

# VILLAGE OF **BROWN DEER**



**Milwaukee County, Wisconsin  
Comprehensive Annual Financial Report  
As of and For the Year Ended  
December 31, 2012**

# **VILLAGE OF BROWN DEER**

Brown Deer, Wisconsin

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Including Independent Auditors' Report

As of and for the Year Ended  
December 31, 2012

Prepared By  
The Office of the Treasurer/Comptroller

Interim Treasurer/Comptroller  
Accountant  
Village Manager

Susan Hudson  
Nicole Theys  
Michael Hall

# VILLAGE OF BROWN DEER

## TABLE OF CONTENTS As of and for the Year Ended December 31, 2012

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### 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 Position	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 Position – Proprietary Funds	31
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	32
Statement of Cash Flows – Proprietary Funds	33 – 34
Statement of Assets and Liabilities – Agency Fund	35
Index to Notes to Financial Statements	36 – 37
Notes to Financial Statements	38 – 71

# VILLAGE OF BROWN DEER

## TABLE OF CONTENTS As of and for the Year Ended December 31, 2012

---

### REQUIRED SUPPLEMENTARY INFORMATION

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

### SUPPLEMENTARY INFORMATION

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

# VILLAGE OF BROWN DEER

## TABLE OF CONTENTS As of and for the Year Ended December 31, 2012

---

### STATISTICAL SECTION

	<u>Table</u>	<u>Page</u>
Net Position by Component	1	84
Changes in Net Position	2	85
Fund Balances of Governmental Funds	3	86
Changes in Fund Balances of Governmental Funds	4	87
Assessed Value and Actual Value of Taxable Property	5	88
Property Tax Rates of Direct and Overlapping Governments	6	89
Principal Property Taxpayers	7	90
Property Tax Levies and Collections	8	91
Ratios of General Bonded Debt Outstanding	9	92
Ratios of Outstanding Debt By Type	10	93
Legal Debt Margin Information	11	94
Direct and Overlapping Governmental Activities Debt	12	95
Demographic and Economic Statistics	13	96
Principal Employers	14	97
Various Statistics	15	98
Operating Indicators By Program/Function	16	99

## **INTRODUCTORY SECTION**



July 8, 2013

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, 2012, 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, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principals used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Village of Brown Deer's financial statements for the fiscal year ended December 31, 2012, 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 2012, Milwaukee County had an unemployment rate of 8.4% compared to the State of Wisconsin at 6.9%. The new 2010 census data adjusted the Village’s population to 12,065 and showed an adjusted per capital gross income for the Village of Brown Deer of \$18,844. (Wisconsin Department of Revenue, Administration & Workforce Development).

## **CURRENT YEAR INITIATIVES**

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

Tax Incremental Financing District #2, formed in 1995, generated an increment of \$21,225,200 in 2012, an increase of \$1,098,800 from the 2011 increment. On the West side of Sherman Boulevard 2 acres were used for a building called Bradley Crossing which houses 60 apartments, Jewish Family Services (JFS) offices and the Lois & Tom Dolan Community Center, which the Village operates. Construction on this project began in late 2011 and was completed in late 2012. The remaining 4 acres of land owned by Gen Cap Bradley LLC has emerging plans for additional residential development. On the East side of Sherman Boulevard, the Village approved a final plan with JFS for Deerwood Crossing, Phase II, which would add an additional 33 units to the existing 66 units already constructed in Phase I. Construction is slated to begin in 2013

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 \$17,979,600 in 2012 which is a decrease of \$7,741,100 from 2011. 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 2012. The Lowe’s Home Improvement store remained closed at its Brown Deer location. However, marketing efforts suggest a redevelopment opportunity in 2013.

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 \$2,765,500 through 2012, which is a decrease of \$3,698,000 from 2011. During 2012, the Village continued with its plans to reconstruct the streetscape within the Original Village District, and settled the last of the right of way acquisitions. The intent is to finish the project in 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](http://www.ourbrowndeer.com) which is a social media website used to inform and connect the residents.

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

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

## **FINANCIAL POLICIES**

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

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

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

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

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

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, 2011. This was the thirteen 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 Bridget Souffrant for her help throughout the process. Credit also must be given to the Village President, Village Board and Finance/Public Works Committee for their support for striving to have the highest standards of professionalism in the management of the Village of Brown Deer's finances.

Respectfully submitted,

  
Michael L. Hall  
Village Manager

  
Susan L. Hudson  
Interim Treasurer/Comptroller

# VILLAGE OF BROWN DEER

## DIRECTORY OF OFFICIALS December 31, 2012

### Elected Officials

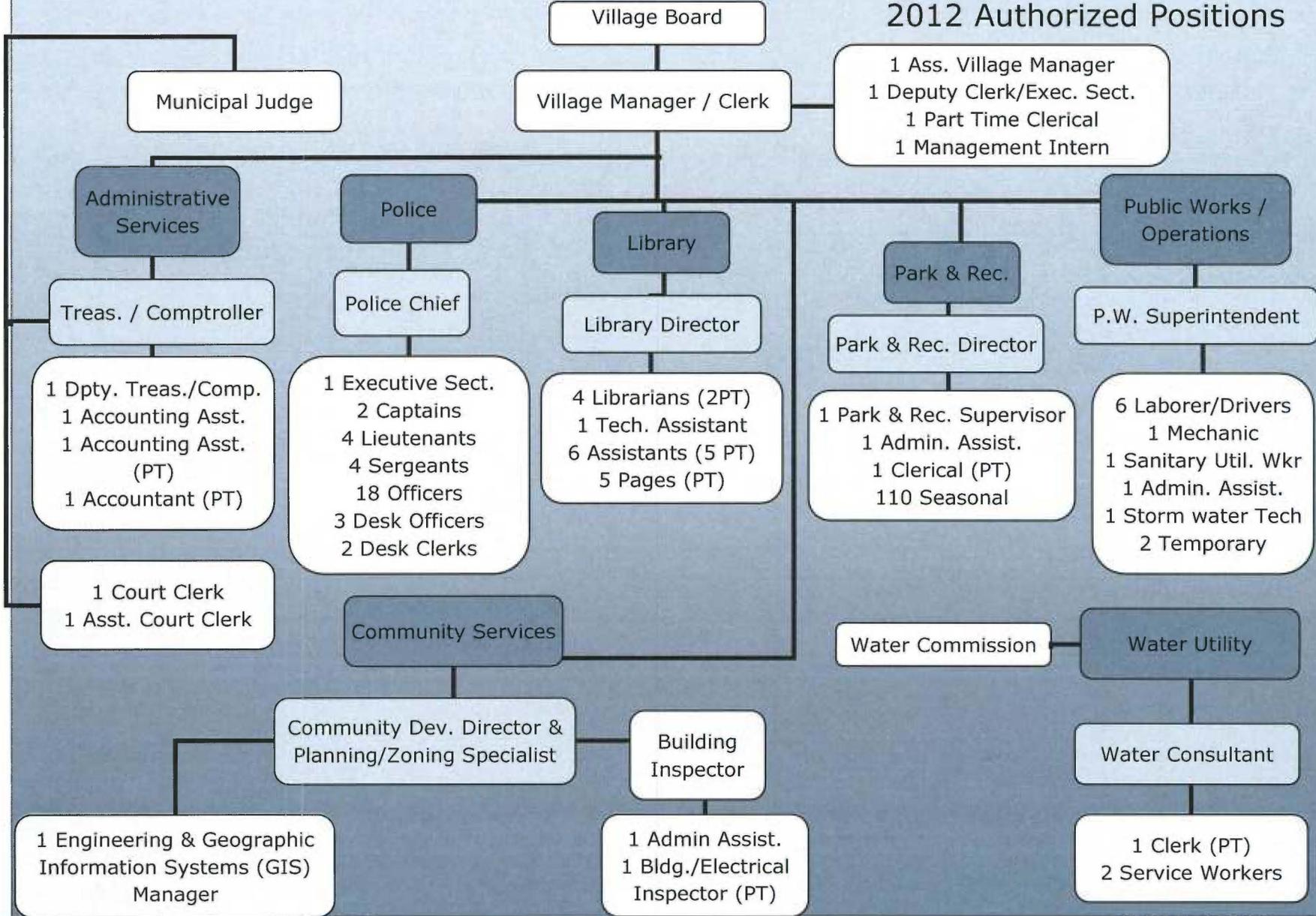
<u>Name</u>	<u>Title</u>	<u>Term</u>
Carl Krueger	Village President	April, 2013
Jeff Baker	Village Trustee	April, 2013
Terry Boschert	Village Trustee	April, 2014
Bob Oates	Village Trustee	April, 2015
Tim Schilz	Village Trustee	April, 2015
Gary Springman	Village Trustee	April, 2013
Andrea J. Weddle-Henning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

### Administrators

<u>Name</u>	<u>Title</u>	<u>Term</u>
David Berner	Interim Village Manager	Contract
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

## 2012 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, 2011

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.



*Christopher P. Moirill*

President

*Jeffrey R. Enos*

Executive Director

## **FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

To the Village Board  
Village of Brown Deer  
Brown Deer, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Brown Deer, Wisconsin, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Village of Brown Deer's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

To the Village Board  
Village of Brown Deer

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Brown Deer, Wisconsin, as of December 31, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note I, the Village of Brown Deer adopted the provisions of GASB Statement No. 63, *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective January 1, 2012. Our opinions are not modified with respect to this matter.

### **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of funding progress of net OPEB liability 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, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects, in relation to the basic financial statements 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 and statistical sections 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.



Milwaukee, Wisconsin  
July 8, 2013



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## MANAGEMENT'S DISCUSSION AND ANALYSIS As of and For the Year Ended December 31, 2012 (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, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

### FINANCIAL HIGHLIGHTS

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

- The assets of the Village of Brown Deer exceeded its liabilities as of December 31, 2012, by \$15,550,009 (*net position*). The Village reported deficit unrestricted governmental activities net position of (\$8,888,110) and unrestricted business-type activities net position of \$2,502,804. During the current year, the Village's net position increased by \$1,288,957.
- As of December 31, 2012, the Village of Brown Deer's governmental funds reported combined ending fund balances of \$9,810,722, an increase of \$915,145 in comparison with the prior year. At the end of 2012, there is \$3,417,589 *available for spending* at the government's discretion (*unassigned fund balance*.)
- As of December 31, 2012, the unreserved fund balance for the general fund was \$3,418,220 or 36% of total general fund expenditures.
- The Village of Brown Deer's total general obligation debt increased by \$1,545,970 during 2012.

### 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, 2012 (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 Position and the Statement of Activities, which can be found on pages 26-27 of this report.

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

#### STATEMENT OF NET POSITION

The *statement of net position* presents information on all of the Village of Brown Deer's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases and decreases in net 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 position from both the prior and current year. An analysis of major components of this statement and comparison between the years is found following the table. Changes in capital assets and long term liabilities are discussed further along within those sections of the Management's Discussion and Analysis.

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 21,185,080	\$ 20,264,005	\$ 4,657,005	\$ 4,012,426	\$ 25,842,085	\$ 24,276,431
Capital assets	<u>11,827,171</u>	<u>11,526,599</u>	<u>16,374,706</u>	<u>16,295,023</u>	<u>28,201,877</u>	<u>27,821,622</u>
Total assets	33,012,251	31,790,604	21,031,711	20,307,449	54,043,962	52,098,053
Long-term debt outstanding	22,174,174	21,411,562	4,998,827	4,729,610	27,173,001	26,141,172
Other liabilities	<u>10,899,860</u>	<u>11,070,412</u>	<u>421,092</u>	<u>625,418</u>	<u>11,320,952</u>	<u>11,695,830</u>
Total liabilities	33,074,034	32,481,974	5,419,919	5,355,028	38,493,953	37,837,002
Net position:						
Net investment in capital assets **	8,482,269	7,745,484	12,772,500	12,438,719	21,040,792	19,963,636
Restricted	344,058	134,846	336,488	306,799	680,546	441,645
Unrestricted (deficit)	<u>(8,888,110)</u>	<u>(8,571,699)</u>	<u>2,502,804</u>	<u>2,206,903</u>	<u>(6,793,118)</u>	<u>(6,144,228)</u>
Total net position	<u>\$ (61,783)</u>	<u>\$ (691,369)</u>	<u>\$ 15,611,792</u>	<u>\$ 14,952,421</u>	<u>\$ 14,928,220</u>	<u>\$ 14,261,053</u>

\*\* - "Totals" column includes an adjustment for business-type activity assets financed with governmental activities debt.  
See Note I.D.10

## VILLAGE OF BROWN DEER

Management's Discussion and Analysis  
As of and For the Year Ended December 31, 2012  
(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 increased in 2012 by \$1,221,647, this is due to increase in cash on hand.

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 position represents resources that are subject to external restrictions on how they may be used. Restricted net position consists 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 position related to these TIF districts were on hand at year end.

The remaining balance of unrestricted net position may be used to meet ongoing obligations to citizens and creditors. The further decrease in unrestricted net position was due to having more invested in capital assets at the end of 2012. 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 \$644,579 in the current year. This was due to an increase in restricted cash because of unspent bond proceeds from a bond issuance late in 2012 for both the water and sewer utility. The total capital assets in 2012 increased by \$79,683 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 \$269,217. The scheduled debt payments decreased the debt by (\$560,600), however new General Obligation Corporate Purpose Bonds were issued for the Water Utility (\$510,000) and sanitary sewer utility of (\$305,000). Other Liabilities for Governmental and Business-type Activities include accounts payable, accrued interest payable, special deposits and unearned revenue. Other Liabilities decreased by \$204,000 resulting mainly from the clearing of the accrued water PILOT payable at the end of 2011 which was paid in 2012. The 2012 water PILOT was paid in 2012 and thus no accrual was recorded.

### **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

## VILLAGE OF BROWN DEER

### Management's Discussion and Analysis As of and For the Year Ended December 31, 2012 (Unaudited)

expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The table below summarizes the statement of activities for 2011 and 2012. Explanations for increases or decreases that are more than \$100,000 and 5% from the previous year are given following the table.

	Governmental Activites		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for Services	\$ 2,142,014	\$ 1,753,090	\$ 4,033,435	\$ 3,781,958	\$ 6,175,449	\$ 5,535,048
Operating grants and contributions	864,150	686,607	-	-	864,150	686,607
Capital grants and contributions	83,475	181,220	91,176	227,012	174,651	408,232
General revenues:						
Property taxes	9,307,851	8,788,024	-	-	9,307,851	8,788,024
Other taxes	504,958	492,759	-	-	504,958	492,759
Other general revenues	1,135,924	1,365,284	44,580	45,659	1,180,504	1,410,943
Total revenues	<u>14,038,372</u>	<u>13,266,984</u>	<u>4,169,191</u>	<u>4,054,629</u>	<u>18,207,563</u>	<u>17,321,613</u>
Expenses						
General government	1,273,135	1,344,051	-	-	1,273,135	1,344,051
Public Safety	6,695,189	6,440,420	-	-	6,695,189	6,440,420
Public Works	2,787,379	2,738,878	-	-	2,787,379	2,738,878
Health and Human Services	815,587	592,289	-	-	815,587	592,289
Culture, recreation and education	1,073,182	1,180,413	-	-	1,073,182	1,180,413
Conservation and development	272,050	836,638	-	-	272,050	836,638
Interest and fiscal charges	773,085	900,832	-	-	773,085	900,832
Water	-	-	1,412,419	1,373,831	1,412,419	1,373,831
Storm Water	-	-	544,483	544,299	544,483	544,299
Sanitary Sewer	-	-	1,272,097	1,423,391	1,272,097	1,423,391
Total expenses	<u>13,689,607</u>	<u>14,033,521</u>	<u>3,228,999</u>	<u>3,341,521</u>	<u>16,918,606</u>	<u>17,375,042</u>
Increase (decrease) in net position before transfers	348,765	(766,537)	940,192	713,108	1,288,957	(53,429)
Transfers	280,821	255,439	(280,821)	(255,439)	-	-
Changes in net position	629,586	(511,098)	659,371	457,669	1,288,957	(53,429)
Net position - Beginning of year	(691,369)	(180,271)	14,952,421	14,494,752	14,261,052	14,314,481
Net position - End of year	<u>\$ (61,783)</u>	<u>\$ (691,369)</u>	<u>\$ 15,611,792</u>	<u>\$ 14,952,421</u>	<u>\$ 15,550,009</u>	<u>\$ 14,261,052</u>

### ***Significant Changes in Governmental Activities***

Governmental activities increased the Village of Brown Deer's net position by \$629,586, while the Business-type activities increased net position by \$659,371. The change in net position for governmental activities increased significantly from 2011 to 2012 due primarily to increased property tax and charges for services. The change in net position for Business-type activities increased slightly between 2011 and 2012 primarily due to a slightly increase in water utility expenses and larger decrease in 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, 2012  
(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 2011 and 2012.

	Governmental Activities			
	2012	2011	Change	% Chg
Revenues				
Program revenues:				
Charges for services	\$ 2,142,014	\$ 1,753,090	\$ 388,924	22.19%
Operating grants and contributions	864,150	686,607	177,543	25.86%
Capital grants and contributions	83,475	181,220	(97,745)	-53.94%
General revenues:				
Property taxes	9,307,851	8,788,024	519,827	5.92%
Other taxes	504,958	492,759	12,199	2.48%
Other general revenues	1,135,924	1,365,284	(229,360)	-16.80%
Total revenues	<u>\$ 14,038,372</u>	<u>\$ 13,266,984</u>	<u>\$ 771,388</u>	<u>5.81%</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 \$388,924 from 2011. This increase can be accounted for in the following areas and amounts: a reclassification of administration costs charged to the utilities being recorded in revenues \$258,000, building inspection permits, \$35,000; heating and air conditioning inspection permits, \$35,000; and recycling charges, \$42,000. Building inspection permits increased dramatically because of many ongoing constructions or remodeling projects at Bradley Crossing, the Community Center and Brown Deer High School.

Operating grants and contributions increased from 2011 to 2012 by \$177,543. There was an increase in the State of Wisconsin Health related grants of approximately \$193,000. The large increase was due in part to an increase in funding on existing grants; Preparedness \$69,000 and Immunizations \$4,000. The largest contributor though was the NSHD obtaining two Tobacco grants totaling \$110,000 that were normally run through the Village of Shorewood but due to the consolidation, the Village of Brown Deer now handles these grants.

Capital grants and contributions decreased by (\$97,745) from 2011. A grant that was included in fiscal year 2011 that we did not received in 2012 was a (\$44,000) Community Development Block Grant (CDBG) for our bus stop project. In addition, the rebates the Village receives on our 2010 Build America Bond debt issuance were approximately (\$41,000) less than what we received in 2011. Finally, the CDBG award for Senior Center operations was (\$9,000) less than the 2011 grant

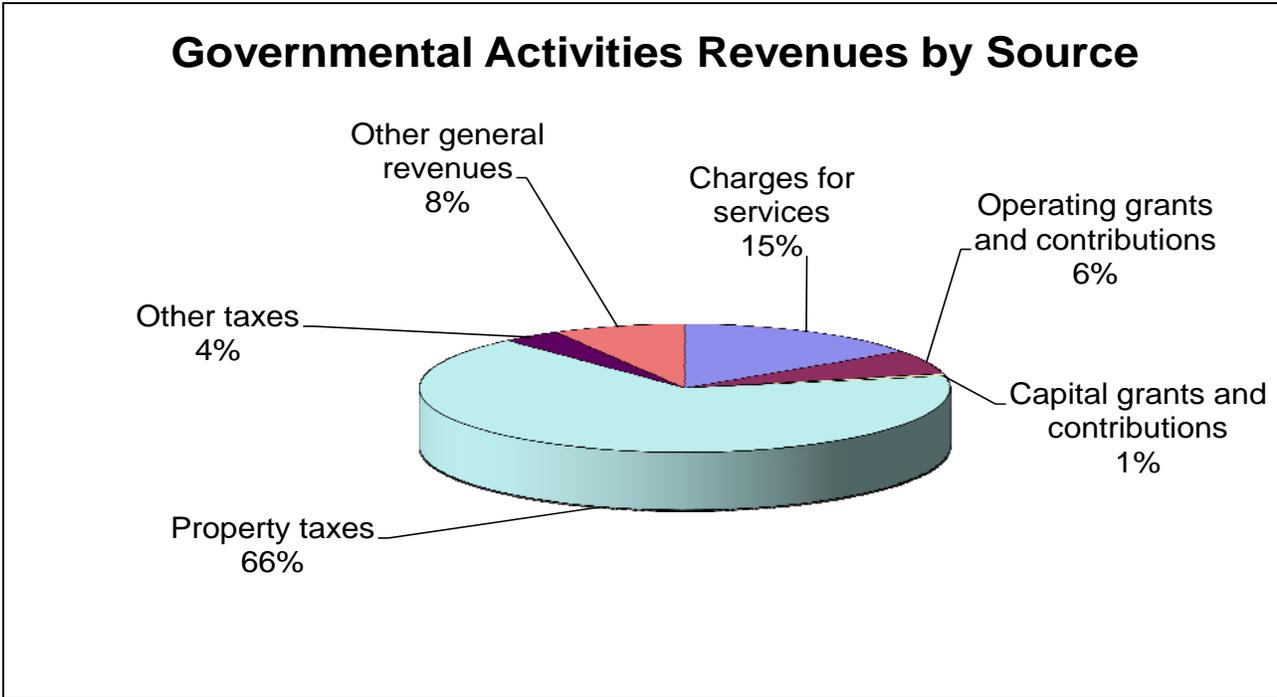
Other general government decreased (\$229,360) from 2011. The two most significant reasons was the decrease in investment income (\$71,131) and shared revenue (\$59,395).

**VILLAGE OF BROWN DEER**

Management's Discussion and Analysis  
As of and For the Year Ended December 31, 2012  
(Unaudited)

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 2012, property taxes levied for all purposes other than the TIF increased \$9,315 or (0.0012%). Property taxes levied for TIF purposes decreased by (\$213,216) or 13% from 2011.

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 4<sup>th</sup> of July celebration, senior programs, and youth and adult athletic programs. Conservation and Development expenses are incurred mainly within the Village's TIF districts in order to promote development of the Village's tax base. The table below compares 2011 and 2012 expenditures; the reasons for significant changes are addressed following the table.

## VILLAGE OF BROWN DEER

### Management's Discussion and Analysis As of and For the Year Ended December 31, 2012 (Unaudited)

Expenses	2012	2011	Change	% Chg
General government	\$ 1,273,135	\$ 1,344,051	\$ (70,916)	-5.28%
Public safety	6,695,189	6,440,420	254,769	3.96%
Public works	2,787,379	2,738,878	48,501	1.77%
Health and human services	815,587	592,289	223,298	37.70%
Culture, recreation and education	1,073,182	1,180,413	(107,231)	-9.08%
Conservation and development	272,050	836,638	(564,588)	-67.48%
Interest and fiscal charges	773,085	900,832	(127,747)	-14.18%
Total expenses	<u>\$ 13,689,607</u>	<u>\$ 14,033,521</u>	<u>\$ (343,914)</u>	<u>-2.45%</u>

General government expenditures decreased (\$70,916) compared to 2011. This can be attributed to the decrease in labor legal services (\$16,000), administrative professional services (\$12,000), services fees (\$7,000) and communication (\$44,000).

In 2012, Public safety increased expenditures over 2011 by \$254,769 due to the consolidation of the dispatch services with Bayside.

Health and Human Services also increased expenditures by \$223,298 in 2012 due mostly in part to an increase in existing grant funding and the addition of new grants from the state, namely Tobacco grants \$101,000 and Preparedness grants \$60,000. However, the increase in grant expenses was offset with increased grant funding from the state. The balance of the increase was due in part to now paying rent for the office space in Shorewood because of the consolidation and small increases in general expenses such as clinical supplies and salaries.

Culture, Recreation and Education decreased expenditures in 2012 by (\$107,231) due to a decrease in salaries and benefits with regards to staffing and filling open positions (\$40,000) in the Park and Recreation Department. In addition, the Community Development Block Grant that funds the Senior Center expenses was decreased in 2012 and thus we saw approximately (\$11,000) less in salaries & supplies spent in that category.

Conservation and Development expenditures decreased by (\$564,588) in 2012. This was due in most part to the 2012 Capital Contribution from TIF 4 to the Sewer for the Original Village project and decreased spending in 2012 compared to 2011 on the Original Village project.

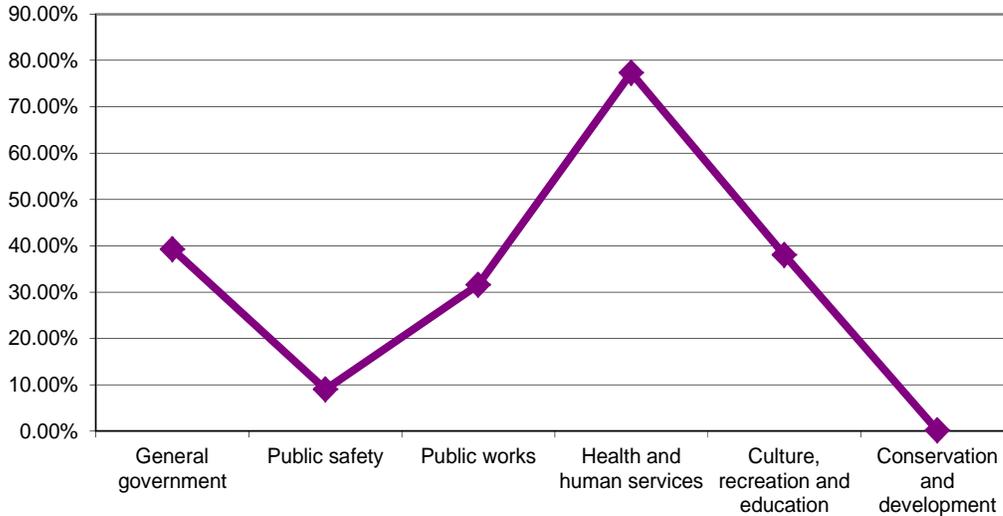
Interest and fiscal charges decreased by (\$127,747) in 2012 due to a large initial interest payment by TIF 4 on the 2010 GO Bonds in 2011. For 2012 and forward on these bonds, the payments are more consistent in dollar amounts between years.

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 2012, 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 General Government is the second department to most utilize program revenues due its reliance on Public Charges for Services such as beverage & entertainment licensing, building licenses and permits, and cable franchise fees. The Park and Recreation Department is a close third due to donations and program revenues.

**VILLAGE OF BROWN DEER**

Management's Discussion and Analysis  
As of and For the Year Ended December 31, 2012  
(Unaudited)

**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 31<sup>st</sup> are placed on the property owner's tax bill. The table below compares the 2011 to 2012 revenues.

	Business-type Activities			
	2012	2011	Change	% Chg
Revenues				
Program revenues:				
Charges for services	\$ 4,033,435	\$ 3,781,958	\$ 251,477	6.65%
Capital grants and contributions	91,176	227,012	(135,836)	-59.84%
General revenues:				
Other general revenues	44,580	45,659	(1,079)	-2.36%
Total revenues	<u>\$ 4,169,191</u>	<u>\$ 4,054,629</u>	<u>\$ 114,562</u>	<u>2.83%</u>

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 2012 increased to \$14.24 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, 2012  
(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 water utility received contributed assets in 2012 for the development at Bradley Crossing \$47,000 and meters \$38,000 from Badger Meter. These contributed assets were far less than the \$220,000 contribution the sewer utility received from TID 4 for work in the Original Village in 2012. The Other General Revenues category is interest income.

### ***Business-type Activities - Expenses***

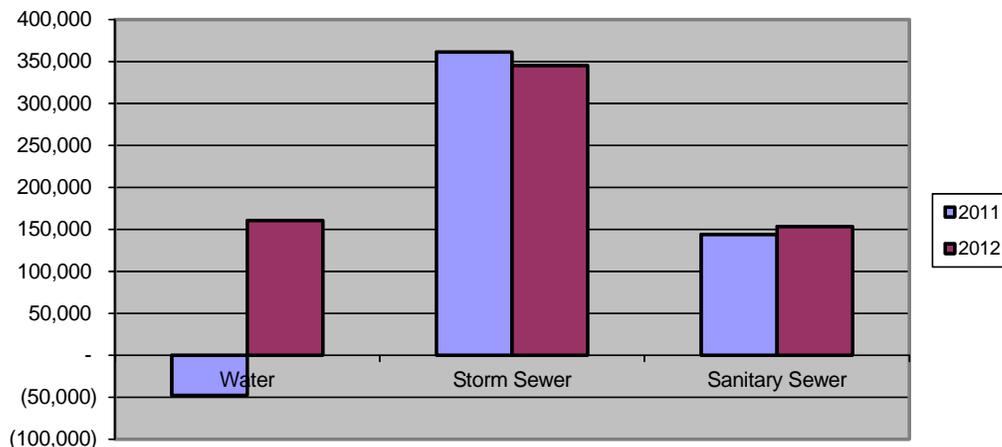
The table below compares the Village's Business-type activities expenses from 2011 to 2012.

Expenses	Business-type Activities			
	2012	2011	Change	% Chg
Water	\$ 1,412,419	\$ 1,373,831	\$ 38,588	2.81%
Storm Water	544,483	544,299	184	0.03%
Sanitary Sewer	<u>1,272,097</u>	<u>1,423,391</u>	<u>(151,294)</u>	<u>-10.63%</u>
Total expenses	<u>\$ 3,228,999</u>	<u>\$ 3,341,521</u>	<u>\$ (112,522)</u>	<u>-3.37%</u>

Expenditures for the Water Utility increased by \$38,588 from 2011 to 2012 due to a \$23,000 increase in depreciation expense and a \$11,000 increase in interest expense. The Sanitary Sewer expenses decreased by (10.63%) due to the Sewer joint testing & sealing project being done in 2011 and not planned again until 2013. The Village typically alternates years in terms of focusing capital improvement efforts between sanitary sewer and storm sewer; in 2012, the Village focused on sanitary sewer improvements instead of storm water improvements.

Business-type activities increased the Village of Brown Deer's net position by \$659,371 in 2012 and \$457,669 in 2011. The change in net position for the Storm Water utility and Sanitary Sewer utility was comparable between 2011 and 2012. However, there was a large disparity between the Water Utilities contribution to Net Position from 2011 (loss of 47,776) to 2012 (gain of 160,633). The main reason for this is the Sale of Water revenue increased by approximately \$170,000. This is due in most part to the rate increase going into effect in 2012 for the entire year. 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, 2012  
(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 fourteen 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 eight 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, 2012, the governmental funds reported combined ending fund balances of \$9,810,722, an increase of \$915,145 in comparison with the prior year. Six percent (6%) 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 four percent (54%) 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. Four percent (4%) 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 four percent is made up of funding for subsequent year's budgets, police purposes (donations), and capital asset acquisition and construction. Thirty one percent (31%) of the Village's fund balance is *unassigned 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, 2012 (Unaudited)

The General Fund is the chief operating fund of the Village of Brown Deer. As of December 31, 2012, the total fund balance of the general fund was \$3,499,360 of which \$3,418,220 was unassigned. This unassigned fund balance represents approximately 36% 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 2012.

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 2012 expenditures were supported with a borrowing completed in 2007, creating a decrease in fund balance of (\$335,935).

TIF District No. 3 was created in 2005, but had very little development activity until 2008. During 2012, 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 2012, the increase to increment from taxes resulted in a year with a fund balance of \$25,695.

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 \$3,561,839.

The capital improvement fund decreased the fund balance by (\$289,106) resulting from capital purchases with unspent bond proceeds.

The Village's non-major funds increased the fund balance by \$142,868 and remains comparable to 2011.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

General fund revenues were over budget by \$197,714 and can be accounted for by the following revenues that exceeded budget expectations:

- General Fund tax revenues came in \$40,453 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 \$13,859 in part due to an increase in allocation for state shared revenue.
- Licenses and permits came in over budget by \$139,590 due to building, electrical, plumbing, heating and A/C permits.
- Miscellaneous revenue came in over budget in 2012 by \$3,812, due to alarm service fees.

General Fund expenditures were below the budgeted amount by \$222,257. Every Departmental group within the General Fund was under budget, with the exception of General Government and health department. General Government was over budget by (\$16,923) due increase wages and materials for elections, TID #2 street lighting and employee wellness benefit. To recap the other Departmental groups, Public Safety was under budget by \$81,375, due to savings gained in salaries and benefits as a result of various positions being open. Public Works department was under budget by \$141,393 due to savings gained in salaries and benefits as a result of staff retirement and position left vacant. The health department exceeded their budget by (\$3,462) and the park and recreation department was under budget by \$19,874 in 2012 mainly due to staff retirements and position left vacant.

There was one budget amendment made in 2012 in the General Fund in response to an increase in the number of elections, TID #2 street lighting and employee wellness benefits. The budget amendment resulted in an increase of expenditures by \$24,600. 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.

## VILLAGE OF BROWN DEER

Management's Discussion and Analysis  
As of and For the Year Ended December 31, 2012  
(Unaudited)

### 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 \$1,441,967; \$647,524; and \$413,313 respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the Village of Brown Deer's business-type activities.

### FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Village of Brown Deer's own programs. The single Fiduciary fund maintained by the Village is the Tax Collection Fund, which records the tax roll and tax collection for other taxing jurisdictions. The basic fiduciary fund financial statement can be found on page 35 of this report.

### NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36-71 of this report. The information provided below on capital 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, 2012  
(Unaudited)

**CAPITAL ASSETS**

The Village's capital asset activity for 2011 and 2012 is summarized below and significant additions and deletions are described after the table.

	Governmental Activities		Business-type Activities	
	2012	2011	2012	2011
Land	\$ 1,279,694	\$ 1,248,694	\$ 11,654	\$ 11,654
Construction in progress	595,992	450,286	51,308	2,950
Machinery and equipment	3,302,046	2,637,843	1,259,324	1,252,975
Library collection	1,053,393	1,083,287	-	-
Buildings and improvements	6,876,509	6,811,637	477,886	477,886
Infrastructure	9,805,666	9,677,028	24,758,623	24,326,425
Total capital assets	<u>22,913,300</u>	<u>21,908,775</u>	<u>26,558,795</u>	<u>26,071,890</u>
Less accumulated depreciation	<u>(11,085,799)</u>	<u>(10,382,176)</u>	<u>(10,184,089)</u>	<u>(9,776,867)</u>
Capital assets net of depreciation	<u>\$ 11,827,501</u>	<u>\$ 11,526,599</u>	<u>\$ 16,374,706</u>	<u>\$ 16,295,023</u>

**Governmental Activities**

- Machinery and equipment increased by \$664,203 in 2012 due to the purchase of DPW end loader and shouldering machine, two police vehicles, dispatch transition project (remodel of center), Village Hall/Library/DPW new phone system.
- Over \$128,638 of infrastructure was added during 2012; was for sidewalks and road resurfacing.

**Business-type Activities**

- The water utility added \$6,349 to machinery and equipment.

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 supplementary information on page 83.

## VILLAGE OF BROWN DEER

### Management's Discussion and Analysis As of and For the Year Ended December 31, 2012 (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 \$48,138,800, which significantly exceeds the Village of Brown Deer's current outstanding general obligation debt of \$25,353,955. This debt is entirely backed by the full faith and credit of the government. As of December 31, 2012, the Village of Brown Deer's outstanding debt equaled 53% of the state authorized debt.

The table below summarizes the Village's long term debt for 2011 and 2012:

	Governmental Activities		Business-type Activities	
	2012	2011	2012	2011
General obligation bonds and notes	\$ 19,838,352	\$ 19,142,839	\$ 4,920,223	\$ 4,665,146
Unamortized premium on bonds	-	-	27,015	13,698
Compensated absences	748,420	716,353	51,589	50,766
OPEB liability	1,587,402	1,552,370	-	-
Total	<u>\$ 22,174,174</u>	<u>\$ 21,411,562</u>	<u>\$ 4,998,827</u>	<u>\$ 4,729,610</u>

In 2012, the Village of Brown Deer issued a \$301,122 State Trust Fund Loan to purchase phone system, accounting software and end loader for the Department of Public Works. The Village also issued a \$5,480,000 General Obligation Refunding bond, the original bonds was used to purchase and/or developer incentive for TID #2, TID #3 and TID #4. The village realized a present value net savings of \$229,000 with the refunding bond. Finally, the Village issued a \$1,365,000 General Obligation Corporate Purpose Bonds for the funding of water system improvements (\$530,000), sewer infrastructure improvements (\$295,000), salt truck for Department of Public Works (\$165,000), and road reconstruction (\$375,000).

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 60 through 63 and also in the statistical section on pages 92 through 95.

#### OTHER INFORMATION

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 75-82 of this report.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

## VILLAGE OF BROWN DEER

### Management's Discussion and Analysis As of and For the Year Ended December 31, 2012 (Unaudited)

The unemployment rate for Milwaukee County as of December, 2012 was 7.9% compared to 8.0% in December, 2011. This compares with an unemployment rate of 6.7% for the State of Wisconsin and a 7.8% national rate. Rates for the Village specifically are not available. Rates were obtained using the Wisconsin's Worknet website through the Department of Workforce Development, using seasonally adjusted rates, found at <http://worknet.wisconsin.gov/worknet/dalaus.aspx?menuselection=da>.

The housing sector is finally showing signs of a mild recovery at the state and national levels. According to the State of Wisconsin's, Fall, 2012 Economic Outlook report, the first nine months of 2012 existing home sales increased 18.8% from a year earlier, following a 0.3% increase in 2011. The recovery is also evident in the mild year over year increase of 1.5% in the median home price between March and September of 2012, when the median home price averaged \$135,900. This is an increase of 3.8% from the previous year price average of \$130,900.

The Village's 2012 tax levy was again capped by the State of Wisconsin. The Village's limit for 2012 was 2% plus an adjustment for changes in debt service. The Village levied \$7,771,935, which is a .001% increase from the 2011 levy.

Intergovernmental revenues primarily funded by annual State programs, finance approximately 14% of the Village's 2012 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 2013 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 2013 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>.

# VILLAGE OF BROWN DEER

## STATEMENT OF NET POSITION As of December 31, 2012

	Governmental Activities	Business Type Activities	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,965,006	\$ 2,648,529	\$ 10,613,535
Temporary investments	1,941,640	-	1,941,640
Receivables (net)			
Taxes	9,517,429	-	9,517,429
Accounts	943,270	644,743	1,588,013
Due from other governments	173,196	-	173,196
Inventory	-	26,643	26,643
Land held for resale	75,000	-	75,000
Deferred charges	-	66,681	66,681
Restricted cash and cash equivalents	-	1,270,409	1,270,409
Investment in CVMIC	429,675	-	429,675
Capital assets			
Land	1,279,694	11,654	1,291,348
Construction in progress	595,992	51,308	647,300
Other capital assets, net of depreciation	9,951,815	16,311,744	26,263,559
Unamortized debt issuance cost	139,534	-	139,534
<b>Total Assets</b>	<b>33,012,251</b>	<b>21,031,711</b>	<b>54,043,962</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	862,946	326,898	1,189,844
Accrued interest payable	161,741	33,612	195,353
Due to other governments	30,146	-	30,146
Special deposits	28,323	-	28,323
Unearned revenue	9,816,704	60,582	9,877,286
Noncurrent liabilities			
Due within one year	1,661,137	608,097	2,269,234
Due in more than one year	20,513,037	4,390,730	24,903,767
<b>Total Liabilities</b>	<b>33,074,034</b>	<b>5,419,919</b>	<b>38,493,953</b>
<b>NET POSITION</b>			
Net investment in capital assets	8,482,269	12,772,500	21,040,792
Restricted for			
Police Asset Forfeiture purposes	25,067	-	25,067
Library	114,126	-	114,126
Park and recreation	32,110	-	32,110
TIF development	172,755	-	172,755
Equipment replacement	-	336,488	336,488
Unrestricted (deficit)	(8,888,110)	2,502,804	(6,171,329)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ (61,783)</b>	<b>\$ 15,611,792</b>	<b>\$ 15,550,009</b>

See accompanying notes to the financial statements.

VILLAGE OF BROWN DEER

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Totals
<b>Governmental Activities</b>							
General government	\$ 1,273,135	\$ 499,387	\$ -	\$ -	\$ (773,748)	\$ -	\$ (773,748)
Public safety	6,695,189	473,061	129,562	-	(6,092,566)	-	(6,092,566)
Public works	2,787,379	423,741	441,023	152	(1,922,463)	-	(1,922,463)
Health and human services	815,587	459,251	171,390	-	(184,946)	-	(184,946)
Culture, recreation and education	1,073,182	286,574	121,775	-	(664,833)	-	(664,833)
Conservation and development	272,050	-	400	-	(271,650)	-	(271,650)
Interest and fiscal charges	773,085	-	-	83,323	(689,762)	-	(689,762)
Total Governmental Activities	13,689,607	2,142,014	864,150	83,475	(10,599,968)	-	(10,599,968)
<b>Business-type Activities</b>							
Water Utility	1,412,419	1,750,070	-	91,176	-	428,827	428,827
Sewer Utility	1,272,097	1,398,628	-	-	-	126,531	126,531
Storm Water Utility	544,483	884,737	-	-	-	340,254	340,254
Total Business-type Activities	3,228,999	4,033,435	-	91,176	-	895,612	895,612
<b>Total</b>	<b>\$ 16,918,606</b>	<b>\$ 6,175,449</b>	<b>\$ 864,150</b>	<b>\$ 174,651</b>	<b>(10,599,968)</b>	<b>895,612</b>	<b>(9,704,356)</b>
<b>General revenues</b>							
Property taxes							
Property taxes, levied for general purposes					6,576,055	-	6,576,055
Property taxes, levied for debt service					835,004	-	835,004
Property taxes, levied for capital projects					1,896,792	-	1,896,792
Hotel room taxes					504,958	-	504,958
Intergovernmental revenues not restricted to specific programs					900,234	-	900,234
Investment income					187,040	44,580	231,620
Other					48,650	-	48,650
Total General Revenues					10,948,733	44,580	10,993,313
Transfers					280,821	(280,821)	-
Change in net position					629,586	659,371	1,288,957
Net Position - Beginning of Year (Deficit)					(691,369)	14,952,421	14,261,052
<b>Net Position - End of Year (Deficit)</b>					<b>\$ (61,783)</b>	<b>\$ 15,611,792</b>	<b>\$ 15,550,009</b>

See accompanying notes to the financial statements.

**VILLAGE OF BROWN DEER**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2012

	Capital Projects Funds				Capital Improvements	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
	General	TIF No. 2	TIF No. 3	TIF No. 4				
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,835,782	\$ 160,625	\$ 30,410	\$ 3,512,655	\$ 1,570,236	\$ 104,491	\$ 700,452	\$ 7,914,651
Temporary investments	1,941,640	-	-	-	-	-	-	1,941,640
Receivables								
Taxes	6,171,954	688,657	569,806	87,644	362,108	834,181	803,079	9,517,429
Accounts	201,856	-	362,739	3,193	315,073	-	40,615	923,476
Due from other governments	72,060	-	-	-	-	-	101,136	173,196
Due from other funds	15,111	-	-	-	-	-	-	15,111
Land held for resale	-	-	-	75,000	-	-	-	75,000
<b>TOTAL ASSETS</b>	<b>\$ 10,238,403</b>	<b>\$ 849,282</b>	<b>\$ 962,955</b>	<b>\$ 3,678,492</b>	<b>\$ 2,247,417</b>	<b>\$ 938,672</b>	<b>\$ 1,645,282</b>	<b>\$ 20,560,503</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable and accrued liabilities	\$ 537,362	\$ 13,566	\$ 4,715	\$ 29,009	\$ 148,759	\$ -	\$ 87,533	\$ 820,944
Due to other governments	30,146	-	-	-	-	-	-	30,146
Due to other funds	-	-	-	-	-	-	15,111	15,111
Special deposits	28,323	-	-	-	-	-	-	28,323
Deferred revenues	6,143,212	688,656	932,545	87,644	362,108	834,181	806,911	9,855,257
Total liabilities	6,739,043	702,222	937,260	116,653	510,867	834,181	909,555	10,749,781
<b>Fund Balances (Deficits)</b>								
<b>Nonspendable</b>								
Grant fund deficit	631	-	-	-	-	-	-	631
Delinquent personal property taxes	3,990	-	-	-	-	-	-	3,990
Long-term receivables	59,491	-	-	-	-	-	-	59,491
<b>Restricted</b>								
Debt service	-	-	-	1,040,000	-	104,491	-	1,144,491
Tax Increment District capital projects purposes	-	147,060	25,695	2,521,839	-	-	-	2,694,594
Library purposes	-	-	-	-	-	-	114,126	114,126
Police asset forfeiture purposes	-	-	-	-	-	-	25,067	25,067
Capital asset acquisition and construction	-	-	-	-	1,381,500	-	-	1,381,500
Park and recreation	-	-	-	-	-	-	32,110	32,110
<b>Committed</b>								
Street lighting purposes	-	-	-	-	-	-	175,982	175,982
North Shore Health Department purposes	-	-	-	-	-	-	35,715	35,715
Recycling purposes	-	-	-	-	-	-	236,062	236,062
Park & recreation purposes	-	-	-	-	-	-	117,296	117,296
<b>Assigned</b>								
Police purposes	17,028	-	-	-	-	-	-	17,028
Capital asset acquisition and construction	-	-	-	-	355,050	-	-	355,050
Unassigned (deficit)	3,418,220	-	-	-	-	-	(631)	3,417,589
Total fund balances	3,499,360	147,060	25,695	3,561,839	1,736,550	104,491	735,727	9,810,722
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 10,238,403</b>	<b>\$ 849,282</b>	<b>\$ 962,955</b>	<b>\$ 3,678,492</b>	<b>\$ 2,247,417</b>	<b>\$ 938,672</b>	<b>\$ 1,645,282</b>	

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

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. See Note II.A.	11,827,501
Unamortized debt issuance cost	139,534
Special assessments recognized as revenue	38,553
Internal service fund is used by management to charge the costs of insurance to specific funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	457,824
Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds. See Note II.A.	(22,335,916)
<b>NET POSITION OF GOVERNMENTAL FUNDS</b>	<b>\$ (61,783)</b>

**VILLAGE OF BROWN DEER**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2012

	Capital Projects Funds				Capital Improvements	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
	General	TIF No. 2	TIF No. 3	TIF No. 4				
<b>REVENUES</b>								
Taxes	\$ 6,648,167	\$ 593,793	\$ 758,843	\$ 192,594	\$ 351,561	\$ 835,004	\$ 432,846	\$ 9,812,808
Intergovernmental revenues	1,329,449	599	4,868	62,554	35,058	-	453,844	1,886,372
Licenses and permits	446,042	-	-	-	-	-	98,791	544,833
Fines, forfeitures and penalties	250,361	-	-	-	-	-	-	250,361
Public charges for services	24,366	-	-	-	-	-	541,997	566,363
Public improvement revenues	-	-	-	-	-	-	32,202	32,202
Interdepartmental charges for services	759,625	-	-	-	-	-	-	759,625
Intergovernmental charges for services	-	-	-	-	-	-	470,582	470,582
Commercial revenues	154,501	3,233	178	22,870	8,661	5,743	155,849	351,035
Total Revenues	<u>9,612,511</u>	<u>597,625</u>	<u>763,889</u>	<u>278,018</u>	<u>395,280</u>	<u>840,747</u>	<u>2,186,111</u>	<u>14,674,181</u>
<b>EXPENDITURES</b>								
Current								
General government	1,510,800	-	-	-	-	-	-	1,510,800
Public safety	5,960,230	-	-	-	-	-	-	5,960,230
Public works	1,669,682	-	-	-	-	-	369,400	2,039,082
Health and human services	144,745	-	-	-	-	-	853,429	998,174
Culture, recreation and education	184,610	-	-	-	-	-	795,042	979,652
Conservation and development	-	269,681	119,340	318,551	-	-	-	707,572
Capital outlay	-	-	-	129,662	1,468,246	-	-	1,597,908
Debt service								
Principal retirement	-	315,000	150,000	155,264	70,350	977,425	-	1,668,039
Interest and fiscal charges	-	249,790	217,141	238,811	30,449	190,253	-	926,444
Total Expenditures	<u>9,470,067</u>	<u>834,471</u>	<u>486,481</u>	<u>842,288</u>	<u>1,569,045</u>	<u>1,167,678</u>	<u>2,017,871</u>	<u>16,387,901</u>
Excess (deficiency) of revenues over (under) expenditures	<u>142,444</u>	<u>(236,846)</u>	<u>277,408</u>	<u>(564,270)</u>	<u>(1,173,765)</u>	<u>(326,931)</u>	<u>168,240</u>	<u>(1,713,720)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	280,821	-	-	-	28,610	-	3,238	312,669
Transfers out	(3,238)	-	-	-	-	-	(28,610)	(31,848)
General obligation debt issued	-	-	-	-	851,122	-	-	851,122
Refunding debt issued	-	1,270,000	3,035,000	1,040,000	-	400,000	-	5,745,000
Premium on debt issued	-	14,526	34,714	11,896	4,927	9,656	-	75,719
Payment to escrow agent	-	(1,383,615)	(2,940,182)	-	-	-	-	(4,323,797)
Total other financing sources (uses)	<u>277,583</u>	<u>(99,089)</u>	<u>129,532</u>	<u>1,051,896</u>	<u>884,659</u>	<u>409,656</u>	<u>(25,372)</u>	<u>2,628,865</u>
Net Change in Fund Balance	420,027	(335,935)	406,940	487,626	(289,106)	82,725	142,868	915,145
FUND BALANCES - BEGINNING OF YEAR (DEFICIT)	<u>3,079,333</u>	<u>482,995</u>	<u>(381,245)</u>	<u>3,074,213</u>	<u>2,025,656</u>	<u>21,766</u>	<u>592,859</u>	<u>8,895,577</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 3,499,360</u>	<u>\$ 147,060</u>	<u>\$ 25,695</u>	<u>\$ 3,561,839</u>	<u>\$ 1,736,550</u>	<u>\$ 104,491</u>	<u>\$ 735,727</u>	<u>\$ 9,810,722</u>

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, 2012

Net change in fund balances - total governmental funds	\$	915,145
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However in the statement of net position, the cost of these assets is capitalized and they are depreciated over their useful lives and reported as depreciation expense in the statement of activities.</p>		
Capital outlay is reported as an expenditure in the fund financial statements, but is capitalized in the government-wide financial statements		1,597,908
Some items reported as capital outlay were not capitalized		(598,842)
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements		213,268
Depreciation is reported in the government-wide financial statements		(901,791)
Net book value of assets retired		(9,641)
<p>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.</p>		
		6,351
<p>Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
Debt proceeds		(6,596,122)
Northshore fire debt issued		(17,810)
Principal repaid		5,323,039
<p>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.</p>		
Other post-employment benefits		(35,032)
Compensated absences		(32,067)
Accrued interest on debt		97,360
Loss on refunding		668,797
Premium on debt issued		(75,719)
Amortization of premium		2,302
Costs of issuing debt		62,457
Amortization of debt issuance costs		(8,760)
<p>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</p>		
		18,743
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b>629,586</b>

See accompanying notes to the financial statements.

## VILLAGE OF BROWN DEER

### STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2012

	Business Type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Storm Water Utility		
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 1,333,797	\$ 809,242	\$ 505,490	\$ 2,648,529	\$ 50,355
Accounts receivable	253,447	247,314	143,982	644,743	19,794
Materials and supplies inventory	26,643	-	-	26,643	-
Current portion of advance to other funds	-	-	10,058	10,058	-
Total current assets	1,613,887	1,056,556	659,530	3,329,973	70,149
<b>Non-Current Assets</b>					
<b>Restricted Assets - cash and cash equivalents</b>					
Equipment replacement funds	-	336,488	-	336,488	-
Construction funds	570,231	363,690	-	933,921	-
<b>Capital Assets</b>					
Land	11,654	-	-	11,654	-
Construction in progress	26,011	-	25,297	51,308	-
Structures, improvements and equipment	12,307,118	7,895,573	6,293,142	26,495,833	-
Accumulated depreciation	(4,256,641)	(3,798,939)	(2,128,509)	(10,184,089)	-
<b>Other Assets</b>					
Deferred debits	28,165	15,839	22,677	66,681	-
Advance to other funds	-	-	32,980	32,980	-
Investment in CVMIC	-	-	-	-	429,675
Total noncurrent assets	8,686,538	4,812,651	4,245,587	17,744,776	429,675
<b>TOTAL ASSETS</b>	10,300,425	5,869,207	4,905,117	21,074,749	499,824
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued liabilities	101,121	187,561	38,216	326,898	42,000
Accrued interest	11,746	8,206	13,660	33,612	-
Unearned revenue	60,582	-	-	60,582	-
Current portion of advance from other funds	-	10,058	-	10,058	-
Current portion of long-term liabilities	135,300	101,805	370,992	608,097	-
Total current liabilities	308,749	307,630	422,868	1,039,247	42,000
<b>Noncurrent Liabilities</b>					
Accumulated sick and vacation pay	26,636	8,689	15,310	50,635	-
Advance from other funds	-	32,980	-	32,980	-
Long-term bonds and notes payable	1,734,669	1,181,003	1,424,423	4,340,095	-
Total Noncurrent liabilities	1,761,305	1,222,672	1,439,733	4,423,710	-
<b>TOTAL LIABILITIES</b>	2,070,054	1,530,302	1,862,601	5,462,957	42,000
<b>NET POSITION</b>					
Net investment in capital assets	6,788,404	3,589,104	2,394,992	12,772,500	-
Restricted for					
Equipment replacement	-	336,488	-	336,488	-
Unrestricted	1,441,967	413,313	647,524	2,502,804	457,824
<b>TOTAL NET POSITION</b>	\$ 8,230,371	\$ 4,338,905	\$ 3,042,516	\$ 15,611,792	\$ 457,824

See accompanying notes to the financial statements.

## VILLAGE OF BROWN DEER

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2012

	Business Type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Storm Water Utility		
<b>OPERATING REVENUES</b>					
Sale of water	\$ 1,609,493	\$ -	\$ -	\$ 1,609,493	\$ -
Sewage collection charges	-	1,397,036	-	1,397,036	-
Stormwater charges	-	-	868,779	868,779	-
Other operating revenues	140,577	1,592	15,958	158,127	89,660
<b>Total operating revenues</b>	<u>1,750,070</u>	<u>1,398,628</u>	<u>884,737</u>	<u>4,033,435</u>	<u>89,660</u>
<b>OPERATING EXPENSES</b>					
Operation and maintenance	1,124,777	1,077,868	303,844	2,506,489	89,224
Depreciation	241,036	155,816	177,469	574,321	-
Taxes	1,285	-	-	1,285	-
<b>Total operating expenses</b>	<u>1,367,098</u>	<u>1,233,684</u>	<u>481,313</u>	<u>3,082,095</u>	<u>89,224</u>
<b>Operating income</b>	<u>382,972</u>	<u>164,944</u>	<u>403,424</u>	<u>951,340</u>	<u>436</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	12,627	27,135	4,818	44,580	18,307
Interest expense	(44,334)	(37,700)	(61,811)	(143,845)	-
Amortization of debt discount/premiums	(987)	(713)	(1,359)	(3,059)	-
<b>Total nonoperating revenues (expense)</b>	<u>(32,694)</u>	<u>(11,278)</u>	<u>(58,352)</u>	<u>(102,324)</u>	<u>18,307</u>
<b>Income before contributions and transfers</b>	350,278	153,666	345,072	849,016	18,743
<b>CAPITAL CONTRIBUTIONS TRANSFERS OUT</b>	91,176	-	-	91,176	-
	<u>(280,821)</u>	<u>-</u>	<u>-</u>	<u>(280,821)</u>	<u>-</u>
<b>Change in net position</b>	160,633	153,666	345,072	659,371	18,743
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>	<u>8,069,738</u>	<u>4,185,239</u>	<u>2,697,444</u>	<u>14,952,421</u>	<u>439,081</u>
<b>TOTAL NET POSITION - END OF YEAR</b>	<u>\$ 8,230,371</u>	<u>\$ 4,338,905</u>	<u>\$ 3,042,516</u>	<u>\$ 15,611,792</u>	<u>\$ 457,824</u>

See accompanying notes to the financial statements.

**VILLAGE OF BROWN DEER**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2012

	Business Type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Storm Water Utility		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Received from customers	\$ 1,714,339	\$ 1,356,862	\$ 867,912	\$ 3,939,113	\$ 90,575
Paid to suppliers for goods and services	(1,258,383)	(1,143,913)	(57,054)	(2,459,350)	(89,223)
Paid to employees for services	(74,070)	(52,452)	(121,283)	(247,805)	-
Receipts (payments) for interfund services	(31,447)	(123,637)	(104,741)	(259,825)	-
Net cash flows from operating activities	<u>350,439</u>	<u>36,860</u>	<u>584,834</u>	<u>972,133</u>	<u>1,352</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfer out - paid for tax equivalent	(280,821)	-	-	(280,821)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Debt issuance costs	(10,609)	(6,344)	(15,290)	(32,243)	-
Debt premium received	4,569	2,732	12,191	19,492	-
Proceeds from long-term debt	510,000	305,000	505,000	1,320,000	-
Principal paid on long-term debt	(113,050)	(88,823)	(863,050)	(1,064,923)	-
Interest paid on long-term debt	(41,339)	(37,935)	(67,589)	(146,863)	-
Payments on capital related advances	-	(9,640)	-	(9,640)	-
Received on advances to other funds	-	-	9,640	9,640	-
Acquisition and construction of capital assets	(346,524)	-	(216,305)	(562,829)	-
Net cash flows from capital and related financing activities	<u>3,047</u>	<u>164,990</u>	<u>(635,403)</u>	<u>(467,366)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income received	12,627	27,135	4,818	44,580	18,306
<b>Net change in cash and cash equivalents</b>	<u>85,292</u>	<u>228,985</u>	<u>(45,751)</u>	<u>268,526</u>	<u>19,658</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>1,818,736</u>	<u>1,280,435</u>	<u>551,241</u>	<u>3,650,412</u>	<u>30,697</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,904,028</u>	<u>\$ 1,509,420</u>	<u>\$ 505,490</u>	<u>\$ 3,918,938</u>	<u>\$ 50,355</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>					
Cash and cash equivalents	\$ 1,333,797	\$ 809,242	\$ 505,490	\$ 2,648,529	\$ 50,355
Restricted cash and cash equivalents	570,231	700,178	-	1,270,409	-
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 1,904,028</u>	<u>\$ 1,509,420</u>	<u>\$ 505,490</u>	<u>\$ 3,918,938</u>	<u>\$ 50,355</u>

**VILLAGE OF BROWN DEER**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 (concluded)  
 For the Year Ended December 31, 2012

	Business Type Activities - Enterprise Funds			Total	Governmental
	Water Utility	Sewer Utility	Storm Water Utility		Activities - Internal Service Fund
<b>RECONCILIATION OF OPERATING INCOME, TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating income	\$ 382,972	\$ 164,944	\$ 403,424	\$ 951,340	\$ 436
Adjustments to reconcile operating income to net cash flows from operating activities					
Depreciation	241,036	155,816	177,469	574,321	-
Depreciation charged to other funds	32,980	(31,560)	(1,420)	-	-
(Increase) decrease in assets					
Accounts receivable	(39,710)	(41,766)	(16,825)	(98,301)	916
Inventory	696	-	-	696	-
Increase (decrease) in liabilities					
Accounts payable and accrued liabilities	(16,964)	(210,549)	22,227	(205,286)	-
Due to other funds	(255,439)	-	-	(255,439)	-
Unearned revenue	3,979	-	-	3,979	-
Accumulated sick leave payable	889	(25)	(41)	823	-
Net cash flows from operating activities	<u>\$ 350,439</u>	<u>\$ 36,860</u>	<u>\$ 584,834</u>	<u>\$ 972,133</u>	<u>\$ 1,352</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital Contribution by Developers	<u>\$ 91,176</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,176</u>	<u>\$ -</u>

# VILLAGE OF BROWN DEER

## STATEMENT OF ASSETS AND LIABILITIES AGENCY FUND As of December 31, 2012

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	Agency Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 6,241,365
Temporary investments	5,824,920
Taxes receivable	<u>9,562,491</u>
 TOTAL ASSETS	 <u>21,628,776</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 55,322
Due to other taxing units	<u>21,573,454</u>
 TOTAL LIABILITIES	 <u>\$ 21,628,776</u>

See accompanying notes to the financial statements.

# VILLAGE OF BROWN DEER

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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<b>NOTE</b>	<b><u>Page</u></b>
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 Position 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	47
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 Position	51
III. Stewardship, Compliance, and Accountability	52
A. Budgetary Information	52
B. Excess Expenditures and Other Financing Uses over Appropriations	52
C. Deficit Balances	53
D. Limitation on the Village's Tax Levy	53
IV. Detailed Notes on All Funds	53
A. Deposits and Investments	53
B. Receivables	56
C. Restricted Assets	56
D. Capital Assets	57
E. Interfund Receivables / Payables, Advances and Transfers	59
F. Long-Term Obligations	60
G. Net Position / Fund Balances	64

# VILLAGE OF BROWN DEER

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE

V.	Other Information	65
A.	Employees' Retirement System	65
B.	Risk Management	66
C.	Intermunicipal Agreements	67
D.	Other Post-Employment Benefits	69
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	71

# VILLAGE OF BROWN DEER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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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 June 2011, the GASB issued statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards did not include guidance for these elements, which are distinct from assets and liabilities.

The Village made the decision to implement this standard effective January 1, 2012.

#### ***Government-Wide Financial Statements***

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

# VILLAGE OF BROWN DEER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### **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 position/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, 2012

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### **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

Strehlow Donation Fund

# VILLAGE OF BROWN DEER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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#### ***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.

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

##### ***Government-Wide Financial Statements***

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, 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.

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, 2012

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### **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, 2012

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### 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 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 POSITION OR EQUITY**

##### ***1. Deposits and Investments***

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

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

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

# VILLAGE OF BROWN DEER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### **D. ASSETS, LIABILITIES, AND NET POSITION 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. At year-end the Village had \$3,775 in uncollateralized deposits, which violates its investment policy.

##### ***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, 2012, 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, 2012

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### 2. Receivables

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

Property tax calendar – 2012 tax roll:

Lien date and levy date	December 2012
Tax bills mailed	December 2012
Payment in full, or	January 31, 2013
First installment due	January 31, 2013
Second installment due	March 31, 2013
Third installment due	May 31, 2013
Personal property taxes in full	January 31, 2013
Tax settlements	
Initial settlement	January 15, 2013
Second settlement	February 15, 2013
Third settlement	April 15, 2013
Fourth settlement	June 15, 2013
Final settlement	August 15, 2013
Tax deed by County – 2012	
Delinquent real estate taxes	October 2015

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, 2012

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### *D. ASSETS, LIABILITIES, AND NET POSITION 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, 2012

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### **6. Other Assets**

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and for the proprietary fund 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, 2012, 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 and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net position.

# VILLAGE OF BROWN DEER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **D. ASSETS, LIABILITIES, AND NET POSITION 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 \$10.16 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. Refer to Note V.E. on commitments and contingencies.

##### **10. Equity Classifications**

###### **Government-Wide Statements**

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

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

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

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 8,482,269	\$ 12,772,500	\$ (213,977)	\$ 21,040,792
Unrestricted	(9,509,899)	2,502,804	213,977	(6,793,118)

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, 2012

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### **D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY** (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 (resolution) of the Village. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village that originally created the commitment.
- d. Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The Village has adopted a financial policy authorizing the Finance and Public Works Committee to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned – Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes

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

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

The Village of Brown Deer has a formal minimum fund balance policy. That policy is to maintain a working capital amount of a minimum of 15% of the ensuing year's budgeted general fund expenditures, with a targeted maximum of 30% of the ensuing year's budgeted expenditures. The balance at year end was \$2,913,907 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, 2012

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### **D. ASSETS, LIABILITIES, AND NET POSITION 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 19, 2011 and effective January 1, 2012.

###### ***Storm Water Utility***

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

#### **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, 2012

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### NOTE II – RECONCILIATION OF GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS

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

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

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

Land	\$ 1,279,694
Construction in progress	595,992
Machinery and equipment	3,302,046
Library collection	1,053,393
Buildings and improvements	6,876,509
Infrastructure	9,805,666
Less: Accumulated depreciation	<u>(11,085,799)</u>
Adjustment for Capital Assets	<u>\$ 11,827,501</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 position.

Bonds and notes payable	\$ 20,433,732
Unamortized loss on refunding	(668,797)
Unamortized premium	73,417
Compensated absences	748,420
Other post employment benefits	1,587,402
Accrued interest	<u>161,742</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 22,335,916</u>

# VILLAGE OF BROWN DEER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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#### **A. BUDGETARY INFORMATION**

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I.C.

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

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

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

#### **B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS**

Excess of expenditures over appropriations are as follows:

<u>Fund</u>	<u>Final Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General Fund			
General Government	\$ 1,493,877	\$ 1,510,800	\$ 16,923
Health and Human Services	141,283	144,745	3,462
Debt Service Fund	765,629	1,167,678	402,049
Special Revenue Funds			
Special Assessments Fund	33,217	33,301	84
North Shore Health Department Fund	822,139	853,429	31,290
Capital Projects Fund			
TIF No. 2 Capital Projects Fund	805,916	834,471	28,555
TIF No. 3 Capital Projects Fund	445,578	486,481	40,903

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, 2012

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

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#### **C. DEFICIT BALANCES**

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

As of December 31, 2012, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>
Grant Fund	\$ (631)

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

#### **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.

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### NOTE IV – DETAILED NOTES ON ALL FUNDS

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#### **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.

# VILLAGE OF BROWN DEER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

#### A. DEPOSITS AND INVESTMENTS (continued)

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

	Carrying Value	Statement Balance	Associated Risks
Petty cash	\$ 7,177	\$ -	N/A
Demand deposits	14,541,492	13,424,468	Custodial credit risk
Certificates of deposit	5,564,501	5,564,501	Custodial credit risk
Money market funds	486,287	486,287	Custodial credit risk
LGIP	3,090,353	3,090,353	Credit risk
Municipal Bonds	509,571	509,571	Custodial credit, credit, concentration of credit and interest rate risks
U.S. agencies	1,692,488	1,692,488	Custodial credit, credit, concentration of credit risk and interest rate risks
	\$ 25,891,869	\$ 24,767,668	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted			
Cash and cash equivalents	\$ 10,613,535		
Temporary investments	1,941,640		
Restricted cash and cash equivalents	1,270,409		
Per statement of net position - Agency Fund			
Cash and cash equivalents	6,241,365		
Temporary investments	5,824,920		
Total cash and investments	\$ 25,891,869		

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 through December 31, 2012. On January 1, 2013, the temporary unlimited amounts for noninterest-bearing transaction accounts expired. Therefore, demand deposit accounts (interest-bearing and noninterest-bearing) are insured for a total of \$250,000 beginning January 1, 2013. In addition, if deposits are held in an institution outside of the state where the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit 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, 2012

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

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#### 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, 2012, \$3,775 of the Village's total certificates of deposit balance of \$5,564,501 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, 2012.

###### **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, 2012, the Village's investments were rated as follows:

<u>Investment Type</u>	<u>Standard &amp; Poor's</u>	<u>Moody's Investors Services</u>
FFCB Note	AA+	AAA
FHLMC Note	AA+	AAA
Municipal bonds	AA	A1, 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, 2012, the investment portfolio was concentrated as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>
FFCB	US Agencies	13%

**VILLAGE OF BROWN DEER**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**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, 2012, 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
US agencies	\$ 1,692,488	\$ -	\$ -	\$ -	\$ 1,692,488
Municipal Bonds	509,571	387,133	-	62,693	59,745
<b>Totals</b>	<b>\$ 2,202,059</b>	<b>\$ 387,133</b>	<b>\$ -</b>	<b>\$ 62,693</b>	<b>\$ 1,752,233</b>

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	\$ -	\$ 9,433,721	\$ 9,433,721
Developer receivables	-	378,731	378,731
Special assessments not yet due	38,553	-	38,553
Other unearned revenue	-	4,252	4,252
<b>Total Deferred/Unearned Revenue for Governmental Funds</b>	<b>\$ 38,553</b>	<b>\$ 9,816,704</b>	<b>\$ 9,855,257</b>

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 \$48,370.

**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, 2012 is \$933,921.

# VILLAGE OF BROWN DEER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### 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, 2012 was \$336,488.

#### D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not being depreciated				
Land	\$ 1,248,694	\$ 31,000	\$ -	\$ 1,279,694
Construction in progress	450,286	145,706	-	595,992
Total Capital Assets Not Being Depreciated	1,698,980	176,706	-	1,875,686
Capital Assets being depreciated				
Machinery and equipment	2,637,843	758,714	94,511	3,302,046
Library collection	1,083,287	64,474	94,368	1,053,393
Buildings and improvements	6,811,637	64,872	-	6,876,509
Infrastructure	9,677,028	147,568	18,930	9,805,666
Total Capital Assets Being Depreciated	20,209,795	1,035,628	207,809	21,037,614
Total Capital Assets	21,908,775	1,212,334	207,809	22,913,300
Less: Accumulated Depreciation for				
Buildings and improvements	3,153,058	241,074	-	3,394,132
Library collection	639,032	81,501	86,162	634,371
Machinery and equipment	1,323,918	226,415	94,368	1,455,965
Infrastructure	5,266,168	352,801	17,638	5,601,331
Total Accumulated Depreciation	10,382,176	901,791	198,168	11,085,799
Net Capital Assets, Being Depreciated	9,827,619	133,837	9,641	9,951,815
Total Governmental Activities Capital Assets Net of Accumulated Depreciation	\$ 11,526,599	\$ 310,543	\$ 9,641	\$ 11,827,501

# VILLAGE OF BROWN DEER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

#### D. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

##### Governmental Activities

General government	\$ 138,742
Public safety	94,090
Public works, which includes the depreciation of infrastructure	513,300
Culture, recreation and education	148,480
Conservation and development	<u>7,179</u>
Total Governmental Activities Depreciation Expense	<u>\$ 901,791</u>

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities</b>				
Capital Assets not being depreciated				
Land	\$ 11,654	\$ -	\$ -	\$ 11,654
Construction in progress	2,950	261,662	213,304	51,308
Total Capital Assets Not Being Depreciated	<u>14,604</u>	<u>261,662</u>	<u>213,304</u>	<u>62,962</u>
Capital Assets being depreciated				
Structures and improvements	477,886	-	-	477,886
Water utility system	10,844,734	362,898	121,708	11,085,924
Sewer utility system	7,556,346	-	-	7,556,346
Storm water utility system	5,925,345	191,008	-	6,116,353
Machinery and equipment	<u>1,252,975</u>	<u>51,740</u>	<u>45,391</u>	<u>1,259,324</u>
Total Capital Assets Being Depreciated	<u>26,057,286</u>	<u>605,646</u>	<u>167,099</u>	<u>26,495,833</u>
Total Capital Assets	<u>26,071,890</u>	<u>867,308</u>	<u>380,403</u>	<u>26,558,795</u>
Less: Accumulated Depreciation for				
Structures and improvements	291,867	13,539	-	305,406
Water utility system	3,210,895	228,281	121,708	3,317,468
Sewer utility system	3,457,883	94,567	-	3,552,450
Storm water utility system	1,855,638	164,263	-	2,019,901
Machinery and equipment	<u>960,584</u>	<u>73,671</u>	<u>45,391</u>	<u>988,864</u>
Total Accumulated				
Depreciation	<u>9,776,867</u>	<u>574,321</u>	<u>167,099</u>	<u>10,184,089</u>
Net Capital Assets, Being Depreciated	<u>16,280,419</u>	<u>31,325</u>	<u>-</u>	<u>16,311,744</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 16,295,023</u>	<u>\$ 292,987</u>	<u>\$ 213,304</u>	<u>\$ 16,374,706</u>

# VILLAGE OF BROWN DEER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

#### D. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

##### Business-type Activities

Water Utility	\$241,036
Sewer Utility	155,816
Storm Water Utility	<u>177,469</u>
Total Business-type Activities Depreciation Expense	<u>\$574,321</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
<b>Interfund receivables / payables</b>			
General Fund	Grant Fund	\$ 15,111	\$ 15,111
Less: Fund eliminations		<u>(15,111)</u>	
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ -</u>	
<b>Interfund Advances</b>			
Storm Water Utility	Sewer Utility	<u>\$ 43,038</u>	\$ 32,980

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 \$43,038 bears interest with rates ranging from 3.75% to 4.55% and is due annually in varying amounts through April 1, 2016.

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

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principle Purpose
General Fund	Water Utility	\$ 280,821	Payment in lieu of taxes
Park and Recreation Program Fund	General Fund	3,238	Operating subsidy
Capital Improvements Fund	Library Fund	<u>28,610</u>	Fund capital projects
Total - Fund Financial Statements		312,669	
Less: Fund eliminations		<u>(31,848)</u>	
Total Transfers - Government-wide Statement of Activities		<u>\$ 280,821</u>	

# VILLAGE OF BROWN DEER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

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

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.

#### **F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 18,228,206	\$ 6,596,122	\$ 5,252,689	\$ 19,571,639	\$ 1,573,773
G.O. Note payable-Village of Whitefish Bay	602,958	-	48,978	553,980	49,868
G.O. Note payable-Village of Bayside	311,675	17,810	21,372	308,113	24,934
Unamortized premium on bonds	-	75,719	2,302	73,417	-
Unamortized loss on refunding	-	(668,797)	-	(668,797)	-
Total Bonds and Notes Payable	19,142,839	6,020,854	5,325,341	19,838,352	1,648,575
Other Liabilities					
Other post employment benefits	1,552,370	57,082	22,050	1,587,402	-
Vested compensated absences	716,353	286,140	254,073	748,420	12,562
Total Other Liabilities	2,268,723	343,222	276,123	2,335,822	12,562
 Total Governmental Activities Long-Term Liabilities	 \$ 21,411,562	 \$ 6,364,076	 \$ 5,601,464	 \$ 22,174,174	 \$ 1,661,137
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 4,665,146	\$ 1,320,000	\$ 1,064,923	\$ 4,920,223	\$ 607,143
Unamortized premium on bonds	13,698	19,432	6,115	27,015	-
Other Liabilities					
Vested compensated absences	50,766	18,416	17,593	51,589	954
 Total Business-type Activities Long-Term Liabilities	 \$ 4,729,610	 \$ 1,357,848	 \$ 1,088,631	 \$ 4,998,827	 \$ 608,097

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, 2012

### NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

#### F. LONG-TERM OBLIGATIONS (continued)

##### General Obligation Debt

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2012 was \$48,138,800. Total general obligation debt and related pledges outstanding at year end was \$25,353,955.

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2012
<b>Governmental Activities</b>					
General Obligation Debt					
Taxable issues					
Refunding Bonds	4/3/2008	4/1/2013	3.50-4.40%	\$ 690,000	\$ 155,000
	10/13/2009	4/4/2014	2.00-2.50%	374,439	159,777
	5/9/2011	4/1/2022	1.80-4.35%	625,000	585,000
	11/26/2012	4/1/2028	1.00-3.25%	5,345,000	5,345,000
Whitefish Bay NSFD	11/1/2010	4/1/2022	2.00-3.00%	943,823	553,980
Bayside NSFD	4/6/2012	8/1/2023	0.80-2.30%	501,799	308,113
Community Dev Bonds	9/29/2006	4/1/2026	5.35 - 5.8%	5,580,000	1,195,000
	5/2/2007	10/1/2022	5.4 - 5.5%	3,355,000	2,765,000
Tax-exempt issues					
Promissory Notes	4/1/2006	4/1/2016	3.75-3.80%	1,300,000	700,000
	12/12/2011	4/1/2031	2.00-3.35%	630,000	630,000
	11/26/2012	4/1/2032	0.65-2.50%	550,000	550,000
Refunding Bonds	4/23/2012	4/1/2016	2.00%	400,000	400,000
Corporate Purpose Bonds	4/1/2006	4/1/2022	4.00-4.10%	415,000	315,000
	4/5/2010	4/1/2030	2.10-5.80%	5,355,000	5,195,000
State Trust Fund Loan	1/23/2009	3/15/2028	5.50%	1,100,000	998,740
	12/12/2011	3/15/2016	3.25%	277,000	277,000
	12/27/2012	3/15/2017	2.50%	301,122	301,122
Total Governmental Activities General Obligation Debt					<u>\$ 20,433,732</u>
<b>Business-type Activities</b>					
General Obligation Debt Tax Exempt					
Promissory Notes	12/12/2011	4/1/2031	2.00-3.35%	\$ 800,000	\$ 765,000
	11/26/2012	4/1/2016	2.00%	815,000	815,000
Refunding Bonds	10/13/2009	4/4/2014	2.00-2.50%	1,160,561	495,223
	4/23/2012	4/1/2016	2.00%	505,000	505,000
Corporate Purpose Bonds	4/1/2006	4/1/2022	4.00-4.10%	2,020,000	1,440,000
	4/3/2008	4/1/2016	2.60-4.00%	1,125,000	900,000
Total Business-type Activities General Obligation Debt					<u>\$ 4,920,223</u>

# VILLAGE OF BROWN DEER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

#### **F. LONG-TERM OBLIGATIONS** (continued)

##### **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 \$553,980 on December 31, 2012. Principal is due annually on April 1 through 2022 and interest is due semi-annually on April 1 and October 1 with interest at rates of 2.0-3.0%.

##### **Note Payable – Village of Bayside**

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. In 2012, the Village of Bayside refunded the debt issue. The refunding resulted in an increase in the principal that the Village owes, by \$17,810. The balance due on this note was \$308,113 on December 31, 2012. Principal is due annually on August 1 through 2023 and interest is due semi-annually on February 1 and August 1 with interest at rates of 0.80-2.30%.

##### **Annual Maturities of General Obligation Debt**

Debt service requirements to maturity are as follows:

	Governmental Activities Bonds and Notes Payable		Business-type Activities Bonds and Notes Payable	
	Principal	Interest	Principal	Interest
2013	\$ 1,648,575	\$ 614,134	\$ 607,143	\$ 137,412
2014	1,634,660	681,008	641,395	123,274
2015	1,691,195	621,476	390,552	109,312
2016	1,742,336	557,451	406,133	98,276
2017	1,432,699	499,554	290,000	87,829
2018-2022	7,787,874	1,514,077	1,630,000	280,614
2023-2027	3,540,814	615,870	520,000	90,963
2028-2032	955,579	75,388	435,000	44,681
Totals	\$ 20,433,732	\$ 5,178,958	\$ 4,920,223	\$ 972,361

# VILLAGE OF BROWN DEER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

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#### ***F. LONG-TERM OBLIGATIONS*** (continued)

##### ***Other Debt Information***

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

##### ***Current and Advance Refunding***

On April 23, 2012, the village issued \$905,000 in general obligation bonds with an average interest rate of 2.0% to current refund \$905,000 of the 2001 general obligation bond with an average interest rate of 4.2%. The net proceeds of \$877,600 (after payment of \$27,400 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 \$989,927 from 2013 through 2016. The cash flow requirements on the refunding bonds are \$949,594 from 2013 through 2016. 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 \$47,331.

On November 26, 2012, the village issued \$5,345,000 in taxable general obligation bonds with an average interest rate of 2.4% to advance refund \$3,655,000 of outstanding bonds with an average interest rate of 5.6%. A portion of the proceeds will also be used to current refund \$1,037,030 of the 2009 state trust fund loan with an average interest rate of 5.5% in January 2013. The net proceeds (after payment of \$38,905 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result the bonds are considered to be defeased and the liability for those bonds has been removed from these financial statements.

The cash flow requirements on the refunded prior the advance refunding was \$4,137,979 from 2017 through 2026. The cash flow requirements on the refunding bonds are \$8,355,175 from 2013 through 2028. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$551,082.

# VILLAGE OF BROWN DEER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

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#### **G. NET POSITION/FUND BALANCES**

Net position reported on the government wide statement of net position at December 31, 2012 includes the following:

##### **Governmental Activities**

Net Investment in Capital Assets	
Land	\$ 1,279,694
Construction in progress	595,992
Other capital assets, net of accumulated depreciation	9,951,815
Less: related long-term capital debt outstanding	(7,593,365)
Less: premium on debt	(73,417)
Plus: unspent capital related debt proceeds	<u>4,321,550</u>
Total Net Investment in Capital Assets	<u>8,482,269</u>
Restricted for Police Asset Forfeiture Fund	25,067
Restricted for parks and recreation	32,110
Restricted for TIF development	172,755
Restricted for library	<u>114,126</u>
Total Restricted	<u>344,058</u>
Unrestricted (Deficit)	<u>(8,888,110)</u>
Total Governmental Activities Net Position (Deficit)	<u>\$ (61,783)</u>

##### **Business -Type Activities**

Net Investment in Capital Assets	
Land	\$ 11,654
Construction in progress	51,308
Other capital assets, net of accumulated depreciation	16,311,744
Less: related long-term capital debt outstanding	(4,509,112)
Less: premium on debt	(27,015)
Plus: unspent capital related debt proceeds	<u>933,921</u>
Total Net Investment in Capital Assets	<u>12,772,500</u>
Restricted for equipment replacement	336,488
Unrestricted	<u>2,502,804</u>
Total Business-Type Activities Net Position	<u>\$ 15,611,792</u>

# VILLAGE OF BROWN DEER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE V – OTHER INFORMATION

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#### A. EMPLOYEES' RETIREMENT SYSTEM

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

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

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

	<u>Employee</u>	<u>Employer</u>
General	5.9%	5.9%
Executives and Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	9.0%
Protective without Social Security	5.9%	11.3%

The payroll for Village employees covered by the system for the year ended December 31, 2012 was \$4,379,963; the employer's total payroll was \$4,538,177. The total required contribution for the year ended December 31, 2012 was \$630,178 or 14.39% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ending December 31, 2011 and 2010 were \$654,095 and \$614,623, 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 and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially become WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

# VILLAGE OF BROWN DEER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE V – OTHER INFORMATION (continued)

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#### **A. EMPLOYEES' RETIREMENT SYSTEM** (continued)

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

There was no pension related debt for the Village as of December 31, 2012.

#### **B. RISK MANAGEMENT**

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

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

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, 2012.

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, 2012 was 1.183%. Upon withdrawal, expulsion or dissolution, the Village would be entitled to a lump sum payment which at December 31, 2012 would approximate \$297,000.

# VILLAGE OF BROWN DEER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE V – OTHER INFORMATION (continued)

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#### B. RISK MANAGEMENT (continued)

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 2011 and 2012 were:

<u>Year</u>	<u>Beginning Balance</u>	<u>Incurred Claims</u>	<u>Claims Paid/ Settled</u>	<u>Ending Balance</u>
2011	\$ 42,000	\$ 9,373	\$ 9,373	\$ 42,000
2012	42,000	611	611	42,000

At December 31, 2012, the internal service fund established for liability insurance has a net position of \$457,824.

#### 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 2012, the Village incurred expenditures of \$2.01 million for fire protection and emergency medical services under this agreement. The Department's 2013 approved budget is \$14.01 million of which the Village's portion is approximately \$2.02 million. On December 31, 2012, the Department had total fund equity of approximately \$887,000, a deficit in net position of approximately \$5,268,000 and net investment in capital assets of approximately \$2.5 million. Complete 2012 financial statements for the Department are available from the Department at 4401 West River Lane, Brown Deer, WI 53223.

# VILLAGE OF BROWN DEER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE V – OTHER INFORMATION (continued)

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#### **C. INTER-MUNICIPAL AGREEMENTS** (continued)

##### **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.

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. In 2012, the Village of Brown Deer paid the BACC \$344,306 for operating costs and \$188,544 for initial capital costs (construction and technology). 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.

# VILLAGE OF BROWN DEER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE V – OTHER INFORMATION (continued)

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#### *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.

As of December 31, 2012, the plan had 7 retirees receiving benefits and 62 active plan members. During 2012, the Village contributed \$22,050 to the plan and retirees contributed \$54,961.

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	\$	57,082
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost (expense)		<u>57,082</u>
Contributions made		<u>(22,050)</u>
Increase in net OPEB Liability		35,032
Net OPEB Liability - beginning of year		<u>1,552,370</u>
Net OPEB Liability - end of year	\$	<u><u>1,587,402</u></u>

# VILLAGE OF BROWN DEER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE V – OTHER INFORMATION (continued)

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#### **D. OTHER POST-EMPLOYMENT BENEFITS** (continued)

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
12/31/2010	\$ 55,701	24.8%	\$ 1,509,073
12/31/2011	56,097	22.8%	1,552,370
12/31/2012	57,082	38.6%	1,587,402

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 rates used ranged from a high of 10.0% in 2012 to a low of 5.5% on 2026 and later. The plan's unfunded actuarial accrued liability is being amortized as a closed level percent amortization method. The remaining amortization period at December 31, 2012, was 28 years.

# VILLAGE OF BROWN DEER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE V – OTHER INFORMATION (continued)

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#### **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, 2012, are not likely to have a material adverse impact on the Village's financial position.

The Village has entered into an agreement with a developer which provides for a future payment of \$825,000. This agreement is contingent upon future development obligations within the Village's TIF districts and will be reduced by the unpaid TIF differential payments from the developer, which is approximately \$362,739. Funding for future payments will come from future borrowings or tax increment if available.

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

Major Fund, Capital Projects - Tax Increment District #3 \$825,000

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 2011 the Village purchased a parcel of land for a cost of \$185,000, which is included in the Village's Tax Increment District No. 4 and is a part of the Village's redevelopment plan. At this time it is the intent of the Village to sell this property at market value, which is \$75,000. The carrying value of the land held for resale is at the lower of cost or market.

#### **G. SUBSEQUENT EVENT**

On November 26, 2012, refunding bonds were issued by the Village. A portion of those bonds was used to refund the 2009 state trust fund loan with an interest rate of 5.5% in January, 2013.

#### **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. 65, *Items Previously Reported as Assets and Liabilities*; Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*; Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*; and Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Application of these standards may restate portions of these financial statements.

**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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 6,607,714	\$ 6,607,714	\$ 6,648,167	\$ 40,453
Intergovernmental revenues	1,315,590	1,315,590	1,329,449	13,859
Licenses and permits	306,452	306,452	446,042	139,590
Fines, forfeitures and penalties	270,000	270,000	250,361	(19,639)
Public charges for services	13,375	13,375	24,366	10,991
Interdepartmental charges for services	753,441	753,441	759,625	6,184
Commercial revenues	148,225	148,225	154,501	6,276
Total Revenues	<u>9,414,797</u>	<u>9,414,797</u>	<u>9,612,511</u>	<u>197,714</u>
<b>EXPENDITURES</b>				
Current				
General government	1,485,777	1,493,877	1,510,800	(16,923)
Public safety	6,041,605	6,041,605	5,960,230	81,375
Public works	1,794,575	1,811,075	1,669,682	141,393
Health and human services	141,283	141,283	144,745	(3,462)
Culture, recreation and education	204,484	204,484	184,610	19,874
Total Expenditures	<u>9,667,724</u>	<u>9,692,324</u>	<u>9,470,067</u>	<u>222,257</u>
Excess (deficiency) of revenues over expenditures	<u>(252,927)</u>	<u>(277,527)</u>	<u>142,444</u>	<u>419,971</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	239,727	239,727	280,821	41,094
Transfers out	(12,000)	(12,000)	(3,238)	8,762
Total Other Financing Sources (uses)	<u>227,727</u>	<u>227,727</u>	<u>277,583</u>	<u>49,856</u>
Net Change in Fund Balances	<u>\$ (25,200)</u>	<u>\$ (49,800)</u>	420,027	<u>\$ 469,827</u>
FUND BALANCES - BEGINNING OF YEAR			<u>3,079,333</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 3,499,360</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, 2012

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### NOTE I – BUDGETARY INFORMATION

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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 Statute 65.90 requires that an annual budget be adopted for all funds levying a general property tax.

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

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

Excess of expenditures over appropriations are as follows:

<u>Fund</u>	<u>Final Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General Fund			
General Government	\$ 1,493,877	\$ 1,510,800	\$ 16,923
Health and human services	141,283	144,745	3,462

## **SUPPLEMENTARY INFORMATION**

## **NON-MAJOR FUNDS**

### **SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

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

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

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

**VILLAGE OF BROWN DEER**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

As of December 31, 2012

	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		
<b>ASSETS</b>									
Cash and cash equivalents	\$ -	\$ 179,588	\$ 90,570	\$ 7,240	\$ 10,488	\$ 231,940	\$ 115,516	\$ 65,110	\$ 700,452
Accounts receivable	-	3,325	-	-	14,579	18,165	4,546	-	40,615
Taxes receivable	-	38,553	385,346	-	-	331,680	47,500	-	803,079
Due from other governments	14,555	-	-	86,581	-	-	-	-	101,136
<b>TOTAL ASSETS</b>	<b>\$ 14,555</b>	<b>\$ 221,466</b>	<b>\$ 475,916</b>	<b>\$ 93,821</b>	<b>\$ 25,067</b>	<b>\$ 581,785</b>	<b>\$ 167,562</b>	<b>\$ 65,110</b>	<b>\$ 1,645,282</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities									
Accounts payable and accrued liabilities	\$ 75	\$ 6,931	\$ 9,444	\$ 55,939	\$ -	\$ 14,043	\$ 1,101	\$ -	\$ 87,533
Due to other funds	15,111	-	-	-	-	-	-	-	15,111
Deferred revenues	-	38,553	385,346	2,167	-	331,680	49,165	-	806,911
Total liabilities	15,186	45,484	394,790	58,106	-	345,723	50,266	-	909,555
Fund Balances (Deficits)									
Restricted	-	-	81,126	-	25,067	-	-	65,110	171,303
Committed	-	175,982	-	35,715	-	236,062	117,296	-	565,055
Unassigned (deficit)	(631)	-	-	-	-	-	-	-	(631)
Total fund balances (Deficits)	(631)	175,982	81,126	35,715	25,067	236,062	117,296	65,110	735,727
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 14,555</b>	<b>\$ 221,466</b>	<b>\$ 475,916</b>	<b>\$ 93,821</b>	<b>\$ 25,067</b>	<b>\$ 581,785</b>	<b>\$ 167,562</b>	<b>\$ 65,110</b>	<b>\$ 1,645,282</b>

**VILLAGE OF BROWN DEER**

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

For the Year Ended December 31, 2012

	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		Strehlow Donation Fund
<b>REVENUES</b>									
Taxes	\$ -	\$ -	\$ 385,346	\$ -	\$ -	\$ -	\$ 47,500	\$ -	\$ 432,846
Intergovernmental revenues	14,555	-	128,072	262,904	-	43,767	4,546	-	453,844
Licenses and permits	-	-	-	98,791	-	-	-	-	98,791
Public charges for services	-	-	30,359	38,806	-	352,661	120,171	-	541,997
Public improvement revenues	-	32,202	-	-	-	-	-	-	32,202
Intergovernmental charges for services	-	-	-	470,582	-	-	-	-	470,582
Commercial revenues	-	1,556	10,546	425	14,666	25,007	37,649	66,000	155,849
<b>Total revenues</b>	<b>14,555</b>	<b>33,758</b>	<b>554,323</b>	<b>871,508</b>	<b>14,666</b>	<b>421,435</b>	<b>209,866</b>	<b>66,000</b>	<b>2,186,111</b>
<b>EXPENDITURES</b>									
Current:									
Public works	-	33,301	-	-	-	336,099	-	-	369,400
Health and human services	-	-	-	853,429	-	-	-	-	853,429
Culture, recreation and education	14,555	-	569,032	-	-	-	210,565	890	795,042
<b>Total expenditures</b>	<b>14,555</b>	<b>33,301</b>	<b>569,032</b>	<b>853,429</b>	<b>-</b>	<b>336,099</b>	<b>210,565</b>	<b>890</b>	<b>2,017,871</b>
Excess (deficiency) of revenues over (under) expenditures	-	457	(14,709)	18,079	14,666	85,336	(699)	65,110	168,240
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	-	-	-	-	-	3,238	-	3,238
Transfers out	-	-	(28,610)	-	-	-	-	-	(28,610)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(28,610)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,238</b>	<b>-</b>	<b>(25,372)</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>457</b>	<b>(43,319)</b>	<b>18,079</b>	<b>14,666</b>	<b>85,336</b>	<b>2,539</b>	<b>65,110</b>	<b>142,868</b>
FUND BALANCES (DEFICIT)									
- BEGINNING OF YEAR	(631)	175,525	124,445	17,636	10,401	150,726	114,757	-	592,859
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<b>\$ (631)</b>	<b>\$ 175,982</b>	<b>\$ 81,126</b>	<b>\$ 35,715</b>	<b>\$ 25,067</b>	<b>\$ 236,062</b>	<b>\$ 117,296</b>	<b>\$ 65,110</b>	<b>\$ 735,727</b>

## 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, 2012

	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
<b>REVENUES</b>									
Taxes	\$ -	\$ -	\$ -	\$ 385,346	\$ 385,346	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	127,851	128,072	221	259,875	262,904	3,029
Licenses and permits	-	-	-	-	-	-	95,000	98,791	3,791
Public charges for services	-	-	-	36,500	30,359	(6,141)	48,000	38,806	(9,194)
Public improvement revenues	32,202	32,202	-	-	-	-	-	-	-
Intergovernmental charges for services	-	-	-	-	-	-	473,573	470,582	(2,991)
Commercial revenues	1,605	1,556	(49)	29,000	10,546	(18,454)	500	425	(75)
Total revenues	<u>33,807</u>	<u>33,758</u>	<u>(49)</u>	<u>578,697</u>	<u>554,323</u>	<u>(24,374)</u>	<u>876,948</u>	<u>871,508</u>	<u>(5,440)</u>
<b>EXPENDITURES</b>									
Current:									
Public works	33,217	33,301	(84)	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	822,139	853,429	(31,290)
Culture, recreation and education	-	-	-	574,582	569,032	5,550	-	-	-
Total expenditures	<u>33,217</u>	<u>33,301</u>	<u>(84)</u>	<u>574,582</u>	<u>569,032</u>	<u>5,550</u>	<u>822,139</u>	<u>853,429</u>	<u>(31,290)</u>
Excess (deficiency) of revenues over expenditures	590	457	(133)	4,115	(14,709)	(18,824)	54,809	18,079	(36,730)
<b>OTHER FINANCING USES</b>									
Transfers out	-	-	-	(28,610)	(28,610)	-	-	-	-
Net Change in Fund Balance	<u>\$ 590</u>	<u>457</u>	<u>\$ (133)</u>	<u>\$ (24,495)</u>	<u>(43,319)</u>	<u>\$ (18,824)</u>	<u>\$ 54,809</u>	<u>18,079</u>	<u>\$ (36,730)</u>
FUND BALANCES - BEGINNING OF YEAR		<u>175,525</u>			<u>124,445</u>			<u>17,636</u>	
<b>FUND BALANCES - END OF YEAR</b>		<u>\$ 175,982</u>			<u>\$ 81,126</u>			<u>\$ 35,715</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, 2012

	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
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ 47,500	\$ 47,500	\$ -
Intergovernmental revenues	43,000	43,767	767	-	4,546	4,546
Public charges for services	326,800	352,661	25,861	141,264	120,171	(21,093)
Commercial revenues	<u>16,700</u>	<u>25,007</u>	<u>8,307</u>	<u>38,215</u>	<u>37,649</u>	<u>(566)</u>
Total revenues	<u>386,500</u>	<u>421,435</u>	<u>34,935</u>	<u>226,979</u>	<u>209,866</u>	<u>(17,113)</u>
<b>EXPENDITURES</b>						
Current:						
Public works	391,319	336,099	55,220	-	-	-
Culture, recreation and education	<u>-</u>	<u>-</u>	<u>-</u>	<u>231,795</u>	<u>210,565</u>	<u>21,230</u>
Total expenditures	<u>391,319</u>	<u>336,099</u>	<u>55,220</u>	<u>231,795</u>	<u>210,565</u>	<u>21,230</u>
Excess (deficiency) of revenues over expenditures	<u>(4,819)</u>	<u>85,336</u>	<u>90,155</u>	<u>(4,816)</u>	<u>(699)</u>	<u>4,117</u>
<b>OTHER FINANCING SOURCES</b>						
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,238</u>	<u>3,238</u>
Net Change in Fund Balance	<u>\$ (4,819)</u>	<u>85,336</u>	<u>\$ 90,155</u>	<u>\$ (4,816)</u>	<u>2,539</u>	<u>\$ 7,355</u>
FUND BALANCES - BEGINNING OF YEAR		<u>150,726</u>			<u>114,757</u>	
<b>FUND BALANCES - END OF YEAR</b>		<u>\$ 236,062</u>			<u>\$ 117,296</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, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Taxes	\$ 835,004	\$ 835,004	\$ -
Commercial revenues	300	5,743	5,443
Total revenues	<u>835,304</u>	<u>840,747</u>	<u>5,443</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal	577,425	977,425	(400,000)
Interest and fiscal charges	188,204	190,253	(2,049)
Total expenditures	<u>765,629</u>	<u>1,167,678</u>	<u>(402,049)</u>
Excess (deficiency) of revenues over expenditures	<u>69,675</u>	<u>(326,931)</u>	<u>(396,606)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(98,222)	-	98,222
General obligation debt issued	-	400,000	400,000
Premium on debt issued	-	9,656	9,656
Total other financing sources	<u>(98,222)</u>	<u>409,656</u>	<u>507,878</u>
Net Change in Fund Balance	<u>\$ (28,547)</u>	82,725	<u>\$ 111,272</u>
FUND BALANCES - BEGINNING OF YEAR		<u>21,766</u>	
<b>FUND BALANCES - END OF YEAR</b>		<u>\$ 104,491</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, 2012

	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
<b>REVENUES</b>						
Taxes	\$ 351,561	\$ 351,561	\$ -	\$ 455,865	\$ 593,793	\$ 137,928
Intergovernmental revenues	-	35,058	35,058	1,378	599	(779)
Commercial revenues	323,000	8,661	(314,339)	9,000	3,233	(5,767)
Total revenues	<u>674,561</u>	<u>395,280</u>	<u>(279,281)</u>	<u>466,243</u>	<u>597,625</u>	<u>131,382</u>
<b>EXPENDITURES</b>						
Current:						
Conservation and development	-	-	-	250,370	269,681	(19,311)
Capital outlay	3,164,104	1,468,246	1,695,858	-	-	-
Debt service						
Principal	-	70,350	(70,350)	315,000	315,000	-
Interest and fiscal charges	10,000	30,449	(20,449)	240,546	249,790	(9,244)
Total expenditures	<u>3,174,104</u>	<u>1,569,045</u>	<u>1,605,059</u>	<u>805,916</u>	<u>834,471</u>	<u>(28,555)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,499,543)</u>	<u>(1,173,765)</u>	<u>1,325,778</u>	<u>(339,673)</u>	<u>(236,846)</u>	<u>102,827</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	28,610	28,610	-	-	-	-
General obligation debt issued	1,369,774	851,122	(518,652)	-	1,270,000	1,270,000
Premium on debt issued	-	4,927	4,927	-	14,526	14,526
Payment to fiscal agent	-	-	-	-	(1,383,615)	(1,383,615)
Total other financing sources (uses)	<u>1,398,384</u>	<u>884,659</u>	<u>(513,725)</u>	<u>-</u>	<u>(99,089)</u>	<u>(99,089)</u>
Net Change in Fund Balance	<u>\$(1,101,159)</u>	<u>(289,106)</u>	<u>\$ 812,053</u>	<u>\$(339,673)</u>	<u>(335,935)</u>	<u>\$ 3,738</u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		<u>2,025,656</u>			<u>482,995</u>	
FUND BALANCES - END OF YEAR		<u>\$1,736,550</u>			<u>\$ 147,060</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, 2012

	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
<b>REVENUES</b>						
Taxes	477,832	758,843	281,011	235,394	192,594	(42,800)
Intergovernmental revenues	1,872	4,868	2,996	1,139	62,554	61,415
Commercial revenues	-	178	178	30,000	22,870	(7,130)
Total revenues	<u>479,704</u>	<u>763,889</u>	<u>284,185</u>	<u>266,533</u>	<u>278,018</u>	<u>11,485</u>
<b>EXPENDITURES</b>						
Current:						
Conservation and development	100,528	119,340	(18,812)	182,376	318,551	(136,175)
Capital outlay	-	-	-	2,700,000	129,662	2,570,338
Debt service						
Principal retirement	150,000	150,000	-	155,264	155,264	-
Interest and fiscal charges	195,050	217,141	(22,091)	231,241	238,811	(7,570)
Total expenditures	<u>445,578</u>	<u>486,481</u>	<u>(40,903)</u>	<u>3,268,881</u>	<u>842,288</u>	<u>2,426,593</u>
Excess (deficiency) of revenues over (under) expenditures	<u>34,126</u>	<u>277,408</u>	<u>243,282</u>	<u>(3,002,348)</u>	<u>(564,270)</u>	<u>2,438,078</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	98,222	-	(98,222)
General obligation debt issued	-	3,035,000	3,035,000	-	1,040,000	1,040,000
Premium issued	-	34,714	34,714	-	11,896	11,896
Payment to fiscal agent	-	(2,940,182)	(2,940,182)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>129,532</u>	<u>129,532</u>	<u>98,222</u>	<u>1,051,896</u>	<u>953,674</u>
Net Change in Fund Balance	<u>\$ 34,126</u>	<u>406,940</u>	<u>\$ 372,814</u>	<u>\$ (2,904,126)</u>	<u>487,626</u>	<u>\$ 3,391,752</u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		<u>(381,245)</u>			<u>3,074,213</u>	
<b>FUND BALANCES - END OF YEAR</b>		<u>\$ 25,695</u>			<u>\$ 3,561,839</u>	

## **AGENCY FUND**

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

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

## VILLAGE OF BROWN DEER

AGENCY FUND  
 COMBINING STATEMENT OF CHANGES IN  
 ASSETS AND LIABILITIES  
 As of and for the Year ended December 31, 2012

	<u>Balance 12-31-11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-12</u>
<b>Property Tax Fund</b>				
Assets				
Cash and cash equivalents	\$ 4,867,355	\$ 6,241,365	\$ 4,867,355	\$ 6,241,365
Temporary investments	6,676,086	5,824,920	6,676,086	5,824,920
Taxes receivable	9,954,675	9,562,491	9,954,675	9,562,491
Total	<u>\$ 21,498,116</u>	<u>\$ 21,628,776</u>	<u>\$ 21,498,116</u>	<u>\$ 21,628,776</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 3,175	\$ 55,322	\$ 3,175	\$ 55,322
Due to other taxing units	<u>21,494,941</u>	<u>21,573,454</u>	<u>21,494,941</u>	<u>21,573,454</u>
Total	<u>\$ 21,498,116</u>	<u>\$ 21,628,776</u>	<u>\$ 21,498,116</u>	<u>\$ 21,628,776</u>

# VILLAGE OF BROWN DEER

## CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES SCHEDULE BY SOURCE As of December 31, 2012

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### Capital assets

Land	\$	549,948
Right-of-way land		729,746
Construction in progress		595,992
Machinery and equipment		3,302,046
Library collection		1,053,393
Buildings and improvements		6,876,509
Infrastructure		<u>9,805,666</u>
Total capital assets	\$	<u>22,913,300</u>

### Investment in capital assets by source

Assets purchased prior to 1/01/99	\$	10,773,409
General fund		69,709
Special revenue funds		1,269,798
Capital project funds		<u>10,800,384</u>
Total investment in capital assets	\$	<u>22,913,300</u>

## **STATISTICAL SECTION**

# VILLAGE OF BROWN DEER, WISCONSIN

## Statistical Section

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

### **Contents**

#### **Financial Trends**

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

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

#### **Demographic and Economic Information**

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

#### **Operating Information**

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

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

# Village of Brown Deer

Net Position by Component  
Last ten fiscal years  
Schedule 1

	Fiscal Year									
	<u>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>	<u>2012</u>
<b>Governmental Activities</b>										
Net investment in capital assets	(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	8,482,269
Restricted	351,606	330,189	292,330	373,925	576,532	158,908	139,934	136,004	134,846	965,847
Unrestricted	740,007	1,416,753	982,965	47,583	212,582	(6,454,081)	(8,017,081)	(7,468,247)	(8,571,699)	(9,509,899)
Total governmental activities net position	<u>367,374</u>	<u>2,685,550</u>	<u>3,400,071</u>	<u>2,352,526</u>	<u>5,296,997</u>	<u>226,348</u>	<u>19,663</u>	<u>(180,271)</u>	<u>(691,369)</u>	<u>(61,783)</u>
<b>Business-type Activities</b>										
Net investment in capital assets	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	12,772,500
Restricted	236,100	236,100	236,100	238,177	250,410	256,627	270,574	285,153	306,799	336,488
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	2,502,804
Total business-type activities net position	<u>12,853,729</u>	<u>11,169,085</u>	<u>11,476,631</u>	<u>12,157,105</u>	<u>12,749,376</u>	<u>13,488,578</u>	<u>14,315,127</u>	<u>14,494,752</u>	<u>14,952,421</u>	<u>15,611,792</u>
<b>Primary government</b>										
Net investment in capital assets **	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	21,040,792
Restricted	587,706	566,289	528,430	612,102	826,942	415,535	410,508	421,157	441,645	1,302,335
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)	(6,793,118)
Total primary government net position	<u>13,221,103</u>	<u>13,854,635</u>	<u>14,876,702</u>	<u>14,509,631</u>	<u>18,046,373</u>	<u>13,714,926</u>	<u>14,334,790</u>	<u>14,314,481</u>	<u>14,261,052</u>	<u>15,550,009</u>

\*\* - Includes an adjustment for business-type activities financed with governmental activities debt.

Village of Brown Deer

Changes in Net Position  
Last ten fiscal years  
Schedule 2

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
<b>Governmental Activities:</b>										
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	1,273,135
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	6,695,189
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	2,787,379
Health & Human Services	626,504	577,398	427,809	447,877	588,902	585,576	639,859	567,554	592,289	815,587
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	1,073,182
Conservation & development	414,926	1,932,949	238,773	2,893,011	252,903	5,188,719	1,153,886	926,179	836,638	272,050
Interest & Fiscal Charges	539,004	553,301	323,714	500,144	788,676	767,327	779,652	898,923	900,832	773,085
<b>Total government activities expense</b>	<b>11,356,419</b>	<b>12,323,447</b>	<b>10,515,012</b>	<b>13,143,670</b>	<b>12,624,512</b>	<b>18,057,805</b>	<b>13,852,121</b>	<b>13,177,027</b>	<b>14,033,521</b>	<b>13,689,607</b>
<b>Business-type Activities:</b>										
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	1,412,419
Storm Water Utility	-	222,515	579,859	821,892	559,051	586,526	696,986	516,569	544,299	544,483
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	1,272,097
<b>Total business-type activities expense</b>	<b>2,022,845</b>	<b>2,296,050</b>	<b>2,823,913</b>	<b>3,171,554</b>	<b>2,730,878</b>	<b>3,196,163</b>	<b>3,096,108</b>	<b>3,254,850</b>	<b>3,341,521</b>	<b>3,228,997</b>
<b>Total Primary Government Expense</b>	<b>13,379,264</b>	<b>14,619,497</b>	<b>13,338,925</b>	<b>16,315,224</b>	<b>15,355,390</b>	<b>21,253,968</b>	<b>16,948,229</b>	<b>16,431,877</b>	<b>17,375,042</b>	<b>16,918,606</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges for Services</b>										
General Government	230,718	200,032	211,990	204,027	191,752	170,454	233,401	224,517	235,111	499,387
Public Safety	507,661	478,618	427,471	443,599	435,036	527,206	442,000	387,979	403,111	473,061
Public Works	241,103	260,063	217,726	200,380	226,919	260,905	422,678	341,960	375,275	423,741
Health & Human Services	347,759	319,235	183,303	234,260	237,158	295,159	260,891	263,814	433,146	459,251
Culture, Recreation & Education	461,411	426,191	411,424	332,176	317,169	314,188	302,632	310,925	306,447	286,574
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	864,150
Capital Grants and Contributions	57,218	106,220	80,038	1,600	113,339	69,751	1,166,530	39,700	181,220	83,475
<b>Total governmental activities program revenues</b>	<b>2,681,708</b>	<b>3,549,671</b>	<b>2,218,144</b>	<b>2,267,298</b>	<b>2,264,174</b>	<b>2,478,887</b>	<b>3,590,948</b>	<b>2,328,438</b>	<b>2,620,917</b>	<b>3,089,639</b>
<b>Business-type activities:</b>										
<b>Charges for Services</b>										
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	1,750,070
Storm Water Utility	-	184,911	751,719	801,376	761,600	756,703	753,407	756,220	898,483	864,737
Sewer Utility	736,162	749,482	875,071	976,764	951,261	1,191,308	1,226,339	1,295,464	1,310,263	1,398,628
Capital Grants and Contributions	9,495	19,303	100,125	659,425	125,041	510,239	579,555	6,840	227,012	91,176
<b>Total business-type activities program revenues</b>	<b>2,153,839</b>	<b>2,369,889</b>	<b>3,203,169</b>	<b>3,878,082</b>	<b>3,334,426</b>	<b>4,009,013</b>	<b>4,086,507</b>	<b>3,607,038</b>	<b>4,008,970</b>	<b>4,124,611</b>
<b>Total Primary Government Program Revenues</b>	<b>4,835,547</b>	<b>5,919,560</b>	<b>5,421,313</b>	<b>6,145,380</b>	<b>5,598,600</b>	<b>6,487,900</b>	<b>7,677,455</b>	<b>5,935,476</b>	<b>6,629,887</b>	<b>7,214,250</b>
<b>Net (Expense)/Revenue</b>										
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)	(10,599,968)
Business-type Activities	130,994	73,839	379,256	706,528	603,548	812,850	990,399	352,188	667,449	895,612
<b>Total Primary Government Net Expense</b>	<b>(8,543,717)</b>	<b>(8,699,937)</b>	<b>(7,917,612)</b>	<b>(10,169,844)</b>	<b>(9,756,790)</b>	<b>(14,766,068)</b>	<b>(9,270,774)</b>	<b>(10,496,401)</b>	<b>(10,745,155)</b>	<b>(9,704,356)</b>
<b>General Revenues and Other changes in Net Position</b>										
<b>Governmental Activities:</b>										
Property Taxes	6,755,934	6,755,663	7,175,285	7,589,400	7,678,552	8,107,615	8,334,365	8,764,225	8,788,024	9,307,851
Hotel Room Taxes	429,445	448,135	463,345	532,554	562,272	594,277	433,152	476,934	492,759	504,958
Intergov't 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	900,234
Investment Income	257,638	307,247	351,456	591,811	870,154	521,324	173,266	279,908	258,171	187,040
Miscellaneous	29,327	18,095	18,495	42,632	20,314	249,968	83,884	72,142	125,533	48,650
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	280,821
<b>Total Governmental Activities</b>	<b>8,872,904</b>	<b>9,177,525</b>	<b>9,011,389</b>	<b>9,828,827</b>	<b>10,207,467</b>	<b>10,508,269</b>	<b>10,054,488</b>	<b>10,648,655</b>	<b>10,901,506</b>	<b>11,229,554</b>
<b>Business-type Activities:</b>										
Investment Income	14,424	25,534	57,801	143,982	167,381	126,918	56,035	67,164	45,659	44,580
Transfers	(177,336)	(173,224)	(129,511)	(170,036)	(178,658)	(200,566)	(219,885)	(239,727)	(255,439)	(280,821)
<b>Total Business-type Activities</b>	<b>(162,912)</b>	<b>(147,690)</b>	<b>(71,710)</b>	<b>(26,054)</b>	<b>(11,277)</b>	<b>(73,648)</b>	<b>(163,850)</b>	<b>(172,563)</b>	<b>(209,780)</b>	<b>(236,241)</b>
<b>Total Primary Government</b>	<b>8,709,992</b>	<b>9,029,835</b>	<b>8,939,679</b>	<b>9,802,773</b>	<b>10,196,190</b>	<b>10,434,621</b>	<b>9,890,638</b>	<b>10,476,092</b>	<b>10,691,726</b>	<b>10,993,313</b>
<b>Change in Net Position</b>										
Governmental Activities	198,193	403,749	714,521	(1,047,545)	(152,871)	(5,070,649)	(206,685)	(199,934)	(511,098)	629,586
Business-type Activities	(31,918)	(73,851)	307,546	680,474	592,271	739,202	826,549	179,625	457,669	659,371
<b>Total Primary Government</b>	<b>166,275</b>	<b>329,898</b>	<b>1,022,067</b>	<b>(367,071)</b>	<b>439,400</b>	<b>(4,331,447)</b>	<b>619,864</b>	<b>(20,309)</b>	<b>(53,429)</b>	<b>1,288,957</b>

(1) 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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Fund</b>										
Reserved	15,416	69,529	20,945	41,813	174,201	218,234	86,310	499,848	-	-
Non-Spendable	-	-	-	-	-	-	-	-	416,993	64,112
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	54,350	17,028
Unreserved	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	3,418,220
<b>Total General Fund</b>	<b>1,408,547</b>	<b>1,546,457</b>	<b>1,546,272</b>	<b>2,184,627</b>	<b>2,344,695</b>	<b>2,302,847</b>	<b>2,224,668</b>	<b>2,610,515</b>	<b>3,079,333</b>	<b>3,499,360</b>
<b>All Other Governmental Funds</b>										
Reserved	657,979	-	94,487	134,438	5,825,172	2,992,495	2,087,634	1,553,668	-	-
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	5,262,401	5,391,888
Committed	-	-	-	-	-	-	-	-	458,644	565,055
Assigned	-	-	-	-	-	-	-	-	477,075	355,050
Unreserved, reported in:										
Special Revenue Funds	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	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)	(631)
Capital Projects Funds	-	-	-	-	-	-	-	-	(381,245)	-
<b>Total All Other Governmental Funds</b>	<b>3,340,845</b>	<b>3,892,033</b>	<b>3,269,625</b>	<b>7,013,128</b>	<b>10,287,449</b>	<b>3,450,766</b>	<b>3,559,004</b>	<b>7,220,142</b>	<b>5,816,244</b>	<b>6,311,362</b>
<b>Total Fund Balances</b>	<b>4,749,392</b>	<b>5,438,490</b>	<b>4,815,897</b>	<b>9,197,755</b>	<b>12,632,144</b>	<b>5,753,613</b>	<b>5,783,672</b>	<b>9,830,657</b>	<b>8,895,577</b>	<b>9,810,722</b>

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

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

# Village of Brown Deer

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

	Fiscal Year									
	<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>	<u>2012</u>
<b>Revenues</b>										
Taxes	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	9,812,808
Intergovernmental Revenues	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	1,886,372
Licenses & Permits	321,129	343,360	356,642	391,722	418,859	566,574	497,711	424,692	461,043	544,833
Fines, Forfeits, & Penalties	298,346	318,649	263,269	228,259	190,952	234,898	239,217	252,831	263,121	250,361
Charges for Services	392,528	447,600	430,612	462,718	461,167	402,427	598,940	522,458	511,018	566,363
Public Improvement Revenues	30,213	20,879	22,257	27,403	23,803	35,916	40,832	33,068	38,684	32,202
Interdepartmental charges for Services	421,298	163,675	158,507	150,976	132,697	185,704	381,808	721,695	695,883	759,625
Intergovernmental charges for Services	272,494	436,651	519,406	471,568	464,793	291,341	303,416	283,829	290,537	470,582
Commercial Revenues	302,152	1,296,365	348,618	695,436	896,673	640,312	309,663	333,581	431,476	351,035
<b>Total Revenues</b>	<b>11,264,123</b>	<b>12,142,168</b>	<b>11,335,993</b>	<b>12,183,908</b>	<b>12,554,104</b>	<b>12,866,444</b>	<b>12,931,082</b>	<b>13,460,755</b>	<b>13,865,686</b>	<b>14,674,181</b>
<b>Expenditures</b>										
<b>Current</b>										
General Government	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	1,510,800
Public Safety	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	5,960,230
Public Works	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	2,039,082
Health & Human Services	637,428	571,586	573,869	597,059	676,855	700,576	736,367	700,503	716,998	998,174
Culture, Recreation & Education	1,040,569	980,110	974,980	914,264	975,769	1,005,877	1,022,048	993,127	1,084,861	979,652
Conservation & Development	28,746	33,002	14,589	-	75,037	5,250,100	1,185,021	293,124	849,218	707,572
Capital Outlay	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	1,597,908
<b>Debt Service</b>										
Principal	850,926	917,028	728,876	755,529	938,034	2,494,258	668,677	1,162,915	1,644,786	1,668,039
Interest & Fiscal Charges	498,935	514,473	322,575	353,132	726,209	847,924	748,479	805,618	1,080,744	926,444
<b>Total Expenditures</b>	<b>12,443,522</b>	<b>13,334,764</b>	<b>12,117,774</b>	<b>15,572,335</b>	<b>13,702,368</b>	<b>20,649,050</b>	<b>14,224,609</b>	<b>15,008,497</b>	<b>16,599,556</b>	<b>16,387,901</b>
<b>Excess of Revenues</b>										
Over/(Under) Expenditures	(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)	(1,713,720)
<b>Other Financing Sources/(Uses)</b>										
Transfers In	669,072	797,350	565,949	463,866	752,206	1,366,041	233,485	1,296,079	255,439	312,669
Transfers Out	(491,736)	(624,126)	(436,438)	(293,830)	(573,548)	(1,165,475)	(13,600)	(1,056,352)	-	(31,848)
<b>Debt</b>										
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	6,596,122
Premium on debt issued	-	36,415	-	-	6,392	-	5,174	-	4,473	75,719
Refunded general Obligation Debt	-	(1,720,000)	-	-	-	-	(375,912)	-	-	-
Payment of Unfunded pension liability	(824,408)	-	-	-	-	-	-	-	-	-
Payment to Fiscal Agent	-	-	-	-	-	-	-	-	-	(4,323,797)
Sale of Capital Assets	41,187	7,055	29,677	26,289	37,050	13,509	-	-	6,878	-
<b>Total Other Financing Sources/(Uses)</b>	<b>218,523</b>	<b>1,881,694</b>	<b>159,188</b>	<b>7,770,286</b>	<b>3,577,100</b>	<b>904,075</b>	<b>1,323,586</b>	<b>5,594,727</b>	<b>1,798,790</b>	<b>2,628,865</b>
<b>Net Change in Fund Balances</b>	<b>(960,876)</b>	<b>689,098</b>	<b>(622,593)</b>	<b>4,381,859</b>	<b>2,428,836</b>	<b>(6,878,531)</b>	<b>30,059</b>	<b>4,046,985</b>	<b>(935,080)</b>	<b>915,145</b>
Debt Service as a % of noncapital expenditures	12.47%	13.23%	9.84%	10.45%	14.05%	17.16%	10.49%	14.88%	18.27%	17.54%

(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
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%
2012	552,872,916	310,728,300	28,373,100	1,900	25,567,800	917,544,016	8.85	962,776,000	95.30%

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
<u>Tax Year</u>	<u>Collection Year</u>	<u>Village of Brown Deer</u>	<u>Capital Improv</u>	<u>Equipment Repl</u>	<u>Other Special Rev Funds</u>	<u>Library</u>	<u>Debt Service</u>	<u>TID Incr</u>	<u>Total Direct</u>	<u>Brown Deer School District</u>	<u>Milwaukee Area Technical College</u>	<u>Milwaukee County</u>	<u>County Tax Credit</u>	<u>Milwaukee Metro Sewage Distr</u>	<u>State of Wisconsin</u>	<u>State Tax Credit</u>	
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
2012	2013	7.08	0.39	-	0.05	0.42	0.91	-	8.85	15.16	2.22	5.29	-	1.71	0.18	(2.34)	31.07

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

Taxpayer	Type of Business	2012			2003		
		Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Brown Deer Market WI LLC	Property Mgmt	30,709,500	1	3.35%	16,619,500	3	2.30%
Brown Deer Business Park-WI TWO, LLC	Property Mgmt	19,870,100	2	2.17%	35,900,000	1	4.97%
FIS (Fidelity Information Systems)	Data Processing	17,231,800	3	1.88%	28,925,600	2	4.01%
Lowe's Home Center	Retail	15,529,600	4	1.69%	-	-	0.00%
Deer Run Apartments	Property Mgmt	14,789,400	5	1.61%	13,000,000	4	1.80%
North Pointe Apartments Ltd.	Rental Property	11,125,000	6	1.21%	9,500,000	6	1.32%
Brook Lane Apartments	Property Mgmt	9,645,300	7	1.05%	8,900,000	9	1.23%
River Place Apartments LLC	Property Mgmt	9,150,500	8	1.00%	-	-	0.00%
WITI TV 6	Television Station	8,546,000	9	0.93%	11,453,600	5	1.59%
Mutual Savings Bank	Financial Institution	8,323,400	10	0.91%	8,276,100	10	1.15%
Sheraton Hotel	Hotel	-	-	0.00%	9,120,100	8	1.26%
Badger Meter	Manufacturing	-	-	0.00%	9,348,200	7	1.30%
<b>Total</b>		<b>144,920,600</b>		<b>15.79%</b>	<b>151,043,100</b>		<b>20.93%</b>

(a) Based on total Assessed Value  
2003 721,615,594  
2012 917,544,016

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
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%	6,240	8,785,480	99.97%
2011	2012	9,305,950	9,301,960	99.96%	-	9,301,960	99.96%
2012	2013	9,102,050	*	0.00%	*	*	0.00%

\* Note : Data for the 2013 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
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
2012	24,758,575	104,491	24,654,084	962,776,000	2.56%	12,065	2,043.44

# 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				
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	2.06%	1,984.16	
2012	19,571,639	-	862,093	-	4,920,223	25,353,955	*	2,101.45	

Source: Wisconsin Departments of Revenue and Administration

\* Note : Data for 2012 Personal Income is not yet available.

Village of Brown Deer

Legal Debt Margin Information  
 Last ten years  
 Table 11

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Equalized Value of Real and Personal Property	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	962,776,000
<b>General Obligation Debt Limit</b> Five (5) Percent of Equalized Valuation per Section 67.03 of the Wisconsin Statutes	<b>44,671,230</b>	<b>47,669,821</b>	<b>48,890,920</b>	<b>53,764,610</b>	<b>56,949,630</b>	<b>57,208,645</b>	<b>56,400,170</b>	<b>53,740,210</b>	<b>51,907,010</b>	<b>48,138,800</b>
Amount of Debt Applicable to Debt Limitation: General Obligation Bonds/Notes	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	24,758,575
Less: Amount Available for Financing GO Debt	49,183	-	94,487	124,438	36,320	21,793	30,797	17,009	21,766	104,491
<b>Net O/S GO Debt Applicable to Debt Limitation</b>	<b>8,973,874</b>	<b>9,843,875</b>	<b>8,834,293</b>	<b>17,452,159</b>	<b>19,783,960</b>	<b>18,794,150</b>	<b>18,845,741</b>	<b>22,624,819</b>	<b>23,786,219</b>	<b>24,654,084</b>
<b>Legal margin for New Debt</b>	<b>35,697,356</b>	<b>37,825,946</b>	<b>40,056,627</b>	<b>36,312,451</b>	<b>37,165,670</b>	<b>38,414,495</b>	<b>37,554,429</b>	<b>31,115,391</b>	<b>28,120,791</b>	<b>23,484,716</b>
Total net debt applicable to the limit as a percentage of debt limit	20.09%	20.65%	18.07%	32.46%	34.74%	32.85%	33.41%	42.10%	45.82%	51.21%

## Village of Brown Deer

Computation of Direct, Overlapping, and Underlying Debt  
 As of December 31, 2012  
 Table 12

Governmental Unit	General Obligation Bonded Debt Outstanding	Percentage Applicable to Village	Amount Applicable to Village
Village	19,838,352	100%	19,838,352
Milwaukee Area Technical College	118,560,000	1.36%	1,612,416
Milwaukee County	614,819,152	1.67%	10,267,480
Brown Deer School District	22,967,332	100%	22,967,332
Milwaukee Metropolitan Sewage District	927,592,916	1.61%	14,934,246
Total Overlapping	1,683,939,400		49,781,474
Total Direct and Overlapping Debt	1,703,777,752		69,619,826

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
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	226,111,060	18,844	20,680	24,901	9.00%	7.50%
2012	12,065	**	**	**	**	8.40%	6.90%

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 2012.

# Village of Brown Deer

## Principal Employers

Current year

Table 14

Employer	Type of Business	2006			2012		
		Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
FIS (Fidelity Information Systems)	Data Processing	1,125	1	0.26%	2,700	1	0.59%
Signicast	Manufacturer of Ferrous investment castings	-		0.00%	685	2	0.15%
Badger Meter	Water Meter Manufacturing	483	3	0.11%	530	3	0.12%
Guaranty Bank *	Savings Institutions	578	2	0.13%	450	4	0.10%
MILSCO Manufacturing	Manufacturer of Office Chairs	-		0.00%	350	5	0.08%
YMCA (Young Men's Christian Association) *	Civil & Social Organizations	175	5	0.04%	340	6	0.07%
Rite Hite Corporation(Hdqtrs)	Manufacturers of mechanical & hydraulic lifts	-		0.00%	240	7	0.05%
Brown Deer Public Schools	Elementary & Secondary Schools	119	11	0.03%	221	8	0.05%
New World Communications/TV 6	Television Broadcasting	210	4	0.05%	210	9	0.05%
U Line Corp *	Household Refrigerator Manufacturing	175	6	0.04%	200	10	0.04%
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%
<b>Total</b>		<b>3,662</b>		<b>0.85%</b>	<b>5,926</b>		<b>1.29%</b>

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Village Employees										
General Government										
Village Manager	4	3	2	2	3	3	3	3	3	2
Administration	5	5	5	5	5	4	5	5	5	5
Court	2	2	2	2	2	1	2	2	2	1
Health	11	11	11	8	8	7	7	7	6	8
Library	18	22	21	18	16	17	18	16	13	14
Parks and Recreation	6	6	5	4	4	4	3	3	2	3
Water Utility	5	5	5	3	3	3	3	3	3	2
Public Works	13	14	15	13	13	13	12	12	11	10
Public Safety										
Police	37	39	39	38	38	35	37	36	33	34
Community Services										
Engineering	2	2	3	3	3	3	3	3	2	2
Inspection/Maintenance	7	6	6	4	3	3	3	3	2	2
<b>Total</b>	<b>110</b>	<b>115</b>	<b>114</b>	<b>100</b>	<b>98</b>	<b>93</b>	<b>96</b>	<b>93</b>	<b>82</b>	<b>83</b>
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	6	6	6	6	6	6	6	6	6	6
Fire Stations	5	5	5	5	5	5	5	5	5	5
Public Works										
Streets (miles)	54	54	54	54	54	54	54	54	54	54
Parks & Recreation										
Number of Parks	3	3	3	3	3	3	3	3	3	3
Acreage of parkland	17	17	17	17	17	17	17	17	17	17
Water Utility										
Miles of Water Main	67	67	67	67	68	68	68	68	68	68
Number of Hydrants	650	650	650	663	665	669	671	671	671	672
Daily Average Consumption (gallons)	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	1,442,126
Wastewater Utility										
Miles of Sanitary Sewer	51	51	51	51	51	51	51	51	51	53
Miles of Storm Sewer	10	10	10	10	10	10	10	10	10	16

(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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Public Safety</b>										
Police										
Physical Arrests	1,021	1,142	1,105	850	984	850	922	884	950	684
Parking Citations	1,379	1,197	1,089	1,172	1,441	1,158	886	1,268	800	1,076
Traffic Citations	4,998	5,923	4,722	3,610	4,525	3,573	4,767	3,719	4,361	3,566
Prisoner Handling	509	679	756	494	369	282	323	224	310	304
Complaints	1,911	1,773	1,860	1,364	1,649	1,536	1,486	1,407	1,503	1,537
<b>General Government</b>										
Building Permits Issued	254	276	263	281	293	309	328	209	206	170
<b>Library</b>										
Patron Count/Card Holders	8,885	8,130	6,966	7,300	7,559	6,833	7,370	7,714	8,011	8,322
Items Borrowed	328,452	322,508	293,181	265,246	240,995	250,126	247,649	241,399	222,383	218,980
<b>Park and Recreation</b>										
Recreation Programs	81	84	82	83	86	122	112	101	100	95
Recreation Program Registration	3,433	2,770	2,770	2,737	2,513	2,933	2,686	2,421	3,003	2,577
Pond Attendance	-	6,016	10,193	9,590	8,018	7,238	7,048	9,391	9,215	10,375
<b>Water Utility</b>										
Number of Customers	3,745	3,759	3,782	3,792	3,795	3,789	3,817	3,825	3,829	3,736
Gallons Sold (millions)	517,950	485,396	504,983	488,879	455,125	455,405	428,322	425,090	427,673	469,538
Public Fire Protection Serv Custome	3,476	3,484	3,509	3,495	3,531	3,544	3,562	3,571	3,575	3,579
<b>Northshore Health Department</b>										
Blood Pressure Screenings	503	619	537	351	467	357	195	123	132	267
Immunizations	1,049	928	212	661	569	819	623	598	682	772
Restaurant Inspections (BD Only)	108	87	114	-	109	81	87	78	80	130

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

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