VILLAGE OF BUTLER, WISCONSIN
2011 OPERATING BUDGET

Prepared by:
Village Administrator
Timothy Rhode

2011 OPERATING BUDGET

Village of Butler, Wisconsin

January 1, 2011 to December 31, 2011

VILLAGE OFFICIALS

Village President

Richard A. Ensslin

Village Trustees

At-Large:	Walter J. Woloszyk (11)
At-Large:	Susan Hesselgrave (12)
At-Large:	William Benjamin (11)
At-Large:	Dave Hesselgrave (12)
At-Large:	Mary Turnbull (12)
At-Large:	Dan Zeck (11)

Village Administration/Department Heads

Timothy Rhode	Village Administrator/Clerk
Barb Spinney	Village Treasurer
Ken Podewils	Public Works Supervisor
Michael Cosgrove	Chief of Police
Ronald Worgull	Fire Chief
Gale Durenberger	Librarian
John Macy	Village Attorney
R.A. Smith	Village Engineer
Independent Inspections	Village Building Inspector

Village Of Butler, Wisconsin

Our Purpose….

Mission Statement

The mission of the Village of Butler, Wisconsin is to serve the citizens of the community honestly and effectively. Through dedicated service, the Village will strive to provide the quality of life desired by the community.

Value Statement

The employees of the Village of Butler, Wisconsin, through cooperation and teamwork, are committed to provide the highest level of service with honesty and integrity to the community we serve.

We will take pride in providing effective, dependable services while striving to achieve excellence through vision, planning and innovation.

Mission of this Document

The Village of Butler budget document is intended to inform and enhance the citizens understanding of the budget process and the services they receive. It is also vital that the Village Board is provided with the information they need to ensure the budget reflects public interest and is structurally correct. Therefore, it is critical this document serves the following four functions:

Acts as a Policy Document

All budgets reflect decisions about a variety of policy issues such as whom to tax and how much, what new programs to fund, and what programs to reduce or terminate. It is in this context that the budget functions as a policy document in that decisions made within the budget reflect the general principles or plans that guide actions taken for the future.

Serves as a Legally Required Financial Planning Tool

Traditionally the budget has always been used as a financial planning tool. To this end, the budget is a requirement by Village Code Section 3-1-3 Village Budget. The budget is the legal authority to expend public funds and controls these expenditures by limiting the amount of the appropriation on a program basis. In order to conform to Governmental Accounting Standards Board Statement 34 (GASB 34) and changes to the Wisconsin Administrative Code the 2005 budget was converted to reflect nine expenditure types instead of the former four (4) programs. The nine expenditure types are (1) Public Safety, (2) Public Works, (3) Health and Social Services, (4) Culture and Recreation, (5) Community and Economic Development, (6) General Government, (7) Debt Service, (8) Capital Projects and (9) Business Type activities. Expenditures required to be budgeted include expenditures for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Project Funds, and Enterprise Funds. Adopted budgets may either be prepared on a cash basis or on a basis consistent with generally accepted accounting principles (e.g., an accrual accounting basis).

Functions as an Operational Tool

This budget addresses areas that may not be included in traditional budget documents. These include debt management, capital spending plans, and the incorporation of programmed capital expenditures.

Acts as a Communication Device

The budget process provides a unique opportunity to allow and encourage public review of Village operations. This budget describes the activities of the Village, the reason or cause for those activities, future implications, and the direct relationship to the citizenry.

In addition to the above function, the budget process affords both an interesting and challenging opportunity to reassess objectives, goals, and the means for accomplishing them. It is through this effort that the budget is arguably the single most important policy document produced each year.

Organization of Document

Listed below is a brief description of the individual sections of this document, which is intended to acquaint the reviewer with the structure, format and terminology used in this budget document.

Executive Overview

This section includes the Village Administrator's budget message, which is intended to articulate priorities, issues, and any major changes in Village services for the upcoming budget year.

Budget Summary

This section includes a summary of the Village's major revenues and expenditures, which are intended to provide an overview of the total resources budgeted by the Village. Also included are discussions on revenues, capital projects and a consolidated debt overview. The following funds are summarized – general fund (police, Fire, administration, etc), debt service fund, enterprise funds (e.g., water, sanitary sewer and stormwater) and special revenue funds (tax increment finance funds).

Glossary

A glossary has been included in this document to assist the reader with any terminology (including abbreviations and acronyms) that is not readily understood.

HISTORY OF BUTLER

During the fall of 1909 and early 1910...

Two men from Milwaukee, Sparta and North Western Railway, a division of the Chicago & North Western Railway, visited farmers on the east side of 124th Street - farmers named Foley, Lieb, Van de Plasche, Clarke, Etzel, and Gross and offered to buy their farmland to establish railroad yards as an adjunct to an outer belt line around Milwaukee.

The "New Butler" railroad yards represented one of the most extensive and costly railway projects executed in the midwest for years. The end result - the railroad town of "New" Butler. When George and Jennie Clarke sold the west 45 acres of their farm to the Railroad for $18,000.00... They reserved the right to move their house off the land before March of 1910. The house was moved across the fields of rollers pulled by animal power to its present site on the family's ancestral farm. Following the move, the house was remodeled, and an east wing was added where the old summer kitchen originally stood. Their last child, Thomas, was born here in 1910.

In 1911 "New Butler" was established in Waukesha County immediately west of 124th Street. It was incorporated in May, 1913 with a population of 200.

Government

The Village President is elected to two (2) year terms and the six (6) Village Trustees members are elected to staggered two (2) year terms. The Village of Butler has combined the Administrator and Clerk position to create the Village of Butler Administrator/Clerk title which acts as the chief administrative officer for the Village. The Village Administrator/Clerk is appointed by the Village Trustees to serve the needs of the community.

The Village is organized into six separate departments. These departments, in cooperation with the Village Administrator's office, carry out the policy of the Village Board and the business of the Village. A separate board administer the Village Library. The Butler Volunteer Fire Department is a private corporation solely funded by the Village of Butler. This entity delivers fire and EMS services throughout the Village as well as Fire Inspection services. The Village Board authorizes aggregate expenditure amounts annually.

Public Works (Streets, Water, Sewer & Sanitation)
Administrative Services
Library
Fire
Police
Parks & Recreation

As a full-service community, Butler has a twenty-four hour police department, a full-time (24-hour) ambulance department, an excellent paid on call fire department and streets, water, wastewater departments within the public works umbrella that is managed by a full-time Supervisor of Public Works. The Village also has adult Park & Recreation programming, and is privileged to have received a new building to house the Village Library build by the Friends of the Butler Library in 2008.

The Village of Butler has a successful TIF (Tax Increment District) located in the industrial and commercial zones of the South half of the Village. The District owns two significant properties and is marketing the properties for retail/flex tech industrial development. The district is managed by the Community Development Authority which oversees the development opportunities and strategic development and redevelopment of the district.

Financial Structure

The Village of Butler operates on a calendar year operation. The Village's accounting and budgeting systems are organized and operated on a fund basis. Where a business typically combines the results of the operations of all its subsidiaries into one consolidated report, the Village of Butler creates a separate report for each one of its groups of funds. **A fund is defined as an accounting entity with a self-balancing set of accounts**. Each fund receives revenue from different sources and functions as if it were a self-contained business with its own set of accounts and financial reports. The revenues from that fund, plus any appropriate transfers of revenue from other funds cover the expenditures from each fund. As a result of the fund structure, the Village of Butler does not have a single bottom line, but multiple bottom lines – one bottom line for each fund.

The fund structure serves the following two main functions:

1) The separation of funds helps ensure that earmarked revenue is being spent appropriately. For example, because individual funds are smaller, less complicated and have their own reports, it is easier to track or match revenues with expenditures. This task would be far more difficult if the Village had one (1) large undifferentiated fund.

2) Fiscal control is a key element of a fund structure. Not only should the budget balance, surpluses in one fund should not be used to cover deficits in other funds. Thus, the fund structure forces governments to meet a more exacting standard of balance than private sector organizations.

Types of Funds

The Village of Butler groups all of its funds into three (3) broad categories depending on the nature of the fund. **Governmental Funds** are used to account for the Village's governmental type activities; **Proprietary Funds** account for the Village's business type activities; and **Fiduciary Funds** are used to account for activities when the Village acts in an agent or fiduciary capacity. Listed below are the categories used by the Village and the basic types of funds for each category.

Governmental Funds

General Fund is the operating fund of the Village. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund accounted for are in this fund.

Special Revenue Funds are used to account for revenues derived from specific sources required by law to be accounted for in separate funds.

Debt Service Fund is used to account for legally mandated reserves and the payment of interest and principal on the Village's general long-term debt.

Capital Project Funds are used to account for all resources used in the acquisition or construction of capital facilities.

Proprietary Funds

Enterprise Funds are used to account for operations and activities that are financed and operated in a manner similar to **private business**, where costs of providing the service are expected to be financed through user charges.

Internal Service Funds are used to finance and account for services and commodities furnished by designated departments to other departments of the Village. Currently, the Village of Butler does not have an Internal Service Fund established.

Fiduciary Funds

Non-Expendable/Expendable Trust Funds are used to account for assets held by the Village in a trustee capacity for other governments, organizations or other funds.

Preliminary Budget

The Village Administrator has prepared a proposed operating budget to present to the Village Trustees in November. The Village Staff, Village Trustees and interested public then conducts a series of Board meetings to review the information and discuss amendments.

It is important to note that the Village Board conducts a public hearing in early December before any formal action is taken on the budget. This allows the citizens of Butler an opportunity to voice any concerns they may have over the Village's budget. The Citizens of Butler are also invited to all budget sessions.

Amending the Budget

Due to certain unforeseen events it may become necessary to modify the adopted budget. A formal budget amendment can bring about change in the total appropriation for a department or fund and has to be approved by the Village Board.

VILLAGE OF BUTLER 2011 BUDGET TIMELINE

Due Date	Responsibility	Action
September 7, 2010	Village Administrator	Submit budget worksheets/Timeline/ 5 year CIP to Department Heads
October 5, 2010	Department Heads	Submit completed worksheets to Village Administrator
October 5, 2010	Department Heads	Submit 5 year capital requests to Village Administrator
October 5-16, 2010	Village Administrator Department Heads	Review/Adjust Department budgets
October 1-20, 2010	Village Administrator	Compile and assemble 2011 (DRAFT) Budget Document
October 5, 2010	Village Finance Committee	Board approves revenue projections
October 19, 2010	Village Board Meeting	5 Year Capital Project Plan
November 2, 2010	Village Board Meeting	Finance Committee Review Revenue Numbers
November 9, 2010	Village Board Meeting	Deliver Final draft of 2011 Budget to Elected Officials to set Public Hearing
November 16, 2010	Village Board Meeting	Budget Session #2 (2011 General Fund)
November 29, 2010	Village Administrator	Public Hearing & Submit 2011 Budget to State of Wisconsin

VILLAGE OF BUTLER, WISCONSIN

December 5, 2010

Village President Ensslin
Village Board & Citizen
12621 W. Hampton Ave.
Butler, Wisconsin 53007

RE: 2011 Executive Summary (Management Discussion & Analysis)

Honorable President Ensslin, Village Trustees and Residents

I respectfully present the proposed budget for the Village of Butler for the 2011 budget year. As the Village's financial and spending plan for the year, the adoption of the budget is undoubtedly the single-most important action taken by the Village President and Village Trustees each year. The adopted budget will authorize resources and establish a direction for our programs and services for the coming year.

It is vital that the Village President and Village Trustees are provided with the information needed to ensure that the budget document reflects the public interest. It is our hope that this budget serves as an effective policy document, financial planning tool, operational tool and communication device.

2010- Accomplishments

While the calendar year 2010 comes to an end it brings with it several accomplishments and major events for the Village. The largest of which, the Village undertook a complete remodel of our Village Hall. The 1.3 million dollar renovation was the first major renovation for Village Hall since the buildings old Department of Public Works garages were repurposed in the 1960's to accommodate the growing Police force and new Village Board room/Court Room. The project started January 1, 2010 and was completed August 15, 2010 by Selzer-Ornst Co. whom did a fantastic job

finishing 60 days early. The Village took advantage of two economic factors which helped make the project a reality. First, the competitive bidding environment was estimated by our Architect and contractors to have saved the Village 15-20% off the Architects projected cost. Second, the Village took advantage of the Build America Bonds which gave the Village a 35% reduction in interest cost. These two factors greatly reduced the overall cost of the Village Hall Project.

The next major project was the resurfacing of Hampton Avenue. This project was a joint effort between the Village and County which ultimately was paid for with Federal Stimulus funds designated for the South Eastern Wisconsin region for Transportation infrastructure. The project utilized the existing 12 inch concrete slabs which were built in 1975 and where in relatively good condition. The slabs were then retrofitted by adding dowel bars into small cuts into the joints to pin the slabs together. With the dowel bars installed we milled the road surface smooth and put two lifts of asphalt over the concrete. This was a 60 day project which also included some upgrade and additional items which focused on function and safety. The net result to the Village was minimal impact to the businesses while maximizing the function and life of the road. The project cost the Village less than $40,000 for preliminary engineering. Savings to the Village of more than $600,000 dollars.

The "*Brew City Flood*" occurred on July 22, 2010 which resulted in about 35-55 homes in the Village having some type of flooding issue. The Village has created a plan and has begun the initial steps to evaluate the cost benefits of controlling stormwater inflow and infiltration into our sanitary system. This process is a multiyear approach with both public and private property being evaluated.

Finally, the Village demolished the old Lion's Club building at Frontier Park this fall. In 2009, the Village of Butler Lion's Club voted to disband and give the building and land to the Village for Park purpose. The Building and land is located contiguous to the Village Park which the Lion's donated all 97 acres back in the late 50's to the Village. With limited use as another Village building, the Village Board deliberated on possible uses verses maintenance cost and ultimately voted to demolish and return the ground to green space at the Park. In conjunction with the demolition, the Village also repaved the parking lot. The parking lot was in need of repair and additional base material underneath the asphalt. The Village installed 8 inches of base and 4 inches of asphalt.

2011 Preliminary Budget Process

While preparing for the 2011 budget, Village Staff were directed to focus on the following three items:

- Operating Efficiencies
- Maximization of Non-Property Tax Revenues
- Strategically Planning for the Future

Using the above-referenced items as guidelines, the Village department heads submitted their proposed budgets. After reviewing the proposed budgets and making the appropriate amendments, Village Administrator compiled the 2011 Budget

2011 Budget Highlights

Village Staff is proposing a tax rate of $6.79 (before state aids) which would be an increase of 5% from the 2010 Budget tax rate of $6.47. The proposed taxes levied against real and personal property in 2011 will generate $1,508,900 which is a 3% increase over $1,464,951 in 2010. The difference between the 5.0% increase in the tax rate and the 3% increase in the actual dollars levied is due to the estimated fair market value on the Taxable property, which in 2010 is 1.300% from .95652479% in 2009. Thus, the total dollars collected in Property taxes for the Village of Butler has increased $43,949 for 2011.

Village residents in the Hamilton School District will see a slight decrease in property tax this year. The tax rate for Butler residents in the Hamilton District will be $18.02 which is down from $18.13 in 2010. The decrease is attributed to the growth in the rest of the district as the Village of Butler is 100% developed and the other communities continue to grow. However, residents in the Menomonee Falls District will see a tax rate of $19.47 up from $19.44 in 2010.

With the new building several efficiencies have helped decrease the operating cost including high efficiency heating and cooling units, new insulated exterior wall and efficient windows. The Village moved from three phone systems to one consolidated system with a net savings of over $6,000 year. The Village also consolidated internet service and system back-up with savings over $2,000 a year. The Village moved to one computer operating system to create efficiencies and reduce service cost. Finally, the Village implemented zone heating and cooling systems with programmable thermostat, motion lighting systems and high efficiency lighting to maximize building performance and minimize utility cost.

The Village Board approved the Budget with slight decreases to most of the Departments including Public Safety and General Government. Slight increases in the Departments of Public Works and the Library were approved. The Village will increase the General Fund contingency as both the Police and Department of Public Works labor contracts are being negotiated.

Debt Management

The Village of Butler has recently done two significant actions relative to long-term debt in recent years. The Village borrowed $1.9 million dollars in November of 2009 for a three year capital improvement plan for budget years 2009-2011, which included the Village Hall remodeling project. The Village also borrowed General Obligation debt to refinance Storm Water Utility Revenue bonds in January of 2010. This loan was converted from a revenue bond to a G.O. bond in order to receive greater savings over the life of the loan.

Budget year 2011 brings no scheduled borrowing for the Village. However, if so desired, the Village has $7,769,480 of bonding capacity per State Statutes which represents 5% of the actual valuation of the Village. Currently the Village has $4,405,930 borrowed in General Obligation Debt.

The valuations chart below shows an increase of total actual valuation from $**243,508,280** (2010) from $**243,298,930** (2009). This increase translates to a bonding capacity limit of $12,175,410 (5% of the actual valuation). The Village currently has outstanding general obligation debt of $4,405,930. However, $605,000, $885,119 and $845,000 is Sanitary Sewer debt, TIF debt and Stormwater debt respectively, which could be converted to revenue bonds if the Village needed borrowing capacity. They are currently borrowed under G.O. debt in order to take advantage of the best rates possible for the Village at the most effective borrowing cost.

SEE CHART BELOW

PROPERTY
VALUATION:

Valuation Year	Assessed Valuation	Equalized Valuation	Assessment Ratio	TIF District #1 Equalized
2010	**243,508,280**	**230,597,000**	**1.03**	**35,109,200**
2009	243,298,930	254,347,200	.956524799	32,346,900
2008	247,619,610	260,782,227	.949526401	30,414,700
2007	245,369,020	262,370,700	.935199527	31,062,400
2006	191,441,240	253,031,400	0.756586327	31,319,800
2005	193,690,410	239,492,500	0.808755288	29,978,500
2004	196,424,780	232,502,200	0.854481206	28,949,000
2003	199,531,160	202,163,000	0.986981594	25,573,800
2002	172,662,650	191,175,600	0.903197726	24,129,000
2001	170,900,030	188,595,400	0.906168242	23,866,400
2000	174,729,360	183,881,500	0.942931906	24,659,800
1999	173,331,530	178,560,000	0.970717083	20,874,500
1998	147,636,220	173,061,463	0.853085356	23,084,600
1997	148,528,900	163,353,900	0.907332851	16,449,600
1996	148,422,900	152,933,651	0.97	12,571,300
1995	142,978,100	143,306,900	0.998	9,132,400
1994	106,571,500	13,362,600	0.7975	8,530,700
1993	105,837,100	125,961,600	0.84	8,522,400

Capital Improvement Plan

2011 budget year has a capital projects plan of $56,200. Projects and items proposed include the following below:

CAPITAL PROJECTS PLAN				
PROPOSED MULTI- YEAR PLAN				
	Proposed	**Proposed**	**Proposed**	**Proposed**
PROPOSED IMPROVEMENTS:	**2011**	**2012**	**2013**	**2014**
Police				
Replacement Squad	$25,000		$26,000	
Squad Change Over	$3,000		$3,000	
Computer System	$10,700	$4,000		
Tazer Upgrade			$16,000	
Communication Upgrade	$2,000	$30,000		
Library				
Computers	$3,500			
Interior Signs	$5,000			
Landscaping	$2,000			
Fence	$0			
Fire Department				
Unit 2363			$80,000	
Unit 2386			$100,000	
Village Hall and DPW				
Election Equipment		$1,300		
Computers				$2,500
132nd Street			$200,000	
Glendale 128th-132nd			$150,000	
127th Street			$300,000	

Chipper		$16,500		
DPW Facility Updates (Roof)	$5,000	$65,000		
Land of Lakes Impro.				$2,000
Slots in Fence		$1,000		
TOTAL EXPENDITURES:	**$56,200**	**$117,800**	**$875,000**	**$4,500**

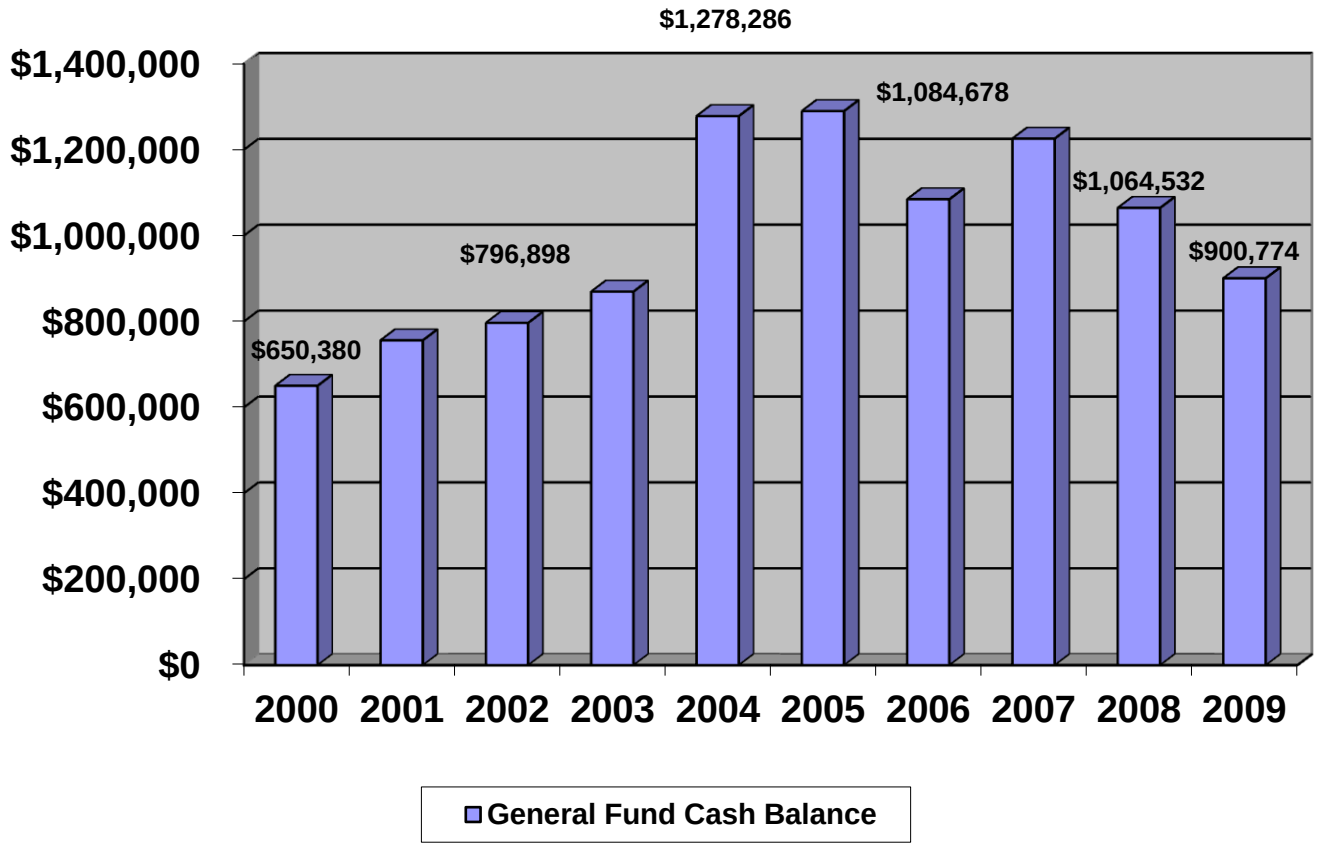
These projects have been identified over the last several years as a priority for the community.

StormWater Utility

In 1999 the Village Board implemented a Storm water utility fee based on the zoning and use of each property within the Village. This fee generates approximately $237,000 annually. The Utility is designed to generate and account for operations that manage our Storm Water Utility. The bulk of the storm water Utility is underground. The system is designed to convey rain water from properties around Butler into the Menomonee River. By having this system in place and well maintained, the Village of Butler can avoid floods along with other hazards associated with standing water. The money generated from this fee is placed in a special revenue fund and is used exclusively for storm water improvements and maintenance. The Utility for several years mainly was a tool to facilitate the debt which the Village undertook in the late 90's to put a massive 72 inch Stormwater pipe in the ground which runs almost the entire length of the Village form Ruby Ave North to the Little Menomonee River. This pipe relived the massive street and property flooding which occurred on the South end of the Village during major rain events. In recent years, the Utility has begun replacing and repairing Storm water catch basins. Additionally, the Utility also funds work with the Wisconsin Department of Natural Resources in maintaining several permits. These permits have increased in cost and resources over the last three years. The Village works with our engineering firm R.A. Smith to stay compliant along with the other communities in our water shed.

General Fund Reserve Balance

The Village of Butler is currently in a declining general fund reserve balance trend. Village Staff is extremely cognizant of the importance of keeping a strong reserve and will do everything possible to protect the reserve from declining revenues. The Village has a strong tradition of a healthy reserve balance for all of its funds. The Village should continue this practice moving forward with these unpredictable economic times.



Conclusion

Currently, communities in Wisconsin are under a Levy limit and an expenditure restraint program. Moving forward the politics have shifted in Madison and the future of these programs in unclear. Due to this, the Village may need to be proactive in finding revenue sources to keep the general fund funded to meet the needs and wants

of the citizens. The Village of Butler along with other local government units will have to continue to make difficult funding choices. The reduction of services or transfer of funding sources from Property Taxes and Shared State Revenue to user fees may need to be on future agendas.

A special note of thanks to all the Department Heads that assisted with their department budgets and especially to Village Treasurer and Deputy Clerk for numerous amendments on running the different budgets and reports. Their competence and dedication are sincerely appreciated.

I would also like to thank the Village President, Village Trustees and Residents for your interest, dedication and support in planning and conducting the financial operations of the Village in a responsible and progressive manner.

Respectfully submitted,

Tim Rhode
Village Administrator