

VILLAGE OF BROWN DEER, WISCONSIN
FINANCIAL STATEMENT AND SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2020



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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Members of the Board of Trustees
Village of Brown Deer
Brown Deer, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Brown Deer, Wisconsin (the Village), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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 as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule, the schedule of changes in total OPEB liability and related ratios, and the proportionate share of the net pension liability (asset) and schedule of contributions – Wisconsin Retirement System, as included in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village’s basic financial statements. The combining governmental fund statements and budgetary comparison schedules, as included 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 governmental fund statements and budgetary comparison schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining governmental fund statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Members of the Board of Trustees
Village of Brown Deer, Wisconsin

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2022, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Wauwatosa, Wisconsin
April 11, 2022

**VILLAGE OF BROWN DEER, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Investments	\$ 8,009,267	\$ 3,183,017	\$ 11,192,284
Receivables, Net:			
Taxes	7,851,825	-	7,851,825
Special Assessments	144,360	-	144,360
Accounts	703,540	2,548,446	3,251,986
Prepaid Materials and Supplies	-	19,648	19,648
Investments in CVMIC	429,675	-	429,675
Restricted Assets:			
Cash and Cash Equivalents - Unspent Bond Proceeds	1,430,778	639,065	2,069,843
Pension Asset	1,305,251	54,489	1,359,740
Capital Assets:			
Land	3,664,123	11,654	3,675,777
Construction in Process	2,432,583	-	2,432,583
Other Capital Assets, Net of Depreciation	26,284,136	18,481,679	44,765,815
Total Assets	52,255,538	24,937,998	77,193,536
DEFERRED OUTFLOWS OF RESOURCES			
Pension Items	3,057,928	124,488	3,182,416
OPEB	79,893	-	79,893
Unamortized Loss on Refunding	354,107	-	354,107
Total Deferred Outflows of Resources	3,491,928	124,488	3,616,416
LIABILITIES			
Accounts Payable and Accrued Expenses	1,624,739	343,919	1,968,658
Accrued Interest Payable	379,956	140,442	520,398
Special Deposits	74,181	85,849	160,030
Noncurrent Liabilities:			
Due Within One Year	3,179,050	790,349	3,969,399
Due in More than One Year	26,192,021	5,310,672	31,502,693
Net OPEB Liability	838,308	-	838,308
Total Liabilities	32,288,255	6,671,231	38,959,486
DEFERRED INFLOWS OF RESOURCES			
Pension Items	3,915,707	163,465	4,079,172
OPEB	10,440	-	10,440
Subsequent Year Tax Levy	10,927,652	-	10,927,652
Total Deferred Inflows of Resources	14,853,799	163,465	15,017,264

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF BROWN DEER, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2020**

	Governmental Activities	Business-Type Activities	Totals
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	\$ 10,106,448	\$ 13,065,105	\$ 23,171,553
Restricted for:			
Library	309,371	-	309,371
Municipal Court	642,990	-	642,990
Pension	1,305,251	54,489	1,359,740
Other	255,307	-	255,307
Unrestricted	(4,013,955)	5,108,196	1,094,241
TOTAL NET POSITION (DEFICIT)	\$ 8,605,412	\$ 18,227,790	\$ 26,833,202

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF BROWN DEER, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
Governmental Activities:							
General Government	\$ 1,715,890	\$ 436,294	\$ 203,153	\$ 1,000	\$ (1,075,443)	\$ -	\$ (1,075,443)
Public Safety	7,556,093	682,427	198,903	38,008	(6,636,755)	-	(6,636,755)
Public Works	2,946,798	314,476	646,363	18,832	(1,967,127)	-	(1,967,127)
Health and Human Services	1,596,777	802,860	718,163	-	(75,754)	-	(75,754)
Culture, Recreation, and Education	1,461,253	154,046	16,460	-	(1,290,747)	-	(1,290,747)
Conservation and Development	313,774	-	-	250	(313,524)	-	(313,524)
Interest and Fiscal Charges	1,109,696	-	-	-	(1,109,696)	-	(1,109,696)
Total Governmental Activities	16,700,281	2,390,103	1,783,042	58,090	(12,469,046)	-	(12,469,046)
Business-Type Activities:							
Water Utility	1,668,147	1,784,117	-	50,600	-	166,570	166,570
Sewer Utility	1,504,627	1,733,543	-	-	-	228,916	228,916
Storm Water Utility	2,045,212	1,010,419	1,241,431	-	-	206,638	206,638
Total Business-Type Activities	5,217,986	4,528,079	1,241,431	50,600	-	602,124	602,124
Total Primary Government	\$ 21,918,267	\$ 6,918,182	\$ 3,024,473	\$ 108,690	(12,469,046)	602,124	(11,866,922)
GENERAL REVENUES							
Property Taxes:							
Levied for General Purposes					6,868,871	-	6,868,871
Levied for Debt Services					1,443,812	-	1,443,812
Levied for Capital Projects					1,965,998	-	1,965,998
Hotel Room Taxes					225,509	-	225,509
Intergovernmental Revenues not Restricted to Specific Programs					1,411,374	-	1,411,374
Investment Income					172,422	55,259	227,681
Rental Income					-	155,013	155,013
Other					1,030,123	499,671	1,529,794
Total General Revenues					13,118,109	709,943	13,828,052
TRANSFERS							
					334,527	(334,527)	-
CHANGE IN NET POSITION							
					983,590	977,540	1,961,130
Net Position - Beginning of Year					7,621,822	17,250,250	24,872,072
NET POSITION - END OF YEAR							
					\$ 8,605,412	\$ 18,227,790	\$ 26,833,202

See accompanying Notes to Financial Statements.

**VILLAGE OF BROWN DEER, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Debt Service	TIF No. 4	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	\$ 2,725,393	\$ 70,852	\$ 646	\$ 2,949,295	\$ 3,655,696	\$ 9,401,882
Receivables, Net:						
Taxes:						
Tax Levy	4,813,958	1,381,049	8,258	274,947	1,373,613	7,851,825
Special Charges and Assessments on Tax Roll	-	-	-	-	144,360	144,360
Accounts	151,198	128	18,833	7,541	509,947	687,647
Due from Other Funds	1,871,056	248,256	-	-	-	2,119,312
Advances to Other Funds	5,147,525	-	-	-	-	5,147,525
Total Assets	<u>\$ 14,709,130</u>	<u>\$ 1,700,285</u>	<u>\$ 27,737</u>	<u>\$ 3,231,783</u>	<u>\$ 5,683,616</u>	<u>\$ 25,352,551</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable and Accrued Liabilities	\$ 378,673	\$ -	\$ -	\$ 767,388	\$ 478,678	\$ 1,624,739
Due to Other Funds	-	561,356	180,178	661,618	716,160	2,119,312
Advances from Other Funds	-	-	5,147,525	-	-	5,147,525
Special Deposits	74,181	-	-	-	-	74,181
Total Liabilities	<u>452,854</u>	<u>561,356</u>	<u>5,327,703</u>	<u>1,429,006</u>	<u>1,194,838</u>	<u>8,965,757</u>
DEFERRED INFLOWS OF RESOURCES						
Subsequent Year Tax Levy	6,513,218	1,868,541	11,173	372,000	2,162,720	10,927,652
Unavailable Revenues	-	-	26,627	-	9,167	35,794
Total Deferred Inflows of Resources	<u>6,513,218</u>	<u>1,868,541</u>	<u>37,800</u>	<u>372,000</u>	<u>2,171,887</u>	<u>10,963,446</u>
FUND BALANCES						
Nonspendable:						
Advances to Other Funds	5,147,525	-	-	-	-	5,147,525
Restricted:						
Tax Increment District Development	-	-	-	-	173,825	173,825
Library	-	-	-	-	309,371	309,371
Police Donations	22,625	-	-	-	-	22,625
Village Grant	-	-	-	-	8,710	8,710
Police Asset Forfeiture	-	-	-	-	12,865	12,865
Capital Improvements	-	-	-	1,430,777	-	1,430,777
Park and Recreation	-	-	-	-	95,991	95,991
Municipal Court	-	-	-	-	642,990	642,990
Tourism Commissions	-	-	-	-	115,116	115,116
Committed:						
Street Lighting	-	-	-	-	297,973	297,973
North Shore Health Department	-	-	-	-	420,093	420,093
Recycling	-	-	-	-	647,227	647,227
Park and Recreation	-	-	-	-	175,630	175,630
Unassigned (Deficit)	2,572,908	(729,612)	(5,337,766)	-	(582,900)	(4,077,370)
Total Fund Balances	<u>7,743,058</u>	<u>(729,612)</u>	<u>(5,337,766)</u>	<u>1,430,777</u>	<u>2,316,891</u>	<u>5,423,348</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,709,130</u>	<u>\$ 1,700,285</u>	<u>\$ 27,737</u>	<u>\$ 3,231,783</u>	<u>\$ 5,683,616</u>	<u>\$ 25,352,551</u>

See accompanying Notes to Financial Statements.

**VILLAGE OF BROWN DEER, WISCONSIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020**

Fund Balances of Governmental Funds	\$ 5,423,348
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.	32,380,842
Special assessments and other receivables recognized as revenue.	35,794
Deferred outflows related to refunding losses are not current financial resources and, therefore, are not reported in the governmental funds.	354,107
Deferred outflows related to pension and OPEB are not current financial resources and, therefore, are not reported in the governmental funds.	3,137,821
Deferred inflows related to pension and OPEB are not current financial resources and, therefore, are not reported in the governmental funds.	(3,926,147)
Pension asset that is not a current financial resource.	1,305,251
Internal service fund is used by management to charge the costs of insurance to specific funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	483,731
Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds and Notes Payable	(27,139,357)
Unamortized Premium	(684,678)
Amount Due to Developer	(1,120,000)
Compensated Absences	(427,036)
Net Other Postemployment Benefits Liability	(838,308)
Accrued Interest	(379,956)
	(8,343,035)
Net Position of Governmental Activities	\$ 8,605,412

See accompanying Notes to Financial Statements.

VILLAGE OF BROWN DEER, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	General	Debt Service	TIF No. 4	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 6,701,769	\$ 1,443,812	\$ -	\$ 372,000	\$ 2,026,844	\$ 10,544,425
Intergovernmental Revenues	1,908,230	-	6,360	49,854	1,090,652	3,055,096
Licenses and Permits	384,993	-	-	-	148,160	533,153
Fines, Forfeitures, and Penalties	49,916	-	-	-	322,199	372,115
Public Charges for Services	70,093	-	-	-	593,755	663,848
Public Improvement Revenues	-	-	-	-	40,844	40,844
Interdepartmental Charges for Services	608,072	-	-	-	505,538	1,113,610
Commercial Revenues	189,041	8,281	996,300	23,514	160,795	1,377,931
Total Revenues	<u>9,912,114</u>	<u>1,452,093</u>	<u>1,002,660</u>	<u>445,368</u>	<u>4,888,787</u>	<u>17,701,022</u>
EXPENDITURES						
Current:						
General Government	1,408,465	-	-	-	-	1,408,465
Public Safety	6,722,118	-	-	-	459,419	7,181,537
Public Works	1,912,484	-	-	-	437,616	2,350,100
Health and Human Services	164,389	-	-	-	1,431,863	1,596,252
Culture, Recreation, and Education	225,411	-	-	-	682,335	907,746
Conservation and Development	-	-	175,246	-	224,999	400,245
Capital Outlay	-	-	665,070	3,508,806	250,000	4,423,876
Debt Service:						
Principal Retirement	-	1,035,000	235,000	87,269	1,135,000	2,492,269
Interest and Fiscal Charges	-	500,918	106,772	145,288	94,423	847,401
Total Expenditures	<u>10,432,867</u>	<u>1,535,918</u>	<u>1,182,088</u>	<u>3,741,363</u>	<u>4,715,655</u>	<u>21,607,891</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(520,753)	(83,825)	(179,428)	(3,295,995)	173,132	(3,906,869)
OTHER FINANCING SOURCES (USES)						
Transfers In	334,527	-	-	-	-	334,527
Transfers Out	(90,000)	-	-	-	-	(90,000)
Proceeds from the Sale of Capital Assets	-	-	-	495,273	-	495,273
Issuance of Long-Term Debt	-	-	-	4,985,000	-	4,985,000
Premium on Long-Term Debt Issued	-	-	-	191,538	-	191,538
Total Other Financing Sources (Uses)	<u>244,527</u>	<u>-</u>	<u>-</u>	<u>5,671,811</u>	<u>-</u>	<u>5,916,338</u>
NET CHANGE IN FUND BALANCES	(276,226)	(83,825)	(179,428)	2,375,816	173,132	2,009,469
Fund Balances - Beginning of Year	8,019,284	(645,787)	(5,158,338)	(945,039)	2,143,759	3,413,879
FUND BALANCES - END OF YEAR	<u>\$ 7,743,058</u>	<u>\$ (729,612)</u>	<u>\$ (5,337,766)</u>	<u>\$ 1,430,777</u>	<u>\$ 2,316,891</u>	<u>\$ 5,423,348</u>

See accompanying Notes to Financial Statements.

**VILLAGE OF BROWN DEER, WISCONSIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Change in Fund Balances - Total Governmental Funds	\$ 2,009,469
<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 activities, 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.</p>	
Capital asset additions in the government-wide financial statements.	3,430,576
Depreciation is reported in the government-wide financial statements.	(1,579,211)
Proceeds from the sale of capital assets are recorded as revenue in the governmental funds, but are removed from revenues in the statement of activities (\$495,273). The loss on the sale of capital assets is recognized within the statement of activities (\$457,827)	(37,446)
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.	18,832
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Debt Issued	(4,985,000)
Premium on Debt Issued	(191,538)
Principal Repaid	2,492,269
Some expenses in the statement of activities do not require the use of current financial resources and; therefore, are not reported as expenditures in the governmental funds.	
Other Postemployment Benefits	(508)
Pension	(12,451)
Compensated Absences	63,133
Accrued Interest on Debt	(271,779)
Amortization of Loss on Refunding	(51,656)
Amortization of Premium	61,140
Internal service funds are used by management to charge self-insurance costs to individual funds. The increase in net position of the internal service fund is reported with governmental activities.	37,760
Change in Net Position of Governmental Activities	\$ 983,590

See accompanying Notes to Financial Statements.

**VILLAGE OF BROWN DEER, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020**

	Business-Type Activities				Governmental Activities
	Water Utility	Sewer Utility	Storm Water Utility	Totals	Internal Service Fund
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 1,472,749	\$ 1,710,268	\$ -	\$ 3,183,017	\$ 38,163
Accounts Receivable	348,653	763,755	1,436,038	2,548,446	15,893
Prepaid Materials and Supplies	19,648	-	-	19,648	-
Due from Other Funds	-	384,911	-	384,911	-
Restricted Assets - Cash and Cash Equivalents:					
Unspent Bond Proceeds	9,053	207,717	422,295	639,065	-
Total Current Assets	<u>1,850,103</u>	<u>3,066,651</u>	<u>1,858,333</u>	<u>6,775,087</u>	<u>54,056</u>
NONCURRENT ASSETS					
Restricted Assets:					
Net Pension Asset	-	17,535	36,954	54,489	-
Capital Assets:					
Land	11,654	-	-	11,654	-
Structures, Improvements, and Equipment	15,062,966	8,953,180	8,411,506	32,427,652	-
Less: Accumulated Depreciation	(5,579,305)	(4,571,030)	(3,795,638)	(13,945,973)	-
Other Assets:					
Investment in CVMIC	-	-	-	-	429,675
Total Noncurrent Assets	<u>9,495,315</u>	<u>4,399,685</u>	<u>4,652,822</u>	<u>18,547,822</u>	<u>429,675</u>
Total Assets	11,345,418	7,466,336	6,511,155	25,322,909	483,731
DEFERRED OUTFLOW OF RESOURCES					
Pension Items	-	40,445	84,043	124,488	-
Total Deferred Outflows of Resources	<u>-</u>	<u>40,445</u>	<u>84,043</u>	<u>124,488</u>	<u>-</u>

See accompanying Notes to Financial Statements.

VILLAGE OF BROWN DEER, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2020

	Business-Type Activities				Governmental Activities
	Water Utility	Sewer Utility	Storm Water Utility	Totals	Internal Service Fund
CURRENT LIABILITIES					
Accounts Payable and Accrued Liabilities	115,661	178,069	50,189	343,919	-
Accrued Interest	28,972	73,000	38,470	140,442	-
Unearned Revenue	85,849	-	-	85,849	-
Due to Other Funds	-	-	384,911	384,911	-
Current Portion of Accumulated Sick and Vacation Pay	-	5,639	9,710	15,349	-
Current Portion of Long-Term Liabilities	248,250	174,000	352,750	775,000	-
Total Current Liabilities	<u>478,732</u>	<u>430,708</u>	<u>836,030</u>	<u>1,745,470</u>	<u>-</u>
NONCURRENT LIABILITIES					
Accumulated Sick and Vacation Pay	-	6,749	11,630	18,379	-
Long-Term Bonds and Notes Payable	1,801,472	1,063,210	2,427,611	5,292,293	-
Total Noncurrent Liabilities	<u>1,801,472</u>	<u>1,069,959</u>	<u>2,439,241</u>	<u>5,310,672</u>	<u>-</u>
Total Liabilities	2,280,204	1,500,667	3,275,271	7,056,142	-
DEFERRED INFLOW OF RESOURCES					
Pension Items	-	52,604	110,861	163,465	-
Total Deferred Inflows of Resources	<u>-</u>	<u>52,604</u>	<u>110,861</u>	<u>163,465</u>	<u>-</u>
NET POSITION					
Net Investment in Capital Assets	7,454,646	3,352,657	2,257,802	13,065,105	-
Restricted	-	17,535	36,954	54,489	-
Unrestricted	1,610,568	2,583,318	914,310	5,108,196	483,731
Total Net Position	<u>\$ 9,065,214</u>	<u>\$ 5,953,510</u>	<u>\$ 3,209,066</u>	<u>\$ 18,227,790</u>	<u>\$ 483,731</u>

See accompanying Notes to Financial Statements.

VILLAGE OF BROWN DEER, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	Business-Type Activities				Governmental Activities
	Water Utility	Sewer Utility	Storm Water	Totals	Internal Service Fund
			Utility		
OPERATING REVENUES					
Sale of Water	\$ 1,784,117	\$ -	\$ -	\$ 1,784,117	\$ -
Sewage Collection Charges	-	1,733,543	-	1,733,543	-
Storm Water Charges	-	-	1,010,419	1,010,419	-
Other Operating Revenues	-	-	-	-	13,367
Total Operating Revenues	<u>1,784,117</u>	<u>1,733,543</u>	<u>1,010,419</u>	<u>4,528,079</u>	<u>13,367</u>
OPERATING EXPENSES					
Operation and Maintenance	1,185,551	1,294,216	473,558	2,953,325	81,768
Depreciation	286,990	114,165	243,918	645,073	-
Total Operating Expenses	<u>1,472,541</u>	<u>1,408,381</u>	<u>717,476</u>	<u>3,598,398</u>	<u>81,768</u>
OPERATING INCOME (LOSS)	311,576	325,162	292,943	929,681	(68,401)
NONOPERATING REVENUES (EXPENSES)					
Investment Income	26,513	21,043	7,703	55,259	16,161
Rental Income	155,013	-	-	155,013	-
Miscellaneous Revenue	420	-	41,311	41,731	-
Intergovernmental Service Revenue	-	457,940	1,241,431	1,699,371	-
Intergovernmental Service Expense	-	-	(1,241,431)	(1,241,431)	-
Interest Expense	(195,606)	(96,246)	(86,305)	(378,157)	-
Total Nonoperating Revenues (Expenses)	<u>(13,660)</u>	<u>382,737</u>	<u>(37,291)</u>	<u>331,786</u>	<u>16,161</u>
INCOME (LOSS) BEFORE TRANSFERS	297,916	707,899	255,652	1,261,467	(52,240)
CONTRIBUTED CAPITAL	50,600	-	-	50,600	-
TRANSFERS IN	-	-	-	-	90,000
TRANSFERS OUT	<u>(334,527)</u>	<u>-</u>	<u>-</u>	<u>(334,527)</u>	<u>-</u>
CHANGE IN NET POSITION	13,989	707,899	255,652	977,540	37,760
Net Position - Beginning of Year	<u>9,051,225</u>	<u>5,245,611</u>	<u>2,953,414</u>	<u>17,250,250</u>	<u>445,971</u>
NET POSITION - END OF YEAR	<u>\$ 9,065,214</u>	<u>\$ 5,953,510</u>	<u>\$ 3,209,066</u>	<u>\$ 18,227,790</u>	<u>\$ 483,731</u>

See accompanying Notes to Financial Statements.

**VILLAGE OF BROWN DEER, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020**

	Business-Type Activities - Enterprise				Governmental Activities
	Water Utility	Sewer Utility	Storm Water Utility	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from Customers	\$ 1,723,661	\$ 1,294,956	\$ 1,001,120	\$ 4,019,737	\$ 13,367
Paid to Suppliers for Goods and Services	(1,181,022)	(1,103,745)	(195,457)	(2,480,224)	(119,458)
Paid to Employees for Services	-	(138,791)	(282,366)	(421,157)	-
Net Cash Provided (Used) by Operating Activities	542,639	52,420	523,297	1,118,356	(106,091)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Miscellaneous Receipts	420	-	41,311	41,731	-
Intergovernmental Service Receipts	-	457,940	-	457,940	-
Intergovernmental Service Payments	-	-	(1,241,431)	(1,241,431)	-
Interfund Borrowings	-	(384,911)	384,911	-	-
Transfer In - Operating Transfer	-	-	-	-	90,000
Transfer Out - Paid for Tax Equivalent	(334,527)	-	-	(334,527)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(334,107)	73,029	(815,209)	(1,076,287)	90,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal Paid on Short-Term Debt	(295,000)	(245,000)	(445,000)	(985,000)	-
Principal Paid on Long-Term Debt	(228,250)	(169,000)	(327,750)	(725,000)	-
Interest Paid on Long-Term Debt	(191,054)	(33,413)	(71,539)	(296,006)	-
Proceeds from Issuance of Long-Term Debt	295,000	245,000	445,000	985,000	-
Proceeds from Issuance of Short-Term Debt	295,000	245,000	445,000	985,000	-
Premium Received from Issuance of Long-Term Debt	11,335	9,414	17,098	37,847	-
Acquisition and Construction of Capital Assets	(235,347)	(37,283)	(22,705)	(295,335)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(348,316)	14,718	40,104	(293,494)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Rental Income Received	155,013	-	-	155,013	-
Investment Income Received	26,513	21,043	7,703	55,259	17,437
Net Cash Provided (Used) by Investing Activities	181,526	21,043	7,703	210,272	17,437
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	41,742	161,210	(244,105)	(41,153)	1,346
Cash and Cash Equivalents - Beginning of Year	1,440,060	1,756,775	666,400	3,863,235	36,817
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,481,802	\$ 1,917,985	\$ 422,295	\$ 3,822,082	\$ 38,163

See accompanying Notes to Financial Statements.

**VILLAGE OF BROWN DEER, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020**

	Business-Type Activities - Enterprise				Governmental Activities
	Water Utility	Sewer Utility	Storm Water Utility	Total	Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 311,576	\$ 325,162	\$ 292,943	\$ 929,681	\$ (68,401)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	286,990	114,165	243,918	645,073	-
(Increase) Decrease in Assets:					
Accounts Receivable	(63,224)	(438,587)	(9,299)	(511,110)	-
Inventory	1,818	-	-	1,818	-
Due from Other Funds	-	-	-	-	-
Net Pension Asset	-	(17,535)	(36,954)	(54,489)	-
Deferred Outflows of Resources	-	9,577	38,448	48,025	-
Increase (Decrease) in Liabilities:					
Accounts Payable and Accrued Liabilities	2,711	48,884	(10,752)	40,843	-
Estimated Claims Payable	-	-	-	-	(37,690)
Unearned Revenue	2,768	-	-	2,768	-
Net Pension Liability	-	(18,395)	(45,853)	(64,248)	-
Deferred Inflows of Resources	-	27,136	47,376	74,512	-
Accumulated Sick Leave Payable	-	2,013	3,470	5,483	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 542,639</u>	<u>\$ 52,420</u>	<u>\$ 523,297</u>	<u>\$ 1,118,356</u>	<u>\$ (106,091)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS					
Cash and Cash Equivalents	\$ 1,472,749	\$ 1,710,268	\$ -	\$ 3,183,017	\$ 38,163
Restricted Cash and Cash Equivalents	<u>9,053</u>	<u>207,717</u>	<u>422,295</u>	<u>639,065</u>	<u>-</u>
Cash and Cash Equivalents	<u>\$ 1,481,802</u>	<u>\$ 1,917,985</u>	<u>\$ 422,295</u>	<u>\$ 3,822,082</u>	<u>\$ 38,163</u>

See accompanying Notes to Financial Statements.

**VILLAGE OF BROWN DEER, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2020**

	<u>Property Tax</u>
ASSETS	
Cash and Cash Equivalents	\$ 4,767,675
Taxes Receivable	<u>20,236,434</u>
Total Assets	<u>\$ 25,004,109</u>
LIABILITIES	
Due to Other Taxing Units	\$ 5,177,534
DEFERRED INFLOW OF RESOURCES	
Subsequent Year Property Tax	19,826,575
NET POSITION	
Restricted	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 25,004,109</u>

See accompanying Notes to Financial Statements.

**VILLAGE OF BROWN DEER, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2020**

	<u>Property Tax</u>
ADDITIONS	
Tax Collections	<u>\$ 4,420,851</u>
DEDUCTIONS	
Payments to Other Governments	<u>4,420,851</u>
CHANGE IN NET POSITION	-
Net Position - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Brown Deer, Wisconsin (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applicable to governments (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

A. Reporting Entity

This report includes all funds of the Village. 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 or (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; and (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. The Brown Deer Library Foundation (the Foundation) is a blended component unit of the Brown Deer Library (the Library) because the Library appoints the voting majority of the Foundation's board, the Library can impose its will on the Foundation, and the Foundation provides services exclusively to the Library, but due to its insignificance in relation to the financial statements, it is not included as a component unit of the Library in this report. The Village also considers the Community Development Authority (CDA) to be a component unit of the Village because the Village appoints the voting majority of the CDA's board, the Village can impose its will on the CDA, and the CDA provides services exclusively to the Village. However, the CDA is currently inactive.

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting

The Village uses funds to report on its financial position and changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The minimum number of funds is maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental, proprietary, and fiduciary.

Governmental funds are used to account for all or most of the Village's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds), the funds committed, restricted, or assigned for the acquisition or construction of capital assets (capital projects funds), the funds committed, restricted, or assigned for the servicing of long-term debt (debt service funds). The General Fund is used to account for all activities of the general government not accounted for in another fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary funds are used to account for activities that state and local governments carry out for the benefit of individuals or other agencies outside the government. The Village utilizes a custodial fund which is used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investments trust funds, or private-purpose trust fund.

C. Government-Wide and Fund Financial Statements

The government-wide activities (i.e., the statement of net position and statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange 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, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide and Fund Financial Statements (Continued)

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

Separate financial statements are provided for governmental funds, 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.

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

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

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

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

The Village reports the following major enterprise funds:

Water Utility Fund – accounts for operations of the water system.

Sewer Utility Fund – accounts for operations of the sewer system.

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

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide and Fund Financial Statements (Continued)

The Village reports the following nonmajor governmental fund types:

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

Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TIF project plans.

The Village reports the following special revenue funds:

Village Grant Fund, Special Assessments Fund, Library Fund, North Shore Health Department Fund, Police Asset Forfeiture Fund, Recycling Fund, Park and Recreation Program Fund, Strehlow Donation Fund, Brown Deer Farmers Market Fund, Community Vibes Fund, Tourism Commission Fund, Municipal Court Fund, and Policing Services Fund.

The Village reports the following capital projects funds:

TIF No. 2 and TIF No. 3.

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 (CVMIC).

Custodial funds are used to account for fiduciary activities of the Village that are not held in a trust or equivalent arrangement that meets specific criteria.

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

VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. The Village recognizes property taxes when they become both measurable and available in the period the tax is intended to finance. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as non-operating.

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 90 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, other postemployment benefits 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 inflows. 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 inflows. Amounts received prior to the entitlement period are recorded as unearned 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, revenues to the extent they are measurable and available, and deferred inflows.

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

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 inflows on its government-wide statement of net position and its governmental funds balance sheet. Deferred inflows arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred inflows arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues 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 or deferred inflow is removed from the balance sheet and revenue is recognized.

The proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer, and storm water utilities are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments

Cash and Cash Equivalents

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.

Investments

Investment of Village funds is restricted by Wisconsin State Statute 66.0603. Available investments are limited to:

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

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

Custodial Credit Risk

Collateralization is required on certificates of deposit that exceed the FDIC insurance limits and repurchase agreements. The amount to be collateralized is 100% 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.

The Village's policy also restricts its investment advisor from taking possession of Village funds or investment securities.

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments (Continued)

Credit Risk and Concentration of Credit Risk

Per state statutes, Village investments are limited to securities issued or guaranteed by the federal government, 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 Local Government 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 20% shall be with a single issuer of U.S. agencies or commercial paper.

Interest Rate Risk

The Village limits its investments to those 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 (the 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 LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, the fair value of the Village's share of LGIP's assets was substantially equal to the amount as reported in these financial statements.

F. Interfund Receivables/Payables

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 position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Materials and Supplies and Prepays

Governmental fund materials and supplies items are charged to expenditure accounts when purchased. Year-end materials and supplies was not significant. Proprietary fund materials and supplies 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.

H. Restricted Assets

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

Restricted Cash - Unspent Bond Proceeds

The Village occasionally will issue debt to finance capital projects as specified in the bond agreement. The cash proceeds are restricted for the purposes of financing the projects. As of December 31, 2020, the Village had unspent bond proceeds of \$2,069,843.

I. Compensated Absence

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 vested 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, 2020 are determined on the basis of current salary rates and included salary related payments.

VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Pension

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. Other Post-Employment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the Village OPEB Plan and additions to/deductions from the Village OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the Village OPEB Plan. For this Purpose, the Village OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

L. Capital Assets

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 acquisition 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, and overhead. The Village has adopted GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period as of January 1, 2018*. As a result, the Village did not capitalize any interest costs for the year ended December 31, 2020. 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.

VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets (Continued)

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 position. 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 to 40 Years
Machinery and Equipment	5 to 15 Years
Library Collection	12 Years
Utility System	18 to 90 Years
Infrastructure	10 to 80 Years

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.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

N. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows, 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.

VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Balance/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities or from enabling legislation adopted by the Village. Committed fund balance is constrained by formal actions of the Village board, which is considered the Village's highest level of decision-making authority. Formal actions include ordinances approved by the Village board. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Village's Finance and Public Works Committee through the approved budget of the Village. Any residual fund balance in the General Fund, including fund balance targets and any deficit fund balance of any other governmental fund is reported as unassigned.

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

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

The Village has a formal minimum fund balance policy. That policy is to maintain a working capital amount of a minimum of 15% of the ensuing year's budgeted General Fund expenditures, with a targeted maximum of 30% of the ensuing year's budgeted expenditures. The 15% minimum balance at year end was \$1,633,749 and is included in the unassigned General Fund balance.

P. 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, municipal revenue obligations, 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 and any premiums or discounts, are reported as other financing sources or other financing uses, respectively. Payments of principal and interest, and debt issuance costs are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Long-Term Obligations/Conduit Debt (Continued)

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance of losses on refunding is shown as a deferred outflow of resources on the statement of net position.

The Village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRBs 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 IRBs outstanding at the end of the year is approximately \$9.030 million, made up of two issues.

Q. Accounting Standards

The Village changed accounting policies related to certain disclosures related to debt, including direct borrowing and direct placements by adopting Statement of Governmental Accounting Standards (GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, in 2020. Accordingly, there is no effect as a result of the accounting change as of the beginning of the year.

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 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 position and balance sheet as cash and investments.

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

	Carrying Value	Bank Balance	Associated Risks
Demand Deposits	\$ 9,973,230	\$ 8,929,554	Custodial Credit Risk
Certificates of Deposit	4,636,828	4,636,828	Custodial Credit Risk, Credit and Interest Rate Risk
Money Market Accounts	169,494	169,494	Custodial Credit Risk
Local Government Investment Pool	445,459	445,459	Credit Risk and Interest Rate Risk
			Custodial Credit, Credit, Concentration of Credit Risk, and Interest Rate Risk
Municipal Bonds	1,453,765	1,453,765	Custodial Credit, Credit, Concentration of Credit Risk, and Interest Rate Risk
U.S. Agencies	1,351,026	1,351,026	Concentration of Credit Risk, and Interest Rate Risk
Total	<u>\$ 18,029,802</u>	<u>\$ 16,986,126</u>	

Reconciliation to Financial Statements:

Per Statement of Net Position:

Unrestricted

Cash and Cash Equivalents \$ 11,192,284

Per Statement of Net Position -

Agency Fund:

Cash and Cash Equivalents 4,767,675

Total Cash and Investments \$ 18,029,802

Deposits in each local bank are insured by the FDIC in the amount of \$250,000 for demand deposits and \$250,000 for time and savings deposits. 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 the 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, which includes a \$250,000 limit for cash.

A. Village Deposits

Custodial credit 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, 2020, all of the Village's deposits were insured or collateralized.

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Village 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 has a separate custodian that holds the investments separate from the manager that purchases the investments.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2020, the Village's investments were rated as follows:

Investment Type	Amount	Rating
U.S. Agencies	\$ 1,351,026	AA+
Municipal Bonds	119,268	AAA
Municipal Bonds	1,283,163	AA+
Municipal Bonds	51,334	AA-
Certificates of Deposits	4,636,828	Unrated
LGIP	445,459	Unrated

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

At December 31, 2020, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
FFCB	U.S. Agencies	6.21%
FNMA	U.S. Agencies	6.09%

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. As of December 31, 2020, the Village's investments mature as follows:

Investment Type	Fair Value	Investment Maturities			
		Less than 6 Months	6 Months to 1 Year	1-3 Years	3 or More Years
Local Government Investment Pool	\$ 445,459	\$ 445,459	\$ -	\$ -	\$ -
Certificates of Deposit	4,636,828	863,962	799,869	2,759,497	213,500
U.S. Agencies	1,351,026	-	352,587	138,075	860,364
Municipal Bonds	1,453,765	604,643	30,857	597,376	220,889
Totals	<u>\$ 7,887,078</u>	<u>\$ 1,914,064</u>	<u>\$ 1,183,313</u>	<u>\$ 3,494,948</u>	<u>\$ 1,294,753</u>

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Village Investments (Continued)

The Village categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Village has the following recurring fair value measurements as of December 31, 2020:

U.S. agency securities of \$1,351,026, municipal bonds of \$1,453,765 and negotiable certificates of deposit of \$4,636,828 are valued using a matrix pricing model (Level 2 inputs).

NOTE 3 RECEIVABLES

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

As part of Wisconsin's Act 32 (2011), legislation was passed that limits the Village's future tax levies. Generally, the Village is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the Village's equalized value due to new construction, or zero percent for the 2016 levy collected in 2017 and thereafter. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions.

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 RECEIVABLES (CONTINUED)

Property tax calendar – 2020 tax roll:

Lien date and levy date	December 2020
Tax bills mailed	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	March 31, 2021
Third installment due	May 31, 2021
Personal property taxes in full	January 31, 2021
Tax Settlements:	
Initial settlement	January 15, 2021
Second settlement	February 15, 2021
Third settlement	April 15, 2021
Fourth settlement	June 15, 2021
Final settlement	August 15, 2021
Tax deed by	
Delinquent real estate taxes	October 2023

No allowance for doubtful accounts has been established for the Village's receivables. Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water, sewer, and storm water 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.

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 estimated based on the subsequent year's March billing. Metered water sales to customers are billed at rates approved by the Public Service Commission of Wisconsin. Sewer and storm water customers are billed rates established by the Village's Board of Trustees. Delinquent balances at the time of the property tax lien date are placed on the customers' tax bill and collected through the normal tax collection process.

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 RECEIVABLES (CONTINUED)

Governmental funds report deferred inflows of resources 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 report unearned revenue 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 inflows of resources and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Tax Levy / Unearned	Total
Property Taxes Receivable for Subsequent Year	\$ -	\$ 10,927,652	\$ 10,927,652
Developer Receivables	26,627	-	26,627
Policing Services	9,167	-	9,167
Total Deferred/Unearned Revenue for Governmental Funds	\$ 35,794	\$ 10,927,652	\$ 10,963,446

No allowances for doubtful accounts have been established for the Village's receivables. All receivables are expected to be collected within one year.

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 3,077,143	\$ 586,980	\$ -	\$ 3,664,123
Construction in Progress	9,757,696	2,432,583	9,757,696	2,432,583
Total Capital Assets Not Being Depreciated	12,834,839	3,019,563	9,757,696	6,096,706
Capital Assets Being Depreciated:				
Buildings and Improvements	10,323,938	9,997,257	-	20,321,195
Library Collection	835,313	-	-	835,313
Machinery and Equipment	4,728,159	171,452	37,446	4,862,165
Infrastructure	20,267,621	-	-	20,267,621
Total Capital Assets Being Depreciated	36,155,031	10,168,709	37,446	46,286,294
Total Capital Assets	48,989,870	13,188,272	9,795,142	52,383,000
Less Accumulated Depreciation for:				
Buildings and Improvements	5,070,542	291,766	-	5,362,308
Library Collection	618,084	69,111	-	687,195
Machinery and Equipment	3,029,696	524,238	-	3,553,934
Infrastructure	9,704,625	694,096	-	10,398,721
Total Accumulated Depreciation	18,422,947	1,579,211	-	20,002,158
Net Capital Assets, Being Depreciated	17,732,084	8,589,498	37,446	26,284,136
Total Governmental Activities Capital Assets, Net	<u>\$ 30,566,923</u>	<u>\$ 11,609,061</u>	<u>\$ 9,795,142</u>	<u>\$ 32,380,842</u>

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 CAPITAL ASSETS (CONTINUED)

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Business-Type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 11,654	\$ -	\$ -	\$ 11,654
Total Capital Assets Not Being Depreciated	11,654	-	-	11,654
Capital Assets Being Depreciated:				
Structures and Improvements	360,089	-	-	360,089
Water Utility System	13,915,885	269,591	24,839	14,239,237
Sewer Utility System	8,534,156	37,283	-	8,571,439
Storm Water Utility System	8,091,016	22,705	-	8,113,721
Machinery and Equipment	1,205,412	16,356	-	1,143,168
Total Capital Assets Being Depreciated	32,106,558	345,935	24,839	32,427,654
Total Capital Assets	32,118,212	345,935	24,839	32,439,308
Less Accumulated Depreciation for:				
Structures and Improvements	270,035	6,558	-	276,593
Water Utility System	4,571,077	247,408	24,839	4,793,646
Sewer Utility System	4,234,546	98,377	-	4,332,923
Storm Water Utility System	3,420,278	224,067	-	3,644,345
Machinery and Equipment	829,805	68,663	-	898,468
Total Accumulated Depreciation	13,325,741	645,073	24,839	13,945,975
Net Capital Assets, Being Depreciated	18,780,817	(299,138)	-	18,481,679
Total Business-Type Activities Capital Assets, Net	\$ 18,792,471	\$ (299,138)	\$ -	\$ 18,493,333

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General Government	\$ 177,300
Public Safety	224,567
Public Works, which Includes the	
Depreciation of Infrastructure	906,151
Health and Human Services	5,612
Culture, Recreation, and Education	262,652
Conservation and Development	2,929
Total Governmental Activities Depreciation Expense	\$ 1,579,211

VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 CAPITAL ASSETS (CONTINUED)

Business-Type Activities

Water Utility	\$ 286,990
Sewer Utility	114,165
Storm Water Utility	<u>243,918</u>
Total Business-Type Activities	
Depreciation Expense	<u>\$ 645,073</u>

NOTE 5 SHORT-TERM DEBT

The schedule below details the changes in short-term capital borrowings during the year ended December 31, 2020, for both governmental and business-type activities:

	Balance January 1, 2020	Increases	Decreases	Balance December 31, 2020	Amounts Due Within One Year
Governmental Activities					
Note Anticipation Note	\$ -	\$ 5,045,000	\$ 5,045,000	\$ -	\$ -
Total Note Anticipation Note	<u>-</u>	<u>5,045,000</u>	<u>5,045,000</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>\$ -</u>	<u>\$ 5,045,000</u>	<u>\$ 5,045,000</u>	<u>\$ -</u>	<u>\$ -</u>
Business-Type Activities					
Note Anticipation Note	\$ -	\$ 985,000	\$ 985,000	\$ -	\$ -
Total Note Anticipation Note	<u>-</u>	<u>985,000</u>	<u>985,000</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>\$ -</u>	<u>\$ 985,000</u>	<u>\$ 985,000</u>	<u>\$ -</u>	<u>\$ -</u>

On January 22, 2020, the Village issued \$6,030,000 in Note Anticipation Notes with a stated interest rate of 2.06% payable on July 22, 2020. The proceeds from the Notes are being used for interim financing for public purposes, including financing library projects, road projects, stormwater projects, water projects, sewer projects, buildings and equipment for the North Shore Fire Department and Dispatch Center and other projects included in the Village's 2020/2021 Capital Improvement Plan. The Notes were refinanced by the issuance of \$5,970,000 General Obligation Bonds, with an interest rate of 3.00%, on April 20, 2020. The Bonds will mature serially on April 1 of the years 2021 through 2040. Interest on the bonds will be payable semi-annually, on April 1 and October 1 of each year beginning on October 1, 2020. Further details can be obtained in Note 6, *Long-term Debt*.

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 LONG-TERM DEBT

A. Changes in Long-Term Liabilities

The following is a summary of changes in bonds, contracts payable, and other long-term liabilities during 2020:

	Balance January 1, 2020	Increases	Decreases	Balance December 31, 2020	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable:					
General Obligation Debt	\$ 24,210,000	\$ 4,985,000	\$ 2,265,000	\$ 26,930,000	\$ 2,550,000
Unamortized Premium on Bonds	554,280	191,538	61,140	684,678	-
Total Bonds and Notes Payable	<u>24,764,280</u>	<u>5,176,538</u>	<u>2,326,140</u>	<u>27,614,678</u>	<u>2,550,000</u>
Direct Placement Notes Payable:					
G.O. Note Payable-Village of Whitefish Bay	181,753	-	58,773	122,980	60,554
G.O. Note Payable-Village of Bayside	114,873	-	28,496	86,377	28,496
Total Direct Placement Notes Payable	<u>296,626</u>	<u>-</u>	<u>87,269</u>	<u>209,357</u>	<u>89,050</u>
Other Liabilities:					
Amount Due to Developer	1,260,000	-	140,000	1,120,000	140,000
Vested Compensated Absences	490,169	336,452	399,585	427,036	400,000
Total Other Liabilities	<u>1,750,169</u>	<u>336,452</u>	<u>539,585</u>	<u>1,547,036</u>	<u>540,000</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 26,811,075</u>	<u>\$ 5,512,990</u>	<u>\$ 2,952,994</u>	<u>\$ 29,371,071</u>	<u>\$ 3,179,050</u>
Business-Type Activities					
Bonds and Notes Payable:					
General Obligation Debt	\$ 5,685,000	\$ 985,000	\$ 725,000	\$ 5,945,000	\$ 775,000
Unamortized Premium on Bonds	97,247	37,844	12,798	122,293	-
Total Bonds and Notes Payable	<u>5,782,247</u>	<u>1,022,844</u>	<u>737,798</u>	<u>6,067,293</u>	<u>775,000</u>
Other Liabilities:					
Vested Compensated Absences	28,245	13,959	8,476	33,728	15,349
Total Business-Type Activities Long-Term Liabilities	<u>\$ 5,810,492</u>	<u>\$ 1,036,803</u>	<u>\$ 746,274</u>	<u>\$ 6,101,021</u>	<u>\$ 790,349</u>

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, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 LONG-TERM DEBT (CONTINUED)

B. General Obligation Debt

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2020 was \$52,231,175. Total general obligation debt and related pledges outstanding at year end was \$33,084,357.

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2020
Governmental Activities					
General Obligation Debt					
Taxable Issues:					
Refunding Bonds	5/9/2011	4/1/2022	1.80-4.35%	\$ 625,000	\$ 135,000
	11/26/2012	4/1/2028	1.00-3.25%	4,530,000	2,730,000
	1/4/2016	4/1/2022	0.95-2.35%	1,655,000	665,000
Whitefish Bay NSFD	11/1/2010	4/1/2022	2.00-3.00%	943,823	122,980
Bayside NSFD	4/6/2012	8/1/2023	0.80-2.30%	501,799	86,377
Tax-Exempt Issues:					
Promissory Notes	3/6/2015	4/1/2022	0.50-2.98%	1,410,000	425,000
	12/12/2011	4/1/2031	2.00-3.35%	630,000	90,000
	11/26/2012	4/1/2032	0.65-2.50%	550,000	205,000
Refunding Bonds	1/4/2016	4/1/2022	1.50-2.25%	205,000	70,000
	4/8/2018	4/1/2038	3.00-4.00%	9,995,000	9,995,000
	11/26/2018	4/1/2027	2.00-3.50%	2,355,000	1,500,000
	4/18/2019	4/1/2030	4.00%	3,110,000	2,825,000
	4/6/2020	4/1/2040	3.00%	4,985,000	4,985,000
Corporate Purpose Bonds	10/27/2014	4/1/2030	2.00-3.00%	2,025,000	1,475,000
	6/27/2016	4/1/2031	1.50-2.50%	2,450,000	1,830,000
Total Governmental Activities				<u>\$ 35,970,622</u>	<u>\$ 27,139,357</u>
General Obligation Debt					
Business-Type Activities					
General Obligation Debt					
Tax-Exempt Issues:					
Promissory Notes	12/12/2011	4/1/2031	2.00-3.35%	\$ 800,000	\$ 485,000
	11/26/2012	4/1/2016	2.00%	815,000	530,000
Refunding Bonds	4/3/2008	4/1/2022	1.50-2.25%	935,000	320,000
	11/26/2018	4/1/2027	2.00-3.50%	1,500,000	1,205,000
	4/18/2019	4/1/2030	4.00%	365,000	280,000
	4/6/2020	4/1/2040	3.00%	985,000	985,000
Corporate Purpose Bonds	10/27/2014	4/1/2029	2.00-3.00%	2,375,000	1,535,000
	6/27/2016	4/1/2031	1.50-2.50%	800,000	605,000
Total Business-Type Activities				<u>\$ 8,575,000</u>	<u>\$ 5,945,000</u>
General Obligation Debt					

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 LONG-TERM DEBT (CONTINUED)

C. Notes Payable

Note Payable - Village of Whitefish Bay

The Village issued a \$943,823 general obligation promissory note to the Village of Whitefish Bay for a portion of various fire department projects in connection with the Village's participation in the North Shore Fire Department. The total balance due on the notes was \$122,980 on December 31, 2020. 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 2.00% to 3.00%.

Note Payable - Village of Bayside

The Village issued a \$501,799 general obligation promissory note to the Village of Bayside 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 \$86,377 on December 31, 2020. Principal is due annually on August 1 through 2023 and interest is due semi-annually on February 1 and August 1 with interest at rates of 0.80% to 2.30%.

D. Current Year Issuances

\$5,970,000 General Obligation Bonds

On April 20, 2020, the Village issued \$5,970,000 General Obligation Bonds with an interest rate of 3.00%. The Bonds will mature serially on April 1 of the years 2021 through 2040. Interest on the bonds will be payable semi-annually, on April 1 and October 1 of each year beginning on October 1, 2020. The proceeds were used to refinance the \$6,030,000 Note Anticipation Notes, which had a stated interest rates of 2.06%.

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 LONG-TERM DEBT (CONTINUED)

E. 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
2021	\$ 2,550,000	\$ 852,274	\$ 775,000	\$ 167,933
2022	2,610,000	715,021	800,000	133,137
2023	1,700,000	653,136	645,000	112,699
2024	1,745,000	601,062	565,000	95,586
2025	1,890,000	524,164	495,000	81,189
2026-2030	8,355,000	1,920,802	2,060,000	213,729
2031-2035	4,900,000	889,027	605,000	33,977
2036-2040	3,180,000	194,756	-	-
Totals	<u>\$ 26,930,000</u>	<u>\$ 6,350,242</u>	<u>\$ 5,945,000</u>	<u>\$ 838,250</u>

	Governmental Activities Direct Placement Notes Payable	
	Principal	Interest
2021	\$ 89,050	\$ 4,647
2022	90,922	2,249
2023	29,385	676
Totals	<u>\$ 209,357</u>	<u>\$ 7,572</u>

F. 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.

During 2014, the Village entered into a TID redevelopment agreement which includes a MRO to reimburse eligible project costs incurred by the developer. This obligation is payable solely from a portion of the Tax Increment District No. 3 increment as defined by the developer agreement. Should the TID close before the project costs are repaid, the Village is liable for any additional payments. Total costs that could be reimbursed amount to \$2,180,000. The Village recognized \$140,000 in accounts payable and expense on Tax Increment District No. 3 for the amount due the developer at December 31, 2020. For purpose of the government-wide financial statements the amount has been included in accounts payable and considered a reduction of a long-term liability. The remaining balance due to the developer at December 31, 2020 is \$1,120,000. The Village expects to pay \$140,000 per year for eight additional years.

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 NET POSITION/FUND BALANCES

Net position reported on the government-wide statement of net position at December 31, 2020 includes the following:

Governmental Activities

Net Investment in Capital Assets:

Land	\$ 3,664,123
Construction in Progress	2,432,583
Other Capital Assets, Net of Accumulated Depreciation	26,284,136
Less: Related Long-Term Capital Debt Outstanding	(24,059,278)
Plus: Unamortized Loss Related to Capital Debt	354,107
Plus: Unspent Capital Related Debt Proceeds	1,430,777
Total Net Investment in Capital Assets	<u>10,106,448</u>

Restricted:

Library	309,371
Police Asset Forfeiture	12,865
Policing Donations	22,625
Strehlow Donation	72,348
Brown Deer Farmers Market	20,640
Community Vibes	3,003
Tourism	115,116
Municipal Court	642,990
Village Grant	8,710
Pension	1,305,251
Total Restricted	<u>2,512,919</u>

Unrestricted (Deficit)

	<u>(4,013,955)</u>
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Total Governmental Activities Net Position \$ 8,605,412

Business-Type Activities

Net Investment in Capital Assets:

Land	\$ 11,654
Other Capital Assets, Net of Accumulated Depreciation	18,481,679
Less: Related Long-Term Capital Debt Outstanding	(6,067,293)
Plus: Unspent Capital Related Debt Proceeds	639,065
Total Net Investment in Capital Assets	<u>13,065,105</u>

Restricted:

Pension	54,489
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Unrestricted

	<u>5,108,196</u>
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Total Business-Type Activities Net Position \$ 18,227,790

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 NET POSITION/FUND BALANCES (CONTINUED)

Fund Balance Deficits

As of December 31, 2020, TIF Nos. 2 Fund, TIF No. 4 Fund had fund balance deficits of \$582,900 and \$5,337,766, respectively. The deficits are expected to be mitigated by future tax increments. The Debt Service Fund had a fund balance deficit of \$729,612.

NOTE 8 INTERFUND ACCOUNTS

A. 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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
Interfund Receivable/ Payable:			
General	TIF No. 2	\$ 590,484	\$ -
General	Debt Service	561,356	-
General	Capital Improvements	638,244	-
General	TIF No. 4	80,972	-
Debt Service Fund	TIF No. 4	99,206	-
Debt Service Fund	Village Grant	25,137	-
Debt Service Fund	Capital Improvements	23,374	-
Debt Service Fund	North Shore Health Department	100,539	-
Sewer Utility	Stormwater Utility	384,911	-
Total		<u>\$ 2,504,223</u>	<u>\$ -</u>
Interfund Advances:			
General Fund	TIF No. 4	\$ 5,147,525	\$ 5,147,525
Total		<u>\$ 5,147,525</u>	<u>\$ 5,147,525</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 from the General Fund to TIF No. 4 is payable when TIF No. 4 generates the increment necessary to repay the General Fund. There is no stated interest rate.

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 INTERFUND ACCOUNTS (CONTINUED)

A. Interfund Receivables/Payables, Advances, and Transfers (Continued)

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

The following is a schedule of interfund transfers:

	Transfers In	Transfers Out
General Fund	\$ 334,527	\$ 90,000
Water Utility	-	334,527
Internal Service Fund	90,000	-
Total Fund Transfers	424,527	424,527
Governmental Activities	(90,000)	(90,000)
Total Government-Wide Transfers	\$ 334,527	\$ 334,527

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.

NOTE 9 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 (CVMIC). The Village purchases commercial insurance for all other risks. There have been no significant reductions in insurance coverage for any risk of loss in the past year and settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

In 1987, the Village invested \$429,675 for participation in the Wisconsin Municipal Insurance Commission (WMIC), an intergovernmental cooperation commission created in August 1987 by contract under Section 66.30 of the Wisconsin Statutes to facilitate the organization, establishment, and capitalization of CVMIC. 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 WMIC.

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 9 RISK MANAGEMENT (CONTINUED)

CVMIC provides the Village with \$5,000,000 of liability coverage for losses over its self-insured retention level of \$37,500 per occurrence with a \$150,000 aggregate stop loss.

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 claim 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 each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The Village 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 on December 31, 2020 was approximately 1.636%. Upon dissolution, the Village would be entitled to a lump sum payment. As of December 31, 2020, the lump sum payment would be \$238,447.

The Village records an unpaid claims liability for claims that have occurred but are not settled and for claims incurred but not recorded (IBNR). This liability is based upon estimates from an annual actuarial study. The estimates of claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Changes in the unpaid claim liability amount in fiscal years 2019 and 2020 were:

Year	Beginning Balance	Incurred Claims	Claims Paid/ Settled	Ending Balance
2019	\$ 74,408	\$ -	\$ 36,718	\$ 37,690
2020	37,690	-	37,690	-

At December 31, 2020, the internal service fund established for liability insurance has a net position of \$483,731.

NOTE 10 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, 2020, are not likely to have a material adverse impact on the Village's financial position.

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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.

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of GASB pronouncements are met. The liability for claims and judgments is only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

NOTE 11 DEFINED BENEFIT PENSION PLAN

A. Wisconsin Retirement System

Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. WRS is administered by the Wisconsin Department of Employee Trust Funds (ETF). WRS provides coverage to all eligible state of Wisconsin local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in WRS.

ETF issues a Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Vesting

For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Wisconsin Retirement System (Continued)

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested employees may retire at age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

Post Retirement Adjustments

ETF's board may periodically adjust annuity payments from WRS based on annual investment performance in accordance with Section 40.27, Wisconsin Statutes. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by WRS's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For core annuities, decreases may be applied only to previously granted increases. By law, core annuities cannot be reduced to an amount below the original, guaranteed amount (the floor) set at retirement. The core and variable annuity adjustments granted during recent years are as follows:

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Wisconsin Retirement System (Continued)

Post Retirement Adjustments (Continued)

<u>Year</u>	<u>Core Fund Adjustments</u>	%	<u>Variable Fund Adjustments</u>	%
2010	(1.3)		22.0	%
2011	(1.2)		11.0	
2012	(7.0)		(7.0)	
2013	(9.6)		9.0	
2014	4.7		25.0	
2015	2.9		2.0	
2016	0.5		(5.0)	
2017	2.0		4.0	
2018	2.4		17.0	
2019	0.0		(10.0)	

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers and executives and elected officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, WRS recognized \$493,611 in contributions from the employer.

Contribution rates as of December 31, 2020 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers)	6.75%	6.75%
Executives and Elected Officials	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Wisconsin Retirement System (Continued)

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the Village reported an asset of \$1,359,740 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the Village's proportion was 0.04216961%, which was an increase of 0.00020459% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Village recognized pension expense of \$510,704.

At December 31, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 2,581,097	\$ 1,291,666
Changes in Assumptions	105,959	-
Net Differences between Projected and Actual Earnings on Pension Plan Investments	-	2,779,792
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	1,749	7,714
Employer Contributions Subsequent to the Measurement Date	493,611	-
Total	<u>\$ 3,182,416</u>	<u>\$ 4,079,172</u>

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Wisconsin Retirement System (Continued)

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$493,611 reported as deferred outflows related to pension resulting from WRS employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Inflow of Resources</u>
2021	\$ (414,471)
2022	(308,550)
2023	47,359
2024	(714,705)
Total	<u>\$ (1,390,367)</u>

Actuarial Assumptions

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	December 31, 2018
Measurement Date of Net Pension Liability (Asset)	December 31, 2019
Actuarial Cost Method	Entry-age
Asset Valuation Method	Fair market value
Long-Term Expected Rate of Return	7.00%
Discount rate	7.00%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.10% to 5.60%
Mortality	Wisconsin 2018 Mortality Table
Postretirement Adjustments*	1.90%

*No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 1.90% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Wisconsin Retirement System (Continued)

Actuarial Assumptions (Continued)

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table.

	Current Asset Allocation Percentage	Long-Term Expected Nominal Rate of Return Percentage	Long-Term Expected Real Rate of Return Percentage
Core Fund Asset Class:			
Global Equities	49.0%	8.0%	5.1%
Fixed Income	24.5%	4.9%	2.1%
Inflation Sensitive Assets	15.5%	4.0%	1.2%
Real Estate	9.0%	6.3%	3.5%
Private Equity/Debt	8.0%	10.6%	7.6%
Multi-Asset	4.0%	6.9%	4.0%
Total Core Fund	110.0%	7.5%	4.6%
Variable Fund Asset Class:			
United States Equities	70.0%	7.5%	4.6%
International Equities	30.0%	8.2%	5.3%
Total Variable Fund	100.0%	7.8%	4.9%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Wisconsin Retirement System (Continued)

Single Discount Rate

A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Village's Proportionate Share of the Net Pension Liability (Assets)	\$ 3,501,575	\$ (1,359,740)	\$ (4,994,133)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

In addition to providing the pension benefits described, the Village provides other postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Village's governmental activities.

B. Benefits Provided

The Village provides continued health insurance coverage at the active employee rate to all eligible employees in accordance with Wisconsin Statutes, which creates an implicit subsidy of retiree health insurance. In addition, the Village provides a monthly contribution toward the premium based upon the union contract or group the retiree was in while employed by the Village. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree can choose to not participate in the plan or continue under the Village's plan at a Medicare supplement rate.

C. Membership

At December 31, 2020, membership consisted of:

Inactive plan members of beneficiaries currently receiving benefit payments	5
Active plan members	59
Total	<u>64</u>

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

D. Total OPEB Liability

The Village's total OPEB liability of \$838,308 was measured as of December 31, 2020, and was determined by an actuarial valuation as January 1, 2021.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	January 1, 2021
Measurement date	December 31, 2020
Inflation	2.25%
Discount rate	2.12%
Healthcare cost trend	5.00% increasing to 6.5% then decreasing to 5.00% (2030+)
Salary increases including inflation	2.00%
Mortality	WRS; see actuarial assumptions for details
Actuarial cost method	Entry Age Normal

The discount assumption is based on the current yield for a 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Retirement, termination, disability, and mortality rates were based on the following criteria:

Retirement Rates

This assumption is based on rates from the Wisconsin Retirement System Experience Study Report dated November 19, 2019 for general and protective participants.

Termination Rates

This assumption is based on rates from the Wisconsin Retirement System Experience Study Report dated November 19, 2019 for general and protective participants.

Disability Rates

This assumption is based on rates from the Wisconsin Retirement System Experience Study Report dated November 19, 2019 for general and protective participants.

Mortality Rates

This assumption is based on rates from the Wisconsin Retirement System Experience Study Report dated November 19, 2019 for general and protective participants.

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

E. Changes in the Total OPEB Liability

The total OPEB liability has been rolled forward as follows:

	Total OPEB Liability (a)
	(a)
Balances at December 31, 2019	\$ 768,347
Changes for the year:	
Service Cost	32,363
Interest on total OPEB Liability	29,981
Changes of Benefit Terms	(30,066)
Change in Assumptions	86,681
Difference Between Expected and Actual Experience	(11,328)
Benefit Payments	(37,670)
Net Changes	69,961
Balances at December 31, 2020	\$ 838,308

The following summarize changes of assumptions in determining the total OPEB liability as of December 31, 2020:

- Male spouses are now assumed to be 3 years older than female spouses.
- The assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 4.00% to 2.12% for the current year. The underlying index used is the Bond Buyer 20-Bond GO Index as discussed in more detail later in this section. The rate has been updated to the current fiscal year end based on changes in market conditions as reflected in the index.
- The employer does not have a trust dedicated exclusively to the payment of OPEB benefits, which resulted in the discount rate used in the determination of the total OPEB liability was also changed from 4.00% to 2.12%.

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

F. Sensitivity Analysis

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.12%) or 1-percentage-point higher (3.12%) than the current discount rate:

	1% Decrease to Discount Rate (1.12%)	Current Discount Rate (2.12%)	1% Increase to Discount Rate (3.12%)
Total OPEB Liability	\$ 914,194	\$ 838,308	\$ 768,664

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage-point lower (4.00% increasing to 5.50% decreasing to 4.00%) or 1-percentage-point higher (6.00% increasing to 6.50% decreasing to 6.00%) than the current discount rate:

	1% Decrease	Current Trent	1% Increase
Total OPEB Liability	\$ 757,767	\$ 838,308	\$ 934,372

G. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the Village recognized OPEB expense of \$38,178. At December 31, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 10,440
Changes in Assumptions	79,893	-
Total	\$ 79,893	\$ 10,440

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

G. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At December 31, 2020, the Village reported deferred outflows and deferred inflows of resources that will be realized as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Inflow of Resources</u>
2021	\$ 5,900
2022	5,900
2023	5,900
2024	5,900
2025	5,900
Thereafter	39,953
Total	<u>\$ 69,453</u>

NOTE 13 BASIS FOR EXISTING RATES

A. Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin and effective February 16, 2017.

B. Sewer Utility

Current sewer rates were approved by the Village board on November 19, 2011 and effective January 1, 2015.

C. Storm Water Utility

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

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 14 OTHER POLICIES – TAX INCREMENTAL DISTRICTS

A. Tax Increment District No. 2

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.

As of December 31, 2020, the Village has made no amendments to the initial project plan.

B. Tax Increment District No. 3

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.

As of December 31, 2020, the Village has made no amendments to the initial project plan.

C. Tax Increment District No. 4

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.

As of December 31, 2020, the Village has made no amendments to the initial project plan.

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 15 INTERMUNICIPAL AGREEMENTS

A. North Shore Fire Department

The Village is a member of the North Shore Fire Department (the Department) along with the Villages of Bayside, Fox Point, River Hills, 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 2020, the Village incurred expenditures of \$2.36 million for fire protection and emergency medical services under this agreement. Complete 2020 financial statements for the Department are available from the Department at 4401 West River Lane, Brown Deer, Wisconsin 53223.

B. Milwaukee Area Domestic Animal Control Commission

The Village is a member of the Milwaukee Area Domestic Animal Control Commission (the Commission) along with 18 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 19-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.

C. North Shore Health Department

The North Shore Health Department (NSHD) is comprised of the Villages of Brown Deer, Bayside, Fox Point, Whitefish Bay, and River Hills, as well as the City of Glendale. The NSHD Board of Health is comprised of one member representative from each community, to be appointed by each communities President/Mayor.

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

**VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 15 INTERMUNICIPAL AGREEMENTS (CONTINUED)

D. Bayside Communications Center

The Village entered into a ten-year agreement with the Village of Bayside (Bayside) effective January 1, 2012 in which Bayside will provide a unified public safety answering point (PSAP). Bayside provides dispatch service to the Village, including all police and fire emergency calls, transfer calls, calls for medical emergencies, emergency rescue calls, and calls for dispatch services. The operating costs are being based on a formula that is restricted by the lesser of the State imposed levy limit plus any nonpersonnel contractual obligations or the consumer price index increase. The agreement states that the Village will make an annual capital contribution to the Bayside Communications Center with payments ranging from \$5,428 to \$16,201.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF BROWN DEER, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 6,953,784	\$ 6,701,769	\$ (252,015)
Intergovernmental Revenues	1,700,221	1,908,230	208,009
Licenses and Permits	424,142	384,993	(39,149)
Fines, Forfeitures, and Penalties	50,000	49,916	(84)
Public Charges for Services	34,500	70,093	35,593
Interdepartmental Charges for Services	799,429	608,072	(191,357)
Commercial Revenues	91,455	189,041	97,586
Total Revenues	<u>10,053,531</u>	<u>9,912,114</u>	<u>(141,417)</u>
EXPENDITURES			
Current:			
General Government	1,469,264	1,408,465	60,799
Public Safety	6,580,577	6,722,118	(141,541)
Public Works	1,828,164	1,912,484	(84,320)
Health and Human Services	148,966	164,389	(15,423)
Conservation and Development	500	-	500
Culture, Recreation, and Education	231,060	225,411	5,649
Total Expenditures	<u>10,258,531</u>	<u>10,432,867</u>	<u>(174,336)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(205,000)	(520,753)	(315,753)
OTHER FINANCING SOURCES (USES)			
Transfers In	295,000	334,527	39,527
Transfers Out	(90,000)	(90,000)	-
Total Other Financing Sources (Uses)	<u>205,000</u>	<u>244,527</u>	<u>39,527</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>(276,226)</u>	<u>\$ (276,226)</u>
Fund Balance - Beginning of Year		<u>8,019,284</u>	
FUND BALANCE - END OF YEAR		<u>\$ 7,743,058</u>	

VILLAGE OF BROWN DEER, WISCONSIN
SCHEDULES OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 32,363	\$ 31,798	\$ 32,784
Interest on Total OPEB Liability	29,981	31,247	29,980
Changes of Benefit Terms	(30,066)	-	-
Differences Between Expected and Actual Experience	(11,328)	-	-
Changes in Assumptions	86,681	-	-
Benefit Payments	<u>(37,670)</u>	<u>(44,075)</u>	<u>(30,114)</u>
Net Change in Total OPEB Liability	69,961	18,970	32,650
Total OPEB Liability, Beginning	<u>768,347</u>	<u>749,377</u>	<u>716,727</u>
Total OPEB Liability, Ending	<u><u>\$ 838,308</u></u>	<u><u>\$ 768,347</u></u>	<u><u>\$ 749,377</u></u>
Covered - Employee Payroll*	<u>\$ 5,862,148</u>	<u>\$ 5,373,826</u>	<u>\$ 5,268,457</u>
City's total OPEB Liability as a Percentage of Covered Employee Payroll*	14.30%	14.30%	14.22%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

**There are no assets accumulated in a trust for the payment of other postemployment benefits.

**VILLAGE OF BROWN DEER, WISCONSIN
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AND SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
DECEMBER 31, 2020*
(SEE INDEPENDENT AUDITORS' REPORT)**

PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

	2014	2015	2016	2017	2018	2019
Village's proportion of the net pension liability (asset)	0.04056323%	0.04060769%	0.04103731%	0.04173939%	0.04196502%	0.04216961%
Village's proportionate share of the net pension liability (asset)	\$ (996,344)	\$ 659,867	\$ 338,245	\$ (1,239,291)	\$ 1,492,983	\$ (1,359,740)
Village's covered payroll	\$ 4,687,391	\$ 4,851,886	\$ 4,983,360	\$ 4,989,401	\$ 4,933,700	\$ 5,214,754
Plan fiduciary net position as a percentage of the total pension liability	102.74%	98.20%	99.12%	102.93%	96.45%	102.60%
Proportionate share of the collective net pension liability (asset) as a percentage of the Village's covered payroll	(21.26%)	13.60%	6.79%	(24.84)	30.26	(26.07)

SCHEDULE OF CONTRIBUTIONS

	2015	2016	2017	2018	2019	2020
Contractually required contributions	\$ 394,968	\$ 397,074	\$ 430,918	\$ 435,197	\$ 443,093	\$ 493,612
Contributions in relation to the contractually required contributions	\$ (394,968)	\$ (397,074)	\$ (430,918)	\$ (435,197)	\$ (443,093)	\$ (493,612)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	\$ 4,851,886	\$ 4,983,360	\$ 4,989,401	\$ 4,933,700	\$ 5,214,755	\$ 5,541,702
Contributions as a percentage covered payroll	8.14%	7.97%	8.64%	8.82%	8.50%	8.91%

The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The Village has elected to present the supplementary information required by GASB Statement No. 68 prospectively.

*This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

NOTE 1 BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget, Budgets are adopted on a basis consistent with GAAP.

A budget has been adopted for the General Fund, Special Revenue Funds (excluding, Village Grant, and Police Asset Forfeiture), Debt Service Fund, and the Capital Projects Funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds levying a general property tax.

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

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

Excess of expenditures over appropriations are as follows:

	<u>Final Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General Fund:			
Public Safety	6,580,577	6,722,118	141,541
Public Works	1,828,164	1,912,484	84,320
Health and Human Services	148,966	164,389	15,423
Special Revenue Funds:			
North Shore Health Department	808,026	1,431,863	623,837
Recycling	366,610	410,229	43,619
Brown Deer Farmer's Market	7,230	16,673	9,443
Policing Services	167,720	168,658	938
Debt Service Fund	1,014,920	1,535,918	520,998
Capital Projects Funds:			
TIF No. 3	421,798	828,836	407,038
TIF No. 4	579,678	1,182,088	602,410
Capital Improvements Fund	1,252,926	3,741,363	2,488,437

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

VILLAGE OF BROWN DEER, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

NOTE 2 WISCONSIN RETIREMENT SYSTEM

Changes of benefit terms: There were no changes of benefit terms for any participating employer in WRS.

Changes of assumptions: No significant change in assumptions were noted from the prior year.

NOTE 3 OTHER POSTEMPLOYMENT BENEFITS

Changes of benefit terms: There were no changes of benefit terms for any participating employer in the plan.

Changes of assumptions:

- Male spouses are now assumed to be 3 years older than female spouses.
- The assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 4.00% to 2.12% for the current year. The underlying index used is the Bond Buyer 20-Bond GO Index as discussed in more detail later in this section. The rate has been updated to the current fiscal year end based on changes in market conditions as reflected in the index.
- The employer does not have a trust dedicated exclusively to the payment of OPEB benefits, which resulted in the discount rate used in the determination of the total OPEB liability was also changed from 4.00% to 2.12%.

SUPPLEMENTARY INFORMATION

NONMAJOR FUNDS

SPECIAL REVENUE FUNDS

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

Village 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 contains accounts for the operation of the Public Library. The accounts are segregated from the General Fund because a significant portion of the Village Library revenues are derived from the Milwaukee County Federated Library System's reciprocal borrowing payment and the statutory authority of the Library board over its expenditures.

North Shore Health Department Fund – This fund contains accounts for the operation of the North Shore Health Department. Funds are segregated in this special fund because significant portions of revenues are collected from other municipalities who share in the cost of operation of the department. The member municipalities are Bayside, Glendale, Fox Point, River Hills, Shorewood, Whitefish Bay, and Brown Deer.

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

Recycling Fund – This fund provides for the receipt and disbursement of funds generated by user charges for the operation of the Village recycling center and contracted services for recycling.

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

Strehlow Donation Fund – This fund was created when the Village Park & Recreation Department and the Village Library received funds from Naomi Strehlow to use on children's activities. This fund is used to account for the revenue and expenditures.

Brown Deer Farmers Market – This fund accounts for the operations of the Village of Brown Deer, Wisconsin's farmers market. Funds are segregated in this special fund to account for the revenues and expenditures of the Village of Brown Deer, Wisconsin's farmers market.

Community Vibes – This fund accounts for the operations of the Village of Brown Deer, Wisconsin's Community Vibes events. Funds are segregated in this special fund to account for the revenues and expenditures of the Village of Brown Deer, Wisconsin's Community Vibes events.

Tourism Commission Fund – This fund accounts for revenues that exceed the amount of room tax revenue a municipality may retain. The room tax revenue must be spent on tourism promotion and tourism development. It cannot be spent directly by the municipality.

Municipal Court Fund – This fund accounts for fees collected on conviction of Municipal Court citations. To provide court services for the Village.

Policing Services Fund – This fund accounts for policing services provided to Rogers Memorial Hospital as a result of a developer agreement between the Village and Rogers Memorial Hospital.

NONMAJOR FUNDS

CAPITAL PROJECTS FUNDS

Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TIF project plans.

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

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

**VILLAGE OF BROWN DEER, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	Special Revenue Funds									
	Village Grant	Special Assessments	Library	North Shore Health Department	Police Asset Forfeiture	Recycling	Park and Recreation Program	Strehlow Donation	Brown Deer Farmers Market	Community Vibes
ASSETS										
Cash and Cash Equivalents	\$ 57,286	\$ 256,454	\$ 421,387	\$ 36,507	\$ 12,850	\$ 879,579	\$ 187,859	\$ 72,436	\$ 18,324	\$ 1,387
Receivables (Net):										
Taxes:										
Tax Levy	-	-	284,811	-	-	-	35,108	-	-	-
Special Charges and Assessments on Tax Roll	-	41,250	-	-	-	103,110	-	-	-	-
Accounts	-	269	462	501,168	15	1,490	259	-	2,316	1,616
Due from Other Governments	-	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 57,286</u>	<u>\$ 297,973</u>	<u>\$ 706,660</u>	<u>\$ 537,675</u>	<u>\$ 12,865</u>	<u>\$ 984,179</u>	<u>\$ 223,226</u>	<u>\$ 72,436</u>	<u>\$ 20,640</u>	<u>\$ 3,003</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES										
LIABILITIES										
Accounts Payable and Accrued Liabilities	\$ 23,439	\$ -	\$ 11,943	\$ 17,043	\$ -	\$ 32,712	\$ 96	\$ 88	\$ -	\$ -
Due to Other Funds	25,137	-	-	100,539	-	-	-	-	-	-
Total Liabilities	<u>48,576</u>	<u>-</u>	<u>11,943</u>	<u>117,582</u>	<u>-</u>	<u>32,712</u>	<u>96</u>	<u>88</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES										
Subsequent Year Tax Levy	-	-	385,346	-	-	304,240	47,500	-	-	-
Other Deferred Inflows	-	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>385,346</u>	<u>-</u>	<u>-</u>	<u>304,240</u>	<u>47,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES										
Restricted	8,710	-	309,371	-	12,865	-	-	72,348	20,640	3,003
Committed	-	297,973	-	420,093	-	647,227	175,630	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>8,710</u>	<u>297,973</u>	<u>309,371</u>	<u>420,093</u>	<u>12,865</u>	<u>647,227</u>	<u>175,630</u>	<u>72,348</u>	<u>20,640</u>	<u>3,003</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 57,286</u>	<u>\$ 297,973</u>	<u>\$ 706,660</u>	<u>\$ 537,675</u>	<u>\$ 12,865</u>	<u>\$ 984,179</u>	<u>\$ 223,226</u>	<u>\$ 72,436</u>	<u>\$ 20,640</u>	<u>\$ 3,003</u>

**VILLAGE OF BROWN DEER, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	Special Revenue Funds (Continued)			Capital Projects Funds		Total Nonmajor Governmental Funds
	Tourism Commission	Municipal Court	Policing Services	TIF No. 2	TIF No. 3	
ASSETS						
Cash and Cash Equivalents	\$ 115,116	\$ 645,488	\$ 9,167	\$ 193,958	\$ 747,898	\$ 3,655,696
Receivables (Net):						
Taxes:						
Tax Levy	-	-	-	531,898	521,796	1,373,613
Special Charges and Assessments on Tax Roll	-	-	-	-	-	144,360
Accounts	-	859	-	1,379	114	509,947
Due from Other Governments	-	-	-	-	-	-
Total Assets	\$ 115,116	\$ 646,347	\$ 9,167	\$ 727,235	\$ 1,269,808	\$ 5,683,616
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES						
LIABILITIES						
Accounts Payable and Accrued Liabilities	\$ -	\$ 3,357	\$ -	\$ -	\$ 390,000	\$ 478,678
Due to Other Funds	-	-	-	590,484	-	716,160
Total Liabilities	-	3,357	-	590,484	390,000	1,194,838
DEFERRED INFLOWS OF RESOURCES						
Subsequent Year Tax Levy	-	-	-	719,651	705,983	2,162,720
Other Deferred Inflows	-	-	9,167	-	-	9,167
Total Deferred Inflows of Resources	-	-	9,167	719,651	705,983	2,171,887
FUND BALANCES						
Restricted	115,116	642,990	-	-	173,825	1,358,868
Committed	-	-	-	-	-	1,540,923
Unassigned	-	-	-	(582,900)	-	(582,900)
Total Fund Balances	115,116	642,990	-	(582,900)	173,825	2,316,891
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 115,116	\$ 646,347	\$ 9,167	\$ 727,235	\$ 1,269,808	\$ 5,683,616

VILLAGE OF BROWN DEER, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Special Revenue Funds									
	Village Grant	Special Assessments	Library	North Shore Health Department	Police Asset Forfeiture	Recycling	Park and Recreation Program	Strehlow Donation	Brown Deer Farmers Market	Community Vibes
REVENUES										
Taxes	\$ -	\$ -	\$ 385,346	\$ -	\$ -	\$ -	\$ 47,500	\$ -	\$ -	\$ -
Intergovernmental Revenues	57,286	-	98,063	843,240	-	43,676	-	-	-	-
Licenses and Permits	-	-	-	148,160	-	-	-	-	-	-
Fines, Forfeitures, and Penalties	-	-	-	-	-	-	-	-	-	-
Public Charges for Services	-	-	18,555	24,469	-	306,021	46,011	-	15,843	-
Public Improvement Revenues for Services	-	40,844	-	-	-	-	-	-	-	-
Commercial Revenues	8,734	-	115,296	2,549	130	17,680	8,438	752	247	1,025
Total Revenues	66,020	40,844	617,260	1,523,956	130	367,377	101,949	752	16,090	1,025
EXPENDITURES										
Current:										
Public Safety	-	-	-	-	-	-	-	-	-	-
Public Works	-	27,387	-	-	-	410,229	-	-	-	-
Health and Human Services	-	-	-	1,431,863	-	-	-	-	-	-
Culture, Recreation, and Education	57,286	-	520,769	-	-	-	83,461	1,970	16,673	2,176
Conservation and Development	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Debt Service:										
Principal Retirement	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-
Total Expenditures	57,286	27,387	520,769	1,431,863	-	410,229	83,461	1,970	16,673	2,176
NET CHANGE IN FUND BALANCES	8,734	13,457	96,491	92,093	130	(42,852)	18,488	(1,218)	(583)	(1,151)
Fund Balances - Beginning of Year	(24)	284,516	212,880	328,000	12,735	690,079	157,142	73,566	21,223	4,154
FUND BALANCE - END OF YEAR	\$ 8,710	\$ 297,973	\$ 309,371	\$ 420,093	\$ 12,865	\$ 647,227	\$ 175,630	\$ 72,348	\$ 20,640	\$ 3,003

VILLAGE OF BROWN DEER, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Special Revenue Funds (Continued)			Capital Projects Funds		Total Nonmajor Governmental Funds
	Tourism Commission	Municipal Court	Policing Services	TIF No. 2	TIF No. 3	
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 807,189	\$ 786,809	\$ 2,026,844
Intergovernmental Revenues	-	262	-	2,353	45,772	1,090,652
Licenses and Permits	-	-	-	-	-	148,160
Fines, Forfeitures, and Penalties	-	322,199	-	-	-	322,199
Public Charges for Services	-	-	182,856	-	-	593,755
Public Improvement Revenues for Services	-	-	-	-	-	40,844
Commercial Revenues	-	-	710	5,234	-	160,795
Total Revenues	-	322,461	183,566	814,776	832,581	4,888,787
EXPENDITURES						
Current:						
Public Safety	-	290,761	168,658	-	-	459,419
Public Works	-	-	-	-	-	437,616
Health and Human Services	-	-	-	-	-	1,431,863
Culture, Recreation, and Education	-	-	-	-	-	682,335
Conservation and Development	-	-	-	119,713	105,286	224,999
Capital Outlay	-	-	-	-	250,000	250,000
Debt Service:						
Principal Retirement	-	-	-	710,000	425,000	1,135,000
Interest and Fiscal Charges	-	-	-	45,873	48,550	94,423
Total Expenditures	-	290,761	168,658	875,586	828,836	4,715,655
NET CHANGE IN FUND BALANCES	-	31,700	14,908	(60,810)	3,745	173,132
Fund Balances - Beginning of Year	115,116	611,290	(14,908)	(522,090)	170,080	2,143,759
FUND BALANCE - END OF YEAR	\$ 115,116	\$ 642,990	\$ -	\$ (582,900)	\$ 173,825	\$ 2,316,891

VILLAGE OF BROWN DEER, WISCONSIN
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Special Assessments Fund			Library Fund		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 385,346	\$ 385,346	\$ -
Intergovernmental Revenues	-	-	-	84,988	98,063	13,075
Licenses and Permits	-	-	-	-	-	-
Fines, Forfeitures, and Penalties	-	-	-	-	-	-
Public Charges for Services	-	-	-	22,500	18,555	(3,945)
Public Improvement Revenues	42,200	40,844	(1,356)	-	-	-
Intergovernmental Charges for Services	-	-	-	-	-	-
Commercial Revenues	-	-	-	109,000	115,296	6,296
Total Revenues	<u>42,200</u>	<u>40,844</u>	<u>(1,356)</u>	<u>601,834</u>	<u>617,260</u>	<u>15,426</u>
EXPENDITURES						
Current:						
Public Safety	-	-	-	-	-	-
Public Works	37,100	27,387	9,713	-	-	-
Health and Human Services	-	-	-	-	-	-
Culture, Recreation, and Education	-	-	-	571,482	520,769	50,713
Total Expenditures	<u>37,100</u>	<u>27,387</u>	<u>9,713</u>	<u>571,482</u>	<u>520,769</u>	<u>50,713</u>
NET CHANGE IN FUND BALANCES	<u>\$ 5,100</u>	<u>13,457</u>	<u>\$ 8,357</u>	<u>\$ 30,352</u>	<u>96,491</u>	<u>\$ 66,139</u>
Fund Balances - Beginning of Year		<u>284,516</u>			<u>212,880</u>	
FUND BALANCE - END OF YEAR		<u>\$ 297,973</u>			<u>\$ 309,371</u>	

VILLAGE OF BROWN DEER, WISCONSIN
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
BUDGET AND ACTUAL – SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	North Shore Health Department Fund			Recycling Fund		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
	REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	147,680	843,240	695,560	30,000	43,676	13,676
Licenses and Permits	150,000	148,160	(1,840)	-	-	-
Fines, Forfeitures, and Penalties	-	-	-	-	-	-
Public Charges for Services	16,000	24,469	8,469	332,560	306,021	(26,539)
Public Improvement Revenues	-	-	-	-	-	-
Intergovernmental Charges for Services	494,346	505,538	11,192	-	-	-
Commercial Revenues	-	2,549	2,549	7,500	17,680	10,180
Total Revenues	808,026	1,523,956	715,930	370,060	367,377	(2,683)
EXPENDITURES						
Current:						
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	366,610	410,229	(43,619)
Health and Human Services	808,026	1,431,863	(623,837)	-	-	-
Culture, Recreation, and Education	-	-	-	-	-	-
Total Expenditures	808,026	1,431,863	(623,837)	366,610	410,229	(43,619)
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>92,093</u>	<u>\$ 92,093</u>	<u>\$ 3,450</u>	<u>(42,852)</u>	<u>\$ (46,302)</u>
Fund Balances - Beginning of Year		328,000			690,079	
FUND BALANCE - END OF YEAR		<u>\$ 420,093</u>			<u>\$ 647,227</u>	

VILLAGE OF BROWN DEER, WISCONSIN
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
BUDGET AND ACTUAL – SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Park and Recreation Program Fund			Strehlow Donation Fund			Brown Deer Farmers Market 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	\$ 47,500	\$ 47,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	-	-	-	-	-	-	-	-
Licenses and Permits	6,500	-	(6,500)	-	-	-	-	-	-
Fines, Forfeitures, and Penalties	-	-	-	-	-	-	-	-	-
Public Charges for Services	131,890	46,011	(85,879)	-	-	-	8,000	15,843	7,843
Public Improvement Revenues	-	-	-	-	-	-	-	-	-
Intergovernmental Charges for Services	-	-	-	-	-	-	-	-	-
Commercial Revenues	57,768	8,438	(49,330)	-	752	752	-	247	247
Total Revenues	243,658	101,949	(141,709)	-	752	752	8,000	16,090	8,090
EXPENDITURES									
Current:									
Public Safety	-	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-
Health and Human Services	-	-	-	-	-	-	-	-	-
Culture, Recreation, and Education	235,834	83,461	152,373	6,000	1,970	4,030	7,230	16,673	(9,443)
Total Expenditures	235,834	83,461	152,373	6,000	1,970	4,030	7,230	16,673	(9,443)
NET CHANGE IN FUND BALANCES	\$ 7,824	18,488	\$ 10,664	\$ (6,000)	(1,218)	\$ 4,782	\$ 770	(583)	\$ (1,353)
Fund Balances - Beginning of Year		157,142			73,566			21,223	
FUND BALANCE - END OF YEAR		\$ 175,630			\$ 72,348			\$ 20,640	

VILLAGE OF BROWN DEER, WISCONSIN
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
BUDGET AND ACTUAL – SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Community Vibes Fund			Tourism Commission Fund			Municipal Court 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	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ (10,000)	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	-	-	-	-	-	-	262	262
Licenses and Permits	-	-	-	-	-	-	-	-	-
Fines, Forfeitures, and Penalties	-	-	-	-	-	-	450,000	322,199	(127,801)
Public Charges for Services	1,000	-	(1,000)	-	-	-	-	-	-
Public Improvement Revenues	-	-	-	-	-	-	-	-	-
Intergovernmental Charges for Services	-	-	-	-	-	-	-	-	-
Commercial Revenues	18,500	1,025	(17,475)	-	-	-	-	-	-
Total Revenues	<u>19,500</u>	<u>1,025</u>	<u>(18,475)</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>	<u>450,000</u>	<u>322,461</u>	<u>(127,539)</u>
EXPENDITURES									
Current:									
Public Safety	-	-	-	-	-	-	414,605	290,761	123,844
Public Works	-	-	-	-	-	-	-	-	-
Health and Human Services	-	-	-	-	-	-	-	-	-
Culture, Recreation, and Education	20,700	2,176	18,524	10,000	-	10,000	-	-	-
Total Expenditures	<u>20,700</u>	<u>2,176</u>	<u>18,524</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>414,605</u>	<u>290,761</u>	<u>123,844</u>
NET CHANGE IN FUND BALANCES	<u>\$ (1,200)</u>	<u>(1,151)</u>	<u>\$ 49</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 35,395</u>	<u>31,700</u>	<u>\$ (3,695)</u>
Fund Balances - Beginning of Year		<u>4,154</u>			<u>115,116</u>			<u>611,290</u>	
FUND BALANCE - END OF YEAR		<u>\$ 3,003</u>			<u>\$ 115,116</u>			<u>\$ 642,990</u>	

VILLAGE OF BROWN DEER, WISCONSIN
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
BUDGET AND ACTUAL – SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Policing Services Fund		
	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	-	-
Licenses and Permits	-	-	-
Fines, Forfeitures, and Penalties	-	-	-
Public Charges for Services	165,908	182,856	16,948
Public Improvement Revenues	-	-	-
Intergovernmental Charges for Services	-	-	-
Commercial Revenues	1,812	710	(1,102)
Total Revenues	167,720	183,566	15,846
EXPENDITURES			
Current:			
Public Safety	167,720	168,658	(938)
Public Works	-	-	-
Health and Human Services	-	-	-
Culture, Recreation, and Education	-	-	-
Total Expenditures	167,720	168,658	(938)
NET CHANGE IN FUND BALANCES	\$ -	14,908	\$ 14,908
Fund Balances - Beginning of Year		(14,908)	
FUND BALANCE - END OF YEAR		\$ -	

DEBT SERVICE FUND

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

VILLAGE OF BROWN DEER, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 1,014,920	\$ 1,443,812	\$ 428,892
Commercial Revenues	-	8,281	8,281
Total Revenues	1,014,920	1,452,093	437,173
EXPENDITURES			
Debt Service:			
Principal	627,017	1,035,000	407,983
Interest and Fiscal Charges	387,903	500,918	113,015
Total Expenditures	1,014,920	1,535,918	520,998
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(83,825)	(83,825)
OTHER FINANCING SOURCES (USES)			
Proceeds on Issuance of Long-Term Refunding Debt	-	-	-
Premium on Refunding Debt Issued	-	-	-
Total Other Financing Sources (Uses)	-	-	-
NET CHANGE IN FUND BALANCE	\$ -	(83,825)	\$ (83,825)
Fund Balance - Beginning of Year		(645,787)	
FUND BALANCE - END OF YEAR		\$ (729,612)	

CAPITAL PROJECTS FUNDS

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

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

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

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

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

VILLAGE OF BROWN DEER, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL - CAPITAL PROJECTS FUNDS
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	TIF No. 2 Fund			TIF No. 3 Fund		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ 728,591	\$ 807,189	\$ 78,598	\$ 1,127,313	\$ 786,809	\$ (340,504)
Intergovernmental Revenues	-	2,353	2,353	14,453	45,772	31,319
Commercial Revenues	753	5,234	4,481	-	-	-
Total Revenues	<u>729,344</u>	<u>814,776</u>	<u>85,432</u>	<u>1,141,766</u>	<u>832,581</u>	<u>(309,185)</u>
EXPENDITURES						
Current:						
Public Safety	-	-	-	-	-	-
Conservation and Development	115,000	119,713	(4,713)	108,000	105,286	2,714
Capital Outlay	-	-	-	-	250,000	(250,000)
Debt Service:						
Principal Retirement	720,000	710,000	10,000	260,000	425,000	(165,000)
Interest and Fiscal Charges	59,106	45,873	13,233	53,798	48,550	5,248
Total Expenditures	<u>894,106</u>	<u>875,586</u>	<u>18,520</u>	<u>421,798</u>	<u>828,836</u>	<u>(407,038)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(164,762)	(60,810)	103,952	719,968	3,745	(716,223)
OTHER FINANCING SOURCES (USES)						
Transfer Out	-	-	-	-	-	-
Proceeds on Issuance of Long-Term Refunding Debt	-	-	-	-	-	-
Premium on Refunding Debt Issued	-	-	-	-	-	-
Proceeds on Sale of Capital Assets	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (164,762)</u>	<u>(60,810)</u>	<u>\$ 103,952</u>	<u>\$ 719,968</u>	<u>3,745</u>	<u>\$ (716,223)</u>
Fund Balances - Beginning of Year		<u>(522,090)</u>			<u>170,080</u>	
FUND BALANCE - END OF YEAR		<u>\$ (582,900)</u>			<u>\$ 173,825</u>	

VILLAGE OF BROWN DEER, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL - CAPITAL PROJECTS FUNDS
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	TIF No. 4 Fund			Capital Improvements Fund		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ 28,789	\$ -	\$ (28,789)	\$ 372,000	\$ 372,000	\$ -
Intergovernmental Revenues	6,210	6,360	150	-	49,854	49,854
Commercial Revenues	-	996,300	996,300	-	23,514	23,514
Total Revenues	<u>34,999</u>	<u>1,002,660</u>	<u>967,661</u>	<u>372,000</u>	<u>445,368</u>	<u>73,368</u>
EXPENDITURES						
Current:						
Public Safety	-	-	-	-	-	-
Conservation and Development	150,000	175,246	(25,246)	-	-	-
Capital Outlay	-	665,070	(665,070)	1,252,926	3,508,806	(2,255,880)
Debt Service:						
Principal Retirement	282,983	235,000	47,983	-	87,269	(87,269)
Interest and Fiscal Charges	146,695	106,772	39,923	-	145,288	(145,288)
Total Expenditures	<u>579,678</u>	<u>1,182,088</u>	<u>(602,410)</u>	<u>1,252,926</u>	<u>3,741,363</u>	<u>(2,488,437)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(544,679)	(179,428)	365,251	(880,926)	(3,295,995)	(2,415,069)
OTHER FINANCING SOURCES (USES)						
Transfer Out	-	-	-	-	-	-
Proceeds on Issuance of Long-Term Refunding Debt	-	-	-	-	4,985,000	4,985,000
Premium on Refunding Debt Issued	-	-	-	-	191,538	191,538
Proceeds on Sale of Capital Assets	-	-	-	-	495,273	495,273
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,671,811</u>	<u>5,671,811</u>
NET CHANGE IN FUND BALANCES	<u>\$ (544,679)</u>	<u>(179,428)</u>	<u>\$ 365,251</u>	<u>\$ (880,926)</u>	<u>2,375,816</u>	<u>\$ 3,256,742</u>
Fund Balances - Beginning of Year		(5,158,338)			(945,039)	
FUND BALANCE - END OF YEAR		<u>\$ (5,337,766)</u>			<u>\$ 1,430,777</u>	

OTHER INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Village Board
Village of Brown Deer, Wisconsin
Brown Deer, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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 (the Village), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated April 11, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001, 2020-002, 2020-003, 2020-004, and 2020-005 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those

Village Board
Brown Deer, Wisconsin

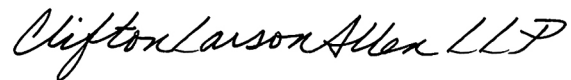
provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village of Brown Deer's Response to Findings

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Wauwatosa, Wisconsin
April 11, 2022

**VILLAGE OF BROWN DEER, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020**

Section I – Financial Statement Findings

2020 – 001: Preparation of the Financial Statements

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: The Village Board and management share the ultimate responsibility for the Village’s internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. The Village engages CliftonLarsonAllen LLP (CLA) to assist in preparing its financial statements and accompanying disclosures. In addition, we proposed material audit adjustments and reclassifications necessary to present the financial statements in accordance with accounting principles generally accepted in the United States of America.

Criteria or specific requirement: Village management is responsible for establishing and maintaining internal controls over the fair presentation of the financial statements including disclosures in accordance with Generally Accepted Accounting Principles (GAAP) as set by the Government Accounting Standards Board (GASB).

Context: Management has informed us that they do not have an internal control policy in place over annual financial reporting and that they do not have the necessary staff capacity to prepare the annual financial statements including footnote disclosures.

Effect: The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the Village’s internal controls in the normal course of business.

Cause: The Village relies on the audit firm to prepare the annual financial statements and related disclosures. However, they have reviewed and approved the annual financial statements and the related footnote disclosures.

Repeat Finding: Yes, 2019-001

Recommendation: As independent auditors, CLA cannot be considered part of the Village’s internal control system. As part of its internal control over the preparation of its financial statements, the Village should perform a comprehensive close process to ensure all balance sheet accounts have been reconciled and all revenue and expenditure accounts are complete and appropriately classified. The Village should also implement a review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the Village’s activities and operations.

Views of responsible officials and planned corrective actions: This is standard practice due to the staffing level at the Village that we outsource the preparing of its financial statements and accompanying disclosures. The Village worked with the auditors to develop a financial close and reporting checklist. The checklist will be implemented for use for the financial close and reporting process related to the year ending December 31, 2021.

**VILLAGE OF BROWN DEER, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020**

Section I – Financial Statement Findings (continued)

2020 – 002: Segregation of Duties Accounting Software

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: The Village Treasurer/Comptroller has enterprise-level access to the accounting software. Enterprise-level access allows the user full access to all functions within the accounting software. This creates the potential for a lack of segregation of duties because the enterprise-level user has the ability to initiate, post, and review a transaction. The Village Treasurer/Comptroller also has the responsibility to assign other users access rights to the accounting modules.

Criteria or specific requirement: Generally, a system of internal control segregates duties such that no one individual has responsibility to initiate, post, review and reconcile a transaction.

Context: While performing audit procedures, it was noted that management does not have internal controls in place to provide reasonable assurance that the duties are properly segregated. Individual users have the ability to prepare, review, and approve transactions within the general ledger without intervention from another individual to determine the appropriateness of the transaction.

Effect: Lack of segregation of duties creates an inherent risk that may allow for errors or irregularities to go undetected and uncorrected.

Cause: The Village does not have a sufficient number of individuals engaged in the performance of accounting related activities with skills, knowledge, or expertise to appropriately segregate duties.

Repeat Finding: Yes, 2019-002

Recommendation: The Village should review the activity for enterprise-level users for any activity that did not have appropriate segregation of duties. The Village should monitor the use of access rights to ensure they are appropriate for their job duties.

Views of responsible officials and planned corrective actions: The Treasurer/Comptroller will monitor employees' access rights to ensure they are assigned appropriate access rights on a quarterly basis. The Village Manager will review, on a quarterly basis, audit logs of the enterprise-level user for any activity that did not have proper segregation of duties.

**VILLAGE OF BROWN DEER, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020**

Section I – Financial Statement Findings (continued)

2020 – 003: Audit Adjustments

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: Numerous material journal entries were identified, proposed to management, and accepted during the performance of the audit to report activity related to long term debt issuance in accordance with GAAP.

Criteria or specific requirement: The Village’s internal controls should be designed to adequately reconcile and adjust accounting records to present them in the Village’s financial statement in accordance with accounting principles generally accepted in the United States of America (GAAP).

Effect: Numerous adjusting journal entries were proposed to and accepted by management to record the issuance of long-term debt in accordance with GAAP.

Cause: The financial close and reporting process failed to identify and correct the numerous misstatements to appropriately present the issuance of long-term debt in accordance with GAAP.

Repeat Finding: No

Recommendation: As independent auditors, CLA cannot be considered part of the Village’s internal control system. As part of its internal control over the preparation of its financial statements, the Village should perform a comprehensive close process to ensure all balance sheet accounts have been reconciled and all revenue and expenditure accounts are complete and appropriately classified. The Village should also implement a review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the Village’s activities and operations.

Views of responsible officials and planned corrective actions: Management agrees with this recommendation and is implementing month end and year end close procedures to improve the timeliness of reporting.

**VILLAGE OF BROWN DEER, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020**

Section I – Financial Statement Findings (continued)

2020 – 004: Timeliness of Financial Close and Reporting

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: The Village did not complete the financial close and reporting process timely for the year ended December 31, 2020.

Criteria or specific requirement: Timeliness of the financial close and reporting is essential to ensure the relevance of the information contained in the financial statements for the intended users.

Effect: Information contained in the financial statements becomes less relevant over time and limits its usability for decision making, monitoring, and other intended purposes by the intended users of the financial statements. In addition, there is an increased risk that the Village may not be timely with other key processes and controls in the financial reporting process in subsequent periods.

Cause: The Village experienced significant business interruptions resulting from the COVID-19 global pandemic. These business interruptions included closures of Village Offices, reduced work hours, turnover of staff and increase in vacant positions, additional reporting and transaction processing, and decreased efficiency to accommodate health and safety protocols. The Village designed and adapted procedures to ensure internal controls were retained, however, these factors resulted in delays in the completion of financial close and reporting process. In addition, the Village was awarded significant new funding during 2020, which resulted in a significant increase in the workload for the existing resources of the Village.

Repeat Finding: No

Recommendation: We recommend that the Village review the financial close and reporting process to determine opportunities to improve on the timeliness of the preparation and review of tasks. This should include identifying opportunities for efficiency as well as a review of the individuals and their role in the process to determine the sufficiency of resources to complete the process.

Views of responsible officials and planned corrective actions: Management agrees with this recommendation and is implementing month end and year end close procedures to improve the timeliness of reporting.

**VILLAGE OF BROWN DEER, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020**

Section I – Financial Statement Findings (continued)

2020 – 005: Timeliness of Bank Reconciliation Preparation and Review

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: The Village did not complete the preparation and review of the Village’s bank reconciliations timely for the year ended December 31, 2020.

Criteria or specific requirement: Timeliness of the preparation and review of the Village’s bank reconciliations are essential to ensure the relevance of the information contained in the financial statements for the intended users.

Effect: Information contained in the financial statements may not be complete limiting the usability for decision making, monitoring, and other intended purposes by the intended users of the financial statements. In addition, there is an increased risk that the Village may not be timely with other key processes and controls in the financial reporting process.

Cause: The Village experienced significant business interruptions resulting from the COVID-19 global pandemic. These business interruptions included closures of Village Offices, reduced work hours, turnover of staff and increase in vacant positions, additional reporting and transaction processing, and decreased efficiency to accommodate health and safety protocols. The Village designed and adapted procedures to ensure internal controls were retained, however, these factors resulted in delays in the completion of financial close and reporting process. In addition, the Village was awarded significant new funding during 2020, which resulted in a significant increase in the workload for the existing resources of the Village.

Repeat Finding: No

Recommendation: We recommend that the Village perform the preparation and review of the Village’s bank reconciliation process to determine opportunities to improve on the timeliness of the preparation and review of tasks. This should include identifying opportunities for efficiency as well as a review of the individuals and their role in the process to determine the sufficiency of resources to complete the process.

Views of responsible officials and planned corrective actions: Management agrees with this recommendation and is implementing month end and year end close procedures to improve the timeliness of reporting.