

VILLAGE OF BUTLER

Butler, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2018

VILLAGE OF BUTLER

TABLE OF CONTENTS As of and for the Year Ended December 31, 2018

	<u>Page</u>
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis – Required Supplementary Information	3 – 12
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet – Governmental Funds	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Net Position – Proprietary Funds	18
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds	20
Statement of Assets and Liabilities – Agency Fund	21
Index to Notes to Financial Statements	22
Notes to Financial Statements	23 – 63

VILLAGE OF BUTLER

TABLE OF CONTENTS As of and for the Year Ended December 31, 2018

	<u>Page</u>
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund (Non-GAAP)	64
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – Tax Increment Financing District	65
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Library	66
Schedules of Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions – Wisconsin Retirement System	67
Schedule of Changes in the Total OPEB Liability and Related Ratios – Village Retiree Benefits Plan	68
Schedules of Proportionate Share of the Net OPEB Liability and Employer Contributions – Local Retiree Life Insurance Fund	69
Notes to Required Supplementary Information	70
Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Debt Service Fund	71
Other Information	
Comparative Schedule of Taxes and Valuation Data (2014-2018 Tax Rolls)	72

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Butler
Butler, 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 Butler, Wisconsin, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village of Butler's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of Butler's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Village of Butler'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 of Butler, Wisconsin, as of December 31, 2018 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.

To the Village Board
Village of Butler

Emphasis of Matter

As discussed in Note I, the Village of Butler adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective January 1, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Butler's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Butler's basic financial statements. The other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
August 14, 2019

**MANAGEMENT'S DISCUSSION
AND
ANALYSIS**

Village of Butler, Wisconsin

Management's Discussion and Analysis As of and for the year ended December 31, 2018 (unaudited)

As management of the Village of Butler ("Village"), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2018. The discussion and analysis presents the highlights of financial activities and financial position for the Village of Butler. The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Village.

Financial Highlights

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$9,011,286 (net position). Of this amount, \$2,376,863 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$288,005.
- At the close of the 2018 fiscal year, the Village's governmental funds reported combined ending fund balances of \$1,546,654, a decrease of \$389,952 in comparison with the prior year. Approximately 25% of this total amount, \$394,279, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the 2018 fiscal year, unassigned fund balance for the General Fund was \$394,279 or 18% of the total general fund expenditures.
- The Village of Butler's total long-term debt, including compensated absences and other postemployment benefits, decreased by \$111,665 during fiscal year ended December 31, 2018.

Overview of the Financial Statements

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

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the Village of Butler's finances, in a manner similar to a private-sector business.

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

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

Both the government-wide financial statements distinguish functions of the Village of Butler that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village of Butler include general government, public safety, public works, community development, health and sanitation and library, parks and recreation. Business-type activities of the Village include the Sewer Service Utility, Water Utility and the Storm Water Utility.

Village of Butler, Wisconsin
Management Discussion and Analysis
As of and for the year ended December 31, 2018
(unaudited)

The government-wide financial statements include the Village of Butler and the Community Development Authority as a blended component unit. There are no other organizations or agencies whose financial statements should be combined and presented with the financial statements of the Village.

The government-wide financial statements can be found on pages 13 and 14 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village of Butler maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Special Revenue Funds for Tax Increment Financing District Fund and Library, the Debt Service Fund, and the Capital Projects Funds for the Community Development Authority, Equipment and Borrowed Money Funds.

The Village of Butler adopts an annual appropriated budget for its General Fund, Capital Projects Fund and Debt Service Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with its budget on page 64 of this report.

The basic governmental fund financial statements can be found on pages 15 through 17 of this report.

Proprietary funds – The Village of Butler maintains three types of proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, and storm water operations, all of which are considered to be major funds of the Village. The basic proprietary fund financial statements can be found on pages 18 through 20 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Village of Butler's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund for the Village is an agency fund used to account for tax collections.

The basic fiduciary fund financial statement can be found on page 21 of this report.

Village of Butler, Wisconsin

Management Discussion and Analysis As of and for the year ended December 31, 2018 (unaudited)

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 63 of this report.

Other information –The budget to actual comparison for the debt service fund and the comparative schedule of taxes and valuation can be found on pages 71 and 72 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Butler, assets and deferred outflows exceeded liabilities and deferred inflows by \$9,011,286 as of December 31, 2018, compared with net position at December 31, 2017 of \$8,723,281.

The largest portion of the Village of Butler's net position reflects its net investment in capital assets (e.g., land, buildings, improvements, machinery and equipment and intangibles), less any debt used to acquire those assets that is still outstanding. The Village of Butler uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's net investment in capital assets, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Village of Butler's Net Position

	Governmental Activities 2018	Business-type Activities 2018	Total
Current assets	\$ 4,262,300	\$ 1,842,117	\$ 6,104,417
Capital assets	5,563,135	4,157,196	9,720,331
Total Assets	9,825,435	5,999,313	15,824,748
Deferred outflows related to OPEB	6,334	1,062	7,396
Deferred outflows related to pensions	394,088	63,924	458,012
Total Deferred Outflows of Resources	400,422	64,986	465,408
Current liabilities	431,682	92,840	524,522
Noncurrent liabilities outstanding	3,346,769	895,081	4,241,850
Total Liabilities	3,778,451	987,921	4,766,372
Unearned revenue	2,026,845	-	2,026,845
Deferred inflows related to OPEB	1,384	313	1,697
Deferred inflows related to pensions	415,842	68,114	483,956
Total Deferred Inflows of Resources	2,444,071	68,427	2,512,498
Net Position:			
Net investment in capital assets	3,002,748	3,291,546	6,294,294
Restricted	259,293	80,836	340,129
Unrestricted	741,294	1,635,569	2,376,863
Total Net Position	\$ 4,003,335	\$ 5,007,951	\$ 9,011,286

Village of Butler, Wisconsin

**Management Discussion and Analysis
As of and for the year ended December 31, 2018
(unaudited)**

Village of Butler's Net Position

	Governmental Activities 2017	Business-type Activities 2017	Total
Current assets	\$ 4,657,813	\$ 1,997,015	\$ 6,654,828
Capital assets	4,906,571	4,056,716	8,963,287
Total Assets	9,564,384	6,053,731	15,618,115
Deferred outflows related to pensions	444,512	67,612	512,124
Total Deferred Outflows of Resources	444,512	67,612	512,124
Current liabilities	180,193	146,889	327,082
Noncurrent liabilities outstanding	3,371,523	981,992	4,353,515
Total Liabilities	3,551,716	1,128,881	4,680,597
Unearned property taxes	2,521,797	-	2,521,797
Deferred inflows related to pensions	179,280	25,284	204,564
Total Deferred Inflows of Resources	2,701,077	25,284	2,726,361
Net Position:			
Net investment in capital assets	2,373,150	3,084,310	5,457,460
Restricted	685,743	45,898	731,641
Unrestricted	697,210	1,836,970	2,534,180
Total Net Position	\$ 3,756,103	\$ 4,967,178	\$ 8,723,281

A restricted portion of the Village's net position (4% in 2018 and 8% in 2017) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$2,376,863 and \$2,534,180 for 2018 and 2017 respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of both the 2018 and 2017 years, the Village is able to report positive balances in all three categories of net position. The Village's total net position increased by \$288,005 during the current fiscal year.

Village of Butler, Wisconsin

Management Discussion and Analysis As of and for the year ended December 31, 2018 (unaudited)

Analysis of the Village's Operations - The following schedule highlights the Village's revenues and expenses for the fiscal years ended December 31, 2018 and 2017. The table utilizes the full accrual method of accounting. The table below demonstrates that governmental activities increased by \$247,232 and business-type activities increased the Village's net position by \$40,773 in 2018.

	Governmental Activities 2018	Governmental Activities 2017	Business-type Activities 2018	Business-type Activities 2017	Total 2018	Total 2017
Revenues:						
Program Revenues:						
Charges for Services	\$ 446,733	\$ 394,064	\$ 1,624,433	\$ 1,728,443	\$ 2,071,166	\$ 2,122,507
Operating Grants and Contributions	164,000	156,331	-	-	164,000	156,331
Capital Grants and Contributions	-	-	-	-	-	-
General revenues						
Property Tax For						
General Purposes	1,366,649	1,475,055	-	-	1,366,649	1,475,055
Tax Increment Financing	658,306	671,919	-	-	658,306	671,919
Debt Service	391,534	365,149	-	-	391,534	365,149
Library	105,308	-	-	-	105,308	-
Intergovernmental revenues not restricted to specific programs	149,135	135,002	-	-	149,135	135,002
Investment earnings	51,331	23,046	14,646	5,589	65,977	28,635
Other	45,246	16,412	-	-	45,246	16,412
Transfers	41,628	36,595	(41,628)	(36,595)	-	-
Total Revenues and transfers	3,419,870	3,273,573	1,597,451	1,697,437	5,017,321	4,971,010
Expenses:						
General government	808,891	732,471	-	-	808,891	732,471
Public safety	1,221,008	1,109,410	-	-	1,221,008	1,109,410
Public works	448,762	404,922	-	-	448,762	404,922
Health and sanitation	122,222	103,121	-	-	122,222	103,121
Community development	279,214	7,830	-	-	279,214	7,830
Library, parks and recreation	167,793	182,793	-	-	167,793	182,793
Interest and fiscal charges	124,748	119,807	-	-	124,748	119,807
Sewer Service	-	-	824,923	870,187	824,923	870,187
Water	-	-	480,842	485,626	480,842	485,626
Storm Water	-	-	250,913	225,001	250,913	225,001
Total expenses	3,172,638	2,660,354	1,556,678	1,580,814	4,729,316	4,241,168
Change in net position	247,232	613,219	40,773	116,623	288,005	729,842
Net position – beginning	3,756,103	3,142,884	4,967,178	4,850,555	8,723,281	7,993,439
Net position – ending	\$ 4,003,335	\$ 3,756,103	\$ 5,007,951	\$ 4,967,178	\$ 9,011,286	\$ 8,723,281

Village of Butler, Wisconsin

Management Discussion and Analysis As of and for the year ended December 31, 2018 (unaudited)

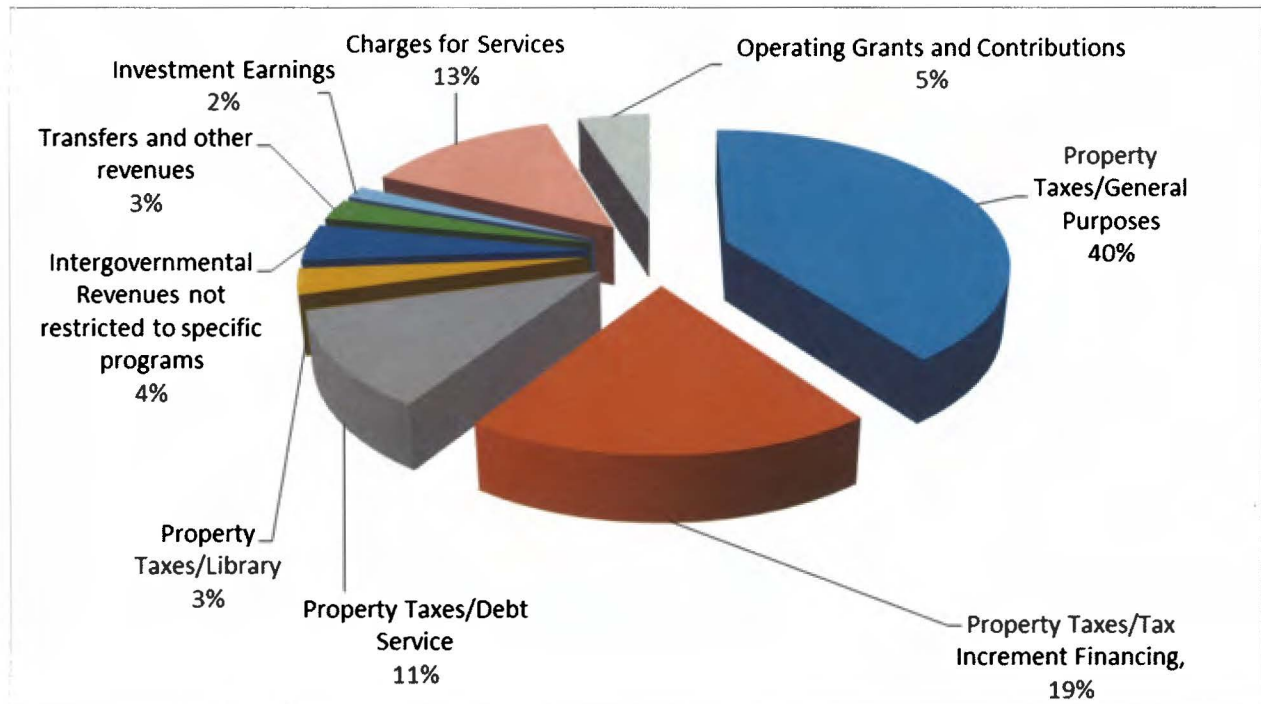
Governmental Activities

The table below discloses cost of services for the Governmental Activities. The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put net costs that must be covered by local taxes or other general revenue or transfers.

Programs	Total Cost of Services 2018	Total Cost of Services 2017	Net (Expense) of Services 2018	Net (Expense) of Services 2017
General government	\$ 808,891	\$ 732,471	\$ (703,830)	\$ (619,871)
Public safety	1,221,008	1,109,410	(917,350)	(868,197)
Public works	448,762	404,922	(303,585)	(267,934)
Health and sanitation	122,222	103,121	(96,881)	(77,906)
Community development	279,214	7,830	(279,214)	(7,830)
Library, parks and recreation	167,793	182,793	(136,297)	(148,414)
Interest on long-term debt	124,748	119,807	(124,748)	(119,807)
	<u>\$ 3,172,638</u>	<u>\$ 2,660,354</u>	<u>\$ (2,561,905)</u>	<u>\$ (2,109,959)</u>

Net cost of services is 81% of total cost of services in 2018 and 79% in 2017. This reflects a continued reliance on taxes and other general revenue sources to fund the cost of services.

The graph below shows the 2018 percentage of the total governmental activities revenues allocated by each revenue type.



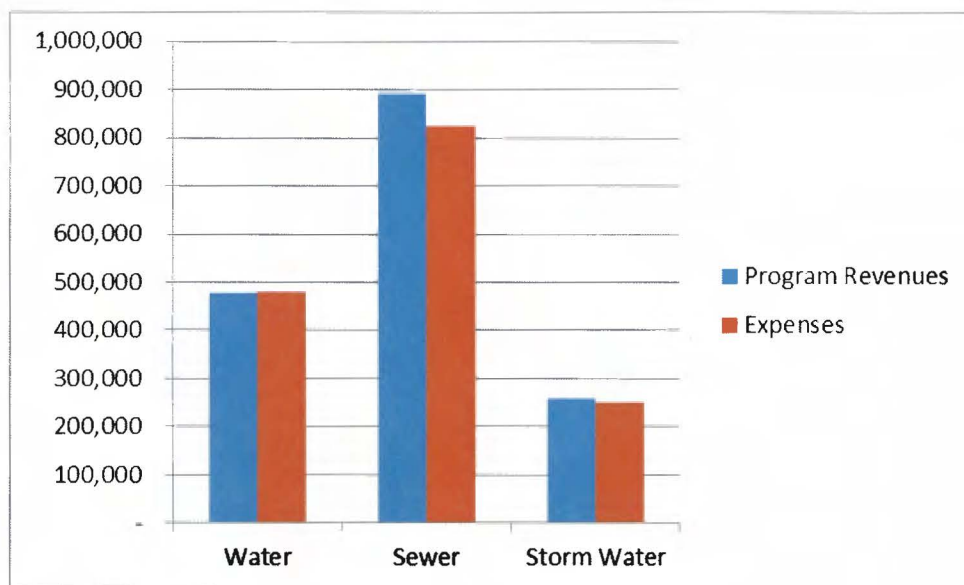
Village of Butler, Wisconsin

Management Discussion and Analysis As of and for the year ended December 31, 2018 (unaudited)

Business-Type Activities

Total Business-type activities' charges for service revenues for the years ending December 31, 2018 and 2017 were \$1,624,433 and \$1,728,443, respectively. The Business-type activities increased the Village of Butler's net position by \$40,773 in 2018 and increased the Village of Butler's net position by \$116,623 in 2017.

The graph below shows the relationship between the 2018 revenues and expenses for the Village of Butler Sewer Service, Water and Storm Water Utilities.



Village of Butler, Wisconsin

Management Discussion and Analysis As of and for the year ended December 31, 2018 (unaudited)

Financial Analysis of the Government's Funds

As noted earlier, the Village of Butler uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. This section will discuss major developments within the Village's governmental funds and proprietary funds.

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

As of the end of the current fiscal year, the Village's governmental funds – General Fund, Special Revenue Fund, Debt Service Fund, Capital Projects Funds – reported a combined ending fund balance of \$1,546,654, a decrease of \$389,952 in comparison with the prior year. Approximately 25% of this total amount (\$394,279) constitutes unassigned fund balance, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the Village. During 2018, the General Fund balance decreased by \$163,440. At the end of the year, the unassigned fund balance of the General Fund was \$394,279 while total fund balance was \$513,557. As a measure of the general fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 18% of total general fund expenditures and transfers.

Fund balance in the Debt Service Fund decreased by \$8,775 during 2018. Fund balances in the Tax Increment Financing District and Community Development Authority Funds decreased by \$663,943 and \$71,175 during 2018 due to the termination of the TIF District. Fund balance in the Equipment Fund increased by \$299,269 during 2018. Fund balance in the Borrowed Money Fund increased \$195,116 during 2018. Fund balance in the Library Fund increased \$22,996 due to the creation of the fund.

Proprietary funds. The Village's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Total net position of the Sewer Service Utility at the end of the year amounted to \$1,059,493, the Water Utility totaled \$1,784,630 and for the Storm Water Utility the total net position was \$2,163,828. Total change in net position for the Water, Storm Water and Sewer Service Utilities were a decrease of \$45,343, and an increase of \$11,637, \$74,479, respectively.

General Fund Budgetary Highlights.

- The total original and final revenue and transfer budget was \$2,091,866 and actual revenues and transfers on a budgetary non-GAAP basis were \$2,133,877.
- In total, the General Fund had a decrease in fund balance of \$163,440 because of spending more than budgeted amounts in several functional areas.

Capital Assets and Debt Administration

Capital Assets. The Village of Butler's investment in capital assets for its governmental and business-type activities as of December 31, 2018 and 2017 amounted to \$9.72 million and \$8.96 million, respectively (net of accumulated depreciation/amortization). The Village's investment in capital assets includes land, buildings and improvements, equipment, intangibles and infrastructure.

Village of Butler, Wisconsin

**Management Discussion and Analysis
As of and for the year ended December 31, 2018
(unaudited)**

Net of Accumulated Depreciation

	Governmental Activities 2018	Governmental Activities 2017	Business-type Activities 2018	Business-type Activities 2017	Total 2018	Total 2017
Land	\$ 344,080	\$ 344,080	\$ 18,293	\$ 18,293	\$ 362,373	\$ 362,373
Construction in progress	37,394	-	12,031	-	49,425	-
Land Improvements	390,777	390,777	-	-	390,777	390,777
Buildings	2,532,719	2,500,100	179,662	167,093	2,712,381	2,667,193
Machinery & Equipment	2,332,615	2,339,654	194,899	142,027	2,527,514	2,481,681
Infrastructure	3,086,517	2,209,458	-	-	3,086,517	2,209,458
Intangibles	62,964	44,826	9,205	-	72,169	44,826
Water Distribution System	-	-	2,396,463	2,314,919	2,396,463	2,314,919
Storm Water Systems	-	-	3,398,055	3,366,570	3,398,055	3,366,570
Sewer Collection System	-	-	943,284	943,284	943,284	943,284
Accumulated depreciation	(3,223,931)	(2,922,324)	(2,994,696)	(2,895,470)	(6,218,627)	(5,817,794)
	<u>\$ 5,563,135</u>	<u>\$ 4,906,571</u>	<u>\$ 4,157,196</u>	<u>\$ 4,056,716</u>	<u>\$ 9,720,331</u>	<u>\$ 8,963,287</u>

Additional information on the Village's capital assets can be found in Note IV D. on pages 39 through 42 of this report.

Village of Butler, Wisconsin

Management Discussion and Analysis As of and for the year ended December 31, 2018 (unaudited)

Long-term debt - As of December 31, 2018 the Village of Butler governmental activities had general obligation bonds and notes outstanding totaling \$3,105,705. The Village of Butler has business-type activities notes payable totaling \$850,000. In the current year, the Village paid \$1,158,683 in principal and \$93,747 in interest on outstanding governmental activities debt. Business-Type Activities paid \$105,000 in principal and \$31,312 in interest on outstanding debt in the current year.

Village of Butler's Outstanding Debt General Obligation and Revenue Bonds

	Governmental Activities 2018	Governmental Activities 2017	Business-type Activities 2018	Business-type Activities 2017	Total 2018	Total 2017
General Obligations Bonds & Notes	\$ 3,105,705	\$ 2,349,388	\$ 850,000	\$ 955,000	\$ 3,955,705	\$ 3,304,388
CDA Lease Revenue Bonds	-	825,000	-	-	-	825,000
Total	\$ 3,105,705	\$ 3,174,388	\$ 850,000	\$ 955,000	\$ 3,955,705	\$ 4,129,388

Additional information about the Village's long-term debt can be found in Note IV F. on pages 44 through 46 of the financial statements.

Economic Factors

The following economic factors are noteworthy:

- The equalized value of the Village of Butler increased by \$4,424,000 in 2018 due to economic redevelopment.
- The tax levy for local purposes (exclusive of tax increment financing) in year 2019 is \$2,026,846 compared to the prior year levy of \$1,863,491.
- The Village of Butler's 2019 budget qualified the Village to receive the Expenditure Restraint Shared Revenue payment; as it did in 2017 and 2018.
- General fund fund balance is 23% of general fund expenditures.

Requests for information

This financial report is designed to provide a general overview of the Village of Butler's finances for all those with an interest in the government's finances. Readers having question about any of the information in this report or needing additional information should contact Village Administrator, Village of Butler, 12621 W. Hampton Avenue, Butler, WI 53007, call 262-783-2525 or e-mail kchadwick@butlerwi.gov.

BASIC FINANCIAL STATEMENTS

VILLAGE OF BUTLER

STATEMENT OF NET POSITION As of December 31, 2018

	Governmental Activities	Business- type Activities	Totals
ASSETS			
Cash and investments			
Unrestricted	\$ 2,741,151	\$ 1,427,013	\$ 4,168,164
Restricted	-	46,756	46,756
Receivables	1,354,214	261,707	1,615,921
Inventories	-	10,005	10,005
Prepaid items	16,001	3,633	19,634
Internal balances	(58,923)	58,923	-
Restricted asset - net pension asset	209,857	34,080	243,937
Capital assets			
Land	344,080	18,293	362,373
Construction in progress	37,394	12,031	49,425
Property and equipment (net)	5,181,661	4,126,872	9,308,533
Total Assets	9,825,435	5,999,313	15,824,748
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB - Life Insurance	6,334	1,062	7,396
Deferred outflows related to pension	394,088	63,924	458,012
Total Deferred Outflows	400,422	64,986	465,408
LIABILITIES			
Accounts payable and other liabilities	408,912	82,813	491,725
Accrued interest payable	22,770	10,027	32,797
Noncurrent liabilities			
Due within one year	349,788	110,000	459,788
Due in more than one year	2,996,981	785,081	3,782,062
Total Liabilities	3,778,451	987,921	4,766,372
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	2,026,845	-	2,026,845
Deferred inflows related to OPEB - Life Insurance	1,384	313	1,697
Deferred inflows related to pension	415,842	68,114	483,956
Total Deferred Inflows	2,444,071	68,427	2,512,498
NET POSITION			
Net investment in capital assets	3,002,748	3,291,546	6,294,294
Restricted for pension	209,857	34,080	243,937
Restricted for debt service	26,440	-	26,440
Restricted for equipment replacement	-	46,756	46,756
Restricted for library purposes	22,996	-	22,996
Unrestricted	741,294	1,635,569	2,376,863
TOTAL NET POSITION	\$ 4,003,335	\$ 5,007,951	\$ 9,011,286

See accompanying notes to the financial statements.

VILLAGE OF BUTLER

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
						Totals
Governmental activities						
General government	\$ 808,891	\$ 105,061	\$ -	\$ -	\$ (703,830)	\$ -
Public safety	1,221,008	292,092	11,566	-	(917,350)	-
Health and sanitation	122,222	18,084	7,257	-	(96,881)	-
Public works	448,762	-	145,177	-	(303,585)	-
Library, parks and recreation	167,793	31,496	-	-	(136,297)	-
Community development	279,214	-	-	-	(279,214)	-
Interest and fiscal charges	124,748	-	-	-	(124,748)	-
Total Governmental Activities	3,172,638	446,733	164,000	-	(2,561,905)	-
Business-type activities						
Water Utility	480,842	476,337	-	-	-	(4,505)
Sewer Service	824,923	890,462	-	-	-	65,539
Storm Water	250,913	257,634	-	-	-	6,721
Total Business-type Activities	1,556,678	1,624,433	-	-	-	67,755
TOTALS	\$ 4,729,316	\$ 2,071,166	\$ 164,000	\$ -	(2,561,905)	67,755
General revenues						
Taxes:						
Property taxes levied for general purposes					1,366,649	-
Property taxes levied for tax increment financing					658,306	-
Property taxes levied for debt service					391,534	-
Property taxes levied for library					105,308	-
Intergovernmental revenues not restricted to specific programs					149,135	-
Investment income					51,331	14,646
Other					45,246	-
Transfers					41,628	(41,628)
Total General Revenues and Transfers					2,809,137	(26,982)
CHANGE IN NET POSITION					247,232	40,773
NET POSITION - Beginning of Year					3,756,103	4,967,178
NET POSITION - END OF YEAR					\$ 4,003,335	\$ 5,007,951
						\$ 9,011,286

See accompanying notes to the financial statements.

VILLAGE OF BUTLER

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2018

	Special Revenue				Capital Projects Funds			Total
	General	Tax Increment Financing District	Library	Debt Service	Community Development Authority	Equipment	Borrowed Money	Governmental Funds
ASSETS								
Cash and investments	\$ 1,099,209	\$ 273,214	\$ 64,606	\$ 226,509	\$ -	\$ 556,535	\$ 521,078	\$ 2,741,151
Receivables								
Taxes	840,214	-	55,057	246,972	-	105,350	-	1,247,593
Accounts	99,360	-	-	-	-	-	-	99,360
Special assessments	7,261	-	-	-	-	-	-	7,261
Prepaid items	16,001	-	-	-	-	-	-	16,001
TOTAL ASSETS	\$ 2,062,045	\$ 273,214	\$ 119,663	\$ 473,481	\$ -	\$ 661,885	\$ 521,078	\$ 4,111,366
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 29,616	\$ 273,214	\$ 881	\$ -	\$ -	\$ 15,278	\$ 25,744	\$ 344,733
Accrued liabilities	62,950	-	1,229	-	-	-	-	64,179
Due to other funds	58,923	-	-	-	-	-	-	58,923
Total Liabilities	<u>151,489</u>	<u>273,214</u>	<u>2,110</u>	<u>-</u>	<u>-</u>	<u>15,278</u>	<u>25,744</u>	<u>467,835</u>
Deferred Inflows of Resources								
Unearned revenues	1,326,967	-	94,557	424,271	-	181,050	-	2,026,845
Unavailable revenues	70,032	-	-	-	-	-	-	70,032
Total Deferred Inflows of Resources	<u>1,396,999</u>	<u>-</u>	<u>94,557</u>	<u>424,271</u>	<u>-</u>	<u>181,050</u>	<u>-</u>	<u>2,096,877</u>
Fund Balances								
Nonspendable	43,687	-	-	-	-	-	-	43,687
Restricted	-	-	22,996	49,210	-	-	495,334	567,540
Committed	32,308	-	-	-	-	465,557	-	497,865
Assigned	43,283	-	-	-	-	-	-	43,283
Unassigned	394,279	-	-	-	-	-	-	394,279
Total Fund Balances	<u>513,557</u>	<u>-</u>	<u>22,996</u>	<u>49,210</u>	<u>-</u>	<u>465,557</u>	<u>495,334</u>	<u>1,546,654</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,062,045	\$ 273,214	\$ 119,663	\$ 473,481	\$ -	\$ 661,885	\$ 521,078	

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

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. See Note II.A.	5,563,135
Some receivables that are not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	70,032
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	209,857
Deferred outflows of resources related to pensions and OPEB do not relate to current financial resources and are not reported in the governmental funds.	400,422
Deferred inflows of resources related to pensions and OPEB do not relate to current financial resources and are not reported in the governmental funds.	(417,226)
Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds. See Note II.A.	(3,369,539)

NET POSITION OF GOVERNMENTAL FUNDS

\$ 4,003,335

See accompanying notes to the financial statements.

VILLAGE OF BUTLER

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For the Year Ended December 31, 2018

	Special Revenue				Capital Projects Funds			Total
	General	Tax Increment Financing District	Library	Debt Service	Community Development Authority	Equipment	Borrowed Money	Governmental Funds
REVENUES								
Taxes	\$ 1,366,649	\$ 658,306	\$ 105,308	\$ 391,534	\$ -	\$ -	\$ -	\$ 2,521,797
Intergovernmental	254,674	-	-	-	58,461	-	-	313,135
Licenses and permits	103,062	-	-	-	-	-	-	103,062
Fines, forfeitures and penalties	138,269	-	-	-	-	-	-	138,269
Public charges for services	99,312	-	13,460	-	-	-	-	112,772
Investment income	24,984	1	-	1,030	449	5,591	20,254	52,309
Interdepartmental revenues	78,000	-	-	-	-	-	-	78,000
Miscellaneous revenue	34,337	-	-	-	-	199,670	9,931	243,938
Total Revenues	2,099,287	658,307	118,768	392,564	58,910	205,261	30,185	3,563,282
EXPENDITURES								
Current								
General government	759,328	-	-	-	-	-	-	759,328
Public safety	1,018,384	-	-	-	-	-	-	1,018,384
Public works	281,381	-	-	-	-	-	-	281,381
Community development	-	472,884	-	-	6,000	-	-	478,884
Health and sanitation	122,222	-	-	-	-	-	-	122,222
Library, parks and recreation	24,732	-	110,029	-	-	-	-	134,761
Capital Outlay	3,982	-	-	-	-	110,321	878,734	993,037
Debt Service	-	-	-	1,158,683	-	-	-	1,158,683
Principal retirement	-	-	-	93,747	-	-	46,335	140,082
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total Expenditures	2,210,029	472,884	110,029	1,252,430	6,000	110,321	925,069	5,086,762
Excess (deficiency) of revenues over expenditures	(110,742)	185,423	8,739	(859,866)	52,910	94,940	(894,884)	(1,523,480)
OTHER FINANCING SOURCES (USES)								
Proceeds from sale of capital assets	1,900	-	-	-	-	-	-	1,900
Debt issued	-	-	-	-	-	-	1,090,000	1,090,000
Transfers in	41,628	206,054	14,257	851,091	-	204,329	-	1,317,359
Transfers out	(96,226)	(1,055,420)	-	-	(124,085)	-	-	(1,275,731)
Total Other Financing Sources (Uses)	(52,698)	(849,366)	14,257	851,091	(124,085)	204,329	1,090,000	1,133,528
Net Changes Fund Balances	(163,440)	(663,943)	22,996	(8,775)	(71,175)	299,269	195,116	(389,952)
FUND BALANCES - Beginning of Year	676,997	663,943	-	57,985	71,175	166,288	300,218	1,936,606
FUND BALANCES - END OF YEAR	\$ 513,557	\$ -	\$ 22,996	\$ 49,210	\$ -	\$ 465,557	\$ 495,334	\$ 1,546,654

See accompanying notes to the financial statements.

VILLAGE OF BUTLER

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds	\$ (389,952)
--	--------------

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

Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide statements	993,037
Capital addition not recorded in capital outlay	26,327
Less: Certain items reported as capital outlay not capitalized	(30,474)
Depreciation/amortization is reported in the government-wide statements	(321,367)
Net book value of assets retired	(10,959)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	14,630
---	--------

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.	
Principal repaid	1,158,683
Debt issued	(1,090,000)

Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position these are deferred and reported as additions or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.	
Amortization	1,919

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.	
Compensated absences	22,622
Net pension asset	264,971
Net OPEB liabilities - Health and Life	(123,584)
Deferred outflows of resources related to pension and OPEBS	(44,090)
Deferred inflows of resources related to pension and OPEBS	(237,946)
Accrued interest on debt	13,415

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 247,232
--	-------------------

See accompanying notes to the financial statements.

VILLAGE OF BUTLER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of December 31, 2018

	Business-type Activities - Enterprise Funds			
	Water Utility	Storm Water Utility	Sewer Service Utility	Totals
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 714,268	\$ 193,244	\$ 519,501	\$ 1,427,013
Accounts receivable	60,672	43,436	157,599	261,707
Due from other funds	15,717	9,019	34,187	58,923
Prepaid items	1,223	1,187	1,223	3,633
Inventories	10,005	-	-	10,005
Total Current Assets	801,885	246,886	712,510	1,761,281
NONCURRENT ASSETS				
Restricted assets				
Cash and investments	-	-	46,756	46,756
Net Pension asset	12,240	10,403	11,437	34,080
Capital Assets				
Land	18,293	-	-	18,293
Construction in Progress	7,344	2,613	2,074	12,031
Property and equipment	2,670,910	3,444,298	1,006,360	7,121,568
Less: Accumulated depreciation	(1,037,090)	(1,305,763)	(651,843)	(2,994,696)
Total Noncurrent Assets	1,671,697	2,151,551	414,784	4,238,032
TOTAL ASSETS	2,473,582	2,398,437	1,127,294	5,999,313
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to OPEB - Life Insurance	357	348	357	1,062
Deferred outflows related to pension	21,913	19,927	22,084	63,924
Total Deferred Outflows	22,270	20,275	22,441	64,986
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	17,648	6,818	58,347	82,813
Accrued interest payable	8,396	1,631	-	10,027
Current portion of general obligation debt	25,000	85,000	-	110,000
Total Current Liabilities	51,044	93,449	58,347	202,840
NONCURRENT LIABILITIES				
OPEB liabilities	9,903	9,624	9,904	29,431
General obligation debt	624,593	131,057	-	755,650
Total Noncurrent Liabilities	634,496	140,681	9,904	785,081
Total Liabilities	685,540	234,130	68,251	987,921
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB - Life Insurance	104	103	106	313
Deferred inflows related to pension	25,578	20,651	21,885	68,114
	25,682	20,754	21,991	68,427
NET POSITION				
Net investment in capital assets	1,009,864	1,925,091	356,591	3,291,546
Restricted for pension	12,240	10,403	11,437	34,080
Restricted for equipment replacement	-	-	46,756	46,756
Unrestricted	762,526	228,334	644,709	1,635,569
TOTAL NET POSITION	\$ 1,784,630	\$ 2,163,828	\$ 1,059,493	\$ 5,007,951

See accompanying notes to the financial statements.

VILLAGE OF BUTLER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds			
	Water Utility	Storm Water Utility	Sewer Service Utility	Totals
OPERATING REVENUES				
Charges for services	\$ 472,278	\$ 257,634	\$ 888,429	\$ 1,618,341
Other operating revenue	4,059	-	2,033	6,092
Total Operating Revenues	<u>476,337</u>	<u>257,634</u>	<u>890,462</u>	<u>1,624,433</u>
OPERATING EXPENSES				
Operation and maintenance	403,753	191,273	809,140	1,404,166
Depreciation	52,194	49,599	15,783	117,576
Taxes	6,159	-	-	6,159
Total Operating Expenses	<u>462,106</u>	<u>240,872</u>	<u>824,923</u>	<u>1,527,901</u>
Operating Income	<u>14,231</u>	<u>16,762</u>	<u>65,539</u>	<u>96,532</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	74	4,916	9,656	14,646
Interest expense	(20,212)	(10,321)	-	(30,533)
Amortization	1,476	280	-	1,756
Total Nonoperating Revenues (Expenses)	<u>(18,662)</u>	<u>(5,125)</u>	<u>9,656</u>	<u>(14,131)</u>
(Loss) Income Before Transfers	<u>(4,431)</u>	<u>11,637</u>	<u>75,195</u>	<u>82,401</u>
TRANSFERS				
Transfers in	716	-	-	716
Transfers out	(41,628)	-	(716)	(42,344)
Total Other Financing Sources (Uses)	<u>(40,912)</u>	<u>-</u>	<u>(716)</u>	<u>(41,628)</u>
Change in Net Position	<u>(45,343)</u>	<u>11,637</u>	<u>74,479</u>	<u>40,773</u>
NET POSITION - Beginning of Year	<u>1,829,973</u>	<u>2,152,191</u>	<u>985,014</u>	<u>4,967,178</u>
NET POSITION - END OF YEAR	<u>\$ 1,784,630</u>	<u>\$ 2,163,828</u>	<u>\$ 1,059,493</u>	<u>\$ 5,007,951</u>

See accompanying notes to the financial statements.

VILLAGE OF BUTLER

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2018

	Proprietary Fund Types			
	Enterprise Funds			
	Water Utility	Storm Water Utility	Sewer Service Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 492,180	\$ 256,609	\$ 911,322	\$ 1,660,111
Paid to vendors for goods and services	(330,473)	(126,775)	(768,494)	(1,225,742)
Paid to employees for services	(71,709)	(62,218)	(69,628)	(203,555)
Net Cash Flows from Operating Activities	89,998	67,616	73,200	230,814
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	74	4,916	9,656	14,646
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	(40,912)	-	(716)	(41,628)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on long-term debt	(25,000)	(80,000)	-	(105,000)
Interest paid on long-term debt	(20,524)	(10,788)	-	(31,312)
Acquisition and construction of capital assets	(144,156)	(56,364)	(19,965)	(220,485)
Net Cash Flows from Capital and Related Financing Activities	(189,680)	(147,152)	(19,965)	(356,797)
Net Change in Cash and Cash Equivalents	(140,520)	(74,620)	62,175	(152,965)
CASH AND CASH EQUIVALENTS - Beginning of Year	854,788	267,864	504,082	1,626,734
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 714,268	\$ 193,244	\$ 566,257	\$ 1,473,769
CASH AND CASH EQUIVALENTS - END OF YEAR				
Unrestricted	\$ 714,268	\$ 193,244	\$ 519,501	\$ 1,427,013
Restricted	-	-	46,756	46,756
	\$ 714,268	\$ 193,244	\$ 566,257	\$ 1,473,769
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 14,231	\$ 16,762	\$ 65,539	\$ 96,532
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation expense	52,194	49,599	15,783	117,576
Depreciation charged to other funds	2,429	-	-	2,429
Changes in assets, deferred outflows, deferred inflows and liabilities				
Accounts receivable	15,234	2,179	24,065	41,478
Due from other funds	(1,924)	(3,307)	(3,311)	(8,542)
Inventory	2,848	-	-	2,848
Prepaid items	77	74	77	228
OPEB related amounts	9,651	9,379	9,653	28,683
Accrued payroll	-	-	-	-
Pension related amounts	1,606	422	824	2,852
Accounts payable	(6,348)	(7,492)	(39,430)	(53,270)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 89,998	\$ 67,616	\$ 73,200	\$ 230,814

See accompanying notes to the financial statements.

VILLAGE OF BUTLER

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES AGENCY FUND As of December 31, 2018

	Agency Fund Tax Collection Fund
ASSETS	
Cash and investments	\$ 1,271,606
Taxes receivable	1,712,882
Total Assets	<u>\$ 2,984,488</u>
LIABILITIES	
Due to other governmental units	<u>\$ 2,984,488</u>

See accompanying notes to the financial statements.

VILLAGE OF BUTLER

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE	Page
I Summary of Significant Accounting Policies	23
A. Reporting Entity	23
B. Government-Wide and Fund Financial Statements	24
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	26
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	28
1. Deposits and Investments	28
2. Receivables	29
3. Inventories and Prepaid Items	29
4. Restricted Assets	30
5. Capital Assets	30
6. Deferred Outflows of Resources	31
7. Compensated Absences	31
8. Long-Term Obligations	31
9. Deferred Inflows of Resources	31
10. Equity Classifications	32
11. Pension	33
12. Postemployment Benefits Other Than Pensions (OPEB)	34
13. Basis for Existing Rates	34
II Reconciliation of Government-Wide and Fund Financial Statements	
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	35
III Stewardship, Compliance, and Accountability	36
A. Budgetary Information	36
B. Excess Expenditures Over Appropriations	36
C. Limitations on the Village's Tax Levy	36
IV Detailed Notes on All Funds	37
A. Deposits and Investments	37
B. Receivables	38
C. Restricted Assets	39
D. Capital Assets	39
E. Interfund Receivables/Payables and Transfers	42
F. Long-Term Obligations	44
G. Net Position/Fund Balances	46
V Other Information	49
A. Employees' Retirement System	49
B. Risk Management	55
C. Commitments and Contingencies	55
D. Other Postemployment Benefits	56
E. Effect of New Accounting Standards on Current-Period Financial Statements	63

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

This report includes all of the funds of the Village. The reporting entity for the Village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or 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. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit 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 or its component units, is entitled to, or has the ability to 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 primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Blended Component Unit

The Community Development Authority of the Village of Butler (CDA) serves all the citizens of the government and is governed by a seven member board appointed by the Village Board. The Authority is reported as a major capital project fund. The Authority does not issue separate financial statements.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2015, the GASB issued statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. This standard was implemented January 1, 2018.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Fund Financial Statements

Financial statements of the Village are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Fund Financial Statements (cont.)

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

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

Separate financial statements are provided for governmental funds, 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.

The Village reports the following major governmental funds:

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

Special Revenue Fund - Tax Increment Financing District - used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the program.

Special Revenue Fund - Library Fund - used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the library program.

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

Capital Projects Fund - Community Development Authority - 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.

Capital Projects Fund - Equipment - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays.

Capital Projects Fund - Borrowed Money - used to account for and report financial resources that were borrowed or committed for road and infrastructure projects.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Fund Financial Statements (cont.)

The Village reports the following major enterprise funds:

Water Utility - accounts for operations of the water system.
Sewer Service Utility - accounts for operations of the sanitary sewer system.
Stormwater Utility - accounts for operations of the stormwater system.

In addition, the Village reports the following fund types:

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

Tax Collection Fund

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Fund Financial Statements (cont.)

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 unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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 BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

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

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

The Village has adopted an investment policy. That policy follows the state statute for allowable investments. The Village's investment policy addresses in general terms custodial credit risk, credit risk, and interest rate risk. At year end, the Village did not comply with the investment policy provision concerning the maximum limit of \$750,000 at any financial institution. At December 31, 2018, one financial institution held \$3.1 million, however, the entire balance was either insured or collateralized. Another institution held \$758,000 of which \$508,436 was uninsured and uncollateralized. All funds throughout the year and at year end were invested in locally approved banks and the LGIP.

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2018, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

See Note IV. A. for further information.

2. Receivables

Property taxes are levied in November 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 county government 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 statement of assets and liabilities - agency fund.

Property tax calendar - 2018 tax roll:

Lien date and levy date	December 2018
Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	July 31, 2019
Personal property taxes in full	January 31, 2019
Tax sale - 2018 delinquent real estate taxes	October 2021

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 and sewer utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

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

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on FIFO, and charged to construction and/or operation and maintenance expense when used.

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.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$1,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated 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, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

Buildings	20-40 Years
Land Improvements	20 Years
Machinery and Equipment	5-20 Years
Utility System	15-100 Years
Infrastructure	20-75 Years
Intangibles	8-10 Years

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

5. Capital Assets (cont.)

Fund Financial Statements

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

6. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

7. Compensated Absences

The Village does not accrue accumulated vacation time, but rather expenses this cost as paid. Vacation time is not cumulative from year to year. Accumulated sick leave benefits are converted to a termination benefit and payable to employees upon retirement or death. Estimated future payments of accumulated termination benefits are recorded in the government-wide financial statements. There are no provisions to pay accumulated sick leave or termination benefits if an employee terminates (except in the case of death) prior to retirement age.

8. Long-Term Obligations

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

9. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications

Government-Wide Statements

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

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

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements (cont.)

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Village Board has, by resolution, adopted a financial policy authorizing the Administrator to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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 fund of 10% of the current operating budget. The balance at year end was \$287,603 and is included in unassigned general fund fund balance.

See Note IV. G. for further information.

11. Pension

For purposes of measuring the net pension asset (liability), 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.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

12. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense. The Village OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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.

13. Basis for Existing Rates

Water, Storm Water and Sewer Service Funds

Rates for the water, storm water and sewer service utilities are based on rates approved on January 1, 2009 for water, January 1, 2016 sewer service and January 1, 2018 for for storm water utilities.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

Land	\$	344,080
Construction in progress		37,394
Land improvements		390,777
Buildings		2,532,719
Machinery and equipment		2,332,615
Infrastructure		3,086,517
Intangibles		62,964
Less: Accumulated depreciation		<u>(3,223,931)</u>
Combined Adjustment for Capital Assets	\$	<u>5,563,135</u>

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

Bonds and notes payable	\$	3,105,705
Compensated absences		86,565
Accrued interest		22,770
Unamortized debt premium and discount		30,915
OPEB - Health		80,891
OPEB - Life		<u>42,693</u>
Combined Adjustment for Long-Term Liabilities	\$	<u>3,369,539</u>

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the general, debt service, special revenue fund-tax incremental financing district, special revenue fund-library fund, capital projects fund-borrowed money and capital projects fund-equipment. A budget has not been formally adopted for the capital projects fund-community development authority fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Fund	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Special Revenue Fund - Tax Increment Financing District	\$ 309,031	\$ 1,528,304	\$ 1,219,273
Debt Service Fund	700,865	1,252,430	551,565
Capital Projects Fund - Equipment Fund	55,036	110,321	55,285
General Fund	2,091,866	2,282,186	190,320

The village controls expenditures at the function level. Some individual functions experienced expenditures which exceeded appropriations. The detail of those items can be found in the village's year-end budget to actual report.

C. LIMITATIONS ON THE VILLAGE'S TAX LEVY

Wisconsin law 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. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The Village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 4,386,723	\$ 3,848,734	Custodial Credit
LGIP	1,099,550	1,099,550	Credit
Petty cash	<u>253</u>	<u>-</u>	N/A
 Total Deposits and Investments	 <u>\$ 5,486,526</u>	 <u>\$ 4,948,284</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 4,168,164		
Restricted cash and investments	46,756		
Per statement of assets and liabilities -			
agency funds	<u>1,271,606</u>		
 Total Deposits and Investments	 <u>\$ 5,486,526</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

Custodial Credit Risk

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.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Deposits (cont.)

As of December 31, 2018, \$1,922,906 of the Village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 508,436
Uninsured and collateral held by the pledging financial institution's trust department or agent not in the Village's name	<u>1,414,470</u>
Total	<u>\$ 1,922,906</u>

Credit Risk

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

The Village had investments in the external Wisconsin Local Government Investment Pool which is not rated.

See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year except for \$20,498 of ambulance receivables, \$7,188 of delinquent personal property taxes and \$7,261 of special assessments.

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 2,026,845	\$ -
Special assessments not yet due	-	7,261
Police citations receivable	<u>-</u>	<u>62,771</u>
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 2,026,845</u>	<u>\$ 70,032</u>

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Equipment Replacement Account

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Following is a list of restricted assets at December 31, 2018:

	<u>Restricted Assets</u>
Equipment replacement account	\$ 46,756
Net pension asset	<u>243,937</u>
Total	<u><u>\$ 290,693</u></u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 344,080	\$ -	\$ -	\$ 344,080
Construction in progress	<u>-</u>	<u>37,394</u>	<u>-</u>	<u>37,394</u>
Total Capital Assets Not Being Depreciated/Amortized	<u>344,080</u>	<u>37,394</u>	<u>-</u>	<u>381,474</u>

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Capital assets being depreciated/amortized				
Land Improvements	390,777	-	-	390,777
Buildings	2,500,100	32,619	-	2,532,719
Machinery and equipment	2,339,654	23,680	30,719	2,332,615
Infrastructure	2,209,458	877,059	-	3,086,517
Intangibles	44,826	18,138	-	62,964
Total Capital Assets Being Depreciated/Amortized	7,484,815	951,496	30,719	8,405,592
Total Capital Assets	7,828,895	988,890	30,719	8,787,066
Less: Accumulated depreciation/amortization for				
Land Improvements	(291,726)	(11,112)	-	(302,838)
Buildings	(699,599)	(60,405)	-	(760,004)
Machinery and equipment	(1,508,169)	(123,744)	19,760	(1,612,153)
Infrastructure	(400,417)	(119,596)	-	(520,013)
Intangibles	(22,413)	(6,510)	-	(28,923)
Total Accumulated Depreciation/Amortization	(2,922,324)	(321,367)	19,760	(3,223,931)
Net Capital Assets Being Depreciated/Amortized	4,562,491	630,129	10,959	5,181,661
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	\$ 4,906,571	\$ 667,523	\$ 10,959	\$ 5,563,135

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 43,546
Public safety	87,399
Public works	162,231
Library, parks and recreation	28,191
Total Governmental Activities Depreciation/Amortization Expense	\$ 321,367

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated/amortized				
Land	\$ 18,293	\$ -	\$ -	\$ 18,293
Construction in progress	-	12,031	-	12,031
Total Capital Assets Not Being Depreciated/Amortized	18,293	12,031	-	30,324
Capital assets being depreciated/amortized				
Buildings and improvements	167,093	12,569	-	179,662
Machinery and equipment	142,027	52,872	-	194,899
Water distribution system	2,314,919	97,948	16,404	2,396,463
Storm water system	3,366,571	35,860	4,376	3,398,055
Sewer collection system	943,284	-	-	943,284
Intangibles	-	9,205	-	9,205
Total Capital Assets Being Depreciated/Amortized	6,933,894	208,454	20,780	7,121,568
Total Capital Assets	6,952,187	220,485	20,780	7,151,892
Less: Accumulated depreciation/amortization for				
Buildings and improvements	(132,198)	(5,691)	-	(137,889)
Machinery and equipment	(83,070)	(11,990)	-	(95,060)
Water distribution system	(797,939)	(42,637)	16,404	(824,172)
Storm water system	(1,256,603)	(46,512)	4,376	(1,298,739)
Sewer collection system	(625,661)	(12,577)	-	(638,238)
Intangibles	-	(598)	-	(598)
Total Accumulated Depreciation/Amortization	(2,895,471)	(120,005)	20,780	(2,994,696)
Net Capital Assets Being Depreciated/Amortized	4,038,423	88,449	-	4,126,872
Business-type Capital Assets, Net of Accumulated Depreciation/Amortization	\$ 4,056,716	\$ 100,480	\$ -	\$ 4,157,196

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities	
Sewer	\$ 15,783
Water	52,194
Storm	49,599
Total Business-type Activities Depreciation/Amortization Expense	\$ 117,576

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation expense is different from additions because of joint metering.

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water Utility	General Fund	\$ 15,717
Sewer Service Utility	General Fund	34,187
Storm Water Utility	General Fund	<u>9,019</u>
Total		<u>\$ 58,923</u>

All amounts are due within one year.

The primary reason for the above interfund amounts relates to a time lag between the dates the transactions are recorded and the dates payments are made between funds.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Debt Service Fund	Special Revenue - TIF District Fund	\$ 851,091	Debt service
Capital Projects - Equipment	Special Revenue - TIF District Fund	204,329	Payoff TIF advance
Special Revenue - Library	General Fund	14,257	Creation of Library fund
General Fund	General Fund	81,969	Fund closeout
Water Utility	Sewer Utility	716	Shared meter cost
General Fund	Water Utility	41,628	Tax equivalent
Special Revenue - TIF District Fund	Capital Projects - Community Development Authority	124,085	To close out CDA
Total - Fund Financial Statements		1,318,075	
Less: Fund eliminations		(1,276,447)	
Total Transfers - Government-Wide Statement of Activities		\$ 41,628	

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.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 2,349,388	\$ 1,090,000	\$ 333,683	\$ 3,105,705	\$ 339,272
Revenue bonds	825,000	-	825,000	-	-
(Discounts)/Premiums	32,834	-	1,919	30,915	-
Sub-totals	<u>3,207,222</u>	<u>1,090,000</u>	<u>1,160,602</u>	<u>3,136,620</u>	<u>339,272</u>
Other Liabilities					
Net pension liability	55,114	-	55,114	-	-
Compensated absences	109,187	8,637	31,259	86,565	10,516
Other postemployment benefits - Health	-	80,891	-	80,891	-
Other postemployment benefits - Life	-	42,693	-	42,693	-
Total Other Liabilities	<u>164,301</u>	<u>132,221</u>	<u>86,373</u>	<u>210,149</u>	<u>10,516</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 3,371,523</u>	<u>\$ 1,222,221</u>	<u>\$ 1,246,975</u>	<u>\$ 3,346,769</u>	<u>\$ 349,788</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 955,000	\$ -	\$ 105,000	\$ 850,000	\$ 110,000
(Discounts)/Premiums	17,406	-	1,756	15,650	-
Sub-totals	<u>972,406</u>	<u>-</u>	<u>106,756</u>	<u>865,650</u>	<u>110,000</u>
Other Liabilities					
Net pension liability	9,586	-	9,586	-	-
Other postemployment benefits - Health	-	19,811	-	19,811	-
Other postemployment benefits - Life	-	9,620	-	9,620	-
Total Other Liabilities	<u>9,586</u>	<u>29,431</u>	<u>9,586</u>	<u>29,431</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 981,992</u>	<u>\$ 29,431</u>	<u>\$ 116,342</u>	<u>\$ 895,081</u>	<u>\$ 110,000</u>

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, 2018, was \$12,896,835. Total general obligation debt outstanding at year end was \$3,955,705.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

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

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2018
State Trust Fund Loan	01/08/05	03/15/24	5.25%	\$ 189,007	\$ 80,900
General Obligation Refunding Bond	03/29/12	04/1/19	0.50 - 1.6	1,600,000	250,000
General Obligation Promissory Notes	3/26/13	4/1/22	0.75 - 1.6	470,000	350,000
General Obligation Promissory Note	11/3/14	2/15/22	0.00	19,609	9,805
General Obligation Refunding Bond	2/9/16	2/9/36	3.00	995,000	915,000
General Obligation Corporate Purpose Bonds	3/30/17	2/1/37	3.00	425,000	410,000
General Obligation Corporate Purpose Bonds	4/17/18	2/1/38	2.2 - 3.75	1,090,000	<u>1,090,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 3,105,705</u>

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2018
General Obligation Refunding Bonds	01/26/10	11/01/20	1.25 - 4.00%	\$ 845,000	\$ 175,000
General Obligation Refunding Bonds	02/9/16	02/9/36	3.00	65,000	40,000
General Obligation Corporate Purpose Bonds	3/30/17	2/1/37	3.00	660,000	<u>635,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 850,000</u>

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2019	\$ 339,272	\$ 85,500	\$ 110,000	\$ 27,763
2020	224,882	79,719	115,000	23,825
2021	230,546	74,431	65,000	18,875
2022	236,234	68,769	30,000	17,450
2023	144,506	63,688	30,000	16,550
2024-2028	655,265	257,191	155,000	69,175
2029-2033	690,000	156,881	180,000	43,650
2034-2038	585,000	43,463	165,000	11,812
Totals	<u>\$ 3,105,705</u>	<u>\$ 829,642</u>	<u>\$ 850,000</u>	<u>\$ 229,100</u>

Other Debt Information

Estimated payments of compensated absences liability and other post employment benefits obligations are not included in the debt service requirement schedules. The compensated absences liability and other post employment benefits obligations attributable to governmental activities will be liquidated primarily by the general fund.

G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2018, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 344,080
Construction in progress	37,394
Other capital assets, net of accumulated depreciation/amortization	5,181,661
Less: Long-term debt outstanding	(3,105,705)
Plus: Unspent capital related debt proceeds	495,334
Plus: Noncapital debt proceeds	80,900
Less: Unamortized debt premium	(30,916)
Total Net Investment in Capital Assets	<u>3,002,748</u>

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Restricted	
Restricted for debt service	26,440
Restricted for library purposes	22,996
Restricted for pensions	209,857
Total Restricted	<u>259,293</u>
Unrestricted	<u>741,294</u>
Total Governmental Activities Net Position	<u>\$ 4,003,335</u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2018, include the following:

Nonspendable

Major Fund	
General Fund	
Delinquent personal property taxes	\$ 7,188
Prepaid items	16,001
Ambulance fees receivable - noncurrent	<u>20,498</u>
Total	<u>\$ 43,687</u>

Restricted

Major Funds	
Special Revenue Fund	
Library Fund	\$ 22,996
Debt Service Fund	
Debt Service purposes	49,210
Capital Projects Fund	
Borrowed Money Fund - unspent proceeds	<u>495,334</u>
Total	<u>\$ 567,540</u>

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds (cont.)

Committed

Major Funds

General Fund

Committed for Community Service	\$	32,308
---------------------------------	----	--------

Capital Projects Fund

Equipment Fund		<u>465,557</u>
----------------	--	----------------

Total

	\$	<u><u>497,865</u></u>
--	----	-----------------------

Assigned

Major Fund

General Fund

Unfunded compensated absences	\$	<u><u>43,283</u></u>
-------------------------------	----	----------------------

Unassigned

Major Fund

General fund

	\$	<u><u>394,279</u></u>
--	----	-----------------------

Business-type Activities

Net Investment in Capital Assets

Land	\$	18,293
------	----	--------

Construction in progress		12,031
--------------------------	--	--------

Other capital assets, net of accumulated depreciation		4,126,872
---	--	-----------

Less: Long-term debt outstanding		(850,000)
----------------------------------	--	-----------

Plus: Unamortized debt discount		171
---------------------------------	--	-----

Less: Unamortized debt premium		<u>(15,821)</u>
--------------------------------	--	-----------------

Total Net Investment in Capital Assets		<u><u>3,291,546</u></u>
--	--	-------------------------

Restricted

Equipment replacement		46,756
-----------------------	--	--------

Pensions		<u>34,080</u>
----------	--	---------------

Total Restricted		<u><u>80,836</u></u>
------------------	--	----------------------

Unrestricted

		<u>1,635,569</u>
--	--	------------------

Total Business-type Activities Net Position

	\$	<u><u>5,007,951</u></u>
--	----	-------------------------

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V - OTHER INFORMATION

A. EMPLOYEES' 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. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system 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 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), 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.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Post-retirement adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. 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 the system'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:

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. 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, the WRS recognized \$85,581 in contributions from the Village.

Contribution rates for the plan year reported as of December 31, 2018 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2018, the Village reported an asset of \$243,937 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the Village's proportion was 0.00821583%, which was an increase of 0.00036614% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Village recognized pension expense of \$118,479.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2018, 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	\$ 309,928	\$ 144,974
Changes in assumptions	48,197	-
Net differences between projected and actual earnings on pension plan investments	-	335,269
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,275	3,713
Employer contributions subsequent to the measurement date	93,612	-
Totals	<u>\$ 458,012</u>	<u>\$ 483,956</u>

\$93,612 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2019	\$ 29,148
2020	(801)
2021	(84,455)
2022	(64,027)
2023	579

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Asset:	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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:

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
<u>Variable Fund Asset Class</u>			
U.S Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0

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

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 7.20 percent, 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village's proportionate share of the net pension liability (asset)	<u>\$631,150</u>	<u>\$(243,937)</u>	<u>\$(909,031)</u>

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>.

At December 31, 2018, the Village reported a payable to the pension plan of \$32,007 which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are 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.

From time to time, the Village is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the Village attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Village's financial position or results of operations.

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.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan description. The Village's defined benefit OPEB plan, Village Retiree Benefits Plan (VRBP), provides OPEB for all permanent full-time employees of the Village. VRBP is a single-employer defined benefit OPEB plan administered by the Village. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Village Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided. VRBP provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms provide for payment of 100 percent of health insurance premiums for non-Medicare-eligible retirees and 100 percent of supplemental health insurance premiums for Medicare-eligible retirees.

Employees covered by benefit terms. At January 1, 2018, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	1
Active plan members	12
Total	<u>13</u>

TOTAL OPEB LIABILITY

The Village's total OPEB liability of \$100,702 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Salary increases	2.00%
Healthcare cost trend rates	-4.2% in 2019 up to 5.0% in 2020 and thereafter

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

Mortality rates are a blend of the Death-In-Service and Retired Lives mortality rates from the "Wisconsin Retirement System 2015 – 2017 Experience Study" with the MP-2018 generational improvement scale (multiplied by 50%).

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015-April 30, 2017.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balance at December 31, 2017	\$ -
Changes for the year:	
Prior year activity	96,065
Service cost	4,546
Interest	4,024
Benefit payments	(3,933)
Net changes	100,702
Balance at December 31, 2018	\$ 100,702

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 (3.0 percent) or 1-percentage-point higher (5.0 percent) than the current discount rate:

	1% Decrease (3.0%)	Discount Rate (4.0%)	1% Increase (5.0%)
Total OPEB liability	\$ 111,506	\$ 100,702	\$ 91,047

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 healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 78,638	\$ 100,702	\$ 130,404

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

OPEB EXPENSE RELATED TO OPEB

For the year ended December 31, 2018, the Village recognized OPEB expense of \$100,702.

Local Retiree Life Insurance Fund (LRLIF)

Plan description. The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), 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.

Benefits provided. The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Contributions. The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contribution based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates for the plan year reported as of December 31, 2018 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the plan year are as listed below:

Life Insurance Employee Contribution Rates For the Plan Year

<u>Attained Age</u>	<u>Basic</u>
Under 30	\$0.05
30-34	0.06
34-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

During the reporting period, the LRLIF recognized \$330 in contributions from the employer.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2018, the Village reported a liability of \$52,313 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the Village's proportion was 0.01738800%, which was a decrease of 0.00045600% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Village recognized OPEB expense of \$46,614.

At December 31, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 602	\$ 737
Net differences between projected and actual earnings on OPEB plan investments	-	-
Changes in assumptions	5,055	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	960
Employer contributions subsequent to the measurement date	1,739	-
Total	<u>\$ 7,396</u>	<u>\$ 1,697</u>

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

\$1,739 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2019	\$ 665
2020	665
2021	665
2022	665
2023	515
Thereafter	785

Actuarial assumptions. The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2017
Measurement Date of Net OPEB Liability	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	3.44%
Long-Term Expected Rate of Return:	5.0%
Discount Rate:	3.63%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Long-term expected return on plan assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2017

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
US Government Bonds	Barclays Government	1%	1.13%
US Credit Bonds	Barclays Credit	65	2.61
US Long Credit Bonds	Barclays Long Credit	3	3.08
US Mortgages	Barclays MBS	31	2.19
Inflation			2.3
Long-Term Expected Rate of Return			5.0

Single discount rate. A single discount rate of 3.63% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Sensitivity of the Village's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Village's proportionate share of the net OPEB liability calculated using the discount rate of 3.63 percent, as well as what the Village's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.63 percent) or 1-percentage-point higher (4.63 percent) than the current rate:

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase to Discount Rate (4.63%)
Village's proportionate share of the net OPEB liability	<u>\$73,938</u>	<u>\$52,313</u>	<u>\$35,718</u>

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

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

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 87, *Leases*
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF BUTLER

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (NON-GAAP) For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 1,366,649	\$ 1,408,277	\$ 41,628
Intergovernmental	280,847	254,674	(26,173)
Licenses and permits	93,060	103,062	10,002
Fines, forfeitures and penalties	135,500	138,269	2,769
Public charges for services	89,300	96,662	7,362
Investment income	8,200	24,984	16,784
Interdepartmental revenues	78,000	78,000	-
Miscellaneous revenues	1,310	28,049	26,739
Total Revenues	<u>2,052,866</u>	<u>2,131,977</u>	<u>79,111</u>
Expenditures			
Current			
General government	682,538	759,328	(76,790)
Public safety	1,000,132	1,008,883	(8,751)
Public works	274,996	281,381	(6,385)
Health and sanitation	112,500	122,222	(9,722)
Library, parks and recreation	21,700	24,421	(2,721)
Capital outlay	-	3,982	(3,982)
Total Expenditures	<u>2,091,866</u>	<u>2,200,217</u>	<u>(108,351)</u>
Excess of revenues over (under) expenditures	<u>(39,000)</u>	<u>(68,240)</u>	<u>(29,240)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	2,500	1,900	(600)
Transfer in	36,500	-	(36,500)
Transfer out	-	(81,969)	(81,969)
Total Other Financing Sources	<u>39,000</u>	<u>(80,069)</u>	<u>(119,069)</u>
Excess of revenues over (under) and other financing sources over expenditures and other financing sources - budgetary basis	<u>\$ -</u>	<u>(148,309)</u>	<u>\$ (148,309)</u>
Adjustment to Generally Accepted Accounting Principles Basis			
Revenue credited to designated funds		8,938	
Expenditures charged to designated funds		<u>(24,069)</u>	
Net Change in Fund Balance		(163,440)	
FUND BALANCE - Beginning of Year		<u>676,997</u>	
FUND BALANCE - END OF YEAR		<u>\$ 513,557</u>	

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

VILLAGE OF BUTLER

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND - TAX INCREMENT FINANCING DISTRICT For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 487,000	\$ 658,306	\$ 171,306
Investment income	-	1	1
Total Revenues	<u>487,000</u>	<u>658,307</u>	<u>171,307</u>
Expenditures			
Current			
Community development	-	472,884	(472,884)
Excess of revenues over (under) expenditures	<u>487,000</u>	<u>185,423</u>	<u>(301,577)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	206,054	206,054
Transfer out	(309,031)	(1,055,420)	(1,364,451)
Total Other Financing Sources (Uses)	<u>(309,031)</u>	<u>(849,366)</u>	<u>(1,158,397)</u>
Net Change in Fund Balance	<u>\$ 177,969</u>	(663,943)	<u>\$ (95,523)</u>
FUND BALANCE - Beginning of Year		<u>663,943</u>	
FUND BALANCE - END OF YEAR		<u>\$ -</u>	

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

VILLAGE OF BUTLER

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND - LIBRARY For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 105,308	\$ 105,308	\$ -
Public charges for services	9,000	13,460	4,460
Total Revenues	<u>114,308</u>	<u>118,768</u>	<u>4,460</u>
Expenditures			
Current			
Library, parks and recreation	114,308	110,029	4,279
Total Expenditures	<u>114,308</u>	<u>110,029</u>	<u>4,279</u>
Excess of revenues over expenditures	-	8,739	8,739
OTHER FINANCING SOURCES			
Transfers in	-	14,257	14,257
Net Change in Fund Balance	<u>\$ -</u>	<u>22,996</u>	<u>\$ 22,996</u>
FUND BALANCE - Beginning of Year		-	
FUND BALANCE - END OF YEAR		<u>\$ 22,996</u>	

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

VILLAGE OF BUTLER

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2018

WRS Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/14	0.00787827%	\$ (193,512)	\$ 838,206	23.09%	102.74%
12/31/15	0.00776516%	126,182	927,155	13.61%	98.20%
12/31/16	0.00784969%	64,700	924,216	7.00%	99.12%
12/31/17	0.00821583%	(243,937)	953,656	25.58%	102.93%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2018

Village Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 76,515	\$ 76,515	\$ -	\$ 927,155	8.25%
12/31/16	75,234	75,234	-	924,216	8.14%
12/31/17	87,726	87,726	-	953,656	9.20%
12/31/18	93,612	93,612	-	958,919	9.76%

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

VILLAGE OF BUTLER

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS - VILLAGE RETIREE BENEFITS PLAN For the Year Ended December 31, 2018

	2018
Total OPEB Liability	
Service cost	\$ 4,546
Interest	4,024
Prior year activity	96,065
Benefit payments	(3,933)
Net Change in Total OPEB Liability	100,702
Total OPEB Liability - Beginning	-
Total OPEB Liability - Ending	\$ 100,702
Covered-employee payroll	\$ 1,059,880
Total OPEB liability as a percentage of covered-employee payroll	9.50%

Note: This schedule is to show information for 10 years.

However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

VILLAGE OF BUTLER

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - LOCAL RETIREE LIFE INSURANCE FUND For the Year Ended December 31, 2018

Plan Fiscal Year End	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/17	0.01738800%	\$ 52,313	\$ 731,215	7.15%	44.81%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - LOCAL RETIREE LIFE INSURANCE FUND For the Year Ended December, 2018

Village Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/18	\$ 1,739	\$ 1,739	\$ -	\$ 985,919	0.18%

See independent auditors' report and accompanying notes to the financial statements.

VILLAGE OF BUTLER

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2018

BUDGETARY INFORMATION

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

The budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year. The Village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds Village Board action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

WISCONSIN RETIREMENT SYSTEM

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

The Village is required to present the last ten years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in assumptions. There were no changes in assumptions.

LOCAL RETIREE LIFE INSURANCE FUND

The Village is required to present the last ten years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

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

Changes in assumptions. There were no changes in assumptions.

VILLAGE RETIREE BENEFITS PLAN

The Village is required to present the last ten years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms.

Changes in assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

VILLAGE OF BUTLER

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL DEBT SERVICE FUND For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 391,534	\$ 391,534	\$ -
Commercial revenues	300	1,030	730
Total Revenues	<u>391,834</u>	<u>392,564</u>	<u>730</u>
EXPENDITURES			
Debt Service			
Principal retirement	608,683	1,158,683	(550,000)
Interest and charges	<u>92,182</u>	<u>93,747</u>	<u>(1,565)</u>
Total Expenditures	<u>700,865</u>	<u>1,252,430</u>	<u>(551,565)</u>
Deficiency of revenues over expenditures	(309,031)	(859,866)	(550,835)
OTHER FINANCING SOURCES			
Transfers in	<u>309,031</u>	<u>851,091</u>	<u>542,060</u>
Net Changes in Fund Balances	<u>\$ -</u>	<u>(8,775)</u>	<u>\$ (8,775)</u>
FUND BALANCES - Beginning of Year		<u>57,985</u>	
FUND BALANCES - END OF YEAR		<u>\$ 49,210</u>	

OTHER INFORMATION

VILLAGE OF BUTLER

COMPARATIVE SCHEDULE OF TAXES AND VALUATION DATA 2014 - 2018 Tax Rolls

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
STATE TAXES	\$ 41,431	\$ 42,083	\$ 42,816	\$ -	\$ -
COUNTY TAXES	456,563	455,432	435,656	428,458	487,503
TAX INCREMENTAL DISTRICT	505,377	500,202	671,919	658,306	-
LOCAL TAXES					
Village purposes	1,795,003	1,795,027	1,840,204	1,863,491	2,026,846
Local schools	2,249,457	2,265,394	2,115,962	2,040,500	2,403,604
Vocational school	85,364	84,705	80,389	80,902	93,381
Total General Property Taxes	5,133,195	5,142,843	5,186,946	5,071,657	5,011,334
Other	1,218	1,510	1,663	1,782	2,272
Delinquent utility charges	40,414	50,971	56,885	50,382	58,923
AGGREGATE AMOUNT OF TAX BILL	<u>\$ 5,174,827</u>	<u>\$ 5,195,324</u>	<u>\$ 5,245,494</u>	<u>\$ 5,123,821</u>	<u>\$ 5,072,529</u>
ASSESSED VALUATION	<u>\$ 242,330,780</u>	<u>\$ 242,632,580</u>	<u>\$ 252,069,080</u>	<u>\$ 253,535,810</u>	<u>\$ 248,071,090</u>
EQUALIZED VALUATION	<u>\$ 244,134,500</u>	<u>\$ 247,977,500</u>	<u>\$ 252,295,600</u>	<u>\$ 253,512,700</u>	<u>\$ 257,936,700</u>
RATIO OF ASSESSMENT	<u>99.26%</u>	<u>97.84%</u>	<u>99.91%</u>	<u>100.01%</u>	<u>96.18%</u>