

VILLAGE OF BUTLER

Butler, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

VILLAGE OF BUTLER

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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, 2019, 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, 2019 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, Village of Butler adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

As discussed in Note I, Village of Butler adopted the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Placements*, effective January 1, 2019. 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 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 US, LLP

Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)
Milwaukee, Wisconsin
October 5, 2020

**MANAGEMENT'S DISCUSSION
AND
ANALYSIS**

Village of Butler, Wisconsin

Management's Discussion and Analysis As of and for the year ended December 31, 2019 (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, 2019. 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 \$9,082,149 (net position). Of this amount, \$2,221,441 (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 \$70,863.
- At the close of the 2019 fiscal year, the Village's governmental funds reported combined ending fund balances of \$1,481,917, a decrease of \$64,737 in comparison with the prior year. Approximately 25% of this total amount, \$362,867, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the 2019 fiscal year, unassigned fund balance for the General Fund was \$362,867 or 17% of the total general fund expenditures.
- The Village of Butler's total long-term debt, including compensated absences and other postemployment benefits, decreased by \$133,370 during fiscal year ended December 31, 2019.

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, 2019 (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, Special Revenue Funds, Capital Projects Funds and Debt Service Fund. A budgetary comparison statement has been provided for the General Fund and Library Special Revenue Fund to demonstrate compliance with its budget on pages 64 and 65 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 pages 21 and 22 of this report.

Village of Butler, Wisconsin

**Management Discussion and Analysis
As of and for the year ended December 31, 2019
(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 \$9,082,149 as of December 31, 2019, compared with net position at December 31, 2019 of \$9,011,286.

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 2019	Business-type Activities 2019	Total
Current assets	\$ 3,950,918	\$ 1,941,135	\$ 5,892,053
Capital assets	6,441,685	4,628,937	11,070,622
Total Assets	10,392,603	6,570,072	16,962,675
Deferred outflows related to OPEB	5,412	1,373	6,785
Deferred outflows related to pensions	708,178	111,093	819,271
Total Deferred Outflows of Resources	713,590	112,466	826,056
Current liabilities	786,500	453,096	1,239,596
Noncurrent liabilities outstanding	3,792,602	1,209,854	5,002,456
Total Liabilities	4,579,102	1,662,950	6,242,052
Unearned revenue	2,031,542	-	2,031,542
Deferred inflows related to OPEB	13,304	3,589	16,893
Deferred inflows related to pensions	361,042	55,053	416,095
Total Deferred Inflows of Resources	2,405,888	58,642	2,464,530
Net Position:			
Net investment in capital assets	3,430,878	3,355,147	6,786,025
Restricted	26,884	47,799	74,683
Unrestricted	663,441	1,558,000	2,221,441
Total Net Position	\$ 4,121,203	\$ 4,960,946	\$ 9,082,149

Village of Butler, Wisconsin

**Management Discussion and Analysis
As of and for the year ended December 31, 2019
(unaudited)**

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 pensions	394,088	63,924	458,012
Total Deferred Outflows of Resources	394,088	63,924	458,012
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 property taxes	2,026,845	-	2,026,845
Deferred inflows related to pensions	415,842	68,114	483,956
Total Deferred Inflows of Resources	2,442,687	68,114	2,510,801
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

A restricted portion of the Village's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$2,221,441 and \$2,376,863 for 2019 and 2018 respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of both the 2019 and 2018 years, the Village is able to report positive balances in all three categories of net position. The Village's total net position increased by \$70,863 during the current fiscal year.

Village of Butler, Wisconsin

**Management Discussion and Analysis
As of and for the year ended December 31, 2019
(unaudited)**

Analysis of the Village's Operations - The following schedule highlights the Village's revenues and expenses for the fiscal years ended December 31, 2019 and 2018. The table utilizes the full accrual method of accounting. The table below demonstrates that governmental activities increased by \$117,868 and business-type activities decreased the Village's net position by \$47,005 in 2019.

Village of Butler's Changes in Net Position						
	Governmental Activities 2019	Governmental Activities 2018	Business-type Activities 2019	Business-type Activities 2018	Total 2019	Total 2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 407,364	\$ 446,733	\$ 1,823,906	\$ 1,624,433	\$ 2,231,270	\$ 2,071,166
Operating Grants and Contributions	185,201	164,000	-	-	185,201	164,000
General revenues						
Property Tax For						
General Purposes	1,313,267	1,366,649	-	-	1,313,267	1,366,649
Tax Increment Financing	-	658,306	-	-	-	658,306
Equipment	181,050	-	-	-	181,050	-
Debt Service	424,272	391,534	-	-	424,272	391,534
Library	94,557	105,308	-	-	94,557	105,308
Intergovernmental revenues not restricted to specific programs						
	199,402	149,135	-	-	199,402	149,135
Investment earnings	44,929	51,331	16,054	14,646	60,983	65,977
Other	54,329	45,246	-	-	54,329	45,246
Transfers	43,747	41,628	(43,747)	(41,628)	-	-
Total Revenues and transfers	2,948,118	3,419,870	1,796,213	1,597,451	4,744,331	5,017,321
Expenses:						
General government	778,185	808,891	-	-	778,185	808,891
Public safety	1,206,868	1,221,008	-	-	1,206,868	1,221,008
Public works	407,826	448,762	-	-	407,826	448,762
Health and sanitation	117,285	122,222	-	-	117,285	122,222
Community development	-	279,214	-	-	-	279,214
Library, parks and recreation	166,065	167,793	-	-	166,065	167,793
Interest and fiscal charges	154,021	124,748	-	-	154,021	124,748
Sewer Service	-	-	1,093,338	824,923	1,093,338	824,923
Water	-	-	500,098	480,842	500,098	480,842
Storm Water	-	-	249,782	250,913	249,782	250,913
Total expenses	2,830,250	3,172,638	1,843,218	1,556,678	4,673,468	4,729,316
Change in net position	117,868	247,232	(47,005)	40,773	70,863	288,005
Net position – beginning	4,003,335	3,756,103	5,007,951	4,967,178	9,011,286	8,723,281
Net position – ending	\$ 4,121,203	\$ 4,003,335	\$ 4,960,946	\$ 5,007,951	\$ 9,082,149	\$ 9,011,286

Village of Butler, Wisconsin

Management Discussion and Analysis
As of and for the year ended December 31, 2019
(unaudited)

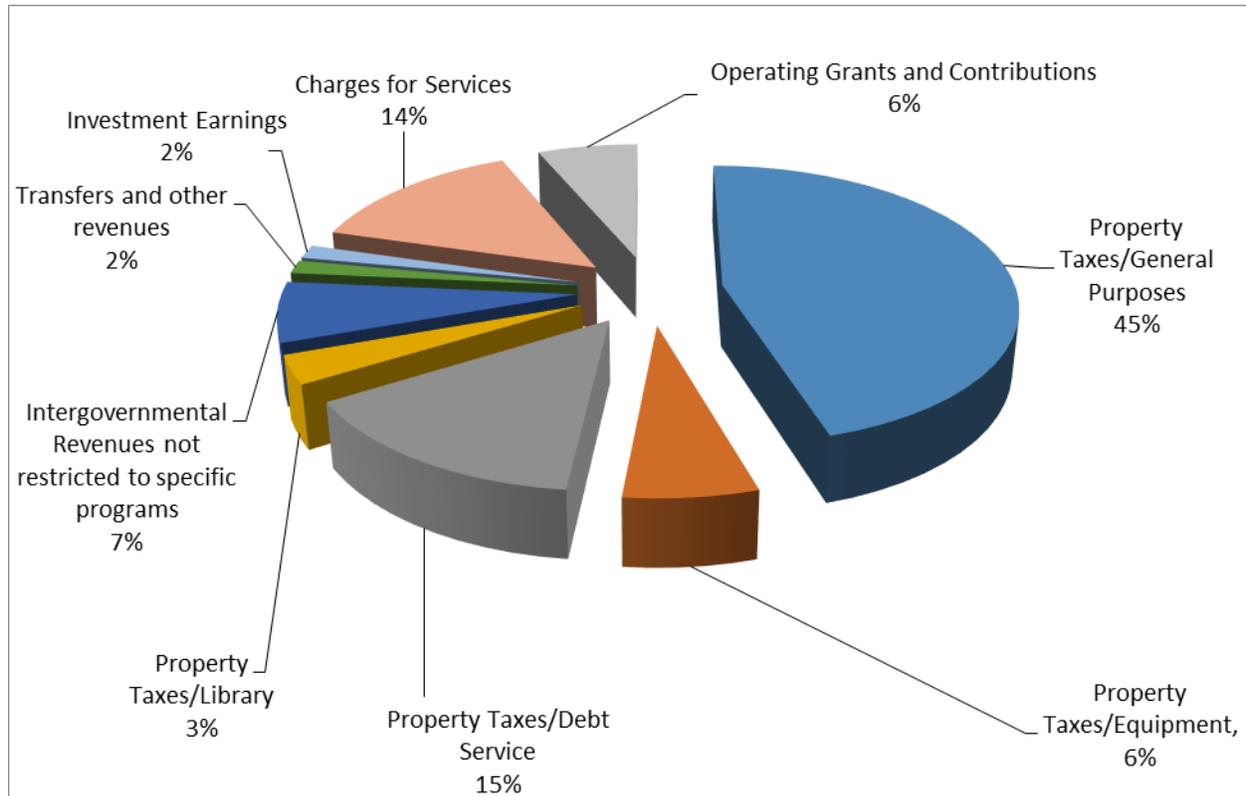
Governmental Activities

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 2019	Total Cost of Services 2018	Net (Expense) of Services 2019	Net (Expense) of Services 2018
General government	\$ 778,185	\$ 808,891	\$ (650,819)	\$ (703,830)
Public safety	1,206,868	1,221,008	(963,561)	(917,350)
Public works	407,826	448,762	(242,287)	(303,585)
Health and sanitation	117,285	122,222	(85,918)	(96,881)
Community development	-	279,214	-	(279,214)
Library, parks and recreation	166,065	167,793	(141,079)	(136,297)
Interest on long-term debt	154,021	124,748	(154,021)	(124,748)
	<u>\$ 2,830,250</u>	<u>\$ 3,172,638</u>	<u>\$ (2,237,685)</u>	<u>\$ (2,561,905)</u>

Net cost of services is 79% of total cost of services in 2019 and 81% in 2018. This reflects a continued reliance on taxes and other general revenue sources to fund the cost of services.

The graph below shows the 2019 percentage of the total governmental activities revenues allocated by each revenue type.



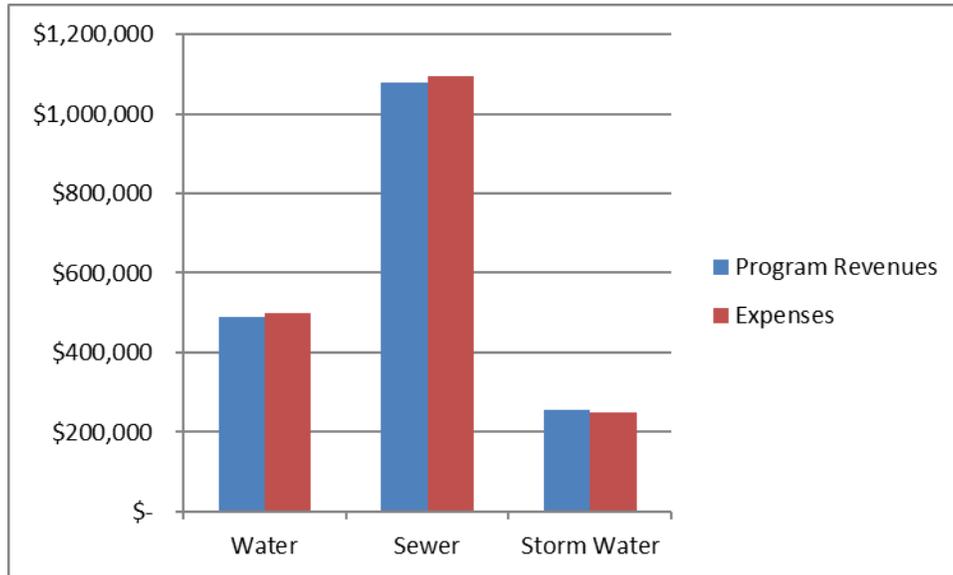
Village of Butler, Wisconsin

**Management Discussion and Analysis
As of and for the year ended December 31, 2019
(unaudited)**

Business-Type Activities

Total Business-type activities' charges for service revenues for the years ending December 31, 2019 and 2018 were \$2,231,270 and \$1,624,433, respectively. The Business-type activities decreased the Village of Butler's net position by \$47,005 in 2019 and increased the Village of Butler's net position by \$40,773 in 2018.

The graph below shows the relationship between the 2019 revenues and expenses for the Village of Butler Sewer Service, Water and Storm Water Utilities.



Financial Analysis of the Government's Funds

Village of Butler, Wisconsin

Management Discussion and Analysis As of and for the year ended December 31, 2019 (unaudited)

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 \$1,481,917, a decrease of \$64,737 in comparison with the prior year. Approximately 25% of this total amount (\$362,867) 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 2019, the General Fund balance increased by \$23,922. At the end of the year, the unassigned fund balance of the General Fund was \$362,867 while total fund balance was \$537,479. 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 17% of total general fund expenditures and transfers.

Fund balance in the Debt Service Fund decreased by \$2,942 during 2019. Fund balances in the Tax Increment Financing District and Community Development Authority Funds decreased by \$663,943 and \$71,175 during 2019 due to the termination of the TIF District. Fund balance in the Equipment Fund decreased by \$186,513 during 2019. Fund balance in the Borrowed Money Fund increased \$98,933 during 2019. Fund balance in the Library Fund increased \$1,863 during 2019.

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 \$1,053,630, the Water Utility totaled \$1,729,714 and for the Storm Water Utility the total net position was \$2,177,602. Total change in net position for the Water, Storm Water and Sewer Service Utilities were a decrease of \$47,005, and a decrease of \$54,916, and an increase of \$13,744, respectively.

General Fund Budgetary Highlights.

- The total original and final revenue and transfer budget was \$2,095,070 and actual revenues and transfers on a budgetary non-GAAP basis were \$2,114,796.
- In total, the General Fund had an increase in fund balance of \$23,922 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, 2019 and 2018 amounted to \$11.07 million and \$9.72 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, 2019
(unaudited)**

**Village of Butler
Capital Assets at Year-end
Net of Accumulated Depreciation**

	Governmental Activities 2019	Governmental Activities 2018	Business-type Activities 2019	Business-type Activities 2018	Total 2019	Total 2018
Land	\$ 344,080	\$ 344,080	\$ 18,293	\$ 18,293	\$ 362,373	\$ 362,373
Construction in progress	28,554	37,394	4,366	12,031	32,920	49,425
Land Improvements	670,155	390,777	-	-	670,155	390,777
Buildings	2,804,483	2,532,719	179,662	179,662	2,984,145	2,712,381
Machinery & Equipment	2,364,918	2,332,615	285,863	194,889	2,650,781	2,527,504
Infrastructure	3,550,785	3,086,517	-	-	3,550,785	3,086,517
Intangibles	62,964	62,964	9,205	9,205	72,169	72,169
Water Distribution System	-	-	2,791,597	2,396,463	2,791,597	2,396,463
Storm Water Systems	-	-	3,439,223	3,398,055	3,439,223	3,398,055
Sewer Collection System	-	-	943,284	943,284	943,284	943,284
Accumulated depreciation	(3,384,254)	(3,223,931)	(3,042,556)	(2,994,696)	(6,426,810)	(6,218,627)
	\$ 6,441,685	\$ 5,563,135	\$ 4,628,937	\$ 4,157,186	\$ 11,070,622	\$ 9,720,321

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, 2019
(unaudited)**

Long-term debt - As of December 31, 2019 the Village of Butler governmental activities had general obligation bonds and notes outstanding totaling \$3,792,602. The Village of Butler has business-type activities notes payable totaling \$880,000. 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 \$110,000 in principal and \$31,580 in interest on outstanding debt in the current year.

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

	Governmental Activities 2019	Governmental Activities 2018	Business-type Activities 2019	Business-type Activities 2018	Total 2019	Total 2018
General Obligations Bonds & Notes	\$ 3,646,433	\$ 3,105,705	\$ 1,260,000	\$ 850,000	\$ 4,906,433	\$ 3,955,705

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 2019 due to economic redevelopment.
- The tax levy for local purposes (exclusive of tax increment financing) in year 2020 is \$2,026,846 compared to the prior year levy of \$1,863,491.
- The Village of Butler's 2020 budget qualified the Village to receive the Expenditure Restraint Shared Revenue payment; as it did in 2018 and 2019.
- 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 kthorpe@butlerwi.gov.

BASIC FINANCIAL STATEMENTS

VILLAGE OF BUTLER

STATEMENT OF NET POSITION As of December 31, 2019

	Governmental Activities	Business- type Activities	Totals
ASSETS			
Cash and investments			
Unrestricted	\$ 1,750,092	\$ 1,595,690	\$ 3,345,782
Restricted	-	47,799	47,799
Receivables	2,198,450	208,754	2,407,204
Inventories	-	13,527	13,527
Prepaid items	70,088	7,653	77,741
Internal balances	(67,712)	67,712	-
Capital assets			
Land	344,080	18,293	362,373
Construction in progress	28,554	4,366	32,920
Property and equipment (net)	6,069,051	4,606,278	10,675,329
Total Assets	10,392,603	6,570,072	16,962,675
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB - Life Insurance	5,412	1,373	6,785
Deferred outflows related to pension	708,178	111,093	819,271
Total Deferred Outflows of Resources	713,590	112,466	826,056
LIABILITIES			
Accounts payable and other liabilities	392,469	308,913	701,382
Accrued interest payable	44,243	9,183	53,426
Noncurrent liabilities			
Due within one year	330,080	135,000	465,080
Due in more than one year	3,812,310	1,209,854	5,022,164
Total Liabilities	4,579,102	1,662,950	6,242,052
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	2,031,542	-	2,031,542
Deferred inflows related to OPEB - Life Insurance	13,304	3,589	16,893
Deferred inflows related to pension	361,042	55,053	416,095
Total Deferred Inflows of Resources	2,405,888	58,642	2,464,530
NET POSITION			
Net investment in capital assets	3,430,878	3,355,147	6,786,025
Restricted for debt service	2,025	-	2,025
Restricted for equipment replacement	-	47,799	47,799
Restricted for library purposes	24,859	-	24,859
Unrestricted	663,441	1,558,000	2,221,441
TOTAL NET POSITION	\$ 4,121,203	\$ 4,960,946	\$ 9,082,149

See accompanying notes to the financial statements.

VILLAGE OF BUTLER

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>			
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Governmental activities							
General government	\$ 778,185	\$ 127,366	\$ -	\$ -	\$ (650,819)	\$ -	\$ (650,819)
Public safety	1,206,868	230,915	12,392	-	(963,561)	-	(963,561)
Health and sanitation	117,285	24,097	7,270	-	(85,918)	-	(85,918)
Public works	407,826	-	165,539	-	(242,287)	-	(242,287)
Library, parks and recreation	166,065	24,986	-	-	(141,079)	-	(141,079)
Interest and fiscal charges	154,021	-	-	-	(154,021)	-	(154,021)
Total Governmental Activities	<u>2,830,250</u>	<u>407,364</u>	<u>185,201</u>	<u>-</u>	<u>(2,237,685)</u>	<u>-</u>	<u>(2,237,685)</u>
Business-type activities							
Water Utility	500,098	488,044	-	-	-	(12,054)	(12,054)
Sewer Service	1,093,338	1,078,712	-	-	-	(14,626)	(14,626)
Storm Water	249,782	257,150	-	-	-	7,368	7,368
Total Business-type Activities	<u>1,843,218</u>	<u>1,823,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,312)</u>	<u>(19,312)</u>
TOTALS	\$ 4,673,468	\$ 2,231,270	\$ 185,201	\$ -	(2,237,685)	(19,312)	(2,256,997)
General revenues							
Taxes:							
Property taxes levied for general purposes					1,313,267	-	1,313,267
Property taxes levied for equipment					181,050	-	181,050
Property taxes levied for debt service					424,272	-	424,272
Property taxes levied for library					94,557	-	94,557
Intergovernmental revenues not restricted to specific programs					199,402	-	199,402
Investment income					44,929	16,054	60,983
Gain on disposal of capital assets					45,735	-	45,735
Other					8,594	-	8,594
Transfers					43,747	(43,747)	-
Total General Revenues and Transfers					<u>2,355,553</u>	<u>(27,693)</u>	<u>2,327,860</u>
CHANGE IN NET POSITION					117,868	(47,005)	70,863
NET POSITION - Beginning of Year					<u>4,003,335</u>	<u>5,007,951</u>	<u>9,011,286</u>
NET POSITION - END OF YEAR					\$ 4,121,203	\$ 4,960,946	\$ 9,082,149

See accompanying notes to the financial statements.

VILLAGE OF BUTLER

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	General	Special Revenue Library	Debt Service	Capital Projects Funds		Nonmajor Governmental Fund	Total Governmental Funds
				Equipment	Borrowed Money	Special Revenue Park and Recreation	
ASSETS							
Cash and investments	\$ 539,322	\$ 29,951	\$ 46,368	\$ 279,044	\$ 855,407	\$ -	\$ 1,750,092
Receivables							
Taxes	1,516,378	94,560	420,903	58,975	-	17,400	2,108,216
Accounts	82,973	-	-	-	-	-	82,973
Special assessments	7,261	-	-	-	-	-	7,261
Prepaid items	70,088	-	-	-	-	-	70,088
TOTAL ASSETS	\$ 2,216,022	\$ 124,511	\$ 467,271	\$ 338,019	\$ 855,407	\$ 17,400	\$ 4,018,630
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 45,809	\$ 3,628	\$ 100	\$ -	\$ 261,140	\$ -	310,677
Accrued liabilities	80,328	1,464	-	-	-	-	81,792
Due to other funds	67,712	-	-	-	-	-	67,712
Total Liabilities	<u>193,849</u>	<u>5,092</u>	<u>100</u>	<u>-</u>	<u>261,140</u>	<u>-</u>	<u>460,181</u>
Deferred Inflows of Resources							
Unearned revenues	1,439,704	94,560	420,903	58,975	-	17,400	2,031,542
Unavailable revenues	44,990	-	-	-	-	-	44,990
Total Deferred Inflows of Resources	<u>1,484,694</u>	<u>94,560</u>	<u>420,903</u>	<u>58,975</u>	<u>-</u>	<u>17,400</u>	<u>2,076,532</u>
Fund Balances							
Nonspendable	91,469	-	-	-	-	-	91,469
Restricted	-	24,859	46,268	-	594,267	-	665,394
Committed	35,022	-	-	279,044	-	-	314,066
Assigned	48,121	-	-	-	-	-	48,121
Unassigned	362,867	-	-	-	-	-	362,867
Total Fund Balances	<u>537,479</u>	<u>24,859</u>	<u>46,268</u>	<u>279,044</u>	<u>594,267</u>	<u>-</u>	<u>1,481,917</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,216,022	\$ 124,511	\$ 467,271	\$ 338,019	\$ 855,407	\$ 17,400	

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.	6,441,685
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.	44,990
Deferred outflows of resources related to pensions and OPEB do not related to current financial resources and are not reported in the governmental funds.	713,590
Deferred inflows of resources related to pensions and OPEB do not related to current financial resources and are not reported in the governmental funds.	(374,346)
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.	(4,186,633)
the funds. See Note II.A.	

NET POSITION OF GOVERNMENTAL FUNDS

See accompanying notes to the financial statements.

\$ 4,121,203

VILLAGE OF BUTLER

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For the Year Ended December 31, 2019

	General	Special Revenue	Debt Service	Capital Projects Funds		Nonmajor Governmental Fund	Total Governmental Funds
		Library		Equipment	Borrowed Money	Special Revenue Park and Recreation	
REVENUES							
Taxes	\$ 1,313,267	\$ 94,557	\$ 424,272	\$ 181,050	\$ -	\$ -	\$ 2,013,146
Intergovernmental	370,978	7,520	-	6,105	-	-	384,603
Licenses and permits	112,305	-	-	-	-	-	112,305
Fines, forfeitures and penalties	135,812	-	-	-	-	-	135,812
Public charges for services	93,139	6,217	-	-	-	6,933	106,289
Investment income	11,719	-	1,315	7,210	24,686	-	44,930
Interdepartmental revenues	78,000	-	-	-	-	-	78,000
Miscellaneous revenue	8,090	328	-	-	-	175	8,593
Total Revenues	2,123,310	108,622	425,587	194,365	24,686	7,108	2,883,678
EXPENDITURES							
Current							
General government	699,453	-	-	-	-	-	699,453
Public safety	1,029,838	-	-	-	-	-	1,029,838
Public works	283,713	-	-	-	-	-	283,713
Health and sanitation	117,285	-	-	-	-	-	117,285
Library, parks and recreation	-	106,759	-	-	-	19,534	126,293
Capital Outlay	420	-	-	380,878	759,267	-	1,140,565
Debt Service							
Principal retirement	-	-	339,272	-	-	-	339,272
Interest and fiscal charges	-	-	89,257	-	46,486	-	135,743
Total Expenditures	2,130,709	106,759	428,529	380,878	805,753	19,534	3,872,162
Excess (deficiency) of revenues over expenditures	(7,399)	1,863	(2,942)	(186,513)	(781,067)	(12,426)	(988,484)
OTHER FINANCING SOURCES (USES)							
Debt issued	-	-	-	-	880,000	-	880,000
Transfers in	43,968	-	-	-	-	12,647	56,615
Transfers out	(12,647)	-	-	-	-	(221)	(12,868)
Total Other Financing Sources (Uses)	31,321	-	-	-	880,000	12,426	923,747
Net Changes Fund Balances	23,922	1,863	(2,942)	(186,513)	98,933	-	(64,737)
FUND BALANCES - Beginning of Year	513,557	22,996	49,210	465,557	495,334	-	1,546,654
FUND BALANCES - END OF YEAR	\$ 537,479	\$ 24,859	\$ 46,268	\$ 279,044	\$ 594,267	\$ -	\$ 1,481,917

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, 2019

Net change in fund balances - total governmental funds	\$ (64,737)
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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	1,140,565
Less: Certain items reported as capital outlay not capitalized	(57,211)
Depreciation/amortization is reported in the government-wide statements	(250,539)
Net book value of assets retired	(2,313)
Trade in value on disposals	48,048

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.	(25,042)
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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	339,272
Debt issued	(880,000)

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	3,195

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	(9,676)
Net pension liability	(467,865)
Net OPEB liabilities - Health and Life	9,596
Deferred outflows of resources related to pension and OPEBs	313,168
Deferred inflows of resources related to pension and OPEBs	42,880
Accrued interest on debt	(21,473)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 117,868</u>
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See accompanying notes to the financial statements.

VILLAGE OF BUTLER

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2019

	Business-type Activities - Enterprise Funds			Totals
	Water Utility	Storm Water Utility	Sewer Service Utility	
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 728,640	\$ 137,737	\$ 729,313	\$ 1,595,690
Accounts receivable	61,143	23,656	123,955	208,754
Due from other funds	18,829	9,240	39,643	67,712
Prepaid items	2,673	2,424	2,556	7,653
Inventories	13,527	-	-	13,527
Total Current Assets	824,812	173,057	895,467	1,893,336
NONCURRENT ASSETS				
Restricted assets				
Cash and investments	-	-	47,799	47,799
Capital Assets				
Land	18,293	-	-	18,293
Construction in progress	-	2,416	1,950	4,366
Property and equipment	3,102,406	3,512,405	1,034,023	7,648,834
Less: Accumulated depreciation	(1,020,081)	(1,352,634)	(669,841)	(3,042,556)
Total Noncurrent Assets	2,100,618	2,162,187	413,931	4,676,736
TOTAL ASSETS	2,925,430	2,335,244	1,309,398	6,570,072
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to OPEB - Life Insurance	468	441	464	1,373
Deferred outflows related to pension	34,378	35,697	41,018	111,093
Total Deferred Outflows	34,846	36,138	41,482	112,466
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	36,496	20,765	251,652	308,913
Accrued interest payable	8,083	1,100	-	9,183
Current portion of general obligation debt	45,000	90,000	-	135,000
Total Current Liabilities	89,579	111,865	251,652	453,096
NONCURRENT LIABILITIES				
OPEB liabilities	9,925	9,243	9,715	28,883
Net pension liability	14,831	12,965	14,385	42,181
General obligation debt	1,098,175	40,615	-	1,138,790
Total Noncurrent Liabilities	1,122,931	62,823	24,100	1,209,854
Total Liabilities	1,212,510	174,688	275,752	1,662,950
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB - Life Insurance	1,205	1,177	1,207	3,589
Deferred inflows related to pension	16,847	17,915	20,291	55,053
	18,052	19,092	21,498	58,642
NET POSITION				
Net investment in capital assets	957,443	2,031,572	366,132	3,355,147
Restricted for equipment replacement	-	-	47,799	47,799
Unrestricted	772,271	146,030	639,699	1,558,000
TOTAL NET POSITION	\$ 1,729,714	\$ 2,177,602	\$ 1,053,630	\$ 4,960,946

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, 2019

	Business-type Activities - Enterprise Funds			Totals
	Water Utility	Storm Water Utility	Sewer Service Utility	
OPERATING REVENUES				
Charges for services	\$ 486,329	\$ 257,150	\$ 1,078,712	\$ 1,822,191
Other operating revenue	1,715	-	-	1,715
Total Operating Revenues	<u>488,044</u>	<u>257,150</u>	<u>1,078,712</u>	<u>1,823,906</u>
OPERATING EXPENSES				
Operation and maintenance	434,261	190,433	1,075,340	1,700,034
Depreciation	36,602	52,335	17,998	106,935
Taxes	7,373	-	-	7,373
Total Operating Expenses	<u>478,236</u>	<u>242,768</u>	<u>1,093,338</u>	<u>1,814,342</u>
Operating Income (Loss)	<u>9,808</u>	<u>14,382</u>	<u>(14,626)</u>	<u>9,564</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	175	6,406	9,473	16,054
Interest expense	(23,280)	(7,456)	-	(30,736)
Amortization	1,418	442	-	1,860
Total Nonoperating Revenues (Expenses)	<u>(21,687)</u>	<u>(608)</u>	<u>9,473</u>	<u>(12,822)</u>
(Loss) Income Before Transfers	<u>(11,879)</u>	<u>13,774</u>	<u>(5,153)</u>	<u>(3,258)</u>
TRANSFERS				
Transfers in	710	-	-	710
Transfers out	(43,747)	-	(710)	(44,457)
Total Transfers	<u>(43,037)</u>	<u>-</u>	<u>(710)</u>	<u>(43,747)</u>
Change in Net Position	(54,916)	13,774	(5,863)	(47,005)
NET POSITION - Beginning of Year	<u>1,784,630</u>	<u>2,163,828</u>	<u>1,059,493</u>	<u>5,007,951</u>
NET POSITION - END OF YEAR	<u>\$ 1,729,714</u>	<u>\$ 2,177,602</u>	<u>\$ 1,053,630</u>	<u>\$ 4,960,946</u>

See accompanying notes to the financial statements.

VILLAGE OF BUTLER

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2019

	Proprietary Fund Types			Totals
	Enterprise Funds			
	Water Utility	Storm Water Utility	Sewer Service Utility	
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 487,981	\$ 277,783	\$ 1,108,001	\$ 1,873,765
Paid to vendors for goods and services	(351,721)	(112,541)	(809,517)	(1,273,779)
Paid to employees for services	(71,468)	(62,115)	(68,853)	(202,436)
Net Cash Flows from Operating Activities	<u>64,792</u>	<u>103,127</u>	<u>229,631</u>	<u>397,550</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>175</u>	<u>6,406</u>	<u>9,473</u>	<u>16,054</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	<u>(43,037)</u>	<u>-</u>	<u>(710)</u>	<u>(43,747)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from long-term debt	520,000	-	-	520,000
Principal paid on long-term debt	(25,000)	(85,000)	-	(110,000)
Interest paid on long-term debt	(23,593)	(7,987)	-	(31,580)
Acquisition and construction of capital assets	<u>(478,965)</u>	<u>(72,053)</u>	<u>(27,539)</u>	<u>(578,557)</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(7,558)</u>	<u>(165,040)</u>	<u>(27,539)</u>	<u>(200,137)</u>
Net Change in Cash and Cash Equivalents	14,372	(55,507)	210,855	169,720
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>714,268</u>	<u>193,244</u>	<u>566,257</u>	<u>1,473,769</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 728,640</u>	<u>\$ 137,737</u>	<u>\$ 777,112</u>	<u>\$ 1,643,489</u>
CASH AND CASH EQUIVALENTS - END OF YEAR				
Unrestricted	\$ 728,640	\$ 137,737	\$ 729,313	\$ 1,595,690
Restricted	-	-	47,799	47,799
	<u>\$ 728,640</u>	<u>\$ 137,737</u>	<u>\$ 777,112</u>	<u>\$ 1,643,489</u>
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income/(loss)	\$ 9,808	\$ 14,382	\$ (14,626)	\$ 9,564
Adjustments to Reconcile Operating Income/(Loss) To Net Cash Flows From Operating Activities				
Depreciation expense	36,602	52,335	17,998	106,935
Depreciation charged to other funds	2,418	-	-	2,418
Changes in assets, deferred outflows, deferred inflows and liabilities				
Accounts receivable	(471)	19,780	33,644	52,953
Due from other funds	(3,111)	(221)	(5,456)	(8,788)
Inventory	(3,522)	-	-	(3,522)
Prepaid items	(1,450)	(1,237)	(1,333)	(4,020)
OPEB related amounts	(90)	600	(296)	214
Pension related amounts	6,976	4,862	6,395	18,233
Accounts payable	<u>17,632</u>	<u>12,626</u>	<u>193,305</u>	<u>223,563</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 64,792</u>	<u>\$ 103,127</u>	<u>\$ 229,631</u>	<u>\$ 397,550</u>
NON CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Capital assets in accounts payable	<u>\$ 1,216</u>	<u>\$ 1,321</u>	<u>\$ -</u>	<u>\$ 2,537</u>

See accompanying notes to the financial statements.

VILLAGE OF BUTLER

STATEMENT OF FIDUCIARY NET POSITION
As of December 31, 2019

	<u>Custodial Fund</u>
	Tax Collection Fund
	<u> </u>
ASSETS	
Cash and investments	\$ 2,112,972
Taxes receivable	<u>698,803</u>
Total Assets	<u>2,811,775</u>
LIABILITIES	
Due to other governmental units	<u>2,811,775</u>
NET POSITION	
Total Net Position	<u>\$ -</u>

See accompanying notes to the financial statements.

VILLAGE OF BUTLER

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION For the Year Ended December 31, 2019

	<u>Custodial Fund</u> Tax Collection Fund
ADDITIONS	
Tax collections	<u>\$ 2,110,863</u>
DEDUCTIONS	
Payments to overlying districts	<u>2,110,863</u>
Change in Net Position	-
NET POSITION - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ -</u>

See accompanying notes to the financial statements.

VILLAGE OF BUTLER

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VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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 three methods, discrete presentation, blended, or fiduciary. 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.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In January 2017, the GASB issued statement No. 84 - *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2019.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

In March 2018, the GASB issued statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

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.

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.

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.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements (cont.)

- 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 - 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 - 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.

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.

The Village reports the following nonmajor governmental fund:

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

Park and Recreation Fund

In addition, the Village reports the following fund types:

- Custodial Fund - used to account for and report assets controlled by the Village and the assets are for the benefit of individuals, private organizations, and/or other governmental units.

Tax Collection Fund

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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.

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.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements (cont.)

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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.

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.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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.)

- 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, 2019, one financial institution held \$3.7 million, however, the entire balance was either insured or collateralized. Another institution held \$767,000 of which \$516,648 and 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, 2019, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

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 fiduciary net position.

Property tax calendar - 2019 tax roll:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale - 2019 delinquent real estate taxes	October 2022

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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.)

2. Receivables (cont.)

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.

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.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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.)

Government-Wide Statements (cont.)

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

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.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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.)

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.

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.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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.)

Government-Wide Statements (cont.)

- 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.
- 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.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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.)

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 subsequent year's general fund operating budget. The balance at year end was \$225,004 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.

12. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring 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.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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.)

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 July 1, 2019 for water, January 1, 2016 sewer service and January 1, 2018 for for storm water utilities.

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		28,554
Land improvements		670,155
Buildings		2,804,483
Machinery and equipment		2,364,918
Infrastructure		3,550,785
Intangibles		62,964
Less: Accumulated depreciation		<u>(3,384,254)</u>
Combined Adjustment for Capital Assets	\$	<u>6,441,685</u>

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

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

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	\$	3,646,433	
Compensated absences		96,241	
Accrued interest		44,243	
Unamortized debt premium		27,720	
OPEB - Health		83,785	
OPEB - Life		30,203	
Net pension liability		<u>258,008</u>	
Combined Adjustment for Long-Term Liabilities	\$	<u><u>4,186,633</u></u>	

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Fund	Budgeted Expenditures	Actual Expenditures	Excess Expenditures/Other Financing Uses Over Budget
Special Revenue Fund - Park and Recreation	\$ 19,700	\$ 19,755	\$ 55
Debt Service Fund	424,772	428,529	3,757
Capital Projects Fund - Equipment Fund	147,300	380,878	233,578

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.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

B. 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.

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	\$ 4,577,533	\$ 4,514,619	Custodial Credit
LGIP	928,780	928,770	Credit
Petty cash	240	-	N/A
 Total Deposits and Investments	 \$ 5,506,553	 \$ 5,443,389	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 3,345,782		
Restricted cash and investments	47,799		
Per statement of net position - fiduciary fund			
Custodial Fund	2,112,972		
 Total Deposits and Investments	 \$ 5,506,553		

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.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

A. DEPOSITS AND INVESTMENTS (cont.)

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.

As of December 31, 2019, \$2,778,535 of the Village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	516,648
Uninsured and collateral held by the pledging financial institution		<u>2,261,887</u>
Total	\$	<u><u>2,778,535</u></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 \$14,193 of ambulance receivables, \$7,188 of delinquent personal property taxes and \$7,261 of special assessments.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

B. RECEIVABLES (cont.)

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	\$ 2,031,542	\$ -
Special assessments not yet due	-	7,261
Police citations receivable	-	37,729
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 2,031,542	 \$ 44,990

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.

Following is a list of restricted assets at December 31, 2019:

	<u>Restricted Assets</u>
Equipment replacement account	\$ 47,799
 Total	 \$ 47,799

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 344,080	\$ -	\$ -	\$ 344,080
Construction in progress	37,394	28,554	37,394	28,554
Total Capital Assets Not Being Depreciated/Amortized	381,474	28,554	37,394	372,634
Capital assets being depreciated/amortized				
Land Improvements	390,777	279,378	-	670,155
Buildings	2,532,719	271,764	-	2,804,483
Machinery and equipment	2,332,615	124,832	92,529	2,364,918
Infrastructure	3,086,517	464,268	-	3,550,785
Intangibles	62,964	-	-	62,964
Total Capital Assets Being Depreciated/Amortized	8,405,592	1,140,242	92,529	9,453,305
Total Capital Assets	8,787,066	1,168,796	129,923	9,825,939
Less: Accumulated depreciation/amortization for				
Land Improvements	(302,838)	(25,081)	-	(327,919)
Buildings	(760,004)	(67,699)	-	(827,703)
Machinery and equipment	(1,612,153)	(131,955)	90,216	(1,653,892)
Infrastructure	(520,013)	(18,387)	-	(538,400)
Intangibles	(28,923)	(7,417)	-	(36,340)
Total Accumulated Depreciation/Amortization	(3,223,931)	(250,539)	90,216	(3,384,254)
Net Capital Assets Being Depreciated/Amortized	5,181,661	889,703	2,313	6,069,051
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	\$ 5,563,135	\$ 918,257	\$ 39,707	\$ 6,441,685

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS (cont.)

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 41,776
Public safety	91,206
Public works	82,031
Library, parks and recreation	<u>35,526</u>
Total Governmental Activities Depreciation/Amortization Expense	<u><u>\$ 250,539</u></u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated/amortized				
Land	\$ 18,293	\$ -	\$ -	\$ 18,293
Construction in progress	<u>12,031</u>	<u>4,366</u>	<u>12,031</u>	<u>4,366</u>
Total Capital Assets Not Being Depreciated/Amortized	<u>30,324</u>	<u>4,366</u>	<u>12,031</u>	<u>22,659</u>
Capital assets being depreciated/amortized				
Buildings and improvements	179,662	-	-	179,662
Machinery and equipment	194,899	90,964	-	285,863
Water distribution system	2,396,463	451,163	56,029	2,791,597
Storm water system	3,398,055	46,633	5,465	3,439,223
Sewer collection system	943,284	-	-	943,284
Intangibles	<u>9,205</u>	<u>-</u>	<u>-</u>	<u>9,205</u>
Total Capital Assets Being Depreciated/Amortized	<u>7,121,568</u>	<u>588,760</u>	<u>61,494</u>	<u>7,648,834</u>
Total Capital Assets	<u>7,151,892</u>	<u>593,126</u>	<u>73,525</u>	<u>7,671,493</u>
Less: Accumulated depreciation/amortization for				
Buildings and improvements	(137,889)	(5,788)	-	(143,677)
Machinery and equipment	(95,060)	(19,956)	-	(115,016)
Water distribution system	(824,172)	(23,670)	56,029	(791,813)
Storm water system	(1,298,739)	(46,627)	5,465	(1,339,901)
Sewer collection system	(638,238)	(12,577)	-	(650,815)
Intangibles	<u>(598)</u>	<u>(736)</u>	<u>-</u>	<u>(1,334)</u>
Total Accumulated Depreciation/Amortization	<u>(2,994,696)</u>	<u>(109,354)</u>	<u>61,494</u>	<u>(3,042,556)</u>
Net Capital Assets Being Depreciated/Amortized	<u>4,126,872</u>	<u>479,406</u>	<u>-</u>	<u>4,606,278</u>
Business-type Capital Assets, Net of Accumulated Depreciation/Amortization	<u><u>\$ 4,157,196</u></u>	<u><u>\$ 483,772</u></u>	<u><u>\$ 12,031</u></u>	<u><u>\$ 4,628,937</u></u>

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS (cont.)

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities	
Sewer Service	\$ 17,998
Water	36,602
Storm Water	<u>52,335</u>
Total Business-type Activities Depreciation/Amortization Expense	<u>\$ 106,935</u>

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:

Receivable Fund	Payable Fund	Amount
Water Utility	General Fund	\$ 18,829
Sewer Service Utility	General Fund	39,643
Storm Water Utility	General Fund	<u>9,240</u>
Total		<u>\$ 67,712</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, 2019

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

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Special Revenue - Park and Recreation Fund	\$ 221	Creation of Park and Recreation fund
Special Revenue - Park and Recreation Fund	General Fund	12,647	Cover fund deficit
Water Utility	Sewer Utility	710	Shared meter cost
General Fund	Water Utility	<u>43,747</u>	Tax equivalent
Total - Fund Financial Statements		57,325	
Less: Fund eliminations		<u>(13,578)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 43,747</u></u>	

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

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 3,015,000	\$ 880,000	\$ 325,000	\$ 3,570,000	\$ 305,000
General obligation notes from direct borrowings and direct placements	90,705	-	14,272	76,433	14,883
(Discounts)/Premiums	30,915	-	3,195	27,720	-
Sub-totals	<u>3,136,620</u>	<u>880,000</u>	<u>342,467</u>	<u>3,674,153</u>	<u>319,883</u>
Other Liabilities					
Net pension liability	-	258,008	-	258,008	-
Compensated absences	86,565	19,598	9,922	96,241	10,197
Other postemployment benefits					
- Health	80,891	2,894	-	83,785	-
Other postemployment benefits					
- Life	42,693	-	12,490	30,203	-
Total Other Liabilities	<u>210,149</u>	<u>280,500</u>	<u>22,412</u>	<u>468,237</u>	<u>10,197</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 3,346,769</u>	<u>\$ 1,160,500</u>	<u>\$ 364,879</u>	<u>\$ 4,142,390</u>	<u>\$ 330,080</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 850,000	\$ 520,000	\$ 110,000	\$ 1,260,000	\$ 135,000
(Discounts)/Premiums	15,650	-	1,860	13,790	-
Sub-totals	<u>865,650</u>	<u>520,000</u>	<u>111,860</u>	<u>1,273,790</u>	<u>135,000</u>
Other Liabilities					
Net pension liability	-	42,181	-	42,181	-
Other postemployment benefits					
- Health	19,811	769	-	20,580	-
Other postemployment benefits					
- Life	9,620	-	1,317	8,303	-
Total Other Liabilities	<u>29,431</u>	<u>42,950</u>	<u>1,317</u>	<u>71,064</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 895,081</u>	<u>\$ 562,950</u>	<u>\$ 113,177</u>	<u>\$ 1,344,854</u>	<u>\$ 135,000</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, 2019, was \$12,357,930. Total general obligation debt outstanding at year end was \$4,906,433.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2019</u>
State Trust Fund Loan - Direct	01/08/05	03/15/24	5.25%	\$ 189,007	\$ 69,079
General Obligation Promissory Notes	3/26/13	4/1/22	0.75 - 1.6	470,000	330,000
General Obligation Promissory Note - Direct	11/3/14	2/15/22	0.00	19,609	7,354
General Obligation Refunding Bond	2/9/16	2/9/36	3.00	995,000	875,000
General Obligation Corporate Purpose Bonds	3/30/17	2/1/37	3.00	425,000	395,000
General Obligation Corporate Purpose Bonds	4/17/18	2/1/38	2.20 - 3.75	1,090,000	1,090,000
General Obligation Corporate Purpose Bonds	4/23/19	2/1/38	2.00 - 3.00	880,000	<u>880,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 3,646,433</u>

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
General Obligation Refunding Bonds	01/26/10	11/01/20	1.25 - 4.00%	\$ 845,000	\$ 90,000
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	610,000
General Obligation Corporate Purpose Bonds	4/23/19	2/1/38	2.00 - 3.00	520,000	<u>520,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 1,260,000</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2020	\$ 305,000	\$ 98,483	\$ 135,000	\$ 37,938
2021	255,000	92,508	85,000	32,588
2022	260,000	86,733	50,000	30,763
2023	170,000	81,575	50,000	29,463
2024	165,000	77,213	50,000	28,138
2025-2029	850,000	315,488	280,000	118,394
2030-2034	945,000	179,956	350,000	70,875
2035-2038	<u>620,000</u>	<u>36,400</u>	<u>260,000</u>	<u>14,613</u>
Totals	<u>\$ 3,570,000</u>	<u>\$ 968,356</u>	<u>\$ 1,260,000</u>	<u>\$ 362,772</u>

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

<u>Years</u>	Governmental Activities Notes from Direct Borrowings and Direct Placements	
	Principal	Interest
	2020	\$ 14,883
2021	15,546	2,974
2022	16,234	2,287
2023	14,506	1,563
2024	15,264	804
Totals	\$ 76,433	\$ 11,265

The Village's outstanding notes from direct borrowings and/or direct placements related to governmental activities of \$76,433 contain a provision that in an event of default, outstanding amounts become immediately due and payable.

Other Debt Information

Estimated payments of compensated absences liability, net pension 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, 2019, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 344,080
Construction in progress	28,554
Other capital assets, net of accumulated depreciation/amortization	6,069,051
Less: Long-term debt outstanding	(3,646,433)
Plus: Unspent capital related debt proceeds	594,267
Plus: Noncapital debt proceeds	69,079
Less: Unamortized debt premium	(27,720)
Total Net Investment in Capital Assets	3,430,878
Restricted	
Restricted for debt service	2,025
Restricted for library purposes	24,859
Total Restricted	26,884

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

G. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Unrestricted	<u>663,441</u>
Total Governmental Activities Net Position	<u>\$ 4,121,203</u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2019, include the following:

Nonspendable

Major Fund

General Fund

Delinquent personal property taxes	\$ 7,188
Prepaid items	70,088
Ambulance fees receivable - noncurrent	<u>14,193</u>

Total	<u>\$ 91,469</u>
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Restricted

Major Funds

Special Revenue Fund

Library Fund	\$ 24,859
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Debt Service Fund

Debt Service purposes	46,268
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Capital Projects Fund

Borrowed Money Fund - unspent proceeds	<u>594,267</u>
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Total	<u>\$ 665,394</u>
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Committed

Major Funds

General Fund

Committed for Community Service	\$ 35,022
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Capital Projects Fund

Equipment Fund	<u>279,044</u>
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Total	<u>\$ 314,066</u>
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VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds (cont.)

Assigned	
Major Fund	
General Fund	
Unfunded compensated absences	\$ <u>48,121</u>
Unassigned	
Major Fund	
General fund	\$ <u>362,867</u>
Business-type Activities	
Net Investment in Capital Assets	
Land	\$ 18,293
Construction in progress	4,366
Other capital assets, net of accumulated depreciation	4,606,278
Less: Long-term debt outstanding	(1,260,000)
Less: Unamortized debt premium	<u>(13,790)</u>
Total Net Investment in Capital Assets	<u>3,355,147</u>
Restricted	
Equipment replacement	<u>47,799</u>
Total Restricted	<u>47,799</u>
Unrestricted	<u>1,558,000</u>
Total Business-type Activities Net Position	<u>\$ 4,960,946</u>

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019

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:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2009	(2.1)%	(42.0)%
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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 \$89,945 in contributions from the Village.

Contribution rates for the plan year reported as of December 31, 2019 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2019, the Village reported a liability of \$300,189 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the Village's proportion was 0.00843778%, which was an increase of 0.00022195% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Village recognized pension expense of \$208,618.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2019, 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	\$ 233,802	\$ 413,278
Changes in assumptions	50,601	-
Net differences between projected and actual earnings on pension plan investments	438,407	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,527	2,817
Employer contributions subsequent to the measurement date	93,934	-
Totals	\$ 819,271	\$ 416,095

\$93,934 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ 113,292
2021	27,436
2022	48,414
2023	120,100

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset):	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*:	1.9%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate. Includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.*

Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49%	8.1%	5.5%
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
 <u>Variable Fund Asset Class</u>			
U.S Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single discount rate. A single discount rate of 7.00% 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 7.00% and a long term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the 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, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Village's proportionate share of the net pension liability	<u>\$1,192,985</u>	<u>\$300,189</u>	<u>\$(363,673)</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, 2019, the Village reported a payable to the pension plan of \$28,804, 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, 2019

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 general and public safety 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	13

TOTAL OPEB LIABILITY

The Village's total OPEB liability of \$104,365 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%).

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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.

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balances at December 31, 2018	\$ <u>100,702</u>
Changes for the year:	
Service cost	4,430
Interest	4,205
Benefit payments	<u>(4,972)</u>
Net changes	<u>3,663</u>
Balances at December 31, 2019	\$ <u><u>104,365</u></u>

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	\$ <u>115,562</u>	\$ <u>104,365</u>	\$ <u>94,359</u>

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	\$ <u>81,499</u>	\$ <u>104,365</u>	\$ <u>135,148</u>

OPEB EXPENSE

For the year ended December 31, 2019, the Village recognized OPEB expense of \$8,635.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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.

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, 2019 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

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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 \$287 in contributions from the employer.

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

At December 31, 2019, the Village reported a liability of \$38,506 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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, 2018, the Village's proportion was 0.01492300%, which was an decrease of 0.00246500% from its proportion measured as of December 31, 2017.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

For the year ended December 31, 2019, the Village recognized OPEB expense of \$3,739.

At December 31, 2019, 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	\$ -	\$ 1,954
Net differences between projected and actual earnings on OPEB plan investments	921	-
Changes in assumptions	3,674	8,347
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	6,592
Employer contributions subsequent to the measurement date	2,190	-
Total	\$ 6,785	\$ 16,893

\$2,190 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, 2020. 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)
2020	\$ (1,845)
2021	(1,845)
2022	(1,845)
2023	(1,974)
2024	(2,108)
Thereafter	(2,681)

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

Actuarial Valuation Date:	January 1, 2018
Measurement Date of Net OPEB Liability	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	4.10%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	4.22%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2018

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
US Government Bonds	Barclays Government	1%	1.44%
US Credit Bonds	Barclays Credit	40	2.69
US Long Credit Bonds	Barclays Long Credit	4	3.01
US Mortgages	Barclays MBS	54	2.25
US Municipal Bonds	Bloomberg Barclays Muni	1	1.68
Inflation			2.30
Long-Term Expected Rate of Return			5.00

Single discount rate. A single discount rate of 4.22% 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.

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 4.22 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 (3.22 percent) or 1-percentage-point higher (5.22 percent) than the current rate:

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
Village's proportionate share of the net OPEB liability	<u>\$54,778</u>	<u>\$38,506</u>	<u>\$25,957</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. SUBSEQUENT EVENTS

On April 2, 2020 the Village issued general obligation corporate purpose bonds in the amount of \$1,465,000 with an interest rates ranging from 1.3 - 2.7%. This amount will be used to finance street improvements and the parking lot of the community building. Principal payments are due on February 1 annually from 2021-2040. Interest is due semi-annually on February 1 and August 1.

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

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

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years.

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, 2019

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 1,313,267	\$ 1,313,267	\$ -
Intergovernmental	364,657	370,978	6,321
Licenses and permits	99,846	112,305	12,459
Fines, forfeitures and penalties	140,500	135,812	(4,688)
Public charges for services	88,300	90,439	2,139
Investment income	7,500	11,719	4,219
Interdepartmental revenues	78,000	78,000	-
Miscellaneous revenues	3,000	2,276	(724)
Total Revenues	2,095,070	2,114,796	19,726
Expenditures			
Current			
General government	717,956	699,453	18,503
Public safety	1,024,274	1,024,038	236
Public works	274,840	283,713	(8,873)
Health and sanitation	118,000	117,285	715
Capital outlay	-	420	(420)
Total Expenditures	2,135,070	2,124,909	10,161
Excess of revenues over (under) expenditures	(40,000)	(10,113)	29,887
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	3,500	-	(3,500)
Transfer in	36,500	43,968	7,468
Transfer out	-	(12,647)	(12,647)
Total Other Financing Sources (Uses)	40,000	31,321	(8,679)
Excess of revenues over (under) and other financing sources over expenditures and other financing sources - budgetary basis	\$ -	21,208	\$ 21,208
Adjustment to Generally Accepted Accounting Principles Basis			
Revenue credited to designated funds		8,514	
Expenditures charged to designated funds		(5,800)	
Net Change in Fund Balance		23,922	
FUND BALANCE - Beginning of Year		513,557	
FUND BALANCE - END OF YEAR		\$ 537,479	

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, 2019

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 94,557	\$ 94,557	\$ -
Intergovernmental	7,110	7,520	410
Public charges for services	4,441	6,217	1,776
Miscellaneous revenues	835	328	(507)
Total Revenues	<u>106,943</u>	<u>108,622</u>	<u>1,679</u>
Expenditures			
Current			
Library, parks and recreation	105,942	106,759	(817)
Contingency	1,001	-	1,001
Total Expenditures	<u>106,943</u>	<u>106,759</u>	<u>184</u>
Net Change in Fund Balance	<u>\$ -</u>	1,863	<u>\$ 1,863</u>
FUND BALANCE - Beginning of Year		<u>22,996</u>	
FUND BALANCE - END OF YEAR		<u>\$ 24,859</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, 2019

Plan 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%
12/31/18	0.00843778%	300,189	984,570	30.49%	96.45%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2019

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	-	984,570	9.51%
12/31/19	93,934	93,934	-	1,008,979	9.31%

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, 2019

	2018	2019
Total OPEB Liability		
Service cost	\$ 4,546	\$ 4,430
Interest	4,024	4,205
Prior year activity	96,065	-
Benefit payments	(3,933)	(4,972)
Net Change in Total OPEB Liability	100,702	3,663
Total OPEB Liability - Beginning	-	100,702
Total OPEB Liability - Ending	\$ 100,702	\$ 104,365
Covered-employee payroll	\$ 1,059,880	\$ 1,059,880
Total OPEB liability as a percentage of covered-employee payroll	9.50%	9.85%

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, 2019

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%
12/31/18	0.01492300%	38,506	924,000	4.17%	48.69%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - LOCAL RETIREE LIFE INSURANCE FUND For the Year Ended December, 2019

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%
12/31/19	2,190	2,190	-	1,008,979	0.22%

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, 2019

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. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

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. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

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.

See independent auditors' report.

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, 2019

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 424,272	\$ 424,272	\$ -
Commercial revenues	500	1,315	815
Total Revenues	424,772	425,587	815
EXPENDITURES			
Debt Service			
Principal retirement	339,272	339,272	-
Interest and charges	85,500	89,257	(3,757)
Total Expenditures	424,772	428,529	(3,757)
Net Changes in Fund Balances	\$ -	(2,942)	\$ (2,942)
FUND BALANCES - Beginning of Year		49,210	
FUND BALANCES - END OF YEAR		\$ 46,268	

VILLAGE OF BUTLER

COMPARATIVE SCHEDULE OF TAXES AND VALUATION DATA 2015 - 2019 Tax Rolls

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
STATE TAXES	\$ 42,083	\$ 42,816	\$ -	\$ -	\$ -
COUNTY TAXES	455,432	435,656	428,458	487,503	449,764
TAX INCREMENTAL DISTRICT	500,202	671,919	658,306	-	-
LOCAL TAXES					
Village purposes	1,795,027	1,840,204	1,863,491	2,026,846	2,031,542
Local schools	2,265,394	2,115,962	2,040,500	2,403,604	2,272,995
Vocational school	84,705	80,389	80,902	93,381	89,016
Total General Property Taxes	<u>5,142,843</u>	<u>5,186,946</u>	<u>5,071,657</u>	<u>5,011,334</u>	<u>4,843,317</u>
Other	1,510	1,663	1,782	2,272	328
Delinquent utility charges	<u>50,971</u>	<u>56,885</u>	<u>50,382</u>	<u>58,923</u>	<u>69,158</u>
AGGREGATE AMOUNT OF TAX BILL	<u>\$ 5,195,324</u>	<u>\$ 5,245,494</u>	<u>\$ 5,123,821</u>	<u>\$ 5,072,529</u>	<u>\$ 4,912,803</u>
ASSESSED VALUATION	<u>\$ 242,632,580</u>	<u>\$ 252,069,080</u>	<u>\$ 253,535,810</u>	<u>\$ 248,071,090</u>	<u>\$ 251,291,400</u>
EQUALIZED VALUATION	<u>\$ 247,977,500</u>	<u>\$ 252,295,600</u>	<u>\$ 253,512,700</u>	<u>\$ 257,936,700</u>	<u>\$ 247,158,600</u>
RATIO OF ASSESSMENT	<u>97.84%</u>	<u>99.91%</u>	<u>100.01%</u>	<u>96.18%</u>	<u>101.67%</u>