	1.67%	11,720	1,608.00
2010	22,641,828	17,009	22,624,819	1,074,804,200	2.11%	11,690	1,935.40
2011	23,807,985	21,766	23,786,219	1,038,140,200	2.29%	11,999	1,982.35

Village of Brown Deer

Ratios of Outstanding Debt by Type
Last ten years
Table 10

Fiscal Year	Governmental Activities				Business Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds/Notes	Anticipation Notes	Notes Payable to Other Municipalities	Tax Increment Project Revenue Bonds Payable	General Obligation Bonds/Notes				
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	2.03%	1,698.35	
2009	14,021,655	-	1,007,155	-	4,854,884	19,883,694	1.96%	1,696.56	
2010	18,272,424	-	983,202	-	4,369,405	23,625,031	1.77%	2,020.96	
2011	18,228,206	-	914,633	-	4,665,146	23,807,985	*	1,984.16	

Source: Wisconsin Departments of Revenue and Administration
* Note : Data for 2011 Personal Income is not yet available.

Village of Brown Deer

Legal Debt Margin Information
 Last ten years
 Table 11

	Fiscal Year									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Equalized Value of Real and Personal Property	864,832,900	893,424,600	953,396,417	977,818,400	1,075,292,200	1,138,992,600	1,144,172,900	1,128,003,400	1,074,804,200	1,038,140,200
General Obligation Debt Limit Five (5) Percent of Equalized Valuation per Section 67.03 of the Wisconsin Statutes	43,241,645	44,671,230	47,669,821	48,890,920	53,764,610	56,949,630	57,208,645	56,400,170	53,740,210	51,907,010
Amount of Debt Applicable to Debt Limitation:										
General Obligation Bonds/Notes	8,931,425	9,023,057	9,843,875	8,928,780	17,576,597	19,820,280	18,815,943	18,876,538	22,641,828	23,807,985
Less: Amount Available for Financing GO Debt	43,473	49,183	-	94,487	124,438	36,320	21,793	30,797	17,009	21,766
Net O/S GO Debt Applicable to Debt Limitation	8,887,952	8,973,874	9,843,875	8,834,293	17,452,159	19,783,960	18,794,150	18,845,741	22,624,819	23,786,219
Legal margin for New Debt	34,353,693	35,697,356	37,825,946	40,056,627	36,312,451	37,165,670	38,414,495	37,554,429	31,115,391	28,120,791
Total net debt applicable to the limit as a percentage of debt limit	20.55%	20.09%	20.65%	18.07%	32.46%	34.74%	32.85%	33.41%	42.10%	45.82%

Village of Brown Deer

Computation of Direct, Overlapping, and Underlying Debt
 As of December 31, 2011
 Table 12

Governmental Unit	General Obligation Bonded Debt Outstanding	Percentage Applicable to Village	Amount Applicable to Village
Village	19,142,835	100%	19,142,835
Milwaukee Area Technical College	104,945,000	1.39%	1,458,736
Milwaukee County	681,346,969	1.70%	11,582,898
Brown Deer School District	8,892,252	100%	8,892,252
Milwaukee Metropolitan Sewage District	907,465,423	1.73%	15,699,152
Total Overlapping	1,702,649,644		37,633,038
Total Direct and Overlapping Debt	1,721,792,479		56,775,873

Source: Prior year's Village Bond Issuance

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

Village of Brown Deer

Demographic & 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
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	260,643,494	22,268	21,233	24,329	6.50%	5.80%
2009	11,720	247,895,969	21,152	20,195	23,211	9.30%	8.50%
2010	11,690	246,836,267	21,115	20,486	24,218	9.60%	8.30%
2011	11,999	**	**	**	**	9.00%	7.50%

Source: Wisconsin Departments of Revenue, Administration & Workforce Development

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

**Data not yet available for 2011.

Village of Brown Deer

Principal Employers
Current year
Table 14

Employer	Type of Business	2006			2011		
		Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
FIS (Fidelity Information Systems)	Data Processing	1,125	1	0.26%	2,700	1	0.59%
Signicast	Manufacturer of Ferrous investment castings	-		0.00%	685	2	0.15%
Badger Meter	Water Meter Manufacturing	483	3	0.11%	530	3	0.11%
Guaranty Bank *	Savings Institutions	578	2	0.13%	450	4	0.10%
MILSCO Manufacturing	Manufacturer of Office Chairs	-		0.00%	350	5	0.08%
YMCA (Young Men's Christian Association) *	Civil & Social Organizations	175	5	0.04%	340	6	0.07%
Rite Hite Corporation(Hdqtrs)	Manufacturers of mechanical & hydraulic lifts	-		0.00%	240	7	0.05%
Brown Deer Public Schools	Elementary & Secondary Schools	119	11	0.03%	221	8	0.05%
New World Communications/TV 6	Television Broadcasting	210	4	0.05%	210	9	0.05%
U Line Corp *	Household Refrigerator Manufacturing	175	6	0.04%	200	10	0.04%
Lowe's Home Centers *	Retail Home Center	-		0.00%	-		0.00%
Kohl's *	Department Store	175	10	0.04%	-		0.00%
TAPCO*	Electrical Aparatus & Equipt. Wholesalers	-		0.00%	-		0.00%
Sheraton Milwaukee North *	Hotel	175	8	0.04%	-		0.00%
Village of Brown Deer	Government	100	12	0.02%	-		0.00%
Pick 'n Save *	Supermarkets	175	7	0.04%	-		0.00%
GB Home Equity *	Sales Financing	175	9	0.04%	-		0.00%
Total		<u>3,662</u>		<u>0.85%</u>	<u>5,926</u>		<u>1.29%</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

Various Statistics
Last ten years
Table 15

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Village Employees										
General Government										
Village Manager	3	4	3	2	2	3	3	3	3	3
Administration	4	5	5	5	5	5	4	5	5	5
Court	3	2	2	2	2	2	1	2	2	2
Health	10	11	11	11	8	8	7	7	7	6
Library	18	18	22	21	18	16	17	18	16	13
Parks and Recreation	4	6	6	5	4	4	4	3	3	2
Water Utility	4	5	5	5	3	3	3	3	3	3
Public Works	12	13	14	15	13	13	13	12	12	11
Public Safety										
Police	38	37	39	39	38	38	35	37	36	33
Community Services										
Engineering	2	2	2	3	3	3	3	3	3	2
Inspection/Maintenance	6	7	6	6	4	3	3	3	3	2
Total	104	110	115	114	100	98	93	96	93	82
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	-	6	6	6	6	6	6	6	6	6
Fire Stations	5	5	5	5	5	5	5	5	5	5
Public Works										
Streets (miles)	54	54	54	54	54	54	54	54	54	54
Parks & Recreation										
Number of Parks	3	3	3	3	3	3	3	3	3	3
Acreage of parkland	17	17	17	17	17	17	17	17	17	17
Water Utility										
Miles of Water Main	67	67	67	67	67	68	68	68	68	68
Number of Hydrants	650	650	650	650	663	665	669	671	671	671
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	1,297,893	1,260,553	1,369,148
Wastewater Utility										
Miles of Sanitary Sewer	51	51	51	51	51	51	51	51	51	51
Miles of Storm Sewer	10	10	10	10	10	10	10	10	10	10

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

Village of Brown Deer

Operating Indicators by Program/Function
Ten Year Trend
Table 16

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Police										
Physical Arrests	1,046	1,021	1,142	1,105	850	984	850	922	884	950
Parking Citations	1,156	1,379	1,197	1,089	1,172	1,441	1,158	886	1,268	800
Traffic Citations	5,860	4,998	5,923	4,722	3,610	4,525	3,573	4,767	3,719	4,361
Prisoner Handling	1,076	509	679	756	494	369	282	323	224	310
Complaints	1,864	1,911	1,773	1,860	1,364	1,649	1,536	1,486	1,407	1,503
General Government										
Building Permits Issued	279	254	276	263	281	293	309	328	209	206
Library										
Patron Count	8,800	8,885	8,130	6,966	7,300	7,559	6,833	7,370	7,714	8,011
Items Borrowed	325,287	328,452	322,508	293,181	265,246	240,995	250,126	247,649	241,399	222,383
Park and Recreation										
Recreation Programs	81	81	84	82	83	86	122	112	101	100
Recreation Program Registration	3,398	3,433	2,770	2,770	2,737	2,513	2,933	2,686	2,421	3,003
Pond Attendance	8,954	-	6,016	10,193	9,590	8,018	7,238	7,048	9,391	9,215
Water Utility										
Number of Customers	3,731	3,745	3,759	3,782	3,792	3,795	3,789	3,817	3,825	3,829
Gallons Sold (millions)	516,225	517,950	485,396	504,983	488,879	455,125	455,405	428,322	425,090	427,673
Public Fire Protection Service	-	3,476	3,484	3,509	3,495	3,531	3,544	3,562	3,571	3,575
Northshore Health Department										
*Statistics given are for Village of Brown Deer Only										
Blood Pressure Screenings	531	503	619	537	351	467	357	195	123	132
Immunizations	1,184	1,049	928	212	661	569	819	623	598	682
Restaurant Inspections	110	108	87	114	-	109	81	87	78	80

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

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