

VILLAGE OF
BROWN DEER



**Milwaukee County, Wisconsin
Comprehensive Annual Financial Report
For the Year Ended
December 31, 2010**

VILLAGE OF BROWN DEER

Brown Deer, Wisconsin

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

December 31, 2010

Prepared By

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

Village Manager
Treasurer/Comptroller

Russell Van Gompel
Bridget Souffrant

VILLAGE OF BROWN DEER

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INTRODUCTORY SECTION

VILLAGE OF BROWN DEER

DIRECTORY OF OFFICIALS December 31, 2010

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, 2012
Tim Schilz	Village Trustee	April, 2012
Gary Springman	Village Trustee	April, 2013
Andrea J. Weddle-Henning	Village Trustee	April, 2014
David M. Victor	Municipal Judge	April, 2013

Administrators

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

June 20, 2011

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, 2010, 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, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principals used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Village of Brown Deer's financial statements for the fiscal year ended December 31, 2010, 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 three intergovernmental agreements with other North Shore communities. The North Shore Fire Department was formed on January 1, 1995 by a cooperative agreement with six other North Shore communities (Bayside, Fox Point, Glendale, River Hills, Shorewood, and Whitefish Bay) operates economically by sharing staff, equipment, and resources. The North Shore Health Department was formed on January 1, 1996 with four other North Shore communities (Bayside, River Hills, Fox Point, and Glendale) provides a wide range of services more economically than those which could be provided by the individual communities. The North Shore Cable Commission was formed on July 6, 1998 by a cooperative agreement with six other North Shore communities (Bayside, Fox Point, Glendale, River Hills, Shorewood, and Whitefish Bay) to jointly provide public access television and public information.

FACTORS AFFECTING FINANCIAL CONDITION

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

LOCAL ECONOMY

Located in the north suburban area of Milwaukee County, the Village of Brown Deer is a demographically and economically vital and diverse community. The Village continues to be a desirable place to reside due to excellent police and fire protection, public water system, library, health services, schools, parks and perceived "quality of life." Brown Deer's employment base represents an excellent mix of manufacturing, service and retail establishments. In addition, its proximity to downtown Milwaukee (just 10 miles south) enables residents to commute for employment.

The Village's single-family housing was constructed almost entirely in the period from 1950 to 1980, and can be characterized as being in the middle to upper-middle price range in the Milwaukee area market. The Village also has a substantial number of multifamily housing units, consisting of rental and condominium units, which occupy the same middle to upper-middle market niche. The residential base has continued to grow.

CURRENT YEAR INITIATIVES

In 2010, five building permits were issued in Deerbrook Estates, a single-family residential development on a 21 acre site adjacent to Park Plaza Court. Six sites remain in this 43 lot subdivision which was created from land purchased from the Village in 2004.

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 is determining 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 2010 increment in each TID and the increase or decrease from 2009. Any development within each TID will be noted, but contrary to year's past, that activity does not directly correlate with the increment determined for 2010.

Tax Incremental Financing District #2, formed in 1995, generated an increment of \$11,287,600 in 2010, a decrease of \$10,457,900 from the 2009 increment. While construction was officially completed in 2009, an occupancy certificate was issued to Jewish Family Services for their 66 unit housing facility. The Community Development Authority also paid out the final payment for the developer incentive. The existing Tax Incremental Financing Agreement with Gen Cap Bradley LLC, for an 8 acre residential development of 65 condominiums in the mid-price range of \$185,000, has been updated to reflect a new delivery schedule and financing. Conceptual plans were approved for a 42 unit multifamily residential facility and an addition of 30 units to the previously mentioned 66 unit facility with Jewish Family Services. In addition, the Village assisted with the opening of a new retail outlet in Bradley Village.

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 \$17,025,500 in 2010 which is a decrease of \$1,413,900 from 2009. 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 2010.

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 \$8,222,800 through 2010, which is an increase of \$5,423,900 from 2009. During 2010, the Village continued with its plans to reconstruct the streetscape within the Original Village District, and assisted with the opening of a new retail outlet in the Original Village.

The Village mails a combined newsletter and Park & Recreation Program flyer which is sent out three (3) times a year to all Village residents and businesses. The newsletter provides information on Village programs, departments, enrollment information for Park & Recreation programs and matters of interest. The Village continues to update its website to provide another source of information to the public. Financial information such as: the Annual Budget, Comprehensive Annual Financial Report, property tax information and assessment information are available on the website. In 2009, the Village started a marketing brochure to promote the community and all it has to offer. Part of the marketing efforts included directing visitors and residents to the new Our Brown Deer website www.ourbrowndeer.com which is a social media website used to inform and connect the residents.

Outside of the Tax Increment Districts, the Village issued building permits mainly for compliance repairs or remodeling, there were no major projects constructed. The Village worked with Milwaukee 7 to pursue possible cooperate headquarters in the Brown Deer Business Park. The Village also worked with the Brown Deer Business Park to relocate Pitney Bowes to a vacant 121,000 square foot facility bringing

in close to 300 jobs and various improvements to the building. In addition, an expansion to the Recreational Bike Trail through Village Park was completed in 2010.

FINANCIAL POLICIES

The Village of Brown Deer has many 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, investment policy, fund balance policy, debt management policy, capitalized fixed assets policy, purchasing policy, budget development policy, revenue policy, operating budgets, 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 25% targeted maximum. The capital improvement and equipment replacement funds must maintain reserves sufficient to pay the cost of projects under construction. The Sanitary Sewer Utility's net assets will not be less than 15% and not more than 100% of the annual billings. The Street Lighting Assessment Fund shall be reserved at an amount to replace existing equipment based on current engineering estimates and reviewed on a bi-annual basis; the unreserved funds will be maintained at a minimum of 25% of the prior year's operating costs.

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 9.38%.

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, 2009. This was the eleventh 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 Susan Hudson and Nicole Theys for their hard work throughout the process. Credit also must be given to the Village President, Village Board and Finance/Public Works Committee for their support for striving to have the highest standards of professionalism in the management of the Village of Brown Deer's finances.

Respectfully submitted,



Russell Van Gompel
Village Manager

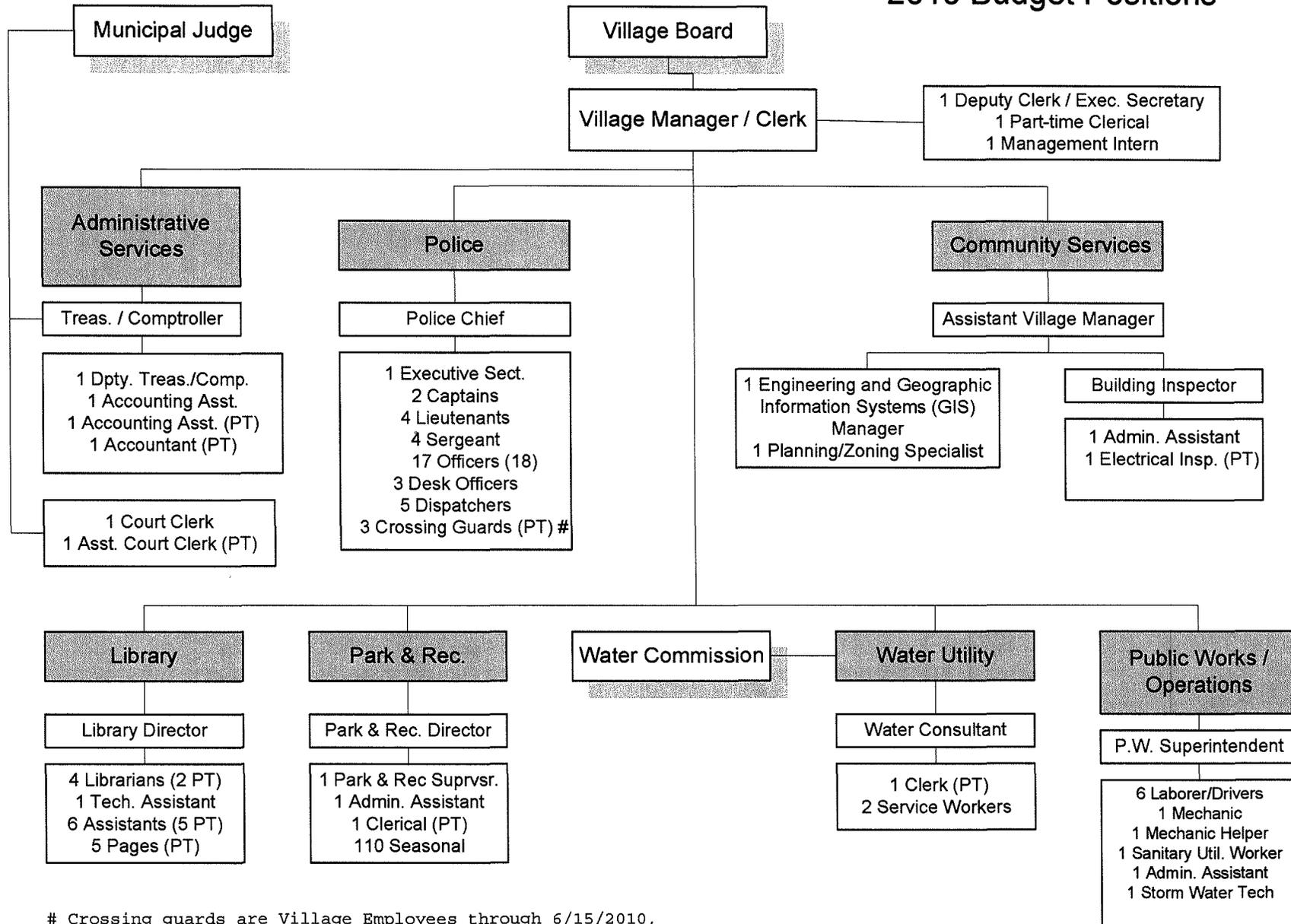


Bridget M. Souffrant
Treasurer / Comptroller

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Village of Brown Deer Organization Chart

2010 Budget Positions



Crossing guards are Village Employees through 6/15/2010, 2010 costs paid by Brown Deer School District

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, 2009

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.



President

Executive Director

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Village Board
Village of Brown Deer
Brown Deer, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Brown Deer, Wisconsin, as of and for the year ended December 31, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Brown Deer's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Brown Deer, Wisconsin, as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Brown Deer's basic financial statements. The combining and individual fund financial statements and schedules and other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Village Board
Village of Brown Deer

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

Baker Tilly Victorow Kruse, LLP

Milwaukee, Wisconsin
June 20, 2011



MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2010

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, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

FINANCIAL HIGHLIGHTS

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

- The assets of the Village of Brown Deer exceeded its liabilities as of December 31, 2010, by \$14,314,481 (*net assets*). The Village reported deficit unrestricted governmental activities net assets of (\$7,468,247) and unrestricted business-type activities net assets of \$2,006,739. During the current year, the Village's net assets decreased by (\$20,309).
- As of December 31, 2010, the Village of Brown Deer's governmental funds reported combined ending fund balances of \$9,830,657, an increase of \$4,046,985 in comparison with the prior year. At the end of 2010, there is \$7,777,141 *available for spending* at the government's discretion (*unreserved fund balance*.)
- As of December 31, 2010, the unreserved fund balance for the general fund was \$2,110,667 or 22% of total general fund expenditures.
- The Village of Brown Deer's total general obligation debt increased by \$3,765,290 during 2010.

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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

VILLAGE OF BROWN DEER

Management's Discussion and Analysis For the Year Ended December 31, 2010

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

STATEMENT OF NET ASSETS

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

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 20,543,259	\$ 15,967,348	\$ 3,448,247	\$ 4,093,973	\$ 23,991,506	\$ 20,061,321
Capital assets	<u>11,279,486</u>	<u>11,224,515</u>	<u>16,099,342</u>	<u>15,525,379</u>	<u>27,378,828</u>	<u>26,749,894</u>
Total assets	31,822,745	27,191,863	19,547,589	19,619,352	51,370,334	46,811,215
Long-term debt outstanding	21,410,748	17,177,692	4,415,441	4,903,158	25,826,189	22,080,850
Other liabilities	<u>10,592,268</u>	<u>9,994,508</u>	<u>637,396</u>	<u>401,067</u>	<u>11,229,664</u>	<u>10,395,575</u>
Total liabilities	32,003,016	27,172,200	5,052,837	5,304,225	37,055,853	32,476,425
Net assets:						
Invested in capital assets, net of debt	7,151,972	7,896,810	12,202,860	11,324,970	19,354,832	19,221,780
Restricted	136,004	139,934	285,153	270,574	421,157	410,508
Unrestricted (deficit)	<u>(7,468,247)</u>	<u>(8,017,081)</u>	<u>2,006,739</u>	<u>2,719,583</u>	<u>(5,461,508)</u>	<u>(5,297,498)</u>
Total net assets	<u>\$ (180,271)</u>	<u>\$ 19,663</u>	<u>\$ 14,494,752</u>	<u>\$ 14,315,127</u>	<u>\$ 14,314,481</u>	<u>\$ 14,334,790</u>

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 2010 by \$4.5 million largely due to an increase in cash and cash equivalents on hand relating to 2010 bond proceeds to fund community development projects in TID 4 and other capital improvements throughout the Village.

Long-term debt outstanding increased by \$4.2 million also as a result of the 2010 bond proceeds. Other liabilities represent accounts payable, accrued payroll liabilities, deposits and deferred revenues. Total Other liabilities increased \$597,000 in 2010 due to an increase in accounts payable, accrued liabilities, and deferred revenue.

VILLAGE OF BROWN DEER

Management's Discussion and Analysis For the Year Ended December 31, 2010

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

A portion of the Village of Brown Deer's net assets represent resources that are subject to external restrictions on how they may be used. Restricted net assets consist of amounts restricted for library purposes. The Village has three TIF districts one established in 1995 and the other two in 2005. TIF district financing is a tool used by municipalities to assist in funding economic development. Economic development by nature is a long-term process and often times, early in the life of a TIF district the only resources available are in the form of debt proceeds. Due to the number of current TIF projects, no net assets related to these TIF districts were on hand at year end.

The remaining balance of unrestricted net assets may be used to meet ongoing obligations to citizens and creditors. The increase in unrestricted net assets of \$548,000 was due to having slightly less invested in capital assets at the end of 2010. When unrestricted resources are added, the Village's Invested in Capital Assets Net of Related Debt decreases and resources remaining for unrestricted net assets increase.

Business-type Activities

Business-type activities Current and Other Assets consist of cash, investments and receivables. Current and Other Assets decreased (\$645,000) in the current year. This decrease was due to the release of cash that was originally restricted in 2008 related to cash reserves needed for debt obligations. The total capital assets in 2010 increased by \$573,000 due to the addition of equipment and capital improvements, mainly relating to sanitary sewer infrastructure in the Original Village.

Long term debt decreased by the scheduled debt payments of (\$487,000), which decreased long-term liabilities. Other Liabilities for Governmental and Business-type Activities include accounts payable, accrued interest payable, special deposits and unearned revenue. Other Liabilities increased by \$236,000 due mainly to an increase in accounts payable related to capital improvements.

STATEMENT OF ACTIVITIES

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

VILLAGE OF BROWN DEER

Management's Discussion and Analysis
For the Year Ended December 31, 2010

The table below summarizes the statement of activities for 2009 and 2010. Explanations for increases or decreases that are more than \$100,000 and 5% from the previous year are given following the table.

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for Services	\$ 1,529,195	\$ 1,671,102	\$ 3,600,198	\$ 3,506,952	\$ 5,129,393	\$ 5,178,054
Operating grants and contributions	759,543	753,316	-	-	759,543	753,316
Capital grants and contributions	39,700	1,166,530	6,840	579,555	46,540	1,746,085
General revenues:						
Property taxes	8,764,225	8,334,365	-	-	8,764,225	8,334,365
Other taxes	476,934	433,152	-	-	476,934	433,152
Other general revenues	1,167,769	1,067,086	67,164	56,035	1,234,933	1,123,121
Total revenues	<u>12,737,366</u>	<u>13,425,551</u>	<u>3,674,202</u>	<u>4,142,542</u>	<u>16,411,568</u>	<u>17,568,093</u>
Expenses						
General government	1,294,235	1,399,299	-	-	1,294,235	1,399,299
Public Safety	5,871,990	6,085,914	-	-	5,871,990	6,085,914
Public Works	2,396,016	2,637,864	-	-	2,396,016	2,637,864
Health and Human Services	567,554	639,859	-	-	567,554	639,859
Culture, recreation and education	1,222,130	1,155,647	-	-	1,222,130	1,155,647
Conservation and development	926,179	1,153,886	-	-	926,179	1,153,886
Interest and fiscal charges	898,923	779,652	-	-	898,923	779,652
Water	-	-	1,257,481	1,285,391	1,257,481	1,285,391
Storm Water	-	-	516,569	696,986	516,569	696,986
Sanitary Sewer	-	-	1,480,800	1,113,731	1,480,800	1,113,731
Total expenses	<u>13,177,027</u>	<u>13,852,121</u>	<u>3,254,850</u>	<u>3,096,108</u>	<u>16,431,877</u>	<u>16,948,229</u>
Increase (decrease) in net assets before transfers	(439,661)	(426,570)	419,352	1,046,434	(20,309)	619,864
Transfers	239,727	219,885	(239,727)	(219,885)	-	-
Changes in net assets	<u>(199,934)</u>	<u>(206,685)</u>	<u>179,625</u>	<u>826,549</u>	<u>(20,309)</u>	<u>619,864</u>
Net assets - Beginning of year	19,663	226,348	14,315,127	13,488,578	14,334,790	13,714,926
Net assets - End of year	<u>\$ (180,271)</u>	<u>\$ 19,663</u>	<u>\$ 14,494,752</u>	<u>\$ 14,315,127</u>	<u>\$ 14,314,481</u>	<u>\$ 14,334,790</u>

Significant Changes in Governmental Activities

Governmental activities decreased the Village of Brown Deer's net assets by (\$199,934), while the Business-type activities increased net assets by \$179,625. The change in net assets for governmental activities increased slightly from 2009. The change in net assets for Business-type activities decreased significantly between 2009 and 2010 primarily due to increased expenditures in the sanitary sewer fund and less capital grants and contributions. Other individual increases to revenues and decreases to expenses are described below.

VILLAGE OF BROWN DEER

Management's Discussion and Analysis For the Year Ended December 31, 2010

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 2009 and 2010.

	Governmental Activities			
	2010	2009	Change	% Chg
Revenues				
Program revenues:				
Charges for services	\$ 1,529,195	\$ 1,671,102	\$ (141,907)	-8.49%
Operating grants and contributions	759,543	753,316	6,227	0.83%
Capital grants and contributions	39,700	1,166,530	(1,126,830)	-96.60%
General revenues:				
Property taxes	8,764,225	8,334,365	429,860	5.16%
Other taxes	476,934	433,152	43,782	10.11%
Other general revenues	1,167,769	1,067,086	100,683	9.44%
Total revenues	<u>\$ 12,737,366</u>	<u>\$ 13,425,551</u>	<u>\$ (688,185)</u>	<u>-5.13%</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 decreased (\$141,907) from 2009. This decrease can be accounted for in the following areas and amounts: liquor and malt beverage permits (\$8,815), building permits (\$48,453), electrical permits, (\$10,564), plumbing permits (\$4,914), and finally recycling cart revenue (\$88,000).

Liquor and malt beverage permits decreased in 2010 back down to historical amounts because 2009's outlier was a reserve permit purchased by FIS in December of 2009. The building permits, electrical permits, and plumbing permits have decreased because construction has slowed within in the Village. In 2010, the Village mainly issued permits for compliance repairs or remodeling. In 2009, the Village purchased new recycling carts and sold them to the residents, this was a one time revenue source on 2009 and was not expected to continue.

Capital grants and contributions decreased by \$1,126,830 from 2009. In 2010, there was one grant received by the Library for \$11,700 and only \$28,000 in capital contributions. During 2009, the Village received grants for capital improvements as well as receiving more in capital contributions from the state and/or county in infrastructure added.

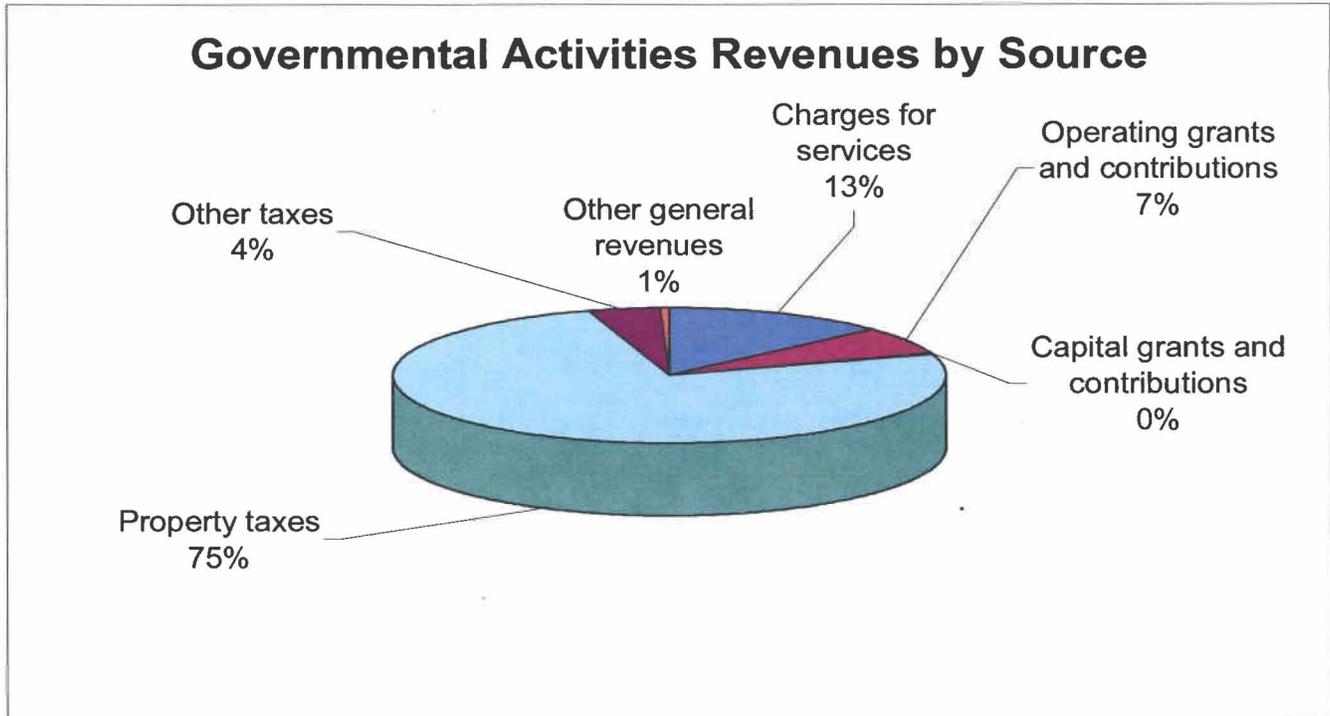
The State of Wisconsin caps local municipal property tax increases by 2%, a growth factor based on the municipality's economic growth and the increase in debt service payments. This cap does not apply to property taxes levied for tax incremental financing districts. The levy for TIF districts is based on the tax levy of all overlapping taxing units and the increase in TIF property value. In 2010, property taxes levied for all purposes other than the TIF increased \$131,970 or 1.73%. However due to decreases in TIF values, property taxes levied for TIF purposes decreased by \$124,366 or (12)% from 2009.

VILLAGE OF BROWN DEER

Management's Discussion and Analysis For the Year Ended December 31, 2010

Other Taxes consists of the hotel room tax, which was still affected by the slow economy, but managed to increase by \$43,782 in 2010. Other General Revenues primarily consist of general state aids and investment income. During 2010, the Village earned approximately \$100,000 more in investment income compared to 2009.

As identified above and on the chart below, property taxes are the largest revenue source for the Village's Governmental Activities category accounting for 75% of total revenues. Like most Wisconsin municipalities, the Village does not charge a local sales or income tax. The percentage composition of revenues has remained stable for the last several years.



Governmental Activities - Expenses

Governmental Activities expenses are broken down into various functions. General Government includes administrative type costs such as Village government and financial management as well as some Village-wide shared costs such as information technology and insurance. Costs associated with the Village's police department, contributions for fire and dispatch services, and expenses related to building inspection are shown within the Public Safety function. The Public Works function includes expenses for street and sidewalk maintenance, winter and forestry operations, refuse and recycling as well as engineering, and planning expenses. Health and Human Services include expenses incurred for the health department programs such as restaurant licensing and health clinic costs. Culture, Recreation and Education expenses are primarily related to the Village's library services, and Park's program activities such as the 4th of July celebration, senior programs, and youth and adult athletic programs. Conservation and Development expenses are incurred mainly within the Village's TIF districts in order to promote development of the Village's tax base. The table below compares 2009 and 2010 expenditures; the reasons for significant changes are addressed following the table.

VILLAGE OF BROWN DEER

Management's Discussion and Analysis For the Year Ended December 31, 2010

Expenses	2010	2009	Change	% Chg
General government	\$ 1,294,235	\$ 1,399,299	\$ (105,064)	-7.51%
Public safety	5,871,990	6,085,914	(213,924)	-3.52%
Public works	2,396,016	2,637,864	(241,848)	-9.17%
Health and human services	567,554	639,859	(72,305)	-11.30%
Culture, recreation and education	1,222,130	1,155,647	66,483	5.75%
Conservation and development	926,179	1,153,886	(227,707)	-19.73%
Interest and fiscal charges	898,923	779,652	119,271	15.30%
Total expenses	<u>\$ 13,177,027</u>	<u>\$ 13,852,121</u>	<u>\$ (675,094)</u>	<u>-4.87%</u>

General government expenditures decreased (\$105,064) compared to 2009. This can be attributed to a decrease in costs for legal services, post-employment personnel costs, workers compensation and liability insurance expenses.

In 2010, Public safety decreased expenditures by (\$213,924) due to vacant positions within the police department resulting in personnel and health care cost reductions.

The Public works department decreased expenditures in 2010 by (\$241,848). The salary and wages for the public works administration decreased because it was allocated to the utilities based upon work done during the year. The recycling fund had decreased expenditures mainly due to decreased interdepartmental charges and the street lighting funds had less maintenance expenses than 2009 with slightly less spent in electricity.

Health and Human Services also decreased expenditures by (\$72,305) in 2010 due to staff turnover and decreased expenditures in a few of the grants conducted.

Culture, Recreation and Education expenditures rose in 2010 by \$66,483 due to increased cost of benefits as well as increased cost of operations and materials in the library, village park and pond fund, fourth of July fund, and the village recreation fund.

Conservation and Development expenditures decreased by (\$227,707) in 2010. A decrease in development in 2010 led to a decrease in the administrative charges for the Tax Incremental Districts.

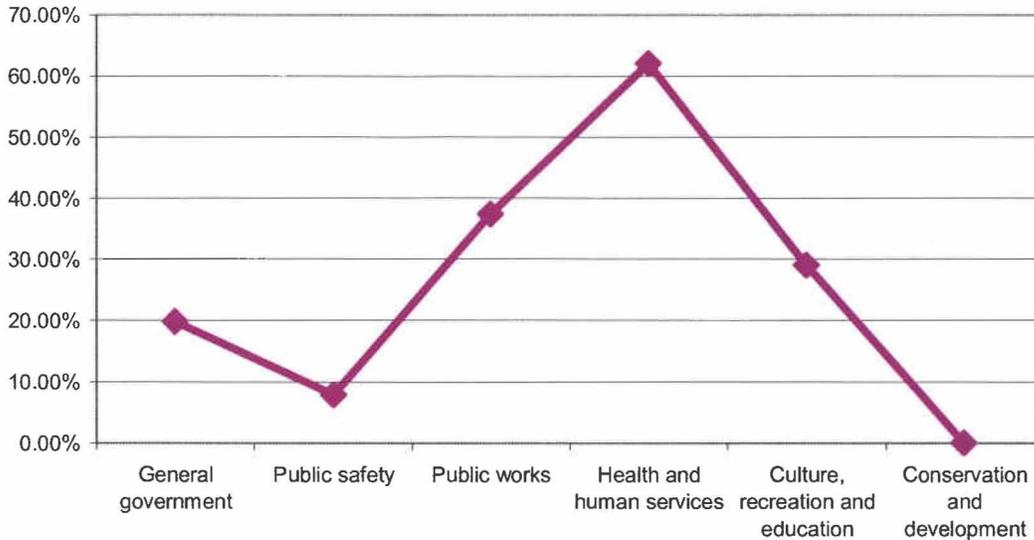
Interest and fiscal charges increased by \$119,271 in 2010 due to additional interest expense and issuance costs related to the new debt issuance.

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 2010, Health and Human Services was the function that was most funded by program revenues as a result of the grants that the health department diligently applies for and receives and the fact that the Village administers a health department for several other communities all of whom share in the costs of the program. Only the Village's portion of this program is funded by general revenues. The Public Works Department is the second department to most utilize program revenues due to the capital contributions received for projects completed throughout the year.

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Management's Discussion and Analysis
For the Year Ended December 31, 2010

Percentages of Expenses funded by Program Revenues



Significant Changes in Business-type Activities

Business-type Activities - Revenues

Unlike the Governmental activities, the Village's Business-type activities are financed primarily by user fees. The Village bills its customers for water, storm and sanitary sewer charges on a quarterly basis. Any utility bills left unpaid as of October 31st are placed on the property owner's tax bill. The table below compares the 2009 to 2010 revenues.

	Business-type Activities			
	2010	2009	Change	% Chg
Revenues				
Program revenues:				
Charges for services	\$ 3,600,198	\$ 3,506,952	\$ 93,246	2.66%
Capital grants and contributions	6,840	579,555	(572,715)	-98.82%
General revenues:				
Other general revenues	67,164	56,035	11,129	19.86%
Total revenues	<u>\$ 3,674,202</u>	<u>\$ 4,142,542</u>	<u>\$ (468,340)</u>	<u>-11.31%</u>

The sanitary sewer utility adjusts the rates billed each quarter based on the charges received from the Milwaukee Metropolitan Sewerage District (MMSD). MMSD's rates increased 4.75% in 2010, which is then directly passed on to the Village's utility customers. Rates for all utilities are reviewed annually and adjusted as necessary. The Village portion of the sanitary sewer rate increased by \$11.25 annually in 2010.

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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. There were no assets contributed by developers in 2010 and minimal grants contributing to the (\$572,715) decrease from 2009.

Other General Revenues category is interest income. The Village has made wise investing decisions and was able to realize a small increase of \$11,129 in interest income over 2009.

Business-type Activities - Expenses

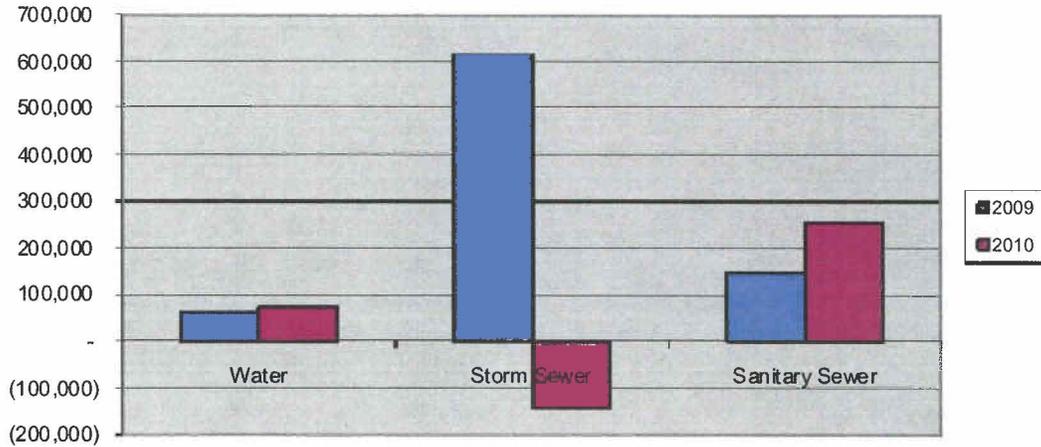
The table below compares the Village's Business-type activities expenses from 2009 to 2010.

Expenses	Business-type Activities			
	2010	2009	Change	% Chg
Water	\$ 1,257,481	\$ 1,285,391	\$ (27,910)	-2.17%
Storm Water	516,569	696,986	(180,417)	-25.89%
Sanitary Sewer	1,480,800	1,113,731	367,069	32.96%
Total expenses	<u>\$ 3,254,850</u>	<u>\$ 3,096,108</u>	<u>\$ 158,742</u>	<u>5.13%</u>

Expenditures for the water utility decreased slightly from 2009 to 2010. The Sanitary Sewer expenses increased almost 33% or \$367,069 over 2009 largely due to the sanitary sewer main improvements in the Original Village during 2010. The Storm Water Utility on the other hand decreased its expenditures by \$180,417 or 25% over 2009. The Village typically alternates years in terms of focusing capital improvement efforts between sanitary sewer and storm sewer; thus in 2010, the Village focused on sanitary sewer improvements instead of storm water improvements.

Business-type activities increased the Village of Brown Deer's net assets by \$179,625 in 2010 and \$826,549 in 2009. The change in net assets for the Water utility was comparable between 2009 and 2010, however as discussed prior there was a large shift in expenditures between the Sanitary Sewer utility and the Storm Water utility. The graph below shows the net income by utility for each year.

Change in Net Assets 2009 to 2010



Specific reasons for these changes were previously addressed.

See independent auditors' report

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Management's Discussion and Analysis For the Year Ended December 31, 2010

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

The Village maintains fifteen 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 nine 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, 2010, the governmental funds reported combined ending fund balances of \$9,830,657, an increase of \$4,046,985 in comparison with the prior year. Seventy nine percent (79%) of the Village's fund balance is *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed for prepaid items, contractual commitments, other fund's deficit, and non-current receivables.

The General Fund is the chief operating fund of the Village of Brown Deer. As of December 31, 2010, the total fund balance of the general fund was \$2,610,515 of which \$2,110,667 was unreserved. This unreserved fund balance represents approximately 22% 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 2010.

The TIF District No. 2 fund balance decreased due to the development costs related to the assisted living / senior apartment complex near West Bradley Road. The 2010 expenditures were supported with a borrowing completed in 2007, creating a decrease in fund balance of (\$764,985).

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Management's Discussion and Analysis For the Year Ended December 31, 2010

TIF District No. 3 was created in 2005, but had very little development activity until 2008. During 2010, 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 2010, the lack of additional development to help increase the increment from taxes resulted in another year with a deficit fund balance of (\$424,309).

The Village's non-major funds decreased the fund balance by (\$1,008,566) because TIF District No. 4 and the Capital Improvement Fund were deemed major funds in 2010 and separated out into their own categories. With that in mind the non-major funds were comparable to 2009.

GENERAL FUND BUDGETARY HIGHLIGHTS

General fund revenues were over budget by \$202,391 and can be accounted for by the following revenues that exceeded budget expectations:

- General Fund tax revenues came in \$14,000 over budget due to hotel room tax being slightly higher than expected.
- Intergovernmental revenues were over budget by \$143,000 in large part due to a conservative budget amount for computer exemptions. In addition, the 2% fire dues were recognized as a pass through revenue, even though it was not budgeted as such.
- Interdepartmental charges for services also came in over budget by \$27,000 due to an increased equipment payment from the storm water utility to the general fund for work on projects completed such as the South branch Creek revitalization.
- Miscellaneous revenue came in over budget in 2010 by \$18,000, again largely due to a conservative budgeted amount for interest income. The Village was able to recognize more interest earnings compared to 2009 due better cash management and slightly better rates in the market.

General Fund expenditures were below the budgeted amount by \$149,000. General government was under budget by \$10,000, due to savings resulting from staff transition. Public safety was under budget by \$216,000 due to savings gained in salaries and benefits as a result of various positions being open and promotions within the department leading to periods of time when positions were vacant. The public works department exceeded the budget by \$74,000 mainly due to the increased staff time resulting from the floods during the summer months. The health department and park and recreation department both slightly exceeded their 2010 budget.

There were no budget amendments made in 2010 and the Village was able to remain eligible for the State of Wisconsin expenditure restraint program. This program provides state funding to communities that restrict spending growth within their General Fund.

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.

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Management's Discussion and Analysis For the Year Ended December 31, 2010

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

Unrestricted net assets of the water, storm water and sanitary sewer utilities at the end of the year amounted to \$1,239,051; \$705,649; and \$62,075 respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the Village of Brown Deer's business-type activities.

FIDUCIARY FUNDS

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

As of January 1, 2010, the Village turned over the responsibility of reporting and maintaining the North Shore Cable Commission Fund, which records the operations for the seven member communities' cable television community access channel to the Village of Shorewood. The basic fiduciary fund financial statements can be found on page 35 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36-70 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
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CAPITAL ASSETS

The Village's capital asset activity for 2009 and 2010 is summarized below and significant additions and deletions are described after the table.

	Governmental Activities		Business-type Activities	
	2010	2009	2010	2009
Land	\$ 1,248,694	\$ 1,148,694	\$ 11,654	\$ 11,654
Construction in progress	190,709	171,229	1,142	135,888
Machinery and equipment	2,521,576	2,448,114	1,201,962	1,173,399
Library collection	1,107,679	1,122,849	-	-
Buildings and improvements	6,682,149	6,448,265	477,886	477,886
Infrastructure	9,517,574	9,167,422	23,800,470	22,671,296
Total capital assets	<u>21,268,381</u>	<u>20,506,573</u>	<u>25,493,114</u>	<u>24,470,123</u>
Less accumulated depreciation	(9,988,895)	(9,282,058)	(9,393,772)	(8,944,744)
Capital assets net of depreciation	<u>\$ 11,279,486</u>	<u>\$ 11,224,515</u>	<u>\$ 16,099,342</u>	<u>\$ 15,525,379</u>

Governmental Activities

- Buildings and improvements increased from 2009 due to the roof repairs completed on the Municipal Complex building, the new Village Hall doors and entryway repairs, and the shooting range lead abatement. These projects combined for total additions of \$233,884.
- Machinery and equipment increased by \$73,000 in 2010 due to the purchase of two police vehicles, one dump truck, and a computer server in the Police Department.
- Over \$350,000 of infrastructure was added during the 2010 road resurfacing and sidewalk additions.

Business-type Activities

- The water utility purchased a new truck in 2010 adding \$28,000 to the machinery and equipment.
- The Construction in progress account was reduced drastically in 2010 because all of the open projects from 2009 had been completed.
- The water utility added to the Village's infrastructure by replacing water mains in older sections of the Village that had been experiencing significant numbers of main breaks at a cost of \$331,938.
- The storm water utility increased the infrastructure by \$112,000 in 2010.
- The sanitary sewer utility added \$220,000 of infrastructure replacing aging pipe throughout the Village and then added \$396,883 of infrastructure in the Original Village.

Additional information on the Village of Brown Deer's capital assets can be found in Note IV D. on pages 57 through 59 and also in the supplemental information on page 83.

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Management's Discussion and Analysis For the Year Ended December 31, 2010

LONG-TERM DEBT

State statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total equalized valuation. The current debt limitation for the Village of Brown Deer is \$53,740,210, which significantly exceeds the Village of Brown Deer's current outstanding general obligation debt of \$22,641,828. This debt is entirely backed by the full faith and credit of the government. As of December 31, 2010, the Village of Brown Deer's outstanding debt equaled 42% of the state authorized debt.

The table below summarizes the Village's long term debt for 2009 and 2010:

	Governmental Activities		Business-type Activities	
	2010	2009	2010	2009
General obligation bonds and notes	\$ 18,272,423	\$ 14,021,654	\$ 4,369,405	\$ 4,854,884
Unamortized premium on bonds	-	-	11,582	15,146
Notes Payable	983,202	1,007,156	-	-
Compensated absences	646,050	681,710	34,454	33,128
OPEB liability	1,509,073	1,467,172	-	-
Total	\$ 21,410,748	\$ 17,177,692	\$ 4,415,441	\$ 4,903,158

In 2010, the Village of Brown Deer issued \$5,355,000 in taxable general obligation corporate purpose bonds (Build America Bonds) for the public purpose of financing parks and public grounds (\$110,000); for the financing of street improvement projects (\$785,000); for the financing of community development projects in TID 4 (\$3,915,000); for the financing of library projects (\$325,000); and for the financing the repair and improvement of a building for the housing of machinery and equipment (\$220,000).

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 67 through 69.

Additional information of the Village of Brown Deer's long-term debt can be found in note IV F. on pages 61 through 63 and also in the statistical section on pages 85 through 100.

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 74-76 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. We have experienced an increase in unemployment, but we have also seen a slight increase in interest income; still less than expected. On top of weathering the economic storm, the Village is

VILLAGE OF BROWN DEER

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preparing to operate under the changes being implemented by our legislature in Madison, which may prove to be somewhat difficult in the next few years.

The unemployment rate for Milwaukee County as of December, 2010 was 8.1% compared to 9.2% in December, 2009. This compares with an unemployment rate of 7.5% for the State of Wisconsin and a 9.4% 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>.

Nationally, many municipalities are dealing with problems related to the continued decline of the real estate market. According to the State of Wisconsin's Winter, 2011 Economic Outlook report, existing home sales were down 7.5% in 2010, compared to 4.7% nationally. The extension of the homebuyers credit in the beginning of 2010 resulted in an unusually high number of home sales during the first half of the year, but not enough to offset the decline. The median home price statewide only declined 1.1% from the previous year.

The Village's 2010 tax levy was again capped by the State of Wisconsin. The Village's limit for 2010 was 2% plus an adjustment for changes in debt service. The Village levied \$7,762,620, which is a 1.73% increase from the 2009 levy.

The Village's 2011 budget for the General Fund includes an increase of 2.0% in total expenditures due to contracted wage increases, healthcare and retirement increases, and maintaining a full staff. The 2011 General Fund budget is a balanced budget with no planned use of fund balance.

Intergovernmental revenues primarily funded by annual State programs, finance approximately 14% of the Village's 2010 General Fund expenditures. The State is currently facing substantial revenue shortfalls due to the declining economy, which in conjunction with the laws being passed, will impact the Village's future years' revenue sources.

REQUESTS FOR INFORMATION

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

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

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VILLAGE OF BROWN DEER

STATEMENT OF NET ASSETS December 31, 2010

	Governmental Activities	Business Type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 8,087,541	\$ 2,905,965	\$ 10,993,506
Temporary investments	1,648,153	-	1,648,153
Receivables (net)			
Taxes	9,107,617	-	9,107,617
Accounts	430,728	441,569	872,297
Other	128,214	-	128,214
Inventory	-	26,802	26,802
Land held for resale	413,319	-	413,319
Internal balances	244,807	(244,807)	-
Deferred charges	-	33,565	33,565
Restricted cash and cash equivalents	-	285,153	285,153
Investment in CVMIC	429,675	-	429,675
Capital assets			
Land	1,248,694	11,654	1,260,348
Construction in progress	190,709	1,142	191,851
Other capital assets, net of depreciation	9,840,083	16,086,546	25,926,629
Unamortized debt issuance cost	53,205	-	53,205
	<u>31,822,745</u>	<u>19,547,589</u>	<u>51,370,334</u>
Total Assets			
LIABILITIES			
Accounts payable and accrued expenses	867,145	535,938	1,403,083
Accrued interest payable	401,909	44,159	446,068
Due to other governments	19,767	-	19,767
Special deposits	31,287	-	31,287
Unearned revenue	9,272,160	57,299	9,329,459
Noncurrent liabilities			
Due within one year	1,064,098	505,191	1,569,289
Due in more than one year	20,346,650	3,910,250	24,256,900
	<u>32,003,016</u>	<u>5,052,837</u>	<u>37,055,853</u>
Total Liabilities			
NET ASSETS (LIABILITIES)			
Invested in capital assets, net of related debt	7,151,972	12,202,860	19,354,832
Restricted for			
Library	136,004	-	136,004
Equipment replacement	-	285,153	285,153
Unrestricted (deficit)	<u>(7,468,247)</u>	<u>2,006,739</u>	<u>(5,461,508)</u>
	<u>\$ (180,271)</u>	<u>\$ 14,494,752</u>	<u>\$ 14,314,481</u>
TOTAL NET ASSETS (LIABILITIES)			

See accompanying notes to the financial statements.

VILLAGE OF BROWN DEER

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Totals
Governmental Activities							
General government	\$ 1,294,235	\$ 224,517	\$ 32,781	\$ -	\$ (1,036,937)	\$ -	\$ (1,036,937)
Public safety	5,871,990	387,979	77,627	-	(5,406,384)	-	(5,406,384)
Public works	2,396,016	341,960	515,074	39,700	(1,499,282)	-	(1,499,282)
Health and human services	567,554	263,814	88,277	-	(215,463)	-	(215,463)
Culture, recreation and education	1,222,130	310,925	45,207	-	(865,998)	-	(865,998)
Conservation and development	926,179	-	577	-	(925,602)	-	(925,602)
Interest and fiscal charges	898,923	-	-	-	(898,923)	-	(898,923)
Total Governmental Activities	<u>13,177,027</u>	<u>1,529,195</u>	<u>759,543</u>	<u>39,700</u>	<u>(10,848,589)</u>	<u>-</u>	<u>(10,848,589)</u>
Business-type Activities							
Water Utility	1,257,481	1,548,514	-	6,000	-	297,033	297,033
Storm Water Utility	516,569	756,220	-	-	-	239,651	239,651
Sewer Utility	1,480,800	1,295,464	-	840	-	(184,496)	(184,496)
Total Business-type Activities	<u>3,254,850</u>	<u>3,600,198</u>	<u>-</u>	<u>6,840</u>	<u>-</u>	<u>352,188</u>	<u>352,188</u>
Total	<u>\$ 16,431,877</u>	<u>\$ 5,129,393</u>	<u>\$ 759,543</u>	<u>\$ 46,540</u>	<u>(10,848,589)</u>	<u>352,188</u>	<u>(10,496,401)</u>
General revenues							
Property taxes							
Property taxes, levied for general purposes					6,581,221	-	6,581,221
Property taxes, levied for debt service					701,854	-	701,854
Property taxes, levied for capital projects					1,481,150	-	1,481,150
Hotel room taxes					476,934	-	476,934
Intergovernmental revenues not restricted to specific programs					815,719	-	815,719
Investment income					279,908	67,164	347,072
Other					72,142	-	72,142
Total General Revenues					<u>10,408,928</u>	<u>67,164</u>	<u>10,476,092</u>
Transfers					<u>239,727</u>	<u>(239,727)</u>	<u>-</u>
Change in net assets					(199,934)	179,625	(20,309)
Net Assets - Beginning of Year					<u>19,663</u>	<u>14,315,127</u>	<u>14,334,790</u>
Net Assets - End of Year					<u>\$ (180,271)</u>	<u>\$ 14,494,752</u>	<u>\$ 14,314,481</u>

See accompanying notes to the financial statements.

VILLAGE OF BROWN DEER

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010

	Capital Projects Funds				Capital Improvements	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
	General	TIF No. 2	TIF No. 3	TIF No. 4				
ASSETS								
Cash and cash equivalents	\$ 761,579	\$ 881,604	\$ -	\$ 3,611,574	\$ 2,153,993	\$ 17,009	\$ 633,891	\$ 8,059,650
Temporary investments	1,648,153	-	-	-	-	-	-	1,648,153
Receivables								
Taxes	6,247,323	316,794	477,832	230,778	341,421	741,031	752,438	9,107,617
Accounts	249,941	44,795	113,111	1,612	1,076	-	5,361	415,896
Due from other governments	94,281	-	-	-	-	-	33,933	128,214
Due from other funds	445,751	-	-	-	-	-	-	445,751
Advances to other funds	-	-	-	244,807	-	-	-	244,807
Land held for resale	-	413,319	-	-	-	-	-	413,319
TOTAL ASSETS	\$ 9,447,028	\$ 1,656,512	\$ 590,943	\$ 4,088,771	\$ 2,496,490	\$ 758,040	\$ 1,425,623	\$ 20,463,407
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued liabilities	\$ 491,912	\$ 4,217	\$ -	\$ 222,493	\$ 44,535	\$ -	\$ 61,946	\$ 825,103
Due to other governments	19,767	-	-	-	-	-	-	19,767
Due to other funds	-	-	424,310	-	-	-	21,441	445,751
Special deposits	31,287	-	-	-	-	-	-	31,287
Deferred revenues	6,293,547	360,443	590,942	230,778	341,421	741,031	752,680	9,310,842
Total liabilities	6,836,513	364,660	1,015,252	453,271	385,956	741,031	836,067	10,632,750
Fund Balances (Deficits)								
Reserved for								
Non-current assets	499,217	413,319	-	244,807	-	-	-	1,157,343
Grant fund deficit	631	-	-	-	-	-	-	631
Encumbrances	-	878,533	-	-	-	-	-	878,533
Debt service	-	-	-	-	-	17,009	-	17,009
Unreserved, designated for, reported in:								
General fund								
Working capital	960,417	-	-	-	-	-	-	960,417
Specific purposes	8,620	-	-	-	-	-	-	8,620
Special revenue funds - 2011 budget appropriations	-	-	-	-	-	-	99,552	99,552
Capital project - specific projects	-	-	-	3,390,693	1,721,994	-	-	5,112,687
Unreserved, undesignated, reported in								
General fund, undesignated	1,141,630	-	-	-	-	-	-	1,141,630
Special revenue funds	-	-	-	-	-	-	490,004	490,004
Capital projects funds (deficit)	-	-	(424,309)	-	388,540	-	-	(35,769)
Total fund balances	2,610,515	1,291,852	(424,309)	3,635,500	2,110,534	17,009	589,556	9,830,657
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,447,028	\$ 1,656,512	\$ 590,943	\$ 4,088,771	\$ 2,496,490	\$ 758,040	\$ 1,425,623	
Amounts reported for governmental activities in the statement of net assets are different because:								
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.								11,279,486
Unamortized debt issuance cost								53,205
Special assessments recognized as revenue								38,682
Internal service fund is used by management to charge the costs of insurance to specific funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.								430,356
Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds.								(21,812,657)
NET ASSETS OF GOVERNMENTAL FUNDS								\$ (180,271)

VILLAGE OF BROWN DEER

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2010

	General	Capital Projects Funds			Capital Improvements	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
		TIF No. 2	TIF No. 3	TIF No. 4				
REVENUES								
Taxes	\$ 6,624,556	\$ 580,264	\$ 493,518	\$ 75,988	\$ 331,380	\$ 701,854	\$ 433,599	\$ 9,241,159
Intergovernmental revenues	1,278,263	1,768	4,357	773	11,700	-	350,581	1,647,442
Licenses and permits	339,381	-	-	-	-	-	85,311	424,692
Fines, forfeitures and penalties	252,831	-	-	-	-	-	-	252,831
Public charges for services	25,809	-	-	-	-	-	496,649	522,458
Public improvement revenues	-	-	-	-	-	-	33,068	33,068
Interdepartmental charges for services	721,695	-	-	-	-	-	-	721,695
Intergovernmental charges for services	-	-	-	-	-	-	283,829	283,829
Commercial revenues	171,532	22,919	-	38,121	37,675	407	62,927	333,581
Total Revenues	9,414,067	604,951	497,875	114,882	380,755	702,261	1,745,964	13,460,755
EXPENDITURES								
Current								
General government	1,392,821	-	-	-	-	-	-	1,392,821
Public safety	5,626,062	-	-	-	-	-	4,095	5,630,157
Public works	1,893,877	-	-	-	-	-	358,792	2,252,669
Health and human services	147,391	-	-	-	-	-	553,112	700,503
Culture, recreation and education	204,644	-	-	-	-	-	788,483	993,127
Conservation and development	-	21,434	174,471	97,219	-	-	-	293,124
Capital outlay	-	691,993	-	165,668	919,902	-	-	1,777,563
Debt service								
Principal retirement	-	380,000	135,000	26,529	58,684	562,702	-	1,162,915
Interest and fiscal charges	-	276,509	210,163	109,796	55,803	153,347	-	805,618
Total Expenditures	9,264,795	1,369,936	519,634	399,212	1,034,389	716,049	1,704,482	15,008,497
Excess (deficiency) of revenues over (under) expenditures	149,272	(764,985)	(21,759)	(284,330)	(653,634)	(13,788)	41,482	(1,547,742)
OTHER FINANCING SOURCES (USES)								
Transfers in	239,727	-	-	-	1,053,200	-	3,152	1,296,079
Transfers out	(3,152)	-	-	-	-	-	(1,053,200)	(1,056,352)
General obligation debt issued	-	-	-	3,915,000	1,440,000	-	-	5,355,000
Total other financing sources (uses)	236,575	-	-	3,915,000	2,493,200	-	(1,050,048)	5,594,727
Net Change in Fund Balance	385,847	(764,985)	(21,759)	3,630,670	1,839,566	(13,788)	(1,008,566)	4,046,985
FUND BALANCES - BEGINNING OF YEAR (DEFICIT)	2,224,668	2,056,837	(402,550)	4,830	270,968	30,797	1,598,122	5,783,672
FUND BALANCES - END OF YEAR (DEFICIT)	\$ 2,610,515	\$ 1,291,852	\$ (424,309)	\$ 3,635,500	\$ 2,110,534	\$ 17,009	\$ 589,556	\$ 9,830,657

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, 2010

Net change in fund balances - total governmental funds	\$	4,046,985
<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 assets, the cost of these assets is capitalized and they are depreciated over their useful lives and reported estimated useful lives and reported as depreciation expense in the statement of activities.</p>		
Capital outlay is reported as an expenditure in the fund financial statements, but is capitalized in the government-wide financial statements		1,777,563
Some items reported as capital outlay were not capitalized		(937,352)
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements		62,147
Depreciation is reported in the government-wide financial statements		(851,329)
Net book value of assets retired		(24,058)
<p>Contributed capital assets are reported as revenues in the government-wide financial statements</p>		
		28,000
<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>		
		5,616
<p>Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
Debt proceeds		(5,389,730)
Principal repaid		1,162,915
<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		(41,901)
Compensated absences		35,660
Accrued interest on debt		(146,513)
Unamortized debt issuance cost		53,205
<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>		
		18,858
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	(199,934)

VILLAGE OF BROWN DEER

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 December 31, 2010

	Business Type Activities - Enterprise Funds			Totals	Governmental
	Water Utility	Sewer Utility	Storm Water Utility		Activities - Internal Service Fund
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 1,183,754	\$ 1,126,693	\$ 595,518	\$ 2,905,965	\$ 27,891
Accounts receivable	181,123	182,945	77,501	441,569	14,832
Materials and supplies inventory	26,802	-	-	26,802	-
Total current assets	<u>1,391,679</u>	<u>1,309,638</u>	<u>673,019</u>	<u>3,374,336</u>	<u>42,723</u>
Non-Current Assets					
Restricted Assets - cash and cash equivalents					
Equipment replacement funds	-	285,153	-	285,153	-
Capital Assets					
Land	11,654	-	-	11,654	-
Construction in progress	1,142	-	-	1,142	-
Structures, improvements and equipment	11,840,357	7,739,148	5,900,810	25,480,315	-
Accumulated depreciation	(4,034,754)	(3,572,796)	(1,786,219)	(9,393,769)	-
Other Assets					
Deferred debits	8,498	7,879	17,188	33,565	-
Advance to other funds	-	-	61,932	61,932	-
Investment in CVMIC	-	-	-	-	429,675
Total noncurrent assets	<u>7,826,897</u>	<u>4,459,384</u>	<u>4,193,711</u>	<u>16,479,992</u>	<u>429,675</u>
TOTAL ASSETS	<u>9,218,576</u>	<u>5,769,022</u>	<u>4,866,730</u>	<u>19,854,328</u>	<u>472,398</u>
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	74,477	458,029	3,432	535,938	42,042
Accrued interest	12,570	9,592	21,997	44,159	-
Deferred revenue	57,299	-	-	57,299	-
Current portion of advance from other funds	-	9,254	-	9,254	-
Current portion of long-term liabilities	86,250	73,982	344,959	505,191	-
Total current liabilities	<u>230,596</u>	<u>550,857</u>	<u>370,388</u>	<u>1,151,841</u>	<u>42,042</u>
Noncurrent Liabilities					
Accumulated sick and vacation pay	14,978	7,154	12,322	34,454	-
Advance from other funds	-	297,485	-	297,485	-
Long-term bonds and notes payable	855,488	872,313	2,147,995	3,875,796	-
Total Noncurrent liabilities	<u>870,466</u>	<u>1,176,952</u>	<u>2,160,317</u>	<u>4,207,735</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,101,062</u>	<u>1,727,809</u>	<u>2,530,705</u>	<u>5,359,576</u>	<u>42,042</u>
NET ASSETS					
Invested in capital assets, net of related debt	6,878,499	3,693,985	1,630,376	12,202,860	-
Restricted for					
Equipment replacement	-	285,153	-	285,153	-
Unrestricted	1,239,015	62,075	705,649	2,006,739	430,356
TOTAL NET ASSETS	<u>\$ 8,117,514</u>	<u>\$ 4,041,213</u>	<u>\$ 2,336,025</u>	<u>\$ 14,494,752</u>	<u>\$ 430,356</u>

See accompanying notes to the financial statements.

VILLAGE OF BROWN DEER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS For the Year Ended December 31, 2010

	Business Type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Storm Water Utility		
OPERATING REVENUES					
Sale of water	\$ 1,410,308	\$ -	\$ -	\$ 1,410,308	\$ -
Sewage collection charges	-	1,295,464	-	1,295,464	-
Stormwater charges	-	-	754,886	754,886	-
Other operating revenues	138,206	-	1,334	139,540	85,000
Total operating revenues	<u>1,548,514</u>	<u>1,295,464</u>	<u>756,220</u>	<u>3,600,198</u>	<u>85,000</u>
OPERATING EXPENSES					
Operation and maintenance	1,004,873	1,300,387	261,451	2,566,711	91,681
Depreciation	216,053	141,197	164,254	521,504	-
Taxes	1,790	-	-	1,790	-
Total operating expenses	<u>1,222,716</u>	<u>1,441,584</u>	<u>425,705</u>	<u>3,090,005</u>	<u>91,681</u>
Operating income (loss)	<u>325,798</u>	<u>(146,120)</u>	<u>330,515</u>	<u>510,193</u>	<u>(6,681)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	13,040	42,064	12,060	67,164	25,539
Interest expense	(34,765)	(38,627)	(90,086)	(163,478)	-
Amortization of debt discount	-	(589)	(778)	(1,367)	-
Total nonoperating revenues (expense)	<u>(21,725)</u>	<u>2,848</u>	<u>(78,804)</u>	<u>(97,681)</u>	<u>25,539</u>
Income (loss) before contributions and transfers	304,073	(143,272)	251,711	412,512	18,858
CAPITAL CONTRIBUTIONS	6,000	840	-	6,840	-
TRANSFERS OUT	<u>(239,727)</u>	<u>-</u>	<u>-</u>	<u>(239,727)</u>	<u>-</u>
Change in net assets	70,346	(142,432)	251,711	179,625	18,858
TOTAL NET ASSETS - BEGINNING OF YEAR	<u>8,047,168</u>	<u>4,183,645</u>	<u>2,084,314</u>	<u>14,315,127</u>	<u>411,498</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 8,117,514</u>	<u>\$ 4,041,213</u>	<u>\$ 2,336,025</u>	<u>\$ 14,494,752</u>	<u>\$ 430,356</u>

See accompanying notes to the financial statements.

VILLAGE OF BROWN DEER

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2010

	Business Type Activities - Enterprise Funds			Total	Governmental
	Water Utility	Sewer Utility	Storm Water Utility		Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 1,611,050	\$ 1,345,489	\$ 793,929	\$ 3,750,468	\$ 70,168
Paid to suppliers for goods and services	(892,200)	(964,453)	(176,255)	(2,032,908)	(91,639)
Paid to employees for services	(63,221)	(51,390)	(102,224)	(216,835)	-
Receipts (payments) for interfund services	(9,068)	(31,616)	42,918	2,234	-
Net cash flows from operating activities	646,561	298,030	558,368	1,502,959	(21,471)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfer out - paid for tax equivalent	(239,727)	-	-	(239,727)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on long-term debt	(84,000)	(71,689)	(329,790)	(485,479)	-
Interest paid on long-term debt	(34,729)	(39,151)	(92,184)	(166,064)	-
Salvage value of utility plant retired	983	-	-	983	-
Advances from other funds	-	244,807	-	244,807	-
Payments on advances	-	(8,887)	-	(8,887)	-
Received on advances to other funds	-	-	8,887	8,887	-
Acquisition and construction of capital assets	(354,500)	(616,043)	(118,971)	(1,089,514)	-
Net cash flows from capital and related financing activities	(472,246)	(490,963)	(532,058)	(1,495,267)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income received	13,040	42,064	12,060	67,164	25,539
Net change in cash and cash equivalents	(52,372)	(150,869)	38,370	(164,871)	4,068
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,236,126	1,562,715	557,148	3,355,989	23,823
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,183,754	\$ 1,411,846	\$ 595,518	\$ 3,191,118	\$ 27,891
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS					
Cash and cash equivalents	\$ 1,183,754	\$ 1,126,693	\$ 595,518	\$ 2,905,965	\$ 27,891
Restricted cash and cash equivalents	-	285,153	-	285,153	-
CASH AND CASH EQUIVALENTS	\$ 1,183,754	\$ 1,411,846	\$ 595,518	\$ 3,191,118	\$ 27,891

VILLAGE OF BROWN DEER

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 (concluded)

For the Year Ended December 31, 2010

	Business Type Activities - Enterprise Funds			Total	Governmental
	Water Utility	Sewer Utility	Storm Water Utility		Activities - Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS), TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 325,798	\$ (146,120)	\$ 330,515	\$ 510,193	\$ (6,681)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities					
Depreciation	216,053	141,197	164,159	521,409	-
Depreciation charged to other funds	42,427	(39,475)	(2,952)	-	-
(Increase) decrease in assets					
Accounts receivable	68,105	50,025	37,709	155,839	(14,832)
Inventory	290	-	-	290	-
Increase (decrease) in liabilities					
Accounts payable and accrued liabilities	(785)	292,005	(46,164)	245,056	42
Deferred revenue	(5,569)	-	-	(5,569)	-
Due from other governments	-	-	74,415	74,415	-
Accumulated sick leave payable	242	398	686	1,326	-
Net cash flows from operating activities	<u>\$ 646,561</u>	<u>\$ 298,030</u>	<u>\$ 558,368</u>	<u>\$ 1,502,959</u>	<u>\$ (21,471)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Cost of utility plant additions contributed by developers	<u>\$ 6,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,000</u>	<u>\$ -</u>

VILLAGE OF BROWN DEER

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2010

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 8,502,607
Temporary investments	4,994,458
Taxes receivable	8,126,679
Due from other governments	<u>686</u>
 TOTAL ASSETS	 <u>21,624,430</u>
LIABILITIES	
Accounts payable and accrued liabilities	66,239
Due to other taxing units	<u>21,558,191</u>
 TOTAL LIABILITIES	 <u>21,624,430</u>
 NET ASSETS	 <u>\$ -</u>

VILLAGE OF BROWN DEER

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VILLAGE OF BROWN DEER

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VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2007, the GASB issued statement No. 51 – Accounting and Financial Reporting for Intangible Assets. This statement establishes accounting and reporting requirements for intangible assets to reduce inconsistencies among governments, thereby enhancing the comparability of such assets amount state and local governments.

The Village made the decision to implement this standard effective January 1, 2010. The implementation of this statement did not have a material effect on the financial statements.

Government-Wide Financial Statements

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

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Government-Wide Financial Statements (continued)

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

Fund Financial Statements

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

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

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

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

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

The Village reports the following major governmental funds:

- General Fund – accounts for the Village's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.
- Capital Projects Fund – TIF No. 2 Fund – accounts for expenditures outlined in the TIF project plan and related revenues and proceeds from long-term borrowing.
- Capital Projects Fund – TIF No. 3 Fund – accounts for expenditures outlined in the TIF project plan and related revenues and proceeds from long-term borrowing.
- Capital Projects Fund – TIF No. 4 Fund – accounts for expenditures outlined in the TIF project plan and related revenues and proceeds from long-term borrowing.
- Capital Projects Fund – Capital Improvements Fund – accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects.
- Debt Service Fund – accounts for resources accumulated and payments made for principal and interest on long-term debt other than TID or enterprise fund debt.

The Village reports the following major enterprise funds:

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

The Village reports the following non-major governmental funds:

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

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

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

- Equipment Replacement Fund

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

In addition, the Village reports the following fund types:

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

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

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

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

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

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

Government-Wide Financial Statements

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

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

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

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources. Compensated absences are reported in the governmental funds only if they have matured.

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

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

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

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

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

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

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer and storm water utilities are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

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

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

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

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Deposits and Investments (continued)

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

Custodial Credit Risk

Collateralization is required on certificates of deposit that exceed the State and FDIC insurance limits and repurchase agreements. The amount to be collateralized is 102% of the market value of principal and accrued interest. The Village chooses to limit its collateral to U.S. treasury securities and its agencies. Collateral must be held by an independent third party with whom the entity has a current custodial agreement.

Credit Risk and Concentration of Credit Risk

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

With the exception of U.S. treasury securities and the State Local Investment Pool, no more than 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, 2010, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these financial statements.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Deposits and Investments (continued)

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

See Note IV.A. for further information.

2. Receivables

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

Property tax calendar – 2010 tax roll:

Lien date and levy date	December 2010
Tax bills mailed	December 2010
Payment in full, or	January 31, 2011
First installment due	January 31, 2011
Second installment due	March 31, 2011
Third installment due	May 31, 2011
Personal property taxes in full	January 31, 2011
Tax settlements	
Initial settlement	January 15, 2011
Second settlement	February 15, 2011
Third settlement	April 15, 2011
Fourth settlement	June 15, 2011
Final settlement	August 15, 2011
Tax deed by County – 2010	
Delinquent real estate taxes	October 2013

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

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Receivables (continued)

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

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

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at the lower of cost or market on a first-in, first-out (FIFO) basis based on physical quantities on hand.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

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

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5. Capital Assets

Government-Wide Statements

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

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

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

Buildings and Improvements	10-40 Years
Machinery and Equipment	5-15 Years
Library Collection	12 Years
Utility System	18-90 Years
Infrastructure	10-50 Years

Fund Financial Statements

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

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

6. Other Assets

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

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

7. Compensated Absences

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

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable available resources. Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2010, are determined on the basis of current salary rates and included salary related payments.

8. Long-Term Obligations/Conduit Debt

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

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements, bond premiums and discounts incurred in the governmental funds are generally recognized as revenue or expense in the current period. For the government-wide business-type activities statements, bond premiums and discounts incurred in the proprietary funds are deferred and amortized over the life of the issue using the straight-line method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net assets.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The Village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the Village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$10.3 million, made up of two issues.

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. The liability for claims and judgments is only reported in governmental funds if it has matured. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

10. Equity Classifications

Government-Wide Statements

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets, such as the library's, with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

Fund Statements

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

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. Basis for Existing Rates

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin and effective September 1, 2009.

Sewer Utility

Current sewer rates were approved by the Village Board on November 9, 2009 and effective January 1, 2010.

Storm Water Utility

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

E. OTHER POLICIES – TAX INCREMENTAL DISTRICTS

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

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

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

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS

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

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

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

Land	\$ 1,248,694
Construction in progress	190,709
Machinery and equipment	2,521,576
Library collection	1,107,679
Buildings and improvements	6,682,149
Infrastructure	9,517,574
Less: Accumulated depreciation	<u>(9,988,895)</u>
Adjustment for Capital Assets	<u>\$ 11,279,486</u>

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

Bonds and notes payable	\$ 19,255,625
Compensated absences	646,050
Other Post Employment Benefits	1,509,073
Accrued interest	<u>401,909</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 21,812,657</u>

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

A budget has been adopted for the general fund, special revenue funds (excluding Grant, North Shore Fire Department Asset Sale and Police Asset Forfeiture), debt service fund and the capital projects funds (excluding Park Plaza CSM fund). Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds levying a general property tax.

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

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

B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

Excess of expenditures over appropriations are as follows:

Fund	Final Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General Fund			
Public Works	\$ 1,819,240	\$ 1,893,877	\$ 74,637
Culture, Recreation and Education	202,699	204,644	1,945
Health and Human Services	146,737	147,391	654
Special Revenue Funds			
Special Assessments Fund	51,300	52,052	752
North Shore Health Department Fund	544,581	553,112	8,531
Capital Projects Fund			
TIF No. 2 Capital Projects Fund	1,323,570	1,369,936	46,366

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

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

C. DEFICIT BALANCES

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

As of December 31, 2010, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>
Grant Fund	\$ (631)
TIF No. 3 Capital Projects Fund	(424,309)

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

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

D. LIMITATIONS ON THE VILLAGE'S TAX LEVY

As part of Wisconsin's Act 28 (2009), legislation was passed that limits the city's future tax levies. Generally the city is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the city's equalized value due to new construction or 3% for the 2009 levy collected in 2010 and 3% for the 2010 levy collected in 2011. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit is set to expire after the 2010 levy.

E. INVESTED FUNDS

Per state statutes, time deposits of the Village are limited to maturities of three years or less. As of December 31, 2010, the Village had \$1.44 million of certificates of deposit with maturities of three to five years.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

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

	Carrying Value	Statement Balance	Associated Risks
Petty Cash	\$ 7,172	\$ -	N/A
Demand deposits	14,696,633	12,971,586	Custodial credit risk
Money market funds	122,119	122,119	Custodial credit risk
LGIP	5,005,343	5,005,343	Credit and interest rate risks
U.S. agencies	739,728	739,728	Custodial, credit and interest rate risks
Certificates of deposit	<u>5,852,882</u>	<u>5,852,882</u>	Custodial credit risk
	<u>\$ 26,423,877</u>	<u>\$ 24,691,658</u>	

Reconciliation to financial statements

Per statement of net assets

Unrestricted

Cash and cash equivalents \$ 10,993,506

Temporary investments 1,648,153

Restricted cash and cash equivalents 285,153

Per statement of net assets - Fiduciary Funds

Cash and cash equivalents 8,502,607

Temporary investments 4,994,458

Total cash and investments \$ 26,423,877

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited amounts for noninterest bearing accounts.

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

December 31, 2010

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

A. DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk

Deposits

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

As of December 31, 2010, \$35,150 of the Village's total certificates of deposit balance of \$5,852,882 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, 2010.

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, 2010, the Village's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poor's</u>	<u>Moody's Investors Services</u>
Money market funds	AAA	AAA
US Agencies	AAA	AAA

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

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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, 2010, the Village's investments matured as follows:

Investment Type	Fair Value	Maturity			
		Less than 6 months	6 months - 1 year	1 - 3 years	3 or more years
LGIP	\$ 5,005,343	\$ 5,005,343	\$ -	\$ -	\$ -
US agencies	739,728	-	-	-	739,728
Certificates of deposit	5,852,882	969,080	592,149	2,854,852	1,436,802
Totals	<u>\$ 11,597,953</u>	<u>\$ 5,974,423</u>	<u>\$ 592,149</u>	<u>\$ 2,854,852</u>	<u>\$ 2,176,530</u>

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	\$ -	\$ 9,068,933	\$ 9,068,933
Advance collection of recreation fees	-	200	200
Developer receivables	-	156,759	156,759
Special assessments not yet due	38,682	-	38,682
Other deferred revenue	-	46,268	46,268
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 38,682</u>	<u>\$ 9,272,160</u>	<u>\$ 9,310,842</u>

No allowances for doubtful accounts have been established for the Village's receivables. All receivables are expected to be collected in the subsequent year except for delinquent personal property taxes and other receivables that total \$74,908.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

C. RESTRICTED ASSETS

Equipment Replacement Account

The Sewer Utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources. The balance in this account as of December 31, 2010 was \$285,153.

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 1,148,694	\$ 100,000	\$ -	\$ 1,248,694
Construction in progress	171,229	197,873	178,393	190,709
Total Capital Assets Not Being Depreciated	1,319,923	297,873	178,393	1,439,403
Capital Assets being depreciated				
Machinery and equipment	2,448,114	112,930	39,468	2,521,576
Library collection	1,122,849	62,146	77,316	1,107,679
Buildings and improvements	6,448,265	233,884	-	6,682,149
Infrastructure	9,167,422	401,918	51,766	9,517,574
Total Capital Assets Being Depreciated	19,186,650	810,878	168,550	19,828,978
Total Capital Assets	20,506,573	1,108,751	346,943	21,268,381
Less: Accumulated Depreciation for				
Buildings and improvements	2,718,146	212,112	-	2,930,258
Library collection	633,504	86,192	77,316	642,380
Machinery and equipment	1,216,666	204,975	26,384	1,395,257
Infrastructure	4,713,742	348,050	40,792	5,021,000
Total Accumulated Depreciation	9,282,058	851,329	144,492	9,988,895
Net Capital Assets, Being Depreciated	9,904,592	(40,451)	24,058	9,840,083
Total Governmental Activities Capital Assets Net of Accumulated Depreciation	\$ 11,224,515	\$ 257,422	\$ 202,451	\$ 11,279,486

Some beginning balances of accumulated depreciation were restated to reflect the Village's records. These adjustments did not change the accumulated depreciation balance in total.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 116,210
Public safety	103,621
Public works, which includes the depreciation of infrastructure	486,423
Culture, recreation and education	137,117
Conservation and development	<u>7,958</u>
Total Governmental Activities Depreciation Expense	<u>\$ 851,329</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital Assets not being depreciated				
Land	\$ 11,654	\$ -	\$ -	\$ 11,654
Construction in progress	<u>135,888</u>	<u>301,790</u>	<u>436,536</u>	<u>1,142</u>
Total Capital Assets Not Being Depreciated	<u>147,542</u>	<u>301,790</u>	<u>436,536</u>	<u>12,796</u>
Capital Assets being depreciated				
Structures and improvements	477,886	-	-	477,886
Water utility system	10,340,142	331,938	73,263	10,598,817
Sewer utility system	6,860,748	616,883	-	7,477,631
Storm water utility system	5,470,406	253,616	-	5,724,022
Machinery and equipment	<u>1,173,399</u>	<u>28,563</u>	<u>-</u>	<u>1,201,962</u>
Total Capital Assets Being Depreciated	<u>24,322,581</u>	<u>1,231,000</u>	<u>73,263</u>	<u>25,480,318</u>
Total Capital Assets	<u>24,470,123</u>	<u>1,532,790</u>	<u>509,799</u>	<u>25,493,114</u>
Less: Accumulated Depreciation for				
Structures and improvements	264,787	13,539	-	278,326
Water utility system	2,953,444	221,774	72,381	3,102,837
Sewer utility system	3,290,871	87,044	-	3,377,915
Storm water utility system	1,551,762	149,421	-	1,701,183
Machinery and equipment	<u>883,880</u>	<u>49,631</u>	<u>-</u>	<u>933,511</u>
Total Accumulated				
Depreciation	<u>8,944,744</u>	<u>521,409</u>	<u>72,381</u>	<u>9,393,772</u>
Net Capital Assets, Being Depreciated	<u>15,377,837</u>	<u>709,591</u>	<u>882</u>	<u>16,086,546</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 15,525,379</u>	<u>\$ 1,011,381</u>	<u>\$ 437,418</u>	<u>\$ 16,099,342</u>

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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	\$258,479
Sewer Utility	101,722
Storm Water Utility	<u>161,208</u>
Total Business-type Activities Depreciation Expense	<u>\$521,409</u>

E. INTERFUND RECEIVABLES / PAYABLES, ADVANCES AND TRANSFERS

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

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
Interfund receivables / payables			
General Fund	Grant Fund	\$ 21,441	\$ -
General Fund	TIF #3	<u>424,310</u>	-
		445,751	
Less: Fund eliminations		<u>(445,751)</u>	
Total Internal Balances - Government-Wide Statement of Net Assets		<u>\$ -</u>	
Interfund Advances			
Storm Water Utility	Sewer Utility	\$ 61,932	\$ 52,678
Sewer Utility	TIF #4	<u>244,807</u>	-
		306,739	
Less: Fund eliminations		<u>(61,932)</u>	
Total Internal Balances - Government-Wide Statement of Net Assets		<u>\$ 244,807</u>	

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

The interfund advance between the Storm Water Utility and the Sewer Utility for \$61,932 bears interest with rates ranging from 3.75% to 4.55% and is due annually in varying amounts through April 1, 2016.

The interfund advance between the Sewer Utility and TIF #4 for \$244,807 bears interest with rates ranging from 2.1% to 5.8%. A detailed repayment schedule has yet to be determined.

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

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

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

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principle Purpose
General Fund	Water Utility	\$ 239,727	Payment in lieu of taxes
Park and Recreation Program Fund	General Fund	3,152	Operating subsidy
Capital Improvements Fund	Equipment Replacement Fund	111,091	To close out fund balance
Capital Improvements Fund	North Shore Fire Department Asset Sale Fund	<u>942,109</u>	To close out fund balance
Total - Fund Financial Statements		1,296,079	
Less: Fund eliminations		<u>(1,056,352)</u>	
Total Transfers - Government-wide Statement of Activities		<u>\$ 239,727</u>	

Fund Transferred To	Fund Transferred From	Amount
Governmental Activities	Business-type Activities	\$ 239,727
Business-type Activities	Governmental Activities	<u>(239,727)</u>
Total Government-wide Financial Statements		<u>\$ -</u>

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

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

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 14,021,654	\$ 5,355,000	\$ 1,104,231	\$ 18,272,423	\$ 989,191
Note payable-Village of Whitefish Bay	655,408	34,730	39,093	651,045	48,087
Note payable-Village of Bayside	351,748	-	19,591	332,157	20,482
Total Bonds and Notes Payable	15,028,810	5,389,730	1,162,915	19,255,625	1,057,760
Other Liabilities					
Other post employment benefits	1,467,172	55,701	13,800	1,509,073	-
Vested compensated absences	681,710	282,819	318,479	646,050	6,338
Total Other Liabilities	2,148,882	338,520	332,279	2,155,123	6,338
 Total Governmental Activities Long-Term Liabilities	 \$ 17,177,692	 \$ 5,728,250	 \$ 1,495,194	 \$ 21,410,748	 \$ 1,064,098
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 4,854,884	\$ -	\$ 485,479	\$ 4,369,405	\$ 504,259
Unamortized premium on bonds	15,146	-	3,564	11,582	-
Other Liabilities					
Vested compensated absences	33,128	21,372	20,046	34,454	932
 Total Business-type Activities Long-Term Liabilities	 \$ 4,903,158	 \$ 21,372	 \$ 509,089	 \$ 4,415,441	 \$ 505,191

General Obligation Debt

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

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2010 was \$53,740,210. Total general obligation debt and related pledges outstanding at year end was \$22,641,828.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2010</u>
Governmental Activities					
General Obligation Debt					
Taxable issues					
Refunding Bonds	4/3/2008	4/1/2013	3.50-4.40%	690,000	440,000
	10/13/2009	4/4/2014	2.00-2.50%	374,439	304,918
Community Dev Bonds	9/29/2006	4/1/2026	5.35 - 5.8%	5,580,000	5,350,000
	5/2/2007	10/1/2022	5.4 - 5.5%	3,355,000	3,170,000
Tax-exempt issues					
Promissory Notes	4/1/2006	4/1/2016	3.75-3.80%	1,300,000	1,015,000
Corporate Purpose Bonds	4/1/2006	4/1/2022	4.00-4.10%	415,000	365,000
	4/5/2010	4/1/2030	2.1 - 5.8%	5,355,000	5,355,000
Capital Improvement Bonds	12/1/2001	4/1/2016	3.00-4.55%	1,150,000	575,000
State Trust Fund Loan	1/27/2003	3/15/2022	6.00%	824,408	624,035
	1/23/2009	3/15/2028	5.50%	1,100,000	1,073,470
Total Governmental Activities General Obligation Debt					<u>\$ 18,272,423</u>
Business-type Activities					
General Obligation Debt Tax Exempt					
Capital Improvement Bonds	12/1/2001	4/1/2016	3.00-4.55%	\$ 1,460,000	\$ 730,000
Refunding Bonds	10/13/2009	4/4/2014	2.00-2.50%	1,160,561	944,405
Corporate Purpose Bonds	4/1/2006	4/1/2022	4.00-4.10%	2,020,000	1,665,000
	4/3/2008	4/1/2016	2.60-4.00%	1,125,000	1,030,000
Total Business-type Activities General Obligation Debt					<u>\$ 4,369,405</u>

Note Payable – Village of Whitefish Bay

In 2002, the Village agreed to pay to the Village of Whitefish Bay \$943,823 for a portion of various fire department projects in connection with the Village's participation in the North Shore Fire Department. The 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 \$651,045 on December 31, 2010. Principal is due annually on April 1 through 2022 and interest is due semi-annually on April 1 and October 1 with interest at rates of 2.0-3.0%.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

Note Payable – Village of Bayside

In 2003, the Village agreed to pay to the Village of Bayside \$483,989 for a portion of various fire department projects in connection with the Village's participation in the North Shore Fire Department. The balance due on this note was \$332,157 on December 31, 2010. Principal is due annually on August 1 through 2023 and interest is due semi-annually on February 1 and August 1 with interest at rates of 2.5-4.2%.

Annual Maturities of General Obligation Debt

Debt service requirements to maturity are as follows:

	Governmental Activities Bonds and Notes Payable		Business-type Activities Bonds and Notes Payable	
	Principal	Interest	Principal	Interest
2011	989,191	1,008,196	504,259	149,364
2012	1,196,822	843,224	525,600	133,867
2013	1,262,749	789,831	534,380	117,095
2014	1,251,011	735,188	580,843	98,624
2015	1,221,851	680,052	330,000	82,243
2016-2020	5,704,521	2,559,050	1,270,000	244,269
2021-2025	4,773,684	1,106,511	624,323	31,278
2026-2028	1,872,594	225,080	-	-
Totals	<u>\$ 18,272,423</u>	<u>\$ 7,947,132</u>	<u>\$ 4,369,405</u>	<u>\$ 856,740</u>

Other Debt Information

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

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

G. NET ASSETS/FUND BALANCES

Net assets reported on the government wide statement of net assets at December 31, 2010 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Land	\$ 1,248,694
Construction in progress	190,709
Other capital assets, net of accumulated depreciation	9,840,083
Less: general obligation debt outstanding	(18,272,423)
Plus: noncapital related debt	10,217,505
Plus: unspent capital related debt proceeds	<u>3,927,404</u>
Total Invested in Capital Assets	<u>7,151,972</u>
Restricted for library	<u>136,004</u>
Unrestricted (Deficit)	<u>(7,468,247)</u>
Total Governmental Activities Net Assets	<u>\$ (180,271)</u>

Business -Type Activities

Invested in capital assets, net of related debt	
Land	\$ 11,654
Construction in progress	1,142
Other capital assets, net of accumulated depreciation	16,086,546
Less: related long-term debt outstanding	<u>(3,896,482)</u>
Total Invested in Capital Assets	<u>12,202,860</u>
Resticted for equipment replacement	285,153
Unrestricted	<u>2,006,739</u>
Total Business-Type Activities Net Assets	<u>\$ 14,494,752</u>

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible Village employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the general category are required by statute to contribute 6.2% of their salary (3.2% for executives and elected officials, 5.5% for protective occupations with social security, and 3.9% for protective occupations without social security) to the plan. Employers generally make these contributions to the plan on behalf of the employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for employees covered by the System for the year ended December 31, 2010 was \$4,412,786; the employer's total payroll was \$4,500,718. The total required contribution paid entirely by the employer for the year ended December 31, 2010 was \$614,623, or 11.0% of covered payroll. Of this amount, 100% was contributed by the employer for the current year. Total contributions for the years ended December 31, 2009 and 2008 were 563,478 and \$570,777, respectively, equal to the required contributions for each year.

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

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

There was no pension related debt for the Village as of December 31, 2010.

B. RISK MANAGEMENT

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

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE V – OTHER INFORMATION (continued)

B. RISK MANAGEMENT (continued)

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

In prior years, the CVMIC paid dividends to the Village based on a schedule designed to enable the Village to partially or totally finance the Village's debt service requirements on its related debt. As of December 31, 2007, the Village's debt and the WMIC's debt were paid in full. The WMIC has no assets, liabilities, equity or financial activity for the year ended December 31, 2010.

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, 2010 was 1.02%. Upon withdrawal, expulsion or dissolution, the Village would be entitled to a lump sum payment which at December 31, 2010 would approximate \$254,000.

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

The Village has recorded an unpaid claims liability for claims that have occurred but are not settled and for claims incurred but not recorded (IBNR). This liability is based upon estimated from an annual actuarial study. The estimates of claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Changes in the unpaid claim liability amount in fiscal years 2009 and 2010 were:

Year	Beginning Balance	Incurred Claims	Claims Paid/ Settled	Ending Balance
2009	\$ 42,944	\$ 11,476	\$ 12,420	\$ 42,000
2010	42,000	8,055	8,055	42,000

At December 31, 2010, the internal service fund established for liability insurance has net assets of \$430,356.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE V – OTHER INFORMATION (continued)

C. INTER-MUNICIPAL AGREEMENTS

The Village is a member of the North Shore Fire Department along with the Villages of Bayside, Fox Point, River Hills, Shorewood, Whitefish Bay and the City of Glendale. The Department was created by an agreement signed in 1994 pursuant to the provisions of Sections 61.65 and 66.30 of the Wisconsin Statutes. The Department, which commenced operations on January 1, 1995, provides fire and emergency medical services to the member communities. Upon dissolution of the Department, assets will be divided by the participants then participating in accordance with the proportion of the previous year's cost allocation formula percentage. The Department is governed by a seven member board consisting of one representative and one alternate from each municipality. Only one member from each municipality may vote. The Village has a commitment to the Department to annually finance a portion of the Department's approved expenditures. In 2010, the Village incurred expenditures of \$2.1 million for fire protection and emergency medical services under this agreement. The Department's 2011 approved budget is \$13.5 million of which the Village's portion is approximately \$2.0 million. On December 31, 2010, the Department had total fund equity of approximately \$915,000, a deficit in net assets of approximately \$173,000 and investment in capital assets of approximately \$2.0 million. Complete 2010 financial statements for the Department are available from the Department at 4401 West River Lane, Brown Deer, WI 53223.

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

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.

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE V – OTHER INFORMATION (continued)

D. OTHER POST-EMPLOYMENT BENEFITS (continued)

As of December 31, 2010 the plan had 5 retirees receiving benefits and 63 active plan members. During 2010 the Village contributed \$13,800 to the plan and retirees contributed \$45,329.

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 over a period of 30 years.

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

Annual Required Contribution	\$	55,701
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost (expense)		55,701
Contributions made		(13,800)
Increase in net OPEB Liability		41,901
Net OPEB Liability - beginning of year		1,467,172
Net OPEB Liability - end of year	\$	1,509,073

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

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

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE V – OTHER INFORMATION (continued)

D. OTHER POST-EMPLOYMENT BENEFITS (continued)

The funded status as of January 1, 2010, the most recent actuarial valuation date, was 0 percent 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 \$4.5 million, and the ratio of the UAAL to the covered payroll was 13%.

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. The measurement methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

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

VILLAGE OF BROWN DEER

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE V – OTHER INFORMATION (continued)

E. COMMITMENTS AND CONTINGENCIES

From time to time, the Village becomes involved in legal actions and claims, most of which normally occur in governmental operations. Legal actions and claims are defended by the Village's various insurance carriers, since claims brought against the Village are covered by insurance policies. In the opinion of Village management, any proceedings known to exist at December 31, 2010, are not likely to have a material adverse impact on the Village's financial position.

The Village has entered into a number of agreements with developers which provide for future payments of \$2,942,500 in varying amounts during 2011 and 2012. These agreements are contingent upon future development obligations within the Village's TIF districts. Funding for future payments will come from future borrowings or tax increment if available.

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

F. LAND HELD FOR RESALE

In 2006, 2007, and 2008 the Village purchased certain parcels of land for a cost of \$2.1 million of which portions have been sold in 2009 and 2010. These properties are included in the Village's Tax Increment District No. 2 and are part of the Village's redevelopment plan. It is the intent of the Village to sell these properties at market value. The carrying value of the land held for resale is at the lower of cost or market.

G. SUBSEQUENT EVENT

On April 2011, the Village issued Taxable General Obligation Refunding Bonds in the amount of \$625,000 with interest ranging from 1.8% - 4.35%. The bonds were issued to refund the remaining balance on the 2003 State Trust Fund Loan. The bonds are due and payable beginning April 1, 2012 through April 1, 2022. Interest is due April 1 and October 1, beginning April 1, 2012.

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

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Application of these standards may restate portion of these financial statements.

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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, 2010

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 6,609,620	\$ 6,624,556	\$ 14,936
Intergovernmental revenues	1,135,129	1,278,263	143,134
Licenses and permits	354,080	339,381	(14,699)
Fines, forfeitures and penalties	250,000	252,831	2,831
Public charges for services	15,500	25,809	10,309
Interdepartmental charges for services	694,412	721,695	27,283
Commercial revenues	152,935	171,532	18,597
Total Revenues	<u>9,211,676</u>	<u>9,414,067</u>	<u>202,391</u>
EXPENDITURES			
Current			
General government	1,402,967	1,392,821	10,146
Public safety	5,842,656	5,626,062	216,594
Public works	1,819,240	1,893,877	(74,637)
Health and human services	146,737	147,391	(654)
Culture, recreation and education	202,699	204,644	(1,945)
Total Expenditures	<u>9,414,299</u>	<u>9,264,795</u>	<u>149,504</u>
Excess (deficiency) of revenues over expenditures	(202,623)	149,272	351,895
OTHER FINANCING SOURCES			
Transfers in	205,000	239,727	34,727
Transfers out	-	(3,152)	(3,152)
Total Other Financing Sources	<u>205,000</u>	<u>236,575</u>	<u>31,575</u>
Net Change in Fund Balances	<u>\$ 2,377</u>	385,847	<u>\$ 383,470</u>
FUND BALANCES - BEGINNING OF YEAR		<u>2,224,668</u>	
FUND BALANCES - END OF YEAR		<u>\$ 2,610,515</u>	

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

VILLAGE OF BROWN DEER

SCHEDULE OF FUNDING PROGRESS OF NET OPEB LIABILITY

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Uni (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/10	\$ -	\$ 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 December 31, 2010

NOTE I –BUDGETARY INFORMATION

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

A budget has been adopted for the general fund, special revenue funds (excluding Grant, North Shore Fire Department Asset Sale and Police Asset Forfeiture), debt service funds and the capital projects funds. 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	\$ 1,819,240	\$ 1,893,877	\$ 74,637
Health and human services	146,737	147,391	654
Culture, recreation and education	202,699	204,644	1,945

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

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

VILLAGE OF BROWN DEER

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2010

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Grant Fund	Special Assessments Fund	Library Fund	North Shore Health Department Fund	Police Asset Forfeiture Fund	Recycling Fund	Park and Recreation Program Fund	
ASSETS								
Cash and cash equivalents	\$ -	\$ 170,758	\$ 155,525	\$ 80,769	\$ 10,306	\$ 105,498	\$ 111,035	\$ 633,891
Accounts receivable	-	1,225	-	-	-	4,136	-	5,361
Taxes receivable	-	38,684	385,346	-	-	280,908	47,500	752,438
Due from other governments	20,897	-	-	13,036	-	-	-	33,933
Advances to other funds	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 20,897	\$ 210,667	\$ 540,871	\$ 93,805	\$ 10,306	\$ 390,542	\$ 158,535	\$ 1,425,623
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued liabilities	\$ 87	\$ 2,321	\$ 19,521	\$ 21,999	\$ -	\$ 15,345	\$ 2,673	\$ 61,946
Due to other funds	21,441	-	-	-	-	-	-	21,441
Deferred revenues	-	38,684	385,346	41	-	280,908	47,701	752,680
Total liabilities	21,528	41,005	404,867	22,040	-	296,253	50,374	836,067
Fund Balances (Deficits)								
Unreserved								
Designated for 2011 budget appropriations	-	11,605	25,466	50,570	-	-	11,911	99,552
Undesignated (deficit)	(631)	158,057	110,538	21,195	10,306	94,289	96,250	490,004
Total fund balances (Deficits)	(631)	169,662	136,004	71,765	10,306	94,289	108,161	589,556
TOTAL LIABILITIES AND FUND BALANCES	\$ 20,897	\$ 210,667	\$ 540,871	\$ 93,805	\$ 10,306	\$ 390,542	\$ 158,535	\$ 1,425,623

VILLAGE OF BROWN DEER

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

For the Year Ended December 31, 2010

	Special Revenue Funds						
	Grant Fund	Special Assessments Fund	Library Fund	North Shore Health Department Fund	North Shore Fire Department Asset Sale Fund	Police Asset Forfeiture Fund	Park and Recreation Program Fund
REVENUES							
Taxes	\$ -	\$ -	\$ 381,599	\$ -	\$ -	\$ -	\$ 52,000
Intergovernmental revenues	16,583	-	140,779	125,587	-	67,632	-
Licenses and permits	-	-	-	81,478	-	3,833	-
Public charges for services	-	-	34,128	37,068	-	-	129,949
Public improvement revenues	-	33,068	-	-	-	-	-
Intergovernmental charges for services	-	-	-	283,829	-	-	-
Commercial revenues	-	4,282	16,624	3,046	-	141	28,531
Total revenues	16,583	37,350	573,130	531,008	-	3,974	210,480
EXPENDITURES							
Current:							
Public works	-	52,052	-	-	-	-	306,740
Health and human services	-	-	-	553,112	-	-	-
Culture, recreation and education	12,700	-	577,060	-	-	-	198,723
Conservation and development	-	-	-	-	-	-	-
Public safety	4,095	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	16,795	52,052	577,060	553,112	-	-	306,740
Excess (deficiency) of revenues over (under) expenditures	(212)	(14,702)	(3,930)	(22,104)	-	3,974	66,699
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	3,152
Transfers out	-	-	-	-	(942,109)	-	-
Proceeds from general obligation debt	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(942,109)	-	3,152
Net Change in Fund Balance	(212)	(14,702)	(3,930)	(22,104)	(942,109)	3,974	66,699
FUND BALANCES (DEFICIT)							
- BEGINNING OF YEAR	(419)	184,364	139,934	93,869	942,109	6,332	93,252
FUND BALANCES (DEFICIT) - END OF YEAR	\$ (631)	\$ 169,662	\$ 136,004	\$ 71,765	\$ -	\$ 10,306	\$ 94,289

VILLAGE OF BROWN DEER

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

For the Year Ended December 31, 2010

	Capital Projects Fund	Total
	Equipment Replacement Fund	Nonmajor Governmental Funds
REVENUES		
Taxes	\$ -	\$ 433,599
Intergovernmental revenues	-	350,581
Licenses and permits	-	85,311
Public charges for services	-	496,649
Public improvement revenues	-	33,068
Intergovernmental charges for services	-	283,829
Commercial revenues	-	62,927
Total revenues	<u>-</u>	<u>1,745,964</u>
EXPENDITURES		
Current:		
Public works	-	358,792
Health and human services	-	553,112
Culture, recreation and education	-	788,483
Conservation and development	-	-
Public safety	-	4,095
Capital outlay	-	-
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
Total expenditures	<u>-</u>	<u>1,704,482</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>41,482</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	3,152
Transfers out	(111,091)	(1,053,200)
Proceeds from general obligation debt	-	-
Total other financing sources (uses)	<u>(111,091)</u>	<u>(1,050,048)</u>
Net Change in Fund Balance	(111,091)	(1,008,566)
FUND BALANCES (DEFICIT)		
- BEGINNING OF YEAR	<u>111,091</u>	<u>1,598,122</u>
FUND BALANCES (DEFICIT) - END OF YEAR	\$ -	\$ 589,556

NON-MAJOR FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

CAPITAL PROJECT FUNDS

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

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

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, 2010

	Special Assessments Fund			Library Fund			North Shore Health Department Fund		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ 381,600	\$ 381,599	\$ (1)	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	140,548	140,779	231	83,332	125,587	42,255
Licenses and permits	-	-	-	-	-	-	92,500	81,478	(11,022)
Public charges for services	-	-	-	36,000	34,128	(1,872)	58,500	37,068	(21,432)
Public improvement revenues	49,967	33,068	(16,899)	-	-	-	-	-	-
Intergovernmental charges for services	-	-	-	-	-	-	291,431	283,829	(7,602)
Commercial revenues	800	4,282	3,482	17,000	16,624	(376)	1,200	3,046	1,846
Total revenues	<u>50,767</u>	<u>37,350</u>	<u>(13,417)</u>	<u>575,148</u>	<u>573,130</u>	<u>(2,018)</u>	<u>526,963</u>	<u>531,008</u>	<u>4,045</u>
EXPENDITURES									
Current:									
Public works	51,300	52,052	(752)	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	544,581	553,112	(8,531)
Culture, recreation and education	-	-	-	578,526	577,060	1,466	-	-	-
Total expenditures	<u>51,300</u>	<u>52,052</u>	<u>(752)</u>	<u>578,526</u>	<u>577,060</u>	<u>1,466</u>	<u>544,581</u>	<u>553,112</u>	<u>(8,531)</u>
Net Change in Fund Balance	<u>\$ (533)</u>	(14,702)	<u>\$ (14,169)</u>	<u>\$ (3,378)</u>	(3,930)	<u>\$ (552)</u>	<u>\$ (17,618)</u>	(22,104)	<u>\$ (8,531)</u>
FUND BALANCES - BEGINNING OF YEAR		<u>184,364</u>			<u>139,934</u>			<u>93,869</u>	
FUND BALANCES - END OF YEAR		<u>\$ 169,662</u>			<u>\$ 136,004</u>			<u>\$ 71,765</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, 2010

	Recycling Fund			Park and Recreation Program Fund		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 50,000	\$ 52,000	\$ 2,000
Intergovernmental revenues	64,000	67,632	3,632	-	-	-
Public charges for services	288,780	295,504	6,724	147,641	129,949	(17,692)
Commercial revenues	<u>20,618</u>	<u>10,303</u>	<u>(10,315)</u>	<u>21,290</u>	<u>28,531</u>	<u>7,241</u>
Total revenues	<u>373,398</u>	<u>373,439</u>	<u>41</u>	<u>218,931</u>	<u>210,480</u>	<u>(8,451)</u>
EXPENDITURES						
Current:						
Public works	351,794	306,740	45,054	-	-	-
Culture, recreation and education	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,195</u>	<u>198,723</u>	<u>33,472</u>
Total expenditures	<u>351,794</u>	<u>306,740</u>	<u>45,054</u>	<u>232,195</u>	<u>198,723</u>	<u>33,472</u>
Excess (deficiency) of revenues over expenditures	21,604	66,699	(45,013)	(13,264)	11,757	25,021
OTHER FINANCING SOURCES						
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,152</u>	<u>3,152</u>
Net Change in Fund Balance	<u>\$ 21,604</u>	66,699	<u>\$ 45,095</u>	<u>\$ (13,264)</u>	14,909	<u>\$ 25,021</u>
FUND BALANCES - BEGINNING OF YEAR		<u>27,590</u>			<u>93,252</u>	
FUND BALANCES - END OF YEAR		<u>\$ 94,289</u>			<u>\$ 108,161</u>	

DEBT SERVICE FUND

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

VILLAGE OF BROWN DEER

DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the Year Ended December 31, 2010

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 716,050	\$ 701,854	\$ (14,196)
Commercial revenues	1,000	407	(593)
Total revenues	717,050	702,261	(14,789)
EXPENDITURES			
Debt service:			
Principal	562,702	562,702	-
Interest and fiscal charges	153,348	153,347	1
Total expenditures	716,050	716,049	1
Net Change in Fund Balance	\$ 1,000	(13,788)	\$ (14,788)
FUND BALANCES - BEGINNING OF YEAR		30,797	
FUND BALANCES - END OF YEAR		\$ 17,009	

CAPITAL PROJECT FUNDS

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

Capital Improvements Fund - This fund is used to account for all public works projects.

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

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

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

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

VILLAGE OF BROWN DEER

CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended December 31, 2010

	Capital Improvements Fund			Equipment Replacement Fund			TIF No. 2 Fund		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES									
Taxes	\$ 331,380	\$ 331,380	\$ -	\$ -	\$ -	\$ -	\$ 450,825	\$ 580,264	\$ 129,439
Intergovernmental revenues	454,930	11,700	(443,230)	-	-	-	2,500	1,768	(732)
Public charges for services	-	-	-	-	-	-	-	-	-
Commercial revenues	11,000	37,675	26,675	-	-	-	16,000	22,919	6,919
Total revenues	<u>797,310</u>	<u>380,755</u>	<u>(416,555)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>469,325</u>	<u>604,951</u>	<u>135,626</u>
EXPENDITURES									
Current:									
Conservation and development	-	-	-	-	-	-	667,061	21,434	645,627
Capital outlay	1,749,038	919,902	829,136	-	-	-	-	691,993	(691,993)
Debt service:									
Principal	-	58,684	(58,684)	-	-	-	380,000	380,000	-
Interest and fiscal charges	-	55,803	(55,803)	-	-	-	276,509	276,509	-
Total expenditures	<u>1,749,038</u>	<u>1,034,389</u>	<u>714,649</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,323,570</u>	<u>1,369,936</u>	<u>(46,366)</u>
Excess (deficiency) of revenues over (under) expenditures	(951,728)	(653,634)	298,094	-	-	-	(854,245)	(764,985)	89,260
OTHER FINANCING SOURCES (USES)									
Transfers in	-	1,053,200	1,053,200	-	-	-	-	-	-
Transfers out	-	-	-	-	(111,091)	111,091	-	-	-
General obligation debt issued	1,600,000	1,440,000	(160,000)	-	-	-	-	-	-
Sale of capital assets	6,000	-	6,000	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,606,000</u>	<u>2,493,200</u>	<u>899,200</u>	<u>-</u>	<u>(111,091)</u>	<u>111,091</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 654,272</u>	<u>1,839,566</u>	<u>\$ 1,197,294</u>	<u>\$ -</u>	<u>(111,091)</u>	<u>\$ 111,091</u>	<u>\$(854,245)</u>	<u>(764,985)</u>	<u>\$ 89,260</u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		<u>270,968</u>			<u>111,091</u>			<u>2,056,837</u>	
FUND BALANCES - END OF YEAR		<u>\$2,110,534</u>			<u>\$ -</u>			<u>\$1,291,852</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, 2010

	TIF No. 3 Fund			TIF No. 4 Fund		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ 425,000	\$ 493,518	\$ 68,518	\$ 68,000	\$ 75,988	\$ 7,988
Intergovernmental revenues	6,100	4,357	(1,743)	700	773	73
Commercial revenues	-	-	-	-	38,121	38,121
Total revenues	<u>431,100</u>	<u>497,875</u>	<u>66,775</u>	<u>68,700</u>	<u>114,882</u>	<u>46,182</u>
EXPENDITURES						
Current:						
Conservation and development	185,269	174,471	10,798	72,510	97,219	(24,709)
Capital outlay	-	-	-	570,000	165,668	404,332
Debt service:						
Principal retirement	135,000	135,000	-	26,529	26,529	-
Interest and fiscal charges	210,164	210,163	1	88,953	109,796	(20,843)
Total expenditures	<u>530,433</u>	<u>519,634</u>	<u>10,799</u>	<u>757,992</u>	<u>399,212</u>	<u>358,780</u>
Excess (deficiency) of revenues over (under) expenditures	(99,333)	(21,759)	77,574	(689,292)	(284,330)	404,962
OTHER FINANCING SOURCES (USES)						
General obligation debt issued	-	-	-	2,920,000	3,915,000	995,000
Net Change in Fund Balance	<u>\$ (99,333)</u>	<u>(21,759)</u>	<u>\$ 77,574</u>	<u>\$ 2,230,708</u>	<u>3,630,670</u>	<u>\$ 1,399,962</u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR						
		<u>(402,550)</u>			<u>4,830</u>	
FUND BALANCES - END OF YEAR (DEFICIT)						
		<u>\$ (424,309)</u>			<u>\$ 3,635,500</u>	

AGENCY FUNDS

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

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

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

VILLAGE OF BROWN DEER

AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES For the Year ended December 31, 2010

	Balance 12-31-09	Additions	Deletions	Balance 12-31-10
Property Tax Fund				
Assets				
Cash and cash equivalents	\$ 8,125,500	\$ 8,499,207	\$ 8,125,500	\$ 8,499,207
Temporary investments	3,948,247	4,994,458	3,948,247	4,994,458
Taxes receivable	9,527,855	8,126,679	9,527,855	8,126,679
Total	<u>\$ 21,601,602</u>	<u>\$ 21,620,344</u>	<u>\$ 21,601,602</u>	<u>\$ 21,620,344</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 1,492	\$ 64,617	\$ 1,492	\$ 64,617
Due to other taxing units	21,600,110	21,555,727	21,600,110	21,555,727
Total	<u>\$ 21,601,602</u>	<u>\$ 21,620,344</u>	<u>\$ 21,601,602</u>	<u>\$ 21,620,344</u>
North Shore Cable Commission				
Assets				
Cash and cash equivalents	\$ 6,206	\$ 18,567	\$ 21,373	\$ 3,400
Due from other governments	1,063	686	1,063	686
Total	<u>\$ 7,269</u>	<u>\$ 19,253</u>	<u>\$ 22,436</u>	<u>\$ 4,086</u>
Liabilities				
Accounts payable	\$ -	\$ 1,622	\$ -	\$ 1,622
Due to other taxing units	7,269	2,464	7,269	2,464
Total	<u>\$ 7,269</u>	<u>\$ 4,086</u>	<u>\$ 7,269</u>	<u>\$ 4,086</u>
Total - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 8,131,706	\$ 8,517,774	\$ 8,146,873	\$ 8,502,607
Temporary Investments	3,948,247	4,994,458	3,948,247	4,994,458
Taxes receivable	9,527,855	8,126,679	9,527,855	8,126,679
Due from other governments	1,063	686	1,063	686
Total	<u>\$ 21,608,871</u>	<u>\$ 21,639,597</u>	<u>\$ 21,624,038</u>	<u>\$ 21,624,430</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 1,492	\$ 66,239	\$ 1,492	\$ 66,239
Due to other taxing units	21,607,379	21,558,191	21,607,379	21,558,191
Total	<u>\$ 21,608,871</u>	<u>\$ 21,624,430</u>	<u>\$ 21,608,871</u>	<u>\$ 21,624,430</u>

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OTHER SUPPLEMENTARY INFORMATION

CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES

VILLAGE OF BROWN DEER

CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES SCHEDULE BY SOURCE December 31, 2010

Capital assets

Land	\$	518,948
Right-of-way land		729,746
Construction in progress		190,709
Machinery and equipment		2,521,576
Library collection		1,107,679
Buildings and improvements		6,682,149
Infrastructure		<u>9,517,574</u>
Total capital assets	\$	<u>21,268,381</u>

Investment in capital assets by source

Assets purchased prior to 1/01/99	\$	10,485,317
General fund		38,710
Special revenues funds		1,324,084
Capital project funds		<u>9,420,270</u>
Total investment in capital assets	\$	<u>21,268,381</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 Assets by Component
 Last eight 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>
Governmental Activities								
Invested in capital assets, net of related debt	(724,239)	938,608	2,124,776	1,931,018	4,507,883	6,521,521	7,896,810	7,151,972
Restricted	351,606	330,189	292,330	373,925	576,532	158,908	139,934	136,004
Unrestricted	740,007	1,416,753	982,965	47,583	212,582	(6,454,081)	(8,017,081)	(7,468,247)
Total governmental activities net assets	367,374	2,685,550	3,400,071	2,352,526	5,296,997	226,348	19,663	(180,271)
Business-type Activities								
Invested in capital assets, net of related debt	11,543,073	9,789,787	10,116,023	10,615,509	10,732,537	10,817,430	11,324,970	12,202,860
Restricted	236,100	236,100	236,100	238,177	250,410	256,627	270,574	285,153
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
Total business-type activities net assets	12,853,729	11,169,085	11,476,631	12,157,105	12,749,376	13,488,578	14,315,127	14,494,752
Primary government								
Invested in capital assets, net of related debt	10,818,834	10,728,395	12,240,799	12,546,527	15,240,420	17,338,951	19,221,780	19,354,832
Restricted	587,706	566,289	528,430	612,102	826,942	415,535	410,508	421,157
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)
Total primary government net assets	13,221,103	13,854,635	14,876,702	14,509,631	18,046,373	13,714,926	14,334,790	14,314,481

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

Village of Brown Deer

Changes in Net Assets
Last eight fiscal years
Schedule 2

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental Activities:								
General Government	1,568,674	1,354,753	1,248,252	1,310,904	1,428,147	1,604,219	1,399,299	1,294,235
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
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
Health & Human Services	626,504	577,398	427,809	447,877	588,902	585,576	639,859	567,554
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
Conservation & development	414,926	1,932,949	238,773	2,893,011	252,903	5,188,719	1,153,886	926,179
Interest & Fiscal Charges	539,004	553,301	323,714	500,144	788,676	767,327	779,652	898,923
Total government activities expense	11,356,419	12,323,447	10,515,012	13,143,670	12,624,512	18,057,805	13,852,121	13,177,027
Business-type Activities:								
Water Utility	1,237,623	1,208,994	1,210,456	1,229,903	1,300,484	1,338,455	1,285,391	1,257,481
Storm Water Utility	-	222,515	579,859	821,892	559,051	586,526	696,986	516,569
Sewer Utility	785,222	864,541	1,033,598	1,119,759	871,343	1,271,182	1,113,731	1,480,800
Total business-type activities expense	2,022,845	2,296,050	2,823,913	3,171,554	2,730,878	3,196,163	3,096,108	3,254,850
Total Primary Government Expense	13,379,264	14,619,497	13,338,925	16,315,224	15,355,390	21,253,968	16,948,229	16,431,877
Program Revenues								
Governmental Activities:								
Charges for Services								
General Government	230,718	200,032	211,990	204,027	191,752	170,454	233,401	224,517
Public Safety	507,661	478,618	427,471	443,599	435,036	527,206	442,000	387,979
Public Works	241,103	260,063	217,726	200,380	226,919	260,905	422,678	341,960
Health & Human Services	347,759	319,235	183,303	234,260	237,158	295,159	260,891	263,814
Culture, Recreation & Education	461,411	426,191	411,424	332,176	317,169	314,188	302,632	310,925
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
Capital Grants and Contributions	57,218	106,220	80,038	1,600	113,339	69,751	1,166,530	39,700
Total governmental activities program revenues	2,681,708	3,549,671	2,218,144	2,267,298	2,264,174	2,478,887	3,590,948	2,328,438
Business-type activities:								
Charges for Services								
Water Utility	1,408,182	1,416,193	1,476,254	1,440,517	1,496,524	1,550,763	1,527,206	1,548,514
Storm Water Utility	-	184,911	751,719	801,376	761,600	756,703	753,407	756,220
Sewer Utility	736,162	749,482	875,071	976,764	951,261	1,191,308	1,226,339	1,295,464
Capital Grants and Contributions	9,495	19,303	100,125	659,425	125,041	510,239	579,555	6,840
Total business-type activities program revenues	2,153,839	2,369,889	3,203,169	3,878,082	3,334,426	4,009,013	4,086,507	3,607,038
Total Primary Government Program Revenues	4,835,547	5,919,560	5,421,313	6,145,380	5,598,600	6,487,900	7,677,455	5,935,476
Net (Expense)/Revenue								
Governmental Activities	(8,674,711)	(8,773,776)	(8,296,868)	(10,876,372)	(10,360,338)	(15,578,918)	(10,261,173)	(10,848,589)
Business-type Activities	130,994	73,839	379,256	706,528	603,548	812,850	990,399	352,188
Total Primary Government Net Expense	(8,543,717)	(8,699,937)	(7,917,612)	(10,169,844)	(9,756,790)	(14,766,068)	(9,270,774)	(10,496,401)
General Revenues and Other changes in Net Assets								
Governmental Activities:								
Property Taxes	6,755,934	6,755,663	7,175,285	7,589,400	7,678,552	8,107,615	8,334,365	8,764,225
Hotel Room Taxes	429,445	448,135	463,345	532,554	562,272	594,277	433,152	476,934
Intergov't revenues not restr to spec progr	1,193,049	1,105,161	870,427	902,394	897,517	834,519	809,936	815,719
Investment Income	257,638	307,247	351,456	591,811	870,154	521,324	173,266	279,908
Miscellaneous	29,327	18,095	18,495	42,632	20,314	249,968	83,884	72,142
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
Total Governmental Activities	8,872,904	9,177,525	9,011,389	9,828,827	10,207,467	10,508,269	10,054,488	10,648,655
Business-type Activities:								
Investment Income	14,424	25,534	57,801	143,982	167,381	126,918	56,035	67,164
Transfers	(177,336)	(173,224)	(129,511)	(170,036)	(178,658)	(200,566)	(219,885)	(239,727)
Total Business-type Activities	(162,912)	(147,690)	(71,710)	(26,054)	(11,277)	(73,648)	(163,850)	(172,563)
Total Primary Government	8,709,992	9,029,835	8,939,679	9,802,773	10,196,190	10,434,621	9,890,638	10,476,092
Change in Net Assets								
Governmental Activities	198,193	403,749	714,521	(1,047,545)	(152,871)	(5,070,649)	(206,685)	(199,934)
Business-type Activities	(31,918)	(73,851)	307,546	680,474	592,271	739,202	826,549	179,625
Total Primary Government	166,275	329,898	1,022,067	(367,071)	439,400	(4,331,447)	619,864	(20,309)

(1) According to GASB 44, a ten year trend should be shown. We implemented GASB 34 in the 2003 fiscal year. Until a 10 year trend is compiled, we will show the trend of the most current years reflecting GASB 34 standards.
 (2) Past year's revenues and expenses have not been adjusted for restatements made in future years.

Village of Brown Deer

Fund Balances, Governmental Funds
 Last ten fiscal years
 Schedule 3

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund										
Reserved	63,166	129,881	15,416	69,529	20,945	41,813	174,201	218,234	86,310	499,848
Unreserved	1,331,671	1,149,597	1,393,131	1,476,928	1,525,327	2,142,814	2,170,494	2,084,613	2,138,358	2,110,667
Total General Fund	<u>1,394,837</u>	<u>1,279,478</u>	<u>1,408,547</u>	<u>1,546,457</u>	<u>1,546,272</u>	<u>2,184,627</u>	<u>2,344,695</u>	<u>2,302,847</u>	<u>2,224,668</u>	<u>2,610,515</u>
All Other Governmental Funds										
Reserved	427,400	279,573	657,979	-	94,487	134,438	5,825,172	2,992,495	2,087,634	1,553,668
Unreserved, reported in:										
Special Revenue Funds	654,566	1,432,964	1,635,936	1,657,546	1,518,313	1,646,105	1,664,963	1,360,706	1,487,031	589,556
Capital Projects Funds	3,450,396	3,847,345	1,046,930	2,234,487	1,656,825	5,232,585	2,797,314	(902,435)	(15,661)	5,076,918
Total All Other Governmental Funds	<u>4,532,362</u>	<u>5,559,882</u>	<u>3,340,845</u>	<u>3,892,033</u>	<u>3,269,625</u>	<u>7,013,128</u>	<u>10,287,449</u>	<u>3,450,766</u>	<u>3,559,004</u>	<u>7,220,142</u>
Total Fund Balances	<u>5,927,199</u>	<u>6,839,360</u>	<u>4,749,392</u>	<u>5,438,490</u>	<u>4,815,897</u>	<u>9,197,755</u>	<u>12,632,144</u>	<u>5,753,613</u>	<u>5,783,672</u>	<u>9,830,657</u>

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

Village of Brown Deer

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	6,630,650	7,123,840	7,185,379	7,203,799	7,638,630	8,121,954	8,240,825	8,701,892	8,767,517	9,241,159
Intergovernmental Revenues	2,102,727	2,645,734	2,040,584	1,911,190	1,598,052	1,633,872	1,724,335	1,807,380	1,791,978	1,647,442
Licenses & Permits	316,974	296,253	321,129	343,360	356,642	391,722	418,859	566,574	497,711	424,692
Fines, Forfeits, & Penalties	289,378	281,082	298,346	318,649	263,269	228,259	190,952	234,898	239,217	252,831
Charges for Services	1,005,722	933,452	392,528	447,600	430,612	462,718	461,167	402,427	598,940	522,458
Public Improvement Revenues	30,367	26,271	30,213	20,879	22,257	27,403	23,803	35,916	40,832	33,068
Interdepartmental charges for Services	286,669	246,657	421,298	163,675	158,507	150,976	132,697	185,704	381,808	721,695
Intergovernmental charges for Services	138,163	147,848	272,494	436,651	519,406	471,568	464,793	291,341	303,416	283,829
Commercial Revenues	755,518	503,229	302,152	1,296,365	348,618	695,436	896,673	640,312	309,663	333,581
Total Revenues	11,556,168	12,204,366	11,264,123	12,142,168	11,335,993	12,183,908	12,554,104	12,866,444	12,931,082	13,460,755
Expenditures										
Current										
General Government	1,181,198	1,141,453	1,477,781	1,352,105	1,245,905	1,304,354	1,289,577	1,312,184	1,429,045	1,392,821
Public Safety	4,760,505	5,093,769	4,819,929	4,927,090	5,282,256	5,043,607	5,360,445	5,689,106	5,597,110	5,630,157
Public Works	988,800	964,254	1,469,585	1,522,897	1,537,451	1,639,818	1,799,267	2,175,827	2,122,608	2,252,669
Health & Human Services	1,759,385	1,711,124	637,428	571,586	573,869	597,059	676,855	700,576	736,367	700,503
Culture, Recreation & Education	929,385	965,890	1,040,569	980,110	974,980	914,264	975,769	1,005,877	1,022,048	993,127
Conservation & Development	-	-	28,746	33,002	14,589	-	75,037	5,250,100	1,185,021	293,124
Other	113,177	81,616	-	-	-	-	-	-	-	-
Capital Outlay	1,836,623	826,658	1,619,623	2,516,473	1,437,273	4,964,572	1,861,175	1,173,198	715,254	1,777,563
Debt Service										
Principal	686,962	834,738	850,926	917,028	728,876	755,529	938,034	2,494,258	668,677	1,162,915
Interest & Fiscal Charges	461,633	499,084	498,935	514,473	322,575	353,132	726,209	847,924	748,479	805,618
Total Expenditures	12,717,668	12,118,586	12,443,522	13,334,764	12,117,774	15,572,335	13,702,368	20,649,050	14,224,609	15,008,497
Excess of Revenues										
Over/(Under) Expenditures	(1,161,500)	85,780	(1,179,399)	(1,192,596)	(781,781)	(3,388,427)	(1,148,264)	(7,782,606)	(1,293,527)	(1,547,742)
Other Financing Sources/(Uses)										
Transfers In	258,770	427,413	669,072	797,350	565,949	463,866	752,206	1,366,041	233,485	1,296,079
Transfers Out	(258,770)	(427,413)	(491,736)	(624,126)	(436,438)	(293,830)	(573,548)	(1,165,475)	(13,600)	(1,056,352)
Debt										
General obligation debt issued	2,610,000	-	824,408	3,385,000	-	7,573,961	3,355,000	690,000	1,474,439	5,355,000
Premium on debt issued	-	-	-	36,415	-	-	6,392	-	5,174	-
Discount on debt issued	-	-	-	-	-	-	-	-	-	-
Refunded general Obligation Debt	-	-	-	(1,720,000)	-	-	-	-	(375,912)	-
Payment of Unfunded pension liability	-	-	(824,408)	-	-	-	-	-	-	-
Sale of Capital Assets	179,150	1,138,375	41,187	7,055	29,677	26,289	37,050	13,509	-	-
Total Other Financing Sources/(Uses)	2,789,150	1,138,375	218,523	1,881,694	159,188	7,770,286	3,577,100	904,075	1,323,586	5,594,727
Net Change in Fund Balances	1,627,650	1,224,155	(960,876)	689,098	(622,593)	4,381,859	2,428,836	(6,878,531)	30,059	4,046,985
Debt Service as a % of noncapital expenditures	10.56%	11.81%	12.47%	13.23%	9.84%	10.45%	14.05%	17.16%	10.49%	14.88%

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

Village of Brown Deer

Assessed Value and Actual Value of Taxable Property
 Last ten fiscal years
 Table 5

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Personal Property	Total Taxable Assessed Value *	Total Direct Tax Rate	Total Taxable Equalized Value	Ratio of Assessed to Equalized Value
2001	420,403,250	239,340,700	21,561,100	-	36,272,100	717,577,150	9.06	821,392,800	87.36%
2002	421,888,350	241,438,600	21,305,200	-	42,702,115	727,334,265	8.90	864,832,900	84.10%
2003	424,570,650	241,420,000	20,504,500	-	35,120,444	721,615,594	8.94	893,424,600	80.77%
2004	551,142,900	285,391,900	24,049,400	2,000	36,559,734	897,145,934	7.67	953,396,417	94.10%
2005	557,280,100	277,397,900	25,186,400	2,000	32,634,927	892,501,327	7.93	977,818,400	91.27%
2006	561,379,400	284,343,600	20,041,300	2,000	29,815,681	895,581,981	8.17	1,075,292,200	83.29%
2007	563,574,400	272,206,500	19,361,100	1,700	26,144,600	881,288,300	8.55	1,138,992,600	77.37%
2008	709,395,400	343,196,900	26,868,900	2,100	34,830,200	1,114,293,500	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%

Source: Wisconsin Department of Revenue

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

Village of Brown Deer

Direct & Overlapping Property Tax Rates
 (per \$1,000 of assessed valuation)
 Last ten fiscal years
 Table 6

Tax Year	Collection Year	Direct Rates								Overlapping Rates							Net Tax Rate
		Village of Brown Deer		Capital Improv	Equipment Repl	Other Rev	Special Funds	Debt Library	Debt Service	Debt TID Incr	Total Direct	Brown Deer School District	Milwaukee Area Technical College	Milwaukee County	County Tax Credit	Milwaukee Metro Sewage Distr	
2001	2002	6.17	0.38	0.35	0.10	0.43	1.16	0.47	9.06	14.86	2.32	7.73	(1.49)	1.95	0.23	(2.59)	32.07
2002	2003	6.60	0.12	0.32	0.10	0.42	1.34	-	8.90	13.69	2.39	7.61	(1.56)	2.02	0.24	(2.29)	31.00
2003	2004	6.83	0.09	0.33	0.09	0.42	1.18	-	8.94	14.68	2.45	7.51	(1.59)	1.97	0.25	(2.18)	32.03
2004	2005	5.87	0.24	0.25	0.07	0.34	0.90	-	7.67	11.91	2.05	4.83	-	1.63	0.21	(1.66)	26.64
2005	2006	6.23	0.31	0.31	0.07	0.38	0.62	-	7.93	12.40	2.06	4.66	-	1.56	0.21	(1.61)	27.21
2006	2007	6.25	0.26	0.29	0.07	0.41	0.88	-	8.17	12.46	2.13	4.71	-	1.56	0.21	(2.00)	27.24
2007	2008	6.59	0.24	0.32	0.07	0.44	0.89	-	8.55	13.49	2.29	5.03	-	1.66	0.22	(2.24)	29.00
2008	2009	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

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	2010			2001		
		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	30,095,700	1	2.99%	13,557,000	3	1.89%
Brown Deer Business Park-WI TWO, LLC	Property Mgmt	24,642,300	2	2.45%	35,900,000	1	5.00%
Metavante Corporation	Data Processing	15,794,500	3	1.57%	28,925,600	2	4.03%
Lowe's Home Center	Retail	15,262,000	4	1.52%	-		0.00%
Deer Run Apartments	Property Mgmt	14,949,400	5	1.49%	13,000,000	4	1.81%
North Pointe Apartments Ltd.	Rental Property	10,431,200	6	1.04%	9,500,000	6	1.32%
Brook Lane Apartments	Property Mgmt	8,373,300	7	0.83%	8,900,000	8	1.24%
Mutual Savings Bank	Financial Institution	8,323,400	8	0.83%	8,276,100	9	1.15%
River Place Apartments LLC	Property Mgmt	8,005,000	9	0.80%	8,000,000	10	1.11%
Brown Deer Center LLC	Property Mgmt	3,719,400	10	0.37%	-		0.00%
WITI TV 6	Television Station	-		0.00%	11,453,600	5	1.60%
Sheraton Hotel	Hotel	-		0.00%	9,120,100	7	1.27%
Total		139,596,200		13.88%	146,632,400		20.43%

(a) Based on total Assessed Value
2001 717,577,150
2010 1,005,566,000

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
2001	2002	6,550,883	6,538,652	99.81%		6,538,652	99.81%
2002	2003	6,472,365	6,462,775	99.85%		6,462,775	99.85%
2003	2004	6,446,234	6,382,474	99.01%		6,382,474	99.01%
2004	2005	7,003,254	6,985,584	99.75%		6,985,584	99.75%
2005	2006	7,395,247	7,353,446	99.43%	33,023	7,386,469	99.88%
2006	2007	7,768,752	7,743,892	99.68%	-	7,743,892	99.68%
2007	2008	8,107,614	8,083,546	99.70%	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%	-	8,746,849	99.80%
2010	2011	8,788,023	*	0.00%	*	*	0.00%

* Note : Data for the 2011 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
2001	9,681,500	30,038	9,651,462	821,392,800	1.18%	12,151	794.29
2002	8,931,425	43,473	8,887,952	864,832,900	1.03%	12,118	733.45
2003	9,023,057	49,183	8,973,874	893,424,600	1.00%	12,044	745.09
2004	9,843,875	-	9,843,875	953,396,417	1.03%	11,845	831.06
2005	8,928,780	94,487	8,834,293	977,818,400	0.90%	11,831	746.71
2006	17,576,597	124,438	17,452,159	1,075,292,200	1.62%	11,750	1,485.29
2007	19,820,280	36,320	19,783,960	1,138,992,600	1.74%	11,715	1,688.77
2008	18,815,943	21,793	18,794,150	1,144,172,900	1.64%	11,705	1,605.65
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

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				
2001	9,056,600	-	-	985,000	624,900		10,666,500	0.24%	877.83
2002	8,360,000	-	943,823	865,000	571,425		10,740,248	0.22%	886.31
2003	8,484,356	-	1,411,794	730,000	538,701		11,164,851	0.21%	927.01
2004	4,799,703	1,675,000	1,337,620	210,000	3,369,172		11,391,495	1.27%	961.71
2005	4,140,058	1,675,000	1,294,389	145,000	3,113,722		10,368,169	1.17%	876.36
2006	11,034,872	1,675,000	1,244,522	75,000	4,866,722		18,896,116	1.81%	1,608.18
2007	13,607,358	1,675,000	1,117,578	-	4,537,922		20,937,858	1.69%	1,787.27
2008	13,532,421	-	1,063,257	-	5,283,522		19,879,200	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	*	2,020.96

Source: Wisconsin Departments of Revenue and Administration
 * Note : Data for 2010 Personal Income is not yet available.

Village of Brown Deer

Legal Debt Margin Information
 Last ten years
 Table 11

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Equalized Value of Real and Personal Property	821,392,800	864,832,900	893,424,600	953,396,417	977,818,400	1,075,292,200	1,138,992,600	1,144,172,900	1,128,003,400	1,074,804,200
General Obligation Debt Limit Five (5) Percent of Equalized Valuation per Section 67.03 of the Wisconsin Statutes	41,069,640	43,241,645	44,671,230	47,669,821	48,890,920	53,764,610	56,949,630	57,208,645	56,400,170	53,740,210
Amount of Debt Applicable to Debt Limitation:										
General Obligation Bonds/Notes	9,681,500	8,931,425	9,023,057	9,843,875	8,928,780	17,576,597	19,820,280	18,815,943	18,876,538	22,641,828
Less: Amount Available for Financing GO Debt	30,038	43,473	49,183	-	94,487	124,438	36,320	21,793	30,797	17,009
Net O/S GO Debt Applicable to Debt Limitation	9,651,462	8,887,952	8,973,874	9,843,875	8,834,293	17,452,159	19,783,960	18,794,150	18,845,741	22,624,819
Legal margin for New Debt	31,418,178	34,353,693	35,697,356	37,825,946	40,056,627	36,312,451	37,165,670	38,414,495	37,554,429	31,115,391
Total net debt applicable to the limit as a percentage of debt limit	23.50%	20.55%	20.09%	20.65%	18.07%	32.46%	34.74%	32.85%	33.41%	42.10%

Village of Brown Deer

Computation of Direct, Overlapping, and Underlying Debt
 As of December 31, 2010
 Table 12

Governmental Unit	General Obligation Bonded Debt Outstanding	Percentage Applicable to Village	Amount Applicable to Village
Village	22,641,828	100%	22,641,828
Milwaukee Area Technical College	73,275,000	1.39%	1,018,523
Milwaukee County	666,783,652	1.69%	11,268,644
Brown Deer School District	4,228,256	100%	4,228,256
Milwaukee Metropolitan Sewage District	858,864,669	1.73%	14,858,359
Total Overlapping	<u>1,603,151,577</u>		<u>31,373,781</u>
Total Direct and Overlapping Debt	<u><u>1,625,793,405</u></u>		<u><u>54,015,609</u></u>

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			Unemployment Rates	
			Adjusted Gross Income			Milwaukee County	State of Wisconsin
			Village of Brown Deer	Milwaukee County	State of Wisconsin		
2001	12,151	263,567,341	21,691	18,083	20,091	5.40%	4.40%
2002	12,118	256,307,818	21,151	17,492	19,809	6.60%	5.30%
2003	12,044	262,005,176	21,754	17,900	20,606	7.10%	5.60%
2004	11,845	265,126,635	22,383	19,175	21,756	6.40%	5.00%
2005	11,831	266,662,242	22,539	19,372	22,214	4.80%	4.80%
2006	11,750	268,201,421	22,826	20,782	23,845	5.70%	4.70%
2007	11,715	269,124,482	22,973	21,603	24,374	5.90%	4.90%
2008	11,705	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	*	*	*	*	9.60%	8.30%

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 2010.

Village of Brown Deer

Principal Employers
Current year
Table 14

Employer	Type of Business	2006			2010		
		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	0.58%
Signicast	Manufacturer of Ferrous investment castings	-		0.00%	685	2	0.15%
Badger Meter	Water Meter Manufacturing	483	3	0.11%	530	3	0.11%
MILSCO Manufacturing	Manufacturer of Office Chairs	-		0.00%	481	4	0.10%
Guaranty Bank *	Savings Institutions	578	2	0.13%	375	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%	222	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%	175	10	0.04%
Lowe's Home Centers *	Retail Home Center	-		0.00%	175	11	0.04%
Kohl's *	Department Store	175	10	0.04%	175	12	0.04%
TAPCO*	Electrical Aparatus & Equipt. Wholesalers	-		0.00%	175	13	0.04%
Sheraton Milwaukee North *	Hotel	175	8	0.04%	120	14	0.03%
Village of Brown Deer	Government	100	12	0.02%	93	15	0.02%
Pick 'n Save *	Supermarkets	175	7	0.04%	75	16	0.02%
GB Home Equity *	Sales Financing	175	9	0.04%	-		0.00%
Total		3,662		0.85%	6,771		1.46%

Source: Wisconsin Department of Workforce Development

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

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

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

Village of Brown Deer

Varioius Statistics
 Last nine years
 Table 15

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Village Employees									
General Government									
Village Manager	3	4	3	2	2	3	3	3	3
Administration	4	5	5	5	5	5	4	5	5
Court	3	2	2	2	2	2	1	2	2
Health	10	11	11	11	8	8	7	7	7
Library	18	18	22	21	18	16	17	18	16
Parks and Recreation	4	6	6	5	4	4	4	3	3
Water Utility	4	5	5	5	3	3	3	3	3
Public Works	12	13	14	15	13	13	13	12	12
Public Safety									
Police	38	37	39	39	38	38	35	37	36
Community Services									
Engineering	2	2	2	3	3	3	3	3	3
Inspection/Maintenance	6	7	6	6	4	3	3	3	3
Total	104	110	115	114	100	98	93	96	93
Public Safety									
Police Stations	1	1	1	1	1	1	1	1	1
Patrol Vehicles	-	6	6	6	6	6	6	6	6
Fire Stations	5	5	5	5	5	5	5	5	5
Public Works									
Streets (miles)	54	54	54	54	54	54	54	54	54
Parks & Recreation									
Number of Parks	3	3	3	3	3	3	3	3	3
Acreage of parkland	17	17	17	17	17	17	17	17	17
Water Utility									
Miles of Water Main	67	67	67	67	67	68	68	68	68
Number of Hydrants	650	650	650	650	663	665	669	671	671
Daily Average Consumption (gallons)	1,414,315	1,419,041	1,423,783	1,383,515	1,339,416	1,246,918	1,365,178	1,297,893	1,260,553
Wastewater Utility									
Miles of Sanitary Sewer	51	51	51	51	51	51	51	51	51
Miles of Storm Sewer	10	10	10	10	10	10	10	10	10

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

Village of Brown Deer

Operating Indicators by Program/Function
 Nine Year Trend
 Table 16

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety									
Police									
Physical Arrests	1,046	1,021	1,142	1,105	850	984	850	922	884
Parking Citations	1,156	1,379	1,197	1,089	1,172	1,441	1,158	886	1,268
Traffic Citations	5,860	4,998	5,923	4,722	3,610	4,525	3,573	4,767	3,719
Prisoner Handling	1,076	509	679	756	494	369	282	323	224
Complaints	1,864	1,911	1,773	1,860	1,364	1,649	1,536	1,486	1,407
General Government									
Building Permits Issued	279	254	276	263	281	293	309	328	209
Library									
Patron Count	8,800	8,885	8,130	6,966	7,300	7,559	6,833	7,370	7,714
Items Borrowed	325,287	328,452	322,508	293,181	265,246	240,995	250,126	247,649	241,399
Park and Recreation									
Recreation Programs	81	81	84	82	83	86	122	112	101
Recreation Attendance	3,398	3,433	2,770	2,770	2,737	2,513	2,933	2,686	2,421
Pond Attendance	8,954	-	6,016	10,193	9,590	8,018	7,238	7,048	9,391
Water Utility									
Number of Customers	3,731	3,745	3,759	3,782	3,792	3,795	3,679	3,817	3,726
Gallons Sold (millions)	516,225	517,950	485,396	504,983	488,879	455,125	455,405	428,322	425,090
Public Fire Protection Service	-	3,476	3,484	3,509	3,495	3,531	3,544	3,562	3,571
Northshore Health Department									
*Statistics given are for Village of Brown Deer Only									
Blood Pressure Screenings	531	503	619	537	351	467	357	195	123
Immunizations	1,184	1,049	928	212	661	569	819	623	598
Restaurant Inspections	110	108	87	114	-	109	81	87	78

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

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

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