

# PRELIMINARY OFFICIAL STATEMENT DATED MARCH 10, 2020

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

The Village will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

**New Issue**

**Rating Application Made: Moody's Investors Service, Inc.**

## VILLAGE OF BUTLER, WISCONSIN (Waukesha County)

### \$1,470,000\* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2020A

**BID OPENING:** March 17, 2020, 9:30 A.M., C.T.

**CONSIDERATION:** March 17, 2020, 7:00 P.M., C.T.

**PURPOSE/AUTHORITY/SECURITY:** The \$1,470,000\* General Obligation Corporate Purpose Bonds, Series 2020A (the "Bonds") of the Village of Butler, Wisconsin (the "Village") are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purposes of paying the cost of street improvement projects and paying the cost of parking lots or other parking facilities. The Bonds are general obligations of the Village, and all the taxable property in the Village is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

**DATE OF BONDS:** April 2, 2020

**MATURITY:** February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2021	\$65,000	2028	\$70,000	2035	\$75,000
2022	75,000	2029	75,000	2036	75,000
2023	70,000	2030	75,000	2037	75,000
2024	65,000	2031	75,000	2038	80,000
2025	70,000	2032	75,000	2039	80,000
2026	70,000	2033	75,000	2040	80,000
2027	70,000	2034	75,000		

**MATURITY**

**ADJUSTMENTS:**

\* The Village reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

**TERM BONDS:**

See "Term Bond Option" herein.

**INTEREST:**

August 1, 2020 and semiannually thereafter.

**OPTIONAL**

**REDEMPTION:**

Bonds maturing on February 1, 2028 and thereafter are subject to optional redemption on February 1, 2027 or on any date thereafter, at a price of par plus accrued interest.

**MINIMUM BID:**

\$1,451,625.

**MAXIMUM BID:**

\$1,587,600.

**GOOD FAITH  
DEPOSIT:**

A good faith deposit in the amount of \$29,400 shall be made by the winning bidder by wire transfer of funds.

**PAYING AGENT:**

Bond Trust Services Corporation.

**BOND COUNSEL:**

Quarles & Brady LLP.

**MUNICIPAL ADVISOR:** Ehlers and Associates, Inc.

**BOOK-ENTRY-ONLY:** See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.



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## REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the Village to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Village. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the Village and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the Village, is contingent upon the delivery of the Bonds.

## COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

**Preliminary Official Statement:** This Preliminary Official Statement was prepared for the Village for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

**Review Period:** This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

**Final Official Statement:** Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

**Continuing Disclosure:** Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the Village is required to comply with the Rule.

## CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the Village nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the Village which indicates that the Village does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

# TABLE OF CONTENTS

INTRODUCTORY STATEMENT. ....	1	TAX LEVIES AND COLLECTIONS. ....	18
THE BONDS. ....	1	TAX LEVIES AND COLLECTIONS. ....	18
GENERAL. ....	1	PROPERTY TAX RATES. ....	19
OPTIONAL REDEMPTION. ....	1	LEVY LIMITS. ....	19
AUTHORITY; PURPOSE. ....	2	THE ISSUER. ....	21
ESTIMATED SOURCES AND USES. ....	2	VILLAGE GOVERNMENT. ....	21
SECURITY. ....	2	EMPLOYEES; PENSIONS. ....	21
RATING. ....	2	OTHER POST EMPLOYMENT BENEFITS. ....	22
CONTINUING DISCLOSURE. ....	3	LITIGATION. ....	23
LEGAL OPINION. ....	3	MUNICIPAL BANKRUPTCY. ....	23
STATEMENT REGARDING BOND		FUNDS ON HAND. ....	24
COUNSEL PARTICIPATION. ....	4	ENTERPRISE FUNDS. ....	25
TAX EXEMPTION. ....	4	SUMMARY GENERAL FUND INFORMATION. ....	26
ORIGINAL ISSUE DISCOUNT. ....	4	GENERAL INFORMATION. ....	27
BOND PREMIUM. ....	5	LOCATION. ....	27
QUALIFIED TAX-EXEMPT OBLIGATIONS. ....	7	LARGER EMPLOYERS. ....	27
MUNICIPAL ADVISOR. ....	7	BUILDING PERMITS. ....	28
MUNICIPAL ADVISOR AFFILIATED COMPANIES. ....	7	U.S. CENSUS DATA. ....	29
INDEPENDENT AUDITORS. ....	7	EMPLOYMENT/UNEMPLOYMENT DATA. ....	29
RISK FACTORS. ....	8	FINANCIAL STATEMENTS. ....	A-1
VALUATIONS. ....	10	FORM OF LEGAL OPINION. ....	B-1
WISCONSIN PROPERTY VALUATIONS;		BOOK-ENTRY-ONLY SYSTEM. ....	C-1
PROPERTY TAXES. ....	10	FORM OF CONTINUING DISCLOSURE CERTIFICATE. ....	D-1
CURRENT PROPERTY VALUATIONS. ....	11	NOTICE OF SALE. ....	E-1
2019 EQUALIZED VALUE BY CLASSIFICATION. ....	11	BID FORM	
TREND OF VALUATIONS. ....	11		
LARGER TAXPAYERS. ....	12		
DEBT. ....	13		
DIRECT DEBT. ....	13		
SCHEDULE OF GENERAL OBLIGATION DEBT. ....	14		
DEBT LIMIT. ....	16		
OVERLAPPING DEBT. ....	16		
DEBT RATIOS. ....	17		
DEBT PAYMENT HISTORY. ....	17		
FUTURE FINANCING. ....	17		

## **VILLAGE OF BUTLER VILLAGE BOARD**

		<u>Term Expires</u>
Patricia Tiarks	Village Board President	April 2021
William Benjamin	Village Trustee	April 2021
Mark Holdmann	Village Trustee	April 2021
Paul Kasdorf	Village Trustee	April 2020
Gerald Orvis	Village Trustee	April 2020
Thomas Sardina	Village Trustee	April 2021
Michael Thew	Village Trustee	April 2020

## **ADMINISTRATION**

Kayla J. Thorpe, Village Administrator/Clerk  
Patrice Bera, Finance Manager/Treasurer

## **PROFESSIONAL SERVICES**

Arenz, Molter, Macy, Riffle & Larson, S.C., Village Attorney, Waukesha, Wisconsin

Quarles & Brady LLP, Bond Counsel, Milwaukee, Wisconsin

Ehlers and Associates, Inc., Municipal Advisors, Waukesha, Wisconsin  
*(Other offices located in Roseville, Minnesota and Denver, Colorado)*

## INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the Village of Butler, Wisconsin (the "Village") and the issuance of its \$1,470,000\* General Obligation Corporate Purpose Bonds, Series 2020A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the sale of the Bonds ("Award Resolution") to be adopted by the Board of Trustees on March 17, 2020.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Waukesha, Wisconsin, (262) 785-1520, the Village's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at [www.ehlers-inc.com](http://www.ehlers-inc.com) by connecting to the Bond Sales link and following the directions at the top of the site.

## THE BONDS

### GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of April 2, 2020. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2020, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2021 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The Village has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The Village will pay the charges for Paying Agent services. The Village reserves the right to remove the Paying Agent and to appoint a successor.

### OPTIONAL REDEMPTION

At the option of the Village, the Bonds maturing on or after February 1, 2028 shall be subject to optional redemption prior to maturity on February 1, 2027 or any date thereafter, at a price of par plus accrued interest.

\*Preliminary, subject to change.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the Village. If only part of the Bonds having a common maturity date are called for redemption, then the Village or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

**AUTHORITY; PURPOSE**

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purposes of paying the cost of street improvement projects and paying the cost of parking lots or other parking facilities.

**ESTIMATED SOURCES AND USES\***

<b>Sources</b>		
Par Amount of Bonds	\$1,470,000	
Estimated Interest	<u>3,526</u>	
<b>Total Sources</b>		<b>\$1,473,526</b>
<b>Uses</b>		
Total Underwriter's Discount	\$18,375	
Costs of Issuance	44,575	
Deposit to Project Construction Fund	1,410,276	
Rounding Amount	<u>300</u>	
<b>Total Uses</b>		<b>\$1,473,526</b>

\*Preliminary, subject to change

**SECURITY**

For the prompt payment of the Bonds with interest thereon and for the levy of taxes sufficient for this purpose, the full faith, credit and resources of the Village will be irrevocably pledged. The Village will levy a direct, annual, irrepealable tax on all taxable property in the Village sufficient to pay the interest on the Bonds when it becomes due and also to pay and discharge the principal on the Bonds at maturity, in compliance with Article XI, Section 3 of the Wisconsin Constitution. Such tax may, under current law, be levied without limitation as to rate or amount.

**RATING**

General obligation debt of the Village, with the exception of any outstanding credit enhanced issues, is currently rated “A1” by Moody's Investors Service, Inc. (“Moody’s”).

The Village has requested a rating on the Bonds from Moody's, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the Village nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

## **CONTINUING DISCLOSURE**

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the Village shall agree to provide certain information to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery, the Village shall execute and deliver a Continuing Disclosure Certificate, under which the Village will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the Village are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the Village to comply with any Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

In the previous five years, the Village believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The Village has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the Village.

## **LEGAL OPINION**

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the Village, and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the Village; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

## **STATEMENT REGARDING BOND COUNSEL PARTICIPATION**

Bond Counsel has not assumed responsibility for this Preliminary Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" in the Preliminary Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement).

## **TAX EXEMPTION**

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Bonds under existing law substantially in the following form:

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Village has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Village comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds."

The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Bonds may be enacted. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

## **ORIGINAL ISSUE DISCOUNT**

To the extent that the initial public offering price of certain of the Bonds is less than the principal amount payable at maturity, such Bonds ("Discounted Bonds") will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (issue price). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.



Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

## **BOND PREMIUM**

To the extent that the initial offering price of certain of the Bonds is more than the principal amount payable at maturity, such Bonds ("Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable premium" within the meaning of Section 171 of the Code. The amortizable premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable premium is not allowed any deduction for the amortizable premium; rather the amortizable premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The Village will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

## **MUNICIPAL ADVISOR**

Ehlers has served as municipal advisor to the Village in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Official Statement, and its assistance in preparing this Official Statement should not be construed as a representation that it has independently verified such information.

## **MUNICIPAL ADVISOR AFFILIATED COMPANIES**

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the Village, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the Village under an agreement separate from Ehlers.

## **INDEPENDENT AUDITORS**

The basic financial statements of the Village for the fiscal year ended December 31, 2018, have been audited by Baker Tilly Virchow Krause, LLP, Milwaukee, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

## RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

**Taxes:** The Bonds are general obligations of the Village, the ultimate payment of which rests in the Village's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the Village in time to pay debt service when due.

**State Actions:** Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the Village, the taxable value of property within the Village, and the ability of the Village to levy and collect property taxes.

**Future Changes in Law:** Various State and federal laws, regulations and constitutional provisions apply to the Village and to the Bonds. The Village can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the Village or the taxing authority of the Village.

**Ratings; Interest Rates:** In the future, the Village's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

**Tax Exemption:** If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Bonds may fall for purposes of resale. Noncompliance by the Village with the covenants in the Authorizing Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Bonds in gross income of the recipient for United States income tax purposes, retroactive to the date of issuance.

**Continuing Disclosure:** A failure by the Village to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

**Book-Entry-Only System:** The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the Village to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

**Depository Risk:** Wisconsin Statutes direct the local treasurer to immediately deposit upon receipt thereof, the funds of the municipality in a public depository designated by the governing body. A public depository means a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank or national bank in Wisconsin or the local government pooled investment fund operated by the State Investment Board. It is not uncommon for a municipality to have deposits exceeding limits of federal and state insurance programs. Failure of a depository could result in loss of public funds or a delay in obtaining them. Such a loss or delay could interrupt a timely payment of municipal debt.

**Economy:** A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the Village, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the Village may have an adverse effect on the value of the Bonds in the secondary market.

**Secondary Market for the Bonds:** No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

**Bankruptcy:** The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

**Cybersecurity:** The Village is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the Village will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

# **VALUATIONS**

## **WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES**

### **Equalized Value**

Section 70.57, Wisconsin Statutes, requires the Department of Revenue to annually determine the equalized value (also referred to as full equalized value or aggregate full value) of all taxable property in each county and taxation district. The equalized value is an independent estimate of value used to equate individual local assessment policies so that property taxes are uniform throughout the various subdivisions in the State. Equalized value is calculated based on the history of comparable sales and information about value changes or taxing status provided by the local assessor. A comparison of the State-determined equalized value and the local assessed value, expressed as a percentage, is known as the assessment ratio or level of assessment. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 1. The equalized value of each county is the sum of the valuations of all cities, villages, and towns within its boundaries. Taxing jurisdictions lying in more than one municipality, such as counties, school districts, or special taxing districts, use the equalized value of the underlying units in calculating and levying their respective levies. Equalized values are also used to apportion state aids and calculate municipal general obligation debt limits.

### **Assessed Value**

The "assessed value" of taxable property in a municipality is determined by the local assessor, except for manufacturing properties which are valued by the State. Each city, village or town retains its own local assessor, who must be certified by the State Department of Revenue. Assessed value is used by these municipalities to determine tax levy mill rates and to apportion levies among individual property owners. Each taxing district must assess property at full value at least once in every five-year period. The State requires that the assessed values must be within 10% of State equalized values at least once every four years. The local assessor values property as of January 1 each year and submits those values to each municipality by the second Monday in June. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue, by the second Monday in June.

## CURRENT PROPERTY VALUATIONS

2019 Equalized Value	\$247,158,600
2019 Equalized Value Reduced by Tax Increment Valuation	\$247,158,600
2019 Assessed Value	\$251,291,400

## 2019 EQUALIZED VALUE BY CLASSIFICATION

	<b>2019 Equalized Value<sup>1</sup></b>	<b>Percent of Total Equalized Value</b>
Residential	\$ 98,600,800	39.894%
Commercial	100,305,700	40.584%
Manufacturing	31,433,000	12.718%
Personal Property	16,819,100	6.805%
Total	<u>\$ 247,158,600</u>	<u>100.000%</u>

## TREND OF VALUATIONS

<b>Year</b>	<b>Assessed Value</b>	<b>Equalized Value<sup>1</sup></b>	<b>Percent Increase/Decrease in Equalized Value</b>
2015	\$242,632,580	\$247,977,500	1.57%
2016	252,069,080	252,295,600	1.74%
2017	253,535,810	253,512,700	0.48%
2018	248,071,090	257,936,700	1.75%
2019	251,291,400	247,158,600	-4.18%

**Source:** Wisconsin Department of Revenue, Bureau of Equalization and Local Government Services Bureau.

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<sup>1</sup> Includes tax increment valuation.

## LARGER TAXPAYERS

<b>Taxpayer</b>	<b>Type of Business/Property</b>	<b>2019 Equalized Value<sup>1</sup></b>	<b>Percent of Village's Total Equalized Value</b>
Wis. Becknell Investors LLC	Commercial	\$ 7,425,048	3.00%
WHP Hampton Regency, LLC	Apartment Building	5,544,036	2.24%
Wis-Pak Foods	Industrial	4,886,869	1.98%
AIC Income Fund North 129 <sup>th</sup> St.	Commercial	4,563,929	1.85%
Western States Envelope Co.	Industrial	4,228,020	1.71%
Lafayette Building LLC	Commercial	3,465,022	1.40%
Butler Square LTD	Residential	3,294,741	1.33%
Boemer Enterprises LLC	Commercial	2,797,362	1.13%
Cole Family Ltd Partnership	Industrial	2,586,194	1.05%
Reis Graphics LTD	Warehouse	1,941,200	0.79%
<b>Total</b>		<b>\$ 40,732,421</b>	<b>16.48%</b>

Village's Total 2019 Equalized Value<sup>2</sup> \$247,158,600

**Source:** The Village.

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<sup>1</sup> Calculated by dividing the 2019 Assessed Values by the 2019 Aggregate Ratio of assessment for the Village.

<sup>2</sup> Includes tax increment valuation.

## **DEBT**

### **DIRECT DEBT<sup>1</sup>**

#### **General Obligation Debt (see schedules following)**

Total General Obligation Debt (includes the Bonds)*	<u><u>\$6,011,550</u></u>
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\*Preliminary, subject to change.

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<sup>1</sup> Outstanding debt is as of the dated date of the Bonds.



Village of Butler, Wisconsin  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Taxes  
(As of 04/02/2020)

Dated Amount Maturity	State Trust Fund Loan		Refunding Bonds Series 2010		Promissory Notes Series 2013A		Promissory Notes (Waukesha County Note)		Corporate Purpose Bonds Series 2016A	
	01/08/2005 \$171,056	03/15	01/26/2010 \$845,000	11/01	03/26/2013 \$470,000	04/01	11/03/2014 \$19,609	02/15	02/09/2016 \$1,060,000	02/01
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	0	0	90,000	3,600	0	2,090	0	0	0	13,050
2021	13,095	2,974			110,000	3,190	2,451	0	85,000	24,825
2022	13,782	2,287			110,000	1,100	2,452	0	45,000	22,875
2023	14,506	1,563							45,000	21,525
2024	15,265	804							45,000	20,175
2025									45,000	18,825
2026									50,000	17,400
2027									50,000	15,900
2028									50,000	14,400
2029									55,000	12,825
2030									55,000	11,175
2031									55,000	9,525
2032									60,000	7,800
2033									60,000	6,000
2034									65,000	4,125
2035									65,000	2,175
2036									40,000	600
2037										
2038										
2039										
2040	56,647	7,627	90,000	3,600	220,000	6,380	4,903	0	870,000	223,200

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**Village of Butler, Wisconsin  
Schedule of Bonded Indebtedness continued  
General Obligation Debt Secured by Taxes  
(As of 04/02/2020)**

Dated Amount	Corporate Purpose Bonds Series 2017A			Street Improvement Bonds Series 2018A			Corporate Purpose Bonds Series 2019A			Corporate Purpose Bonds Series 2020A			Calendar Year Ending	
	03/30/2017 \$1,085,000	02/01	Interest	04/19/2018 \$1,090,000	02/01	Interest	04/25/2019 \$1,400,000	02/01	Interest	04/02/2020 \$1,470,000*	02/01	Interest		
Maturity	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2020	0	15,381	0	16,335	0	17,681	0	10,062	90,000	78,200	168,200	5,921,550	1.50%	2020
2021	45,000	30,088	40,000	32,230	60,000	34,763	65,000	29,985	420,546	158,054	578,600	5,501,005	8.49%	2021
2022	50,000	28,663	45,000	31,295	60,000	33,563	75,000	28,986	401,234	148,768	550,002	5,099,771	13.17%	2022
2023	50,000	27,163	65,000	29,988	60,000	32,363	70,000	27,918	304,506	140,518	447,552	4,795,265	20.23%	2023
2024	50,000	25,663	60,000	28,425	60,000	31,088	65,000	26,889	295,265	133,042	428,307	4,500,000	25.14%	2024
2025	50,000	24,163	60,000	26,850	60,000	29,738	70,000	25,825	285,000	125,400	410,400	4,215,000	29.88%	2025
2026	50,000	22,663	60,000	25,200	65,000	28,331	70,000	24,688	295,000	118,281	413,281	3,920,000	34.79%	2026
2027	50,000	21,163	60,000	23,475	65,000	26,625	70,000	23,515	295,000	110,678	405,678	3,625,000	39.70%	2027
2028	55,000	19,588	60,000	21,675	70,000	24,600	70,000	22,290	305,000	102,553	407,553	3,320,000	44.77%	2028
2029	55,000	17,938	50,000	20,025	70,000	22,500	75,000	20,948	305,000	94,235	399,235	3,015,000	49.85%	2029
2030	55,000	16,288	60,000	18,300	75,000	20,325	75,000	19,485	320,000	85,573	405,573	2,695,000	55.17%	2030
2031	60,000	14,488	60,000	16,350	75,000	18,075	75,000	17,948	325,000	76,385	401,385	2,370,000	60.58%	2031
2032	60,000	12,538	60,000	14,400	80,000	15,750	75,000	16,335	335,000	66,823	401,823	2,035,000	66.15%	2032
2033	65,000	10,506	60,000	12,375	80,000	13,350	75,000	14,648	340,000	56,879	396,879	1,695,000	71.80%	2033
2034	65,000	8,313	60,000	10,275	85,000	10,875	75,000	12,885	350,000	46,473	396,473	1,345,000	77.63%	2034
2035	65,000	6,038	60,000	8,175	85,000	8,325	75,000	11,066	350,000	35,779	385,779	995,000	83.45%	2035
2036	65,000	3,763	65,000	5,906	85,000	5,775	75,000	9,210	330,000	25,254	355,254	665,000	88.94%	2036
2037	75,000	1,313	65,000	3,469	80,000	3,300	75,000	7,316	295,000	15,398	310,398	370,000	93.85%	2037
2038			60,000	1,125	70,000	1,050	80,000	5,320	210,000	7,495	217,495	160,000	97.34%	2038
2039							80,000	3,220	80,000	3,220	83,220	80,000	98.67%	2039
2040							80,000	1,080	80,000	1,080	81,080	0	100.00%	2040
			965,000	305,713	1,050,000	345,873	1,285,000	378,075	1,470,000	359,617	1,630,084	7,641,635		

\* Preliminary, subject to change.

## DEBT LIMIT

The constitutional and statutory general obligation debt limit for Wisconsin municipalities, including towns, cities, villages, and counties (Article XI, Section 3 of the Wisconsin Constitution and Section 67.03, Wisconsin Statutes) is 5% of the current equalized value.

Equalized Value	\$ 247,158,600
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 12,357,930
Less: General Obligation Debt (includes the Bonds)*	<u>(6,011,550)</u>
Unused Debt Limit*	<u><u>\$ 6,346,380</u></u>

\*Preliminary, subject to change.

## OVERLAPPING DEBT<sup>1</sup>

Taxing District	2019 Equalized Value <sup>2</sup>	% In Village	Total G.O. Debt <sup>3</sup>	Village's Proportionate Share
Waukesha County	\$ 59,540,912,600	0.4151%	\$ 66,665,000	\$ 276,726
Waukesha County Technical College	60,906,019,616	0.4058%	18,580,000	75,398
School District of Menomonee Falls	4,147,440,262	1.3891%	42,050,000	584,117
Hamilton School District	3,722,728,974	5.0916%	55,400,000	<u>2,820,746</u>
Village's Share of Total Overlapping Debt				<u><u>\$ 3,756,987</u></u>

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<sup>1</sup> Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

<sup>2</sup> Includes tax increment valuation.

<sup>3</sup> Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

## DEBT RATIOS

	<b>G.O. Debt</b>	<b>Debt/Equalized Value \$247,158,600</b>	<b>Debt/ Per Capita 1,808<sup>1</sup></b>
Total General Obligation Debt (includes the Bonds)*	\$ 6,011,550	2.43%	\$ 3,324.97
Village's Share of Total Overlapping Debt	<u>3,756,987</u>	<u>1.52%</u>	<u>2,077.98</u>
Total*	\$ 9,768,537	3.95%	\$ 5,402.95

\*Preliminary, subject to change.

## DEBT PAYMENT HISTORY

The Village has no record of default in the payment of principal and interest on its debt.

## FUTURE FINANCING

The Village anticipates financing approximately \$1 million of improvements with General Obligation debt within the next 12 months.

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<sup>1</sup> Estimated 2019 population.

## TAX LEVIES AND COLLECTIONS

### TAX LEVIES AND COLLECTIONS

<b>Tax Year</b>	<b>Levy for Village Purposes Only</b>	<b>% Collected</b>	<b>Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000</b>
2015/16	\$1,795,027	100%	\$8.05
2016/17	1,840,204	100%	8.43
2017/18	1,863,491	100%	8.49
2018/19	2,026,846	100%	7.86
2019/20	2,031,542	In Process	8.22

Property tax statements are distributed to taxpayers by the town, village, and city treasurers in December of the levy year. Current state law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing entities on or about August 20 of the collection year.

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment roll are collected from each taxing entity in the year following the levy year.

## PROPERTY TAX RATES

Full value rates for property taxes expressed in dollars per \$1,000 of equalized value (excluding tax increment valuation) that have been collected in recent years have been as follows:

<b>Year Levied/ Year Collected</b>	<b>Schools<sup>1</sup></b>	<b>County</b>	<b>Local</b>	<b>Other<sup>2</sup></b>	<b>Total</b>
2015/16	\$10.54	\$2.04	\$8.05	\$0.19	\$20.82
2016/17	10.06	2.00	8.43	0.20	20.69
2017/18	9.66	1.95	8.49	0.00	20.10
2018/19	9.68	1.89	7.86	0.00	19.43
2019/20	9.56	1.82	8.22	0.00	19.60

**Source:** Property Tax Rates were extracted from Statement of Taxes prepared by the Wisconsin Department of Revenue, Division of State and Local Finance.

## LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a

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<sup>1</sup> The Schools tax rate reflects the composite rate of all local school districts and technical college district.

<sup>2</sup> Includes the state reforestation tax which is apportioned to each county on the basis of its full value. Counties, in turn, apportion the tax to the tax districts within their borders on the basis of full value. It also includes taxes levied for special purpose districts such as metropolitan sewerage districts, sanitary districts, and public inland lake protection districts. Tax increment values are not included. State property taxes were eliminated in the State's 2017 - 2019 budget act.

majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other exclusions from and adjustments to the tax levy limit. Among the items excluded from the limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621. Among the adjustments permitted is an adjustment applicable when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the political subdivision's percentage growth due to the district's termination.

With respect to general obligation debt service, the following provisions are made:

- (a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.
- (b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.
- (c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The Bonds were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Bonds.

## **THE ISSUER**

### **VILLAGE GOVERNMENT**

The Village was incorporated in 1913 and is governed by a seven-member Board of Trustees, of which the Village President is a voting member. All are elected to two-year terms. The appointed Administrator/Clerk and Finance Manager/Treasurer are responsible for administrative details and financial records.

### **EMPLOYEES; PENSIONS**

The Village employs a staff of 14 full-time, 7 part-time, and one seasonal employees. All eligible employees in the Village are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

Village employees are generally required to contribute half of the actuarially determined contributions, and the Village generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2016 ("Fiscal Year 2016"), the fiscal year ended December 31, 2017 ("Fiscal Year 2017") and the fiscal year ended December 31, 2018 ("Fiscal Year 2018"), the Village's portion of contributions to WRS (not including any employee contributions) totaled \$75,234, \$87,726 and \$93,612, respectively.

The Village implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for Fiscal Year 2016.

GASB 68 requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2017, the total pension liability of the WRS was calculated as \$101.4 billion and the fiduciary net position of the WRS was calculated as \$104.4 billion, resulting in a net pension asset of \$3 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2018, the Village reported an asset of \$243,937 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2017 based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. The Village's proportion was 0.00821583% of the aggregate WRS net pension asset as of December 31, 2017.



The calculation of the total pension asset and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension asset of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

### **Recognized and Certified Bargaining Units**

All eligible Village personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

As a result of the 2011 amendments to MERA, the Village is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment except total base wages. Even then, the Village is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless Village were to seek approval for a higher increase through a referendum). Ultimately, the Village can unilaterally implement the wages for a collective bargaining unit.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the Village, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

The following bargaining units represent employees of the Village:

<b>Bargaining Unit</b>	<b>Expiration Date of Current Contract</b>
Police Department	December 31, 2020

### **OTHER POST EMPLOYMENT BENEFITS**

The Village has adopted a plan that provides postemployment medical benefits for retirees and their dependents. Upon retirement, individuals are eligible to continue to receive coverage under the employer-provided group medical plan. The Village's Total Other Post Employment Benefit ("OPEB") Liability as of December 31, 2018, was \$100,702. The value of the OPEB assets as of December 31, 2018 is \$0. Total Employer Contributions for 2018 totaled \$3,663.

The Village also has Other Post Employment Benefits ("OPEB") through the Local Retiree Life Insurance Fund ("LRLIF"), which is a cost-sharing multiple-employer defined benefit plan established by Chapter 40. The ETF and the Group Insurance Board have statutory authority for program administration and oversight, including establishing contribution requirements for employers.

For Fiscal Year 2018, the Village's portion of contributions to the LRLIF totaled \$330. For Fiscal Year 2018, the Village reported a liability of \$52,313 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2017 based on the Village's share of contributions to the LRLIF relative to the contributions of all participating employers. The Village's proportion was 0.01738800% of the aggregate LRLIF net OPEB liability as of December 31, 2017.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net OPEB liability of the LRLIF, which may also cause ETF to change the contribution requirements for employers and employees. For more detailed information, see Note 9 in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

**Source:** The Village's most recent CAFR and actuarial study.

## **LITIGATION**

There is no litigation threatened or pending questioning the organization or boundaries of the Village or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

## **MUNICIPAL BANKRUPTCY**

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Bonds are outstanding, in a way that would allow the Village to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the Village to file for relief under Chapter 9. If, in the future, the Village were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the Village could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the Village is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the Village could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Bonds, and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds. Further, under such circumstances, there could be no assurance that the Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Bonds could be viewed as having no priority (a) over claims of other creditors of the Village; (b) to any particular assets of the Village, or (c) to revenues otherwise designated for payment to holders of the Bonds.

Moreover, if the Village were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Bonds would not occur.

**FUNDS ON HAND** (as of December 31, 2019)

<b>Fund</b>	<b>Total Cash and Investments</b>
General	\$ 5,524,285
Debt Service	58,091
Capital Projects	833,772
Water Utility	79,334
Stormwater Utility	799,333
Sanitary Sewer Utility	<u>1,396,684</u>
Total Funds on Hand	<u>\$ 8,691,499</u>

## ENTERPRISE FUNDS

Revenues available for debt service for the Village's enterprise funds have been as follows as of December 31 each year:

	2016	2017	2018
<b>Water</b>			
Total Operating Revenues	\$ 479,270	\$ 473,271	\$ 476,337
Less: Operating Expenses	<u>(417,535)</u>	<u>(437,635)</u>	<u>(462,106)</u>
Operating Income	\$ 61,735	\$ 35,636	\$ 14,231
Plus: Depreciation	45,316	48,087	52,194
Interest Income	<u>54</u>	<u>80</u>	<u>74</u>
Revenues Available for Debt Service	<u><u>\$ 107,105</u></u>	<u><u>\$ 83,803</u></u>	<u><u>\$ 66,499</u></u>
<b>Sewer</b>			
Total Operating Revenues	\$ 1,000,134	\$ 1,012,592	\$ 890,462
Less: Operating Expenses	<u>(907,970)</u>	<u>(870,124)</u>	<u>(824,923)</u>
Operating Income	\$ 92,164	\$ 142,468	\$ 65,539
Plus: Depreciation	14,384	14,527	15,783
Interest Income	<u>2,304</u>	<u>3,650</u>	<u>9,656</u>
Revenues Available for Debt Service	<u><u>\$ 108,852</u></u>	<u><u>\$ 160,645</u></u>	<u><u>\$ 90,978</u></u>
<b>Stormwater</b>			
Total Operating Revenues	\$ 237,726	\$ 242,580	\$ 257,634
Less: Operating Expenses	<u>(184,512)</u>	<u>(212,174)</u>	<u>(240,872)</u>
Operating Income	\$ 53,214	\$ 30,406	\$ 16,762
Plus: Depreciation	45,889	47,294	49,599
Interest Income	<u>1,109</u>	<u>1,859</u>	<u>4,916</u>
Revenues Available for Debt Service	<u><u>\$ 100,212</u></u>	<u><u>\$ 79,559</u></u>	<u><u>\$ 71,277</u></u>

## GENERAL FUND SUMMARY

Following are summaries of the revenues and expenditures and fund balances for the Village's General Fund. These summaries are not purported to be the complete audited financial statements of the Village, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the Village. Copies of the complete audited financial statements are available upon request. See Appendix A for the Village's 2018 audited financial statements.

FISCAL YEAR ENDING DECEMBER 31					
COMBINED STATEMENT					
	2016 Audited	2017 Audited	2018 Audited	2019 UNAUDITED	2020 Budget
<b>Revenues</b>					
Taxes and special assessments	\$1,519,736	\$1,475,055	\$1,366,649	1,363,469	1,479,404
Intergovernmental	206,507	278,242	254,674	366,230	330,473
Licenses and Permits	100,593	85,568	103,062	88,283	73,050
Penalties and Forfeitures	104,405	104,014	138,269	135,417	154,500
Public Charges for Services	120,681	118,395	99,312	87,055	67,300
Interest Income	5,458	7,095	24,984	11,717	7,200
Interdepartmental Revenues	78,000	78,000	78,000	78,000	78,000
Misc Income	36,239	14,314	34,337	75,430	60,115
<b>Total Revenues</b>	<b>\$2,171,619</b>	<b>\$2,160,683</b>	<b>\$2,099,287</b>	<b>\$2,205,600</b>	<b>\$2,250,042</b>
<b>Expenditures</b>					
Current:					
General government	703,570	\$666,922	\$759,328	580,091	744,510
Public safety	856,821	945,314	1,018,384	1,039,034	1,098,846
Public works	289,047	266,798	281,381	300,708	283,686
Health and sanitation	102,752	103,121	122,222	118,000	123,000
Library, parks and recreation	142,113	150,241	24,732	0	0
Capital Outlay:	0	0	3,982	0	0
Other	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$2,094,303</b>	<b>\$2,132,396</b>	<b>\$2,210,029</b>	<b>\$2,037,833</b>	<b>\$2,250,042</b>
Excess of revenues over (under) expenditures	\$77,316	\$28,287	(\$110,742)	\$167,767	\$0
<b>Other Financing Sources (Uses)</b>					
Proceeds from capital assets/lease	4,465	\$0	\$1,900	0	0
Proceeds from Long-Term Debt	0	\$333	\$0	0	0
Transfers In	37,220	\$51,595	\$41,628	0	0
Transfers Out	0	0	(\$96,226)	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>41,685</b>	<b>51,928</b>	<b>-52,698</b>	<b>0</b>	<b>0</b>
<b>Net Changes in Fund Balances</b>	<b>\$119,001</b>	<b>\$80,215</b>	<b>(\$163,440)</b>	<b>\$167,767</b>	<b>\$0</b>
General Fund Balance January 1	477,781	596,782	676,997	513,557	681,324
Prior Period Adjustment	0	0	0	0	0
<b>General Fund Balance December 31</b>	<b>\$596,782</b>	<b>\$676,997</b>	<b>\$513,557</b>	<b>\$681,324</b>	<b>\$681,324</b>
<b>DETAILS OF DECEMBER 31 FUND BALANCE</b>					
Nonspendable	34,277	42,282	43,687		
Restricted	0	0	0		
Committed	49,698	47,439	32,308		
Assigned	48,636	54,594	43,283		
Unassigned	464,171	532,682	394,279		
<b>Total</b>	<b>\$596,782</b>	<b>\$676,997</b>	<b>\$513,557</b>		

## GENERAL INFORMATION

### LOCATION

The Village, with a 2010 U.S. Census population of 1,841 and a current estimated population of 1,808 comprises an area of .8 square miles and is located in southeastern Wisconsin.

### LARGER EMPLOYERS<sup>1</sup>

Larger employers in the Village include the following:

<b>Firm</b>	<b>Type of Business/Product</b>	<b>Estimated No. of Employees</b>
Western States Envelope & Label	Labels/paper manufacturer	700
Cargill Meat Solutions	Meat products	400
Interstate PowerSystems	Engines, diesel repairing	155
SECURITY Personnel Inc. - Spi	Security guard & patrol	150
Molded Rubber & Plastic Corp. (MRPC)	Rubber manufacturer supplies	120
Kelbe Brothers Equipment Company	Excavating contractors	70
Ries Graphics LTD	Commercial printing	65
Polyak Distributors	Delivery service	60
Packerland Rent-A-Mat Inc	Wholesale mats and matting	50
Circle Electric	Electrical contracting and engineering firm	40

**Source:** *ReferenceUSA, written and telephone survey (February 2020), Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.*

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<sup>1</sup> This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data.

## BUILDING PERMITS

	2016	2017	2018	2019	2020 <sup>1</sup>
<u>New Single Family Homes</u>					
No. of building permits	0	0	0	0	0
Valuation	\$0	\$0	\$0	\$0	\$0
<u>New Multiple Family Buildings</u>					
No. of building permits	0	0	0	0	0
Valuation	\$0	\$0	\$0	\$0	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	0	0	34	1	0
Valuation	\$0	\$0	\$1,824,818	\$15,000	\$0
<u>All Building Permits</u>					
<i>(including additions and remodelings)</i>					
No. of building permits	715	165	207	138	0
Valuation	\$8,814,856	\$970,516	\$3,587,681	\$1,344,796	\$0

**Source:** The Village.

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<sup>1</sup> As of March 9, 2020.

## U.S. CENSUS DATA

### Population Trend: The Village

2000 U.S. Census	1,881
2010 U.S. Census	1,841
2019 Estimated Population	1,808
Percent of Change 2000 - 2010	-2.13%

### Income and Age Statistics

	<b>The Village</b>	<b>Waukesha County</b>	<b>State of Wisconsin</b>	<b>United States</b>
2018 per capita income	\$27,759	\$44,301	\$32,018	\$32,621
2018 median household income	\$42,250	\$84,331	\$59,209	\$60,293
2018 median family income	\$79,514	\$104,438	\$75,313	\$73,965
2018 median gross rent	\$767	\$1,014	\$837	\$1,023
2018 median value owner occupied units	\$172,000	\$272,100	\$173,600	\$204,900
2018 median age	43.1 yrs.	43.2 yrs.	39.3 yrs.	37.9 yrs.

	<b>State of Wisconsin</b>	<b>United States</b>
Village % of 2018 per capita income	86.70%	85.10%
Village % of 2018 median family income	105.58%	107.50%

### Housing Statistics

	<b><u>The Village</u></b>		
	<b>2010</b>	<b>2018</b>	<b>Percent of Change</b>
All Housing Units	852	937	9.98%

**Source:** 2000 and 2010 Census of Population and Housing, and 2018 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

## EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities with populations under 25,000.

<b>Year</b>	<b><u>Average Employment</u></b>	<b><u>Average Unemployment</u></b>	
	<b>Waukesha County</b>	<b>Waukesha County</b>	<b>State of Wisconsin</b>
2015	212,995	3.8%	4.6%
2016	217,528	3.4%	4.0%
2017	220,114	2.9%	3.3%
2018	219,447	2.7%	3.0%
2019, December <sup>1</sup>	217,131	2.6%	3.2%

**Source:** Wisconsin Department of Workforce Development.

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<sup>1</sup> Preliminary.



### **FINANCIAL STATEMENTS**

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the Village's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The Village has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the Village requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the Village since the date of the financial statements, in connection with the issuance of the Bonds, the Village represents that there have been no material adverse change in the financial position or results of operations of the Village, nor has the Village incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

# **VILLAGE OF BUTLER**

Butler, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2018

# VILLAGE OF BUTLER

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

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

# VILLAGE OF BUTLER

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

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

## INDEPENDENT AUDITORS' REPORT

To the Village Board  
Village of Butler  
Butler, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Butler, Wisconsin, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village of Butler's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Butler, Wisconsin, as of December 31, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Village Board  
Village of Butler

### ***Emphasis of Matter***

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

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Supplementary Information***

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

#### ***Other Information***

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

*Baker Tilly Virchow Krause, LLP*

Milwaukee, Wisconsin  
August 14, 2019

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

#### Financial Highlights

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$9,011,286 (net position). Of this amount, \$2,376,863 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$268,005.
- At the close of the 2018 fiscal year, the Village's governmental funds reported combined ending fund balances of \$1,646,654, a decrease of \$389,952 in comparison with the prior year. Approximately 25% of this total amount, \$394,279, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the 2018 fiscal year, unassigned fund balance for the General Fund was \$394,279 or 18% of the total general fund expenditures.
- The Village of Butler's total long-term debt, including compensated absences and other postemployment benefits, decreased by \$11,165 during fiscal year ended December 31, 2018.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Butler's basic financial statements. The Village's basic financial statements comprise three components:

- 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



Village of Butler, Wisconsin

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

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

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

Government-Wide Financial Analysis

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

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

Village of Butler's Net Position

	Governmental Activities 2018	Business-type Activities 2018	Total
Current assets	\$ 4,262,300	\$ 1,842,117	\$ 6,104,417
Capital assets	5,563,135	4,157,196	9,720,331
Total Assets	9,825,435	5,999,313	15,824,748
Deferred outflows related to OPEB	6,334	1,062	7,396
Deferred outflows related to pensions	394,088	53,924	458,012
Total Deferred Outflows of Resources	400,422	54,986	455,408
Current liabilities	431,682	92,840	524,522
Noncurrent liabilities outstanding	3,346,769	865,081	4,241,850
Total Liabilities	3,778,451	957,921	4,766,372
Unearned revenue	2,026,845	-	2,026,845
Deferred inflows related to OPEB	1,384	313	1,697
Deferred inflows related to pensions	415,842	68,114	483,956
Total Deferred Inflows of Resources	2,444,071	68,427	2,512,498
Net Position			
Net investment in capital assets	3,002,748	3,291,546	6,294,294
Restricted	259,293	80,836	340,129
Unrestricted	741,284	1,635,969	2,376,863
Total Net Position	\$ 4,003,335	\$ 5,007,951	\$ 9,011,286

Village of Butler, Wisconsin

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

Village of Butler's Net Position

	Governmental Activities 2017	Business-type Activities 2017	Total
Current assets	\$ 4,657,613	\$ 1,897,015	\$ 6,554,628
Capital assets	4,906,571	4,056,716	8,963,287
Total Assets	9,564,384	6,053,731	15,618,115
Deferred outflows related to pensions	444,512	67,612	512,124
Total Deferred Outflows of Resources	444,512	67,612	512,124
Current liabilities	180,193	146,889	327,082
Noncurrent liabilities outstanding	3,371,523	981,992	4,353,515
Total Liabilities	3,551,716	1,128,881	4,680,597
Unearned property taxes	2,521,797	-	2,521,797
Deferred inflows related to pensions	179,280	25,284	204,564
Total Deferred Inflows of Resources	2,701,077	25,284	2,726,361
Net Position			
Net investment in capital assets	2,373,150	3,064,310	5,457,460
Restricted	685,743	45,898	731,641
Unrestricted	697,210	1,836,970	2,534,180
Total Net Position	\$ 3,756,103	\$ 4,967,178	\$ 8,723,281

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

At the end of both the 2018 and 2017 years, the Village is able to report positive balances in all three categories of net position. The Village's total net position increased by \$286,005 during the current fiscal year.

# Village of Butler, Wisconsin

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

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

	Governmental Activities 2018	Governmental Activities 2017	Business-Type Activities 2018	Business-Type Activities 2017	Total 2018	Total 2017
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 446,733	\$ 394,064	\$ 1,604,433	\$ 1,728,443	\$ 2,071,166	\$ 2,122,507
Operating Grants and Contributions						
Capital Grants and Contributions	164,000	159,331	-	-	164,000	159,331
General revenues						
Property Tax For						
General Purposes	1,365,649	1,475,055	-	-	1,365,649	1,475,055
Tax Increment Financing	556,308	671,819	-	-	556,308	671,819
Debt Service	391,534	365,149	-	-	391,534	365,149
Library	105,308	-	-	-	105,308	-
Intergovernmental revenues not restricted to specific programs	146,135	135,002	-	-	146,135	135,002
Investment earnings	51,331	23,046	14,846	5,389	65,977	28,635
Other	45,246	16,412	(41,628)	(36,965)	45,246	16,412
Transfers	41,658	36,595	-	-	41,658	36,595
<b>Total Revenues and transfers</b>	<b>2,410,870</b>	<b>3,273,573</b>	<b>1,597,451</b>	<b>1,697,437</b>	<b>5,017,321</b>	<b>4,971,070</b>
<b>Expenses:</b>						
General government	808,891	732,471	-	-	808,891	732,471
Public safety	1,221,008	1,109,410	-	-	1,221,008	1,109,410
Health and sanitation	448,762	404,922	-	-	448,762	404,922
Community development	122,222	103,121	-	-	122,222	103,121
Library, parks and recreation	279,214	7,830	-	-	279,214	7,830
Interest and fiscal charges	167,793	182,793	-	-	167,793	182,793
Sewer Service	124,748	119,807	-	-	124,748	119,807
Water	-	-	824,923	870,187	824,923	870,187
Storm Water	-	-	480,842	485,626	480,842	485,626
<b>Total Expenses</b>	<b>3,172,638</b>	<b>2,660,354</b>	<b>1,556,676</b>	<b>1,580,814</b>	<b>4,729,316</b>	<b>4,241,168</b>
<b>Change in net position</b>	<b>247,232</b>	<b>613,219</b>	<b>40,773</b>	<b>116,623</b>	<b>288,005</b>	<b>729,842</b>
<b>Net position - beginning</b>	<b>3,756,103</b>	<b>3,142,884</b>	<b>4,867,178</b>	<b>4,859,555</b>	<b>8,723,281</b>	<b>7,993,439</b>
<b>Net position - ending</b>	<b>4,003,335</b>	<b>3,756,103</b>	<b>5,007,951</b>	<b>5,001,178</b>	<b>9,011,286</b>	<b>8,723,281</b>

# Village of Butler, Wisconsin

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

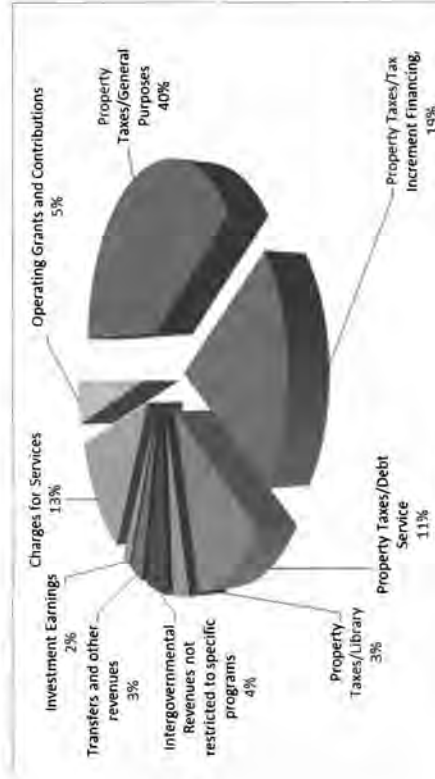
### Governmental Activities

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

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

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

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



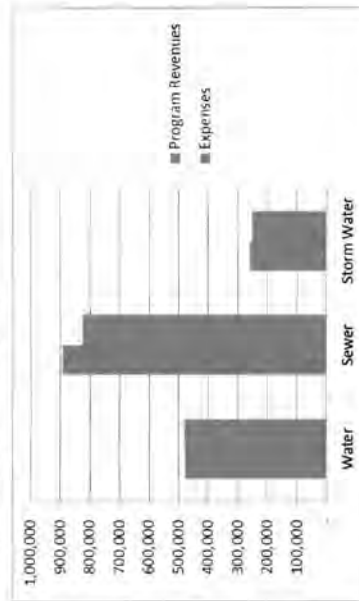


Management Discussion and Analysis  
As of and for the year ended December 31, 2018  
(unaudited)

**Business-Type Activities**

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

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



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

**Financial Analysis of the Government's Funds**

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

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

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

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

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

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

**General Fund Budgetary Highlights.**

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

**Capital Assets and Debt Administration**

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

Village of Butler, Wisconsin

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

	Net of Accumulated Depreciation			
	Governmental Activities 2018	Governmental Activities 2017	Business-type Activities 2018	Business-type Activities 2017
Land	\$ 344,000	\$ 344,000	\$ 18,203	\$ 18,203
Construction in progress	37,364	380,777	-	-
Land Improvements	2,532,719	2,500,100	12,031	49,425
Buildings	2,332,615	2,338,054	179,662	2,712,381
Machinery & Equipment	3,096,517	2,209,458	194,859	2,527,514
Infrastructure	62,964	44,625	-	3,086,517
Intangibles	-	-	9,216	72,169
Water Distribution System	-	-	2,336,463	2,314,919
Storm Water Systems	-	-	3,366,055	3,366,570
Sewer Collection System	-	-	943,294	943,294
Accumulated depreciation	(3,223,931)	(2,922,324)	(2,954,695)	(6,218,927)
	\$ 5,663,135	\$ 4,906,571	\$ 4,197,193	\$ 9,720,331
				\$ 9,953,287

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

Village of Butler, Wisconsin

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

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

	Village of Butler's Outstanding Debt General Obligation and Revenue Bonds			
	Governmental Activities 2018	Governmental Activities 2017	Business-type Activities 2018	Business-type Activities 2017
General Obligations Bonds & Notes	\$ 3,105,705	\$ 2,349,388	\$ 850,000	\$ 955,000
COA Lease Revenue Bonds	-	825,000	-	-
Total	\$ 3,105,705	\$ 3,174,388	\$ 850,000	\$ 955,000
				\$ 3,965,705
				\$ 4,125,388

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

Economic Factors

The following economic factors are noteworthy:

- The equalized value of the Village of Butler increased by \$4,424,000 in 2018 due to economic redevelopment.
- The tax levy for local purposes (exclusive of tax increment financing) in year 2019 is \$2,026,846 compared to the prior year levy of \$1,863,491.
- The Village of Butler's 2019 budget qualified the Village to receive the Expenditure Restraint Shared Revenue payment, as it did in 2017 and 2018.
- General fund 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, cell 262-783-2525 or e-mail [achadwick@butlerwi.gov](mailto:achadwick@butlerwi.gov).

# VILLAGE OF BUTLER

## STATEMENT OF NET POSITION As of December 31, 2018

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

See accompanying notes to the financial statements.

# VILLAGE OF BUTLER

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
<b>Governmental activities</b>						
General government	\$ 808,891	\$ 105,061	\$ -	\$ -	\$ (703,830)	\$ -
Public safety	1,221,008	292,092	11,566	-	(917,350)	-
Health and sanitation	122,222	18,084	7,257	-	(96,881)	-
Public works	448,762	-	145,177	-	(303,585)	-
Library, parks and recreation	167,793	31,496	-	-	(136,297)	-
Community development	279,214	-	-	-	(279,214)	-
Interest and fiscal charges	124,748	-	-	-	(124,748)	-
Total Governmental Activities	3,172,638	446,733	164,000	-	(2,561,905)	-
<b>Business-type activities</b>						
Water Utility	480,842	476,337	-	-	(4,505)	(4,505)
Sewer Service	824,923	890,462	-	-	65,539	65,539
Storm Water	250,913	257,634	-	-	6,721	6,721
Total Business-type Activities	1,556,678	1,624,433	-	-	67,755	67,755
<b>TOTALS</b>	\$ 4,729,316	\$ 2,071,166	\$ 164,000	\$ -	(2,561,905)	(2,494,150)
<b>General revenues</b>						
<b>Taxes:</b>						
Property taxes levied for general purposes					1,366,649	1,366,649
Property taxes levied for tax increment financing					658,306	658,306
Property taxes levied for debt service					391,534	391,534
Property taxes levied for library					105,308	105,308
Intergovernmental revenues not restricted to specific programs					149,135	149,135
Investment income					51,331	51,331
Other					45,246	45,246
Transfers					41,628	(41,628)
Total General Revenues and Transfers					2,809,137	2,782,155
<b>CHANGE IN NET POSITION</b>					247,232	288,005
<b>NET POSITION - Beginning of Year</b>					3,756,103	4,967,178
<b>NET POSITION - END OF YEAR</b>					\$ 4,003,335	\$ 5,007,951
						\$ 9,011,286

See accompanying notes to the financial statements.

**VILLAGE OF BUTLER**  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2018

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

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.  
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.

The net pension asset does not relate to current financial resources and is not reported in the governmental funds.

Deferred outflows of resources related to pensions and OPEB do not relate to current financial resources and are not reported in the governmental funds.

Deferred inflows of resources related to pensions and OPEB do not relate to current financial resources and are not reported in the governmental funds.

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.

**NET POSITION OF GOVERNMENTAL FUNDS**

**\$ 4,003,335**

See accompanying notes to the financial statements.

# VILLAGE OF BUTLER

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

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



## VILLAGE OF BUTLER

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

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Net change in fund balances - total governmental funds	\$ (389,952)
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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	993,037
Capital addition not recorded in capital outlay	26,327
Less: Certain items reported as capital outlay not capitalized	(30,474)
Depreciation/amortization is reported in the government-wide statements	(321,367)
Net book value of assets retired	(10,959)

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

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal repaid	1,158,683
Debt issued	(1,090,000)

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

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	22,622
Net pension asset	264,971
Net OPEB liabilities - Health and Life	(123,584)
Deferred outflows of resources related to pension and OPEBS	(44,090)
Deferred inflows of resources related to pension and OPEBS	(237,946)
Accrued interest on debt	13,415

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 247,232</b>
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**VILLAGE OF BUTLER**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
As of December 31, 2018

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



# VILLAGE OF BUTLER

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

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

# VILLAGE OF BUTLER

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

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

See accompanying notes to the financial statements.

## VILLAGE OF BUTLER

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

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

# VILLAGE OF BUTLER

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

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

# VILLAGE OF BUTLER

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

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. REPORTING ENTITY

This report includes all of the funds of the Village. The reporting entity for the Village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

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

#### Blended Component Unit

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

## VILLAGE OF BUTLER

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

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

#### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

##### Government-Wide Financial Statements

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

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

##### Fund Financial Statements

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

## VILLAGE OF BUTLER

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

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

##### Fund Financial Statements (cont.)

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

- 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
- 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.
- In addition, any other governmental or enterprise fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

General Fund - accounts for the Village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.  
Special Revenue Fund - Tax Increment Financing District - used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the program.  
Special Revenue Fund - Library Fund - used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the library program.  
Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.  
Capital Projects Fund - Community Development Authority - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.  
Capital Projects Fund - Equipment - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays.  
Capital Projects Fund - Borrowed Money - used to account for and report financial resources that were borrowed or committed for road and infrastructure projects.

## VILLAGE OF BUTLER

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

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

##### Fund Financial Statements (cont.)

The Village reports the following major enterprise funds:

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

In addition, the Village reports the following fund types:

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

Tax Collection Fund

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

##### Government-Wide Financial Statements

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

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

##### Fund Financial Statements

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

26

## VILLAGE OF BUTLER

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

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

##### Fund Financial Statements (cont.)

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

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

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

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

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

##### All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

27



## VILLAGE OF BUTLER

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

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

##### 1. Deposits and Investments

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

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

- Time deposits in any credit union, bank, savings bank or trust company;
- 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;
- Bonds or securities issued or guaranteed by the federal government;
- The local government investment pool;
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency;
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options;
- Repurchase agreements with public depositories, with certain conditions.

The Village has adopted an investment policy. That policy follows the state statute for allowable investments. The Village's investment policy addresses in general terms custodial credit risk, credit risk, and interest rate risk. At year end, the Village did not comply with the investment policy provision concerning the maximum limit of \$750,000 at any financial institution. At December 31, 2018, one financial institution held \$3.1 million; however, the entire balance was either insured or collateralized. Another institution held \$758,000 of which \$508,436 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, 2018, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

28

## VILLAGE OF BUTLER

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

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

##### 1. Deposits and Investments (cont.)

See Note IV - A for further information.

##### 2. Receivables

Property taxes are levied in November on the assessed value as of the prior January 1. In addition to property taxes for the village, taxes are collected for and remitted to the county government as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of assets and liabilities - agency fund.

Property tax calendar - 2018 tax roll:

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

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water and sewer utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

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

##### 3. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

29

# VILLAGE OF BUTLER

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

#### 4. Restricted Assets

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

#### 5. Capital Assets

##### Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$1,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

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

# VILLAGE OF BUTLER

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

#### 5. Capital Assets (cont.)

##### Fund Financial Statements

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

#### 6. Deferred Outflows of Resources

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

#### 7. Compensated Absences

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

#### 8. Long-Term Obligations

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

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

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

#### 9. Deferred Inflows of Resources

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



## VILLAGE OF BUTLER

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

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

##### 10. Equity Classifications

###### Government-Wide Statements

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

- 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.
- 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.
- 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:

- 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.
- 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.
- Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.

## VILLAGE OF BUTLER

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

### NOTE 1 - 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.)

- 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.
- Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

The Village has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 10% of the current operating budget. The balance at year end was \$287,603 and is included in unassigned general fund fund balance.

See Note IV. G. for further information.

##### 11. Pension

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

VILLAGE OF BUTLER

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

12. Postemployment Benefits Other Than Pensions (OPEB)

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

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Basis for Existing Rates

Water, Storm Water and Sewer Service Funds

Rates for the water, storm water and sewer service utilities are based on rates approved on January 1, 2009 for water, January 1, 2015 sewer service and January 1, 2018 for storm water utilities.

VILLAGE OF BUTLER

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

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

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

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

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

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

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

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

## VILLAGE OF BUTLER

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

### NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. BUDGETARY INFORMATION

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

#### B. EXCESS EXPENDITURES OVER APPROPRIATIONS

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

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

#### C. LIMITATIONS ON THE VILLAGE'S TAX LEVY

Wisconsin law limits the Village's future tax levies. Generally the Village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the Village's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The Village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

## VILLAGE OF BUTLER

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

### NOTE IV - DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 4,386,723	\$ 3,848,734	Custodial Credit
LGP	1,099,550	1,099,550	Credit
Petty cash	253	-	N/A
<b>Total Deposits and Investments</b>	<b>\$ 5,486,526</b>	<b>\$ 4,948,284</b>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 4,168,164		
Restricted cash and investments	48,756		
Per statement of assets and liabilities - agency funds	1,271,606		
<b>Total Deposits and Investments</b>	<b>\$ 5,486,526</b>		

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

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

#### Custodial Credit Risk

#### Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to the Village.

# VILLAGE OF BUTLER

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

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

### A. DEPOSITS AND INVESTMENTS (cont.)

#### Custodial Credit Risk (cont.)

##### Deposits (cont.)

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

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

##### Credit Risk

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

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

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

### B. RECEIVABLES

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

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

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

38

# VILLAGE OF BUTLER

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

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

### C. RESTRICTED ASSETS

The following represent the balances of the restricted assets.

#### Equipment Replacement Account

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

#### Net Pension Asset

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

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

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

### D. CAPITAL ASSETS

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

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

39

# VILLAGE OF BUTLER

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

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

### D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities (cont.)</b>				
Capital assets being depreciated/amortized				
Land	390,777	-	-	390,777
Buildings	2,500,100	32,619	-	2,532,719
Machinery and equipment	2,339,854	23,680	30,719	2,332,815
Infrastructure	2,209,458	877,059	-	3,086,517
Intangibles	44,826	18,138	-	62,964
Total Capital Assets Being Depreciated/Amortized	7,484,815	951,496	30,719	8,405,592
Total Capital Assets	7,828,895	988,890	30,719	8,787,066
Less: Accumulated depreciation/amortization for				
Buildings	(291,726)	(11,112)	-	(302,838)
Machinery and equipment	(699,599)	(60,405)	-	(760,004)
Infrastructure	(1,508,169)	(123,744)	19,760	(1,612,153)
Intangibles	(400,417)	(119,598)	-	(520,013)
Total Accumulated Depreciation/Amortization	(2,222,324)	(321,367)	19,760	(3,223,931)
Net Capital Assets Being Depreciated/Amortized	4,562,491	630,129	10,959	5,181,661
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	4,906,571	667,523	10,959	5,563,135

Depreciation/amortization expense was charged to functions as follows:

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

# VILLAGE OF BUTLER

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

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

### D. CAPITAL ASSETS (cont.)

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

Depreciation/amortization expense was charged to functions as follows:

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

# VILLAGE OF BUTLER

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

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

### D. CAPITAL ASSETS (cont.)

Depreciation expense is different from additions because of joint metering.

### E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

#### Interfund Receivables/Payables

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

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

All amounts are due within one year.

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

# VILLAGE OF BUTLER

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

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

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

#### Transfers

The following is a schedule of interfund transfers.

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Debt Service Fund	Special Revenue - TIF	\$ 851,091	Debt service
Capital Projects - Equipment	District Fund		
Special Revenue - Library	Special Revenue - TIF	204,329	Payoff TIF advance
General Fund	District Fund	14,257	Creation of Library fund
Water Utility	General Fund	81,969	Fund closeout
General Fund	Sewer Utility	716	Shared meter cost
	Water Utility	41,628	Tax equivalent
	Capital Projects - Community		
Special Revenue - TIF	Development Authority	124,085	To close out CDA
District Fund			
Total - Fund Financial Statements		1,318,075	
Less: Fund eliminations		<u>(1,276,447)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 41,628</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, 2018

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

### F. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 2,349,388	\$ 1,090,000	\$ 333,883	\$ 3,105,705	\$ 339,272
Revenue bonds	825,000	-	825,000	-	-
(Discounts)/Premiums	32,834	-	1,919	30,915	-
Sub-totals	3,207,222	1,090,000	1,160,802	3,136,420	339,272
Other Liabilities					
Net pension liability	55,114	-	55,114	-	-
Compensated absences	109,187	8,637	31,259	86,565	10,516
Other postemployment benefits - Health	-	80,891	-	80,891	-
Other postemployment benefits - Life	-	42,693	-	42,693	-
Total Other Liabilities	164,301	132,221	86,373	210,149	10,516
Total Governmental Activities Long-Term Liabilities	\$ 3,371,523	\$ 1,222,221	\$ 1,246,975	\$ 3,346,769	\$ 349,788
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 955,000	\$ -	\$ 105,000	\$ 850,000	\$ 110,000
(Discounts)/Premiums	17,406	-	1,756	15,650	-
Sub-totals	972,406	-	106,756	865,650	110,000
Other Liabilities					
Net pension liability	9,586	-	9,586	-	-
Other postemployment benefits - Health	-	19,811	-	19,811	-
Other postemployment benefits - Life	-	9,620	-	9,620	-
Total Other Liabilities	9,586	29,431	9,586	29,431	-
Total Business-type Activities Long-Term Liabilities	\$ 981,992	\$ 29,431	\$ 115,342	\$ 896,081	\$ 110,000

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2018, was \$12,896,835. Total general obligation debt outstanding at year end was \$3,955,705.

# VILLAGE OF BUTLER

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

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

### F. LONG-TERM OBLIGATIONS (cont.)

#### General Obligation Debt

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

#### Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2018
Slate Trust Fund Loan	01/08/05	03/15/24	5.25%	\$ 189,007	\$ 80,900
General Obligation Refunding Bond	03/29/12	04/1/19	0.50 - 1.6	1,600,000	250,000
General Obligation Promissory Notes	3/26/13	4/1/22	0.75 - 1.6	470,000	350,000
General Obligation Promissory Note	11/3/14	2/15/22	0.00	19,609	9,805
General Obligation Refunding Bond	2/9/16	2/9/36	3.00	985,000	915,000
General Obligation Corporate Purpose Bonds	3/30/17	2/1/37	3.00	425,000	410,000
General Obligation Corporate Purpose Bonds	4/17/18	2/1/38	2.2 - 3.75	1,090,000	1,090,000
Total Governmental Activities - General Obligation Debt					\$ 3,105,705

#### Business-type Activities

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

# VILLAGE OF BUTLER

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

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

### F. LONG-TERM OBLIGATIONS (cont.)

#### General Obligation Debt (cont.)

Debt service requirements to maturity are as follows

Years	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 339,272	\$ 85,500	\$ 110,000	\$ 27,763
2020	224,882	79,719	115,000	23,825
2021	230,546	74,431	65,000	18,875
2022	236,234	68,769	30,000	17,450
2023	144,506	53,688	30,000	16,550
2024-2028	655,265	257,191	155,000	69,175
2029-2033	690,000	156,881	160,000	43,650
2034-2038	585,000	43,463	165,000	11,812
Totals	\$ 3,105,705	\$ 829,642	\$ 850,000	\$ 229,100

#### Other Debt Information

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

### G. NET POSITION/FUND BALANCES

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

#### Governmental Activities

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

# VILLAGE OF BUTLER

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

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

### G. NET POSITION/FUND BALANCES (cont.)

#### Governmental Activities (cont.)

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

#### Governmental Funds

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

#### Nonspendable

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

#### Restricted

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



# VILLAGE OF BUTLER

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

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

### G. NET POSITION/FUND BALANCES (cont.)

#### Governmental Funds (cont.)

Committed  
Major Fund  
General Fund  
Committed for Community Service

Capital Projects Fund  
Equipment Fund

Total

Assigned

Major Fund  
General Fund

Unfunded compensated absences

Unassigned

Major Fund  
General Fund

#### Business-type Activities

Net Investment in Capital Assets

Land

Construction in progress

Other capital assets, net of accumulated depreciation

Less: Long-term debt outstanding

Plus: Unamortized debt discount

Less: Unamortized debt premium

Total Net Investment in Capital Assets

Restricted

Equipment replacement

Pensions

Total Restricted

Unrestricted

Total Business-type Activities Net Position

\$ 32,308

465,557

\$ 497,865

\$ 43,283

\$ 394,279

\$ 18,293

12,031

4,128,872

(850,000)

171

(15,821)

3,291,546

46,755

34,080

80,836

1,635,569

\$ 5,007,951

48

# VILLAGE OF BUTLER

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

## NOTE V - OTHER INFORMATION

### A. EMPLOYEES' RETIREMENT SYSTEM

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

49

# VILLAGE OF BUTLER

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

## NOTE V - OTHER INFORMATION (cont.)

### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Post-retirement adjustments.** The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

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

# VILLAGE OF BUTLER

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

## NOTE V - OTHER INFORMATION (cont.)

### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as General employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$85,581 in contributions from the Village.

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

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

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

At December 31, 2018, the Village reported an asset of \$243,937 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the Village's proportion was 0.00621583%, which was an increase of 0.00036614% from its proportion measured as of December 31, 2016.

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

# VILLAGE OF BUTLER

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

## NOTE V - OTHER INFORMATION (cont.)

### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 309,928	\$ 144,974
Changes in assumptions	48,197	-
Net differences between projected and actual earnings on pension plan investments	-	335,269
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,275	3,713
Employer contributions subsequent to the measurement date	93,612	-
Totals	\$ 458,012	\$ 483,956

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

Year Ended December 31	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2019	\$ 29,148
2020	(801)
2021	(84,455)
2022	(64,027)
2023	578

# VILLAGE OF BUTLER

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

## NOTE V - OTHER INFORMATION (cont.)

### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

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

# VILLAGE OF BUTLER

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

## NOTE V - OTHER INFORMATION (cont.)

### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

New England Pension Consultants Long Term US CPI (inflation) Forecast: 2.75%. Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.

**Single discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# VILLAGE OF BUTLER

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

## NOTE V - OTHER INFORMATION (cont.)

### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Sensitivity of the Village's proportionate share of the net pension liability (asset) to changes in the discount rate.** The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.20 percent) or 1-percentage point higher (8.20 percent) than the current rate:

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

**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://left.wi.gov/publications/cafr.htm>.

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

### B. Risk Management

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

### C. Commitments and Contingencies

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

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

The Village has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

# VILLAGE OF BUTLER

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

## NOTE V - OTHER INFORMATION (cont.)

### D. OTHER POSTEMPLOYMENT BENEFITS

#### GENERAL INFORMATION ABOUT THE OPEB PLAN

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

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

**Employees covered by benefit terms.** At January 1, 2015, 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 \$100,702 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

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

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

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

Mortality rates are a blend of the Death-In-Service and Retired Lives mortality rates from the "Wisconsin Retirement System 2016 - 2017 Experience Study" with the MP-2018 generational improvement scale (multiplied by 50%).

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

# VILLAGE OF BUTLER

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

## NOTE V - OTHER INFORMATION (cont.)

### D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

#### CHANGES IN THE TOTAL OPEB LIABILITY

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

**Sensitivity of the total OPEB liability to changes in the discount rate.** The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.0 percent) or 1-percentage-point higher (5.0 percent) than the current discount rate:

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

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.** The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

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

# VILLAGE OF BUTLER

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

## NOTE V - OTHER INFORMATION (cont.)

### D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

#### OPEB EXPENSE RELATED TO OPEB

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

#### Local Retiree Life Insurance Fund (LRLIF)

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

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

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

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

# VILLAGE OF BUTLER

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

## NOTE V - OTHER INFORMATION (cont.)

### D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

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

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

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

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

Life Insurance Employee Contribution Rates For the Plan Year	
Attained Age	Basic
Under 30	\$0.05
30-34	0.06
34-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

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

# VILLAGE OF BUTLER

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

## NOTE V - OTHER INFORMATION (cont.)

### D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

At December 31, 2018, the Village reported a liability of \$52,313 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the Village's proportion was 0.01738800%, which was a decrease of 0.00045600% from its proportion measured as of December 31, 2016.

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

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

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

60

# VILLAGE OF BUTLER

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

## NOTE V - OTHER INFORMATION (cont.)

### D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

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

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

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

61



# VILLAGE OF BUTLER

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

## NOTE V - OTHER INFORMATION (cont.)

### D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

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

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

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

# VILLAGE OF BUTLER

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

## NOTE V - OTHER INFORMATION (cont.)

### D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

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

**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://left.wi.gov/publications/cafr.htm>.

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

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

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

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



# VILLAGE OF BUTLER

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

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Taxes	\$ 1,366,646	\$ 1,408,277	\$ 41,628
Intergovernmental	280,847	254,674	(26,173)
Licenses and permits	93,060	103,062	10,002
Fines, forfeitures and penalties	135,500	138,269	2,769
Public charges for services	89,300	86,662	7,362
Investment income	8,200	24,964	16,764
Interdepartmental revenues	78,000	78,000	-
Miscellaneous revenues	1,310	29,049	26,739
<b>Total Revenues</b>	<b>2,062,866</b>	<b>2,131,877</b>	<b>79,111</b>
<b>Expenditures</b>			
Current			
General government	882,538	769,328	(76,790)
Public safety	1,000,132	1,008,863	(8,751)
Public works	274,998	281,381	(6,385)
Health and sanitation	112,500	122,222	(9,722)
Library, parks and recreation	21,700	24,421	(2,721)
Capital outlay	-	3,982	(3,982)
<b>Total Expenditures</b>	<b>2,091,866</b>	<b>2,200,217</b>	<b>(108,351)</b>
Excess of revenues over (under) expenditures	(39,000)	(68,240)	(29,240)
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	2,500	1,900	(600)
Transfer in	36,500	-	(36,500)
Transfer out	-	(81,969)	(81,969)
<b>Total Other Financing Sources</b>	<b>39,000</b>	<b>(80,069)</b>	<b>(119,069)</b>
Excess of revenues over (under) and other financing sources over expenditures and other financing sources - budgetary basis	-	(148,309)	(148,309)
<b>Adjustment to Generally Accepted Accounting Principles Basis</b>			
Revenue credited to designated funds		8,938	8,938
Expenditures charged to designated funds		(24,069)	(24,069)
<b>Net Change in Fund Balance</b>		(163,440)	(163,440)
<b>FUND BALANCE - Beginning of Year</b>		876,997	876,997
<b>FUND BALANCE - END OF YEAR</b>		\$ 513,557	\$ 513,557

## REQUIRED SUPPLEMENTARY INFORMATION

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

# VILLAGE OF BUTLER

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

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Taxes	\$ 487,000	\$ 658,306	\$ 171,306
Investment income	-	1	1
Total Revenues	487,000	658,307	171,307
<b>Expenditures</b>			
Current			
Community development	-	472,884	(472,884)
Excess of revenues over (under) expenditures	487,000	185,423	(301,577)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	(309,031)	206,054	206,054
Transfer out	-	(1,055,420)	(1,364,451)
Total Other Financing Sources (Uses)	(309,031)	(849,366)	(1,158,397)
Net Change in Fund Balance	\$ 177,969	(963,943)	(95,523)
FUND BALANCE - Beginning of Year		663,943	
FUND BALANCE - END OF YEAR		\$ -	

See independent auditors' report and accompanying notes to required supplementary information.  
65

# VILLAGE OF BUTLER

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

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

See independent auditors' report and accompanying notes to required supplementary information.  
66

# VILLAGE OF BUTLER

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

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

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

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

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

# VILLAGE OF BUTLER

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

	2018
Total OPEB Liability	
Service cost	\$ 4,546
Interest	4,024
Prior year activity	96,085
Benefit payments	(3,933)
Net Change in Total OPEB Liability	100,702
Total OPEB Liability - Beginning	\$ 100,702
Total OPEB Liability - Ending	\$ 1,059,880
Covered-employee payroll	
Total OPEB liability as a percentage of covered-employee payroll	9.50%

Note: This schedule is to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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

# VILLAGE OF BUTLER

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

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

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

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

# VILLAGE OF BUTLER

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

### BUDGETARY INFORMATION

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

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

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

### WISCONSIN RETIREMENT SYSTEM

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

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

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

*Changes in assumptions.* There were no changes in assumptions.

### LOCAL RETIREE LIFE INSURANCE FUND

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

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

*Changes in assumptions.* There were no changes in assumptions.

### VILLAGE RETIREE BENEFITS PLAN

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

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

*Changes in assumptions.* There were no changes in assumptions.

See independent auditors' report.

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

# VILLAGE OF BUTLER

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

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

## SUPPLEMENTARY INFORMATION

# VILLAGE OF BUTLER

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

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

**FORM OF LEGAL OPINION**

*(See following pages)*

Quarles & Brady LLP  
411 East Wisconsin Avenue  
Milwaukee, WI 53202

April 2, 2020

Re: Village of Butler, Wisconsin ("Issuer")  
\$1,470,000\* General Obligation Corporate Purpose Bonds, Series 2020A,  
dated April 2, 2020 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on February 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>
2021	\$65,000	____%
2022	75,000	____
2023	70,000	____
2024	65,000	____
2025	70,000	____
2026	70,000	____
2027	70,000	____
2028	70,000	____
2029	75,000	____
2030	75,000	____
2031	75,000	____
2032	75,000	____
2033	75,000	____
2034	75,000	____
2035	75,000	____
2036	75,000	____
2037	75,000	____
2038	80,000	____
2039	80,000	____
2040	80,000	____

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\* Preliminary, subject to change.



Interest is payable semi-annually on February 1 and August 1 of each year commencing on August 1, 2020.

The Bonds maturing on February 1, 2028 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on February 1, 2027 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

【The Bonds maturing in the years \_\_\_\_\_ are subject to mandatory redemption by lot as provided in the Bonds, at the redemption price of par plus accrued interest to the date of redemption and without premium.】

We further certify that we have examined a sample of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.
2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Bonds, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Bonds.
3. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

### BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Village as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Village or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Village or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Village or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The Village may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Village believes to be reliable, but the Village takes no responsibility for the accuracy thereof.

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

*(See following pages)*

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Village of Butler, Waukesha County, Wisconsin (the "Issuer") in connection with the issuance of \$1,470,000\* General Obligation Corporate Purpose Bonds, Series 2020A, dated April 2, 2020 (the "Securities"). The Securities are being issued pursuant to resolutions adopted on February 19, 2020 and March 17, 2020 (collectively, the "Resolution") and delivered to \_\_\_\_\_ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data annually and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). The Issuer is an obligated person with respect to not more than \$10,000,000 in aggregate amount of outstanding municipal securities (including the Securities but excluding obligations exempt from the Rule). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at [www.emma.msrb.org](http://www.emma.msrb.org) in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Final Official Statement dated March 18, 2020 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt

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\* Preliminary, subject to change.

obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the Village Board of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the Village of Butler, Waukesha County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Village Clerk of the Issuer who can be contacted at 12621 West Hampton Avenue, Butler, Wisconsin 53007, phone (262) 783-2525, fax (262) 783-2522.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

### Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ended December 31, 2019, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference financial information and operating data that is customarily prepared and publicly available, to wit:

1. Audited Financial Statements; and
2. The Issuer's adopted annual budget.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

#### Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake



such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a)(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A

default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 2nd day of April, 2020.

(SEAL)

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Patricia Tiarks  
President

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Kayla J. Thorpe  
Village Clerk

## **NOTICE OF SALE**

### **\$1,470,000\* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2020A VILLAGE OF BUTLER, WISCONSIN**

Bids for the purchase of \$1,470,000\* General Obligation Corporate Purpose Bonds, Series 2020A (the "Bonds") of the Village of Butler, Wisconsin (the "Village") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the Village, until 9:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 9:30 A.M. Central Time, on March 17, 2020, at which time they will be opened, read and tabulated. The bids will be presented to the Board of Trustees for consideration for award by resolution at a meeting to be held at 7:00 P.M., Central Time, on the same date. The bid offering to purchase the Bonds upon the terms specified herein and most favorable to the Village will be accepted unless all bids are rejected.

### **PURPOSE**

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purposes of paying the cost of street improvement projects and paying the cost of parking lots or other parking facilities. The Bonds are general obligations of the Village, and all the taxable property in the Village is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount.

### **DATES AND MATURITIES**

The Bonds will be dated April 2, 2020, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2021	\$65,000	2028	\$70,000	2035	\$75,000
2022	75,000	2029	75,000	2036	75,000
2023	70,000	2030	75,000	2037	75,000
2024	65,000	2031	75,000	2038	80,000
2025	70,000	2032	75,000	2039	80,000
2026	70,000	2033	75,000	2040	80,000
2027	70,000	2034	75,000		

### **ADJUSTMENT OPTION**

\* The Village reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

### **TERM BOND OPTION**

Bids for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

## INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2020, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2021 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

## BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

## PAYING AGENT

The Village has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The Village will pay the charges for Paying Agent services. The Village reserves the right to remove the Paying Agent and to appoint a successor.

## OPTIONAL REDEMPTION

At the option of the Village, the Bonds maturing on or after February 1, 2028 shall be subject to optional redemption prior to maturity on February 1, 2027 or any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the Village. If only part of the Bonds having a common maturity date are called for redemption, then the Village or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

## DELIVERY

On or about April 2, 2020, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the Village will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the Village, threatened. Payment for the Bonds must be received by the Village at its designated depository on the date of closing in immediately available funds.

## LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the Village, and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the Village; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

## SUBMISSION OF BIDS

Bids must not be for less than \$1,451,625 nor more than \$1,587,600 plus accrued interest on the principal sum of \$1,470,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to [bondsale@ehlers-inc.com](mailto:bondsale@ehlers-inc.com); or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 9:30 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, Telephone (212) 849-5021.

Bids must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of bids. Each bid must be unconditional except as to legality. Neither the Village nor Ehlers shall be responsible for any failure to receive a facsimile submission.

**A good faith deposit ("Deposit") in the amount of \$29,400 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids.** The Village reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the Village may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the Village as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

The Village and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the bid is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the bid is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No bid can be withdrawn after the time set for receiving bids unless the meeting of the Village scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

## AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The Village's computation of the interest rate of each bid, in accordance with customary practice, will

be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The Village reserves the right to reject any and all bids and to waive any informality in any bid.

### **BOND INSURANCE**

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the Village requested and received a rating on the Bonds from a rating agency, the Village will pay that rating fee. Any rating agency fees not requested by the Village are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

### **CUSIP NUMBERS**

The Village will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

### **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The Village will designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

### **CONTINUING DISCLOSURE**

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the Village will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Official Statement.

### **NEW ISSUE PRICING**

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the Village in establishing the issue price of the Bonds and shall execute and deliver to the Village at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the Village under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Village by the Village's municipal advisor identified herein and any notice or report to be provided to the Village may be provided to the Village's municipal advisor.

(b) The Village intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) The Village shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;

- (3) the Village may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Village anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in this bid.

(c) If all of the requirements of a "competitive sale" are not satisfied, the Village shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the winning bidder. In such event, any bid submitted will not be subject to cancellation or withdrawal and the Village agrees to use the rule selected by the winning bidder on its bid form to determine the issue price for the Bonds. On its bid form, each bidder must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the Village promptly after the close of the fifth (5<sup>th</sup>) business day after the sale whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Village acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Village further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the



requirements for establishing issue price rule of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the Village, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Bonds, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Village or bond counsel.

(f) By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Village or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the Village (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Bonds are awarded by the Village to the winning bidder.

### **PRELIMINARY OFFICIAL STATEMENT**

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the bid opening by request from Ehlers at [www.ehlers-inc.com](http://www.ehlers-inc.com) by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and bid forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the Board of Trustees

Kayla Thorpe, Village Administrator/Clerk  
Village of Butler, Wisconsin

# BID FORM

The Board of Trustees  
Village of Butler, Wisconsin

March 17, 2020

RE: \$1,470,000\* General Obligation Corporate Purpose Bonds, Series 2020A (the "Bonds")  
DATED: April 2, 2020

For all or none of the above Bonds, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$\_\_\_\_\_ (not less than \$1,451,625 nor more than \$1,587,600) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due 2021	_____ % due 2028	_____ % due 2035
_____ % due 2022	_____ % due 2029	_____ % due 2036
_____ % due 2023	_____ % due 2030	_____ % due 2037
_____ % due 2024	_____ % due 2031	_____ % due 2038
_____ % due 2025	_____ % due 2032	_____ % due 2039
_____ % due 2026	_____ % due 2033	_____ % due 2040
_____ % due 2027	_____ % due 2034	

\* The Village reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

**The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2021 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

**A good faith deposit ("Deposit") in the amount of \$29,400 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids.** The Village reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the Village may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the Village as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about April 2, 2020.

This bid is subject to the Village's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the Village with the reoffering price of the Bonds within 24 hours of the bid acceptance.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale.

By submitting this bid, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: \_\_\_\_\_ NO: \_\_\_\_\_.

If the competitive sale requirements are not met, we elect to use the (circle one): 10% test / hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: \_\_\_\_\_ By: \_\_\_\_\_  
Account Members: \_\_\_\_\_

**Award will be on a true interest cost basis.** According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from April 2, 2020 of the above bid is \$\_\_\_\_\_ and the true interest cost (TIC) is \_\_\_\_\_%.

The foregoing offer is hereby accepted by and on behalf of the Board of Trustees of the Village of Butler, Wisconsin, on March 17, 2020.

By: \_\_\_\_\_ By: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_