



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

VILLAGE OF BROWN DEER

Brown Deer, Wisconsin

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

December 31, 2008

Prepared By

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

Village Manager
Treasurer/Comptroller

Russell Van Gompel
Stephanie M. Walker, CPA

VILLAGE OF BROWN DEER

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INTRODUCTORY SECTION



April 15, 2009

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

The Comprehensive Annual Financial Report of the Village of Brown Deer for the year ended December 31, 2008, is herein submitted. This report consists of management's representations concerning the finances of the Village of Brown Deer ("Village"). Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Village of Brown Deer has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Village of Brown Deer's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the Village of Brown Deer's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Village of Brown Deer's financial statements have been audited by Virchow, Krause & Company, LLP, a firm of certified public accountants and consultants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Village of Brown Deer for the fiscal year ended December 31, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principals used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Village of Brown Deer's financial statements for the fiscal year ended December 31, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

COMMUNITY PROFILE

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

The Village started as a small settlement in the 1850's along the Milwaukee River at the intersection of what is now Highways 100 and 57. The unincorporated Village grew modestly as part of the Town of Granville until the 1950's. In 1955 the Village incorporated, and in 1962, after a series of annexation battles with the City of Milwaukee, assumed its present boundaries. As a result of the 1962 court settlement with the City of Milwaukee, the Brown Deer School District also shares the Village's boundaries. The Village's population has remained relatively constant since before 1990 at approximately 12,000 residents. The current population of the Village is 11,705.

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

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

The Village provides a range of services including police, library, recreation, public works, water, sewer, storm water services. In order to utilize economies of scale the Village has entered into three intergovernmental agreements with other North Shore communities. The North Shore Fire Department was formed on January 1, 1995 by a cooperative agreement with six other North Shore communities (Bayside, Fox Point, Glendale, River Hills, Shorewood, and Whitefish Bay) operates economically by sharing staff, equipment, and resources. The North Shore Health Department was formed on January 1, 1996 with four other North Shore communities (Bayside, River Hills, Fox Point, and Glendale) provides a wide range of services more economically than those which could be provided by the individual communities. The North Shore Cable Commission was formed on July 6, 1998 by a cooperative agreement with six other North Shore communities (Bayside, Fox Point, Glendale, River Hills, Shorewood, and Whitefish Bay) to jointly provide public access television and public information.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

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

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

Current Year Initiatives

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

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

The Tax Incremental Financing District #3, formed in 2005, includes property along the West Brown Deer Road corridor, bounded by: 55th Street to the east, Brown Deer Road to the south, properties abutting West Brown Deer Road to the north, and Park Plaza Court to the west. The district has generated an increment of \$11,754,500 which is an increase of \$623,100 from 2007. The Village assisted a developer purchasing 6 acres within this district. Two of these acres are to be redeveloped for commercial property fronting West Brown Deer Road, including a Walgreen's Pharmacy Store which was completed in 2008, and the remaining 4 acres off North 60th Street will be 52 condominium and town home units. Fourteen residential units were completed in 2008 and Phase II is scheduled for 2009. The Village also issued a building permit for a new dental office in this district.

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

The Village mails a combined newsletter and Park & Recreation Program flyer which is sent out three (3) times a year to all Village residents and businesses. The newsletter provides information on Village programs, departments, enrollment information for Park & Recreation programs and matters of interest. The Village continues to update its website to provide another source of information to the public. Financial information such as: the Annual Budget, Comprehensive Annual Financial Report, property tax information and assessment information are available on the website.

Outside of the Tax Increment District, the Village issued a building permit for a \$9,000,000 construction project to create the first ever Healthy Lifestyle Village. This project is a collaboration of the Rite-Hite Family YMCA, Wheaton Franciscan Healthcare and the Walter Schroeder Aquatic Center to create a destination campus where people will have the support and resources they need to take action and improve the health and quality of their life. While the project was started in 2008, completion is scheduled for June 2009.

CASH MANAGEMENT

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

RISK MANAGEMENT

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

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

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

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

PENSION AND OTHER POST EMPLOYMENT BENEFITS

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

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

AWARDS AND ACKNOWLEDGEMENTS

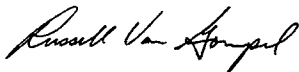
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Brown Deer for its comprehensive annual financial report for the fiscal year ended December 31, 2007. This was the ninth year that the Village of Brown Deer has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the administrative services, police, public works and community services departments. We would like to express our appreciation to all the members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the village president, village board and finance/public works committee for their support for striving to have the highest standards of professionalism in the management of the Village of Brown Deer's finances.

Respectfully submitted,



Russell Van Gompel
Village Manager



Stephanie M. Walker, CPA
Comptroller/Treasurer

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VILLAGE OF BROWN DEER

DIRECTORY OF OFFICIALS December 31, 2008

Elected Officials

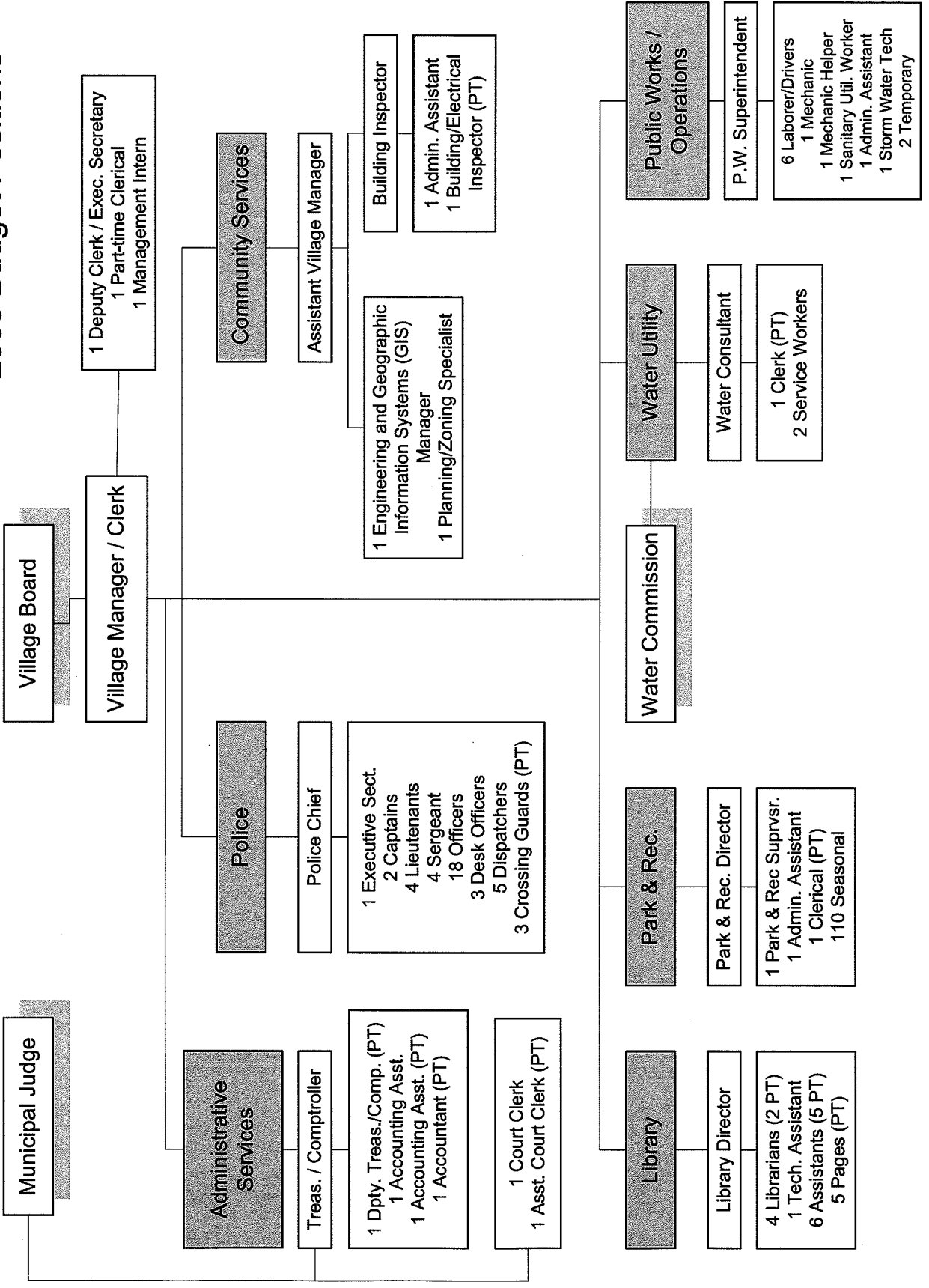
<u>Name</u>	<u>Title</u>	<u>Term</u>
Carl Krueger	Village President	April, 2010
Jeff Baker	Village Trustee	April, 2010
Terry Boschert	Village Trustee	April, 2011
Bob Oates	Village Trustee	April, 2012
Tim Schilz	Village Trustee	April, 2012
Gary Springman	Village Trustee	April, 2010
Andrea J. Weddle-Henning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

Administrators

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

Village of Brown Deer Organization Chart

2008 Budget Positions



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Brown Deer
Wisconsin

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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



President

Executive Director

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FINANCIAL SECTION

