

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 28, 2018

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

VILLAGE OF BUTLER, WISCONSIN (Waukesha County)

\$1,095,000* GENERAL OBLIGATION STREET IMPROVEMENT BONDS, SERIES 2018A

BID OPENING: April 4, 2018, 10:30 A.M., C.T.

CONSIDERATION: April 4, 2018, 7:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$1,095,000* General Obligation Street Improvement Bonds, Series 2018A (the "Bonds") of the Village of Butler, Wisconsin (the "Village") are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purpose of paying the cost of street improvement projects. The Bonds are valid and binding 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 19, 2018

MATURITY: February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2020	\$40,000	2027	\$60,000	2034	\$60,000
2021	40,000	2028	60,000	2035	60,000
2022	45,000	2029	50,000	2036	65,000
2023	65,000	2030	60,000	2037	65,000
2024	60,000	2031	60,000	2038	65,000
2025	60,000	2032	60,000		
2026	60,000	2033	60,000		

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, 2018 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing February 1, 2027 and thereafter are subject to call for prior redemption on February 1, 2026 and any date thereafter, at a price of par plus accrued interest.

MINIMUM BID: \$1,081,312.

MAXIMUM BID: \$1,160,700.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$21,900 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: To be named by Issuer.

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 nor shall there be any sale of 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(p) (1), but is subject to revision, amendment and completion in a Final Official Statement.



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 & 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 & Associates, Inc., payable entirely by the Village, is contingent upon the sale of the issue.

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 & 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 Bonds are exempt or 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.

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BOARD OF TRUSTEES

		<u>Term Expires</u>
Patricia Tiarks	Village Board President	April 2019
Marc Van Gompel	Village Trustee	April 2018
William Benjamin	Village Trustee	April 2019
Gerald Orvis	Village Trustee	April 2018
Michael Thew	Village Trustee	April 2018
Mark Holdmann	Village Trustee	April 2019
Thomas Sardina	Village Trustee	April 2019

ADMINISTRATION

Kayla Chadwick, Village Administrator/Clerk

PROFESSIONAL SERVICES

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

Quarles & Brady LLP, Bond Counsel, Milwaukee, Wisconsin

Ehlers & Associates, Inc., Municipal Advisors, Waukesha, Wisconsin
(Other offices located in Roseville, Minnesota, Chicago, Illinois 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 \$1,095,000* General Obligation Street Improvement Bonds, Series 2018A (the "Bonds" or the "Obligations"). 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 awarding the sale of the Bonds (the "Award Resolution") to be adopted by the Board of Trustees on April 4, 2018.

Inquiries may be directed to Ehlers & 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 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 19, 2018. 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, 2018, 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 2020 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.

OPTIONAL REDEMPTION

At the option of the Village, the Bonds maturing on or after February 1, 2027 shall be subject to optional redemption prior to maturity on February 1, 2026 and on 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.

* Preliminary, subject to change.

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 purpose of paying the cost of street improvement projects.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount	\$1,095,000	
Est. Int. Earnings @ 0.5% for 4 mos	<u>1,488</u>	
Total Sources		\$1,096,488
Uses		
Total Underwriter's Discount (1.250%)	\$13,688	
Municipal Advisor	15,100	
Costs of Issuance	22,675	
Deposit to Project Construction Fund	1,044,162	
Rounding Amount	<u>864</u>	
Total Uses		\$1,096,488

*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 ("Moody's").

The Village has requested a rating on this issue 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 the underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended (the "Rule"), the Village shall covenant to take certain actions pursuant to the Award Resolution adopted by the Board of Trustees by entering into a Continuing Disclosure Certificate (the "Disclosure Undertaking") for the benefit of holders, including beneficial holders. The Disclosure Undertaking requires the Village to provide electronically or in the manner otherwise prescribed certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule. The details and terms of the Disclosure Undertaking for this issue are set forth in Appendix D to be executed and delivered by the Village at the time of delivery of the Bonds. Such Disclosure Undertaking will be in substantially the form attached hereto.

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.

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

The Village will file its continuing disclosure information using the Electronic Municipal Market Access ("EMMA") system or any system that may be prescribed in the future. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org. Ehlers is currently engaged as disclosure 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 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).

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 corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Bonds is included in adjusted current earnings. We note, however, that the 2017 tax act (Public Law 115-97) enacted on December 22, 2017, repealed the alternative minimum tax on corporations for tax years beginning after December 31, 2017. Accordingly, any discussion herein regarding corporate alternative minimum tax is applicable only to a corporation's tax years beginning before January 1, 2018. 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.

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.

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, 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, 2016, 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 Award 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.

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

2017 Equalized Value	\$253,512,700
2017 Equalized Value Reduced by Tax Increment Valuation	\$219,511,400
2017 Assessed Value	\$253,535,810

2017 EQUALIZED VALUE BY CLASSIFICATION

	2017 Equalized Value	Percent of Total Equalized Value
Residential	\$ 95,392,300	37.628%
Commercial	107,014,300	42.213%
Manufacturing	32,882,800	12.971%
Personal Property	18,223,300	7.188%
Total	<u>\$ 253,512,700</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value¹	Percent Increase/Decrease in Equalized Value
2013	\$243,104,370	\$234,060,400	-0.05%
2014	242,330,780	244,134,500	4.30%
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%

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

¹ Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2017 Equalized Value¹	Percent of Village's Total Equalized Value
Westminster Butler LLC	Commercial	\$ 7,499,286	2.96%
WHP Hampton Regency, LLC	Apartment Building	5,599,467	2.21%
Wis-Pak Foods	Industrial	5,124,412	2.02%
Naples Wisconsin Venture, LLC	Commercial	4,609,561	1.82%
Western States Envelope Co.	Industrial	4,433,578	1.75%
Lafayette Building LLC	Commercial	3,499,667	1.38%
Butler Square LTD	Residential	3,327,683	1.31%
Boemer Enterprises LLC	Commercial	2,825,331	1.11%
Reis Graphics LTD	Industrial	2,036,006	0.80%
5435 North 131 st St. LLC	Warehouse	1,874,822	0.74%
Total		\$40,829,813	16.11%
Village's Total 2017 Equalized Value ²		\$253,512,700	

Source: The Village.

¹ Calculated by dividing the 2017 Assessed Values by the 2017 Aggregate Ratio of assessment for the Village.

² Includes tax increment valuation.

DEBT

DIRECT DEBT¹

General Obligation Debt (includes the Bonds, see schedules following)*

Total General Obligation Debt	<u>\$4,040,706</u>
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Revenue Debt (see schedules following)

Total revenue debt secured by community development authority revenues	<u>\$ 825,000</u>
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* Preliminary, subject to change.

¹ Outstanding debt is as of the dated date of the Bonds.

VILLAGE OF BUTLER, WISCONSIN
Schedule of Bonded Indebtedness
General Obligation Debt
(As of 4/19/18)

Dated Amount	Maturity	STF Loan Series 2005		GO Ref Bonds Series 2010		GO Ref Bonds Series 2012		GO Notes Series 2013A		GO Notes (Waushara County)		GO CP Bonds Series 2016A		GO CP Bonds Series 2017A		GO Street Improvement Bonds Series 2018A		Total Principal*	Total Interest*	Principal & Interest*	Principal Outstanding*	Principal %Paid*	Year*
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest						
1/8/2005	3/15	11,821	4,247	80,000	9,588	2,000	2,000	20,000	3,095	2,451	2,451	40,000	16,581	40,000	32,563	40,000	34,870	80,000	45,589	125,589	3,960,706	1.98%	2018
1/8/2007	3/15	12,432	3,637	85,000	6,788	2,000	2,000	110,000	6,065	2,451	2,451	40,000	31,363	40,000	31,363	40,000	34,440	449,272	79,712	528,984	3,511,434	13.10%	2019
2021		13,095	2,974	90,000	3,600			110,000	5,060	2,451	2,451	85,000	26,775	45,000	30,088	40,000	33,560	339,883	70,435	410,318	3,171,551	21.51%	2020
2022		13,782	2,287					110,000	3,190	2,451	2,451	45,000	24,825	45,000	28,663	40,000	32,581	295,546	61,077	356,623	2,876,005	28.82%	2021
2023		14,506	1,563					110,000	1,100	2,452	2,452	45,000	22,875	50,000	27,163	45,000	31,240	266,234	54,925	321,159	2,609,771	35.41%	2022
2024		15,265	804									45,000	21,525	50,000	25,663	60,000	29,633	174,506	50,251	224,757	2,435,265	39.73%	2023
2025												45,000	18,825	50,000	24,163	60,000	28,013	155,000	42,988	197,988	2,265,000	43.95%	2024
2026												50,000	17,400	50,000	22,663	60,000	26,333	160,000	40,063	200,063	2,110,000	47.74%	2025
2027												50,000	15,900	50,000	21,163	60,000	24,593	160,000	37,063	197,063	1,950,000	51.74%	2026
2028												50,000	14,400	55,000	19,588	60,000	22,793	165,000	33,988	198,988	1,625,000	55.70%	2027
2029												55,000	12,825	55,000	17,938	60,000	21,090	160,000	30,763	190,763	1,465,000	63.74%	2028
2030												55,000	11,175	55,000	16,288	60,000	19,328	170,000	27,463	197,463	1,295,000	67.95%	2029
2031												55,000	9,525	60,000	14,488	60,000	17,348	175,000	24,013	199,013	1,120,000	72.28%	2030
2032												60,000	7,800	60,000	12,538	60,000	15,308	180,000	20,338	200,338	940,000	76.74%	2031
2033												60,000	6,000	65,000	10,506	60,000	13,208	185,000	16,506	201,506	755,000	81.32%	2032
2034												65,000	4,125	65,000	8,313	60,000	11,048	190,000	12,438	202,438	595,000	86.02%	2033
2035												65,000	2,175	65,000	6,038	60,000	8,925	190,000	8,213	198,213	375,000	90.72%	2034
2036												65,000	600	65,000	3,763	65,000	6,451	170,000	4,363	174,363	285,000	94.95%	2035
2037												75,000	1,313	75,000	1,313	65,000	3,916	140,000	1,313	141,313	65,000	95.39%	2037
2038																65,000	1,316	65,000	0	65,000	0	100.00%	2038
Total		80,901	15,512	255,000	19,975	250,000	4,000	350,000	18,510	9,805	0	955,000	279,300	1,045,000	370,838	1,095,000	425,772	4,040,706	708,135	4,748,841			

* Preliminary, subject to change.

VILLAGE OF BUTLER, WISCONSIN
Schedule of Bonded Indebtedness
Community Development Authority Debt Secured by Lease Agreements
(As of 4/19/18)

Bonds
Series 2007

Dated Amount	2/14/2007 \$2,345,000										
Maturity	9/1										
Fiscal Year Ending	Principal	Interest	Total Principal	Total Interest	Principal & Interest	Principal Outstanding	Principal %Paid	Year			
2018	275,000	17,016	275,000	17,016	292,016	550,000	33.33%	2018			
2019	275,000	22,756	275,000	22,756	297,756	275,000	66.67%	2019			
2020	275,000	11,413	275,000	11,413	286,413	0	100.00%	2020			
Total	825,000	51,184	825,000	51,184	876,184						

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	\$253,512,700
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 12,675,635
Less: General Obligation Debt*	<u>(4,040,706)</u>
Unused Debt Limit*	<u><u>\$ 8,634,929</u></u>

*Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2017 Equalized Value	% In Village	Total G.O. Debt ²	Village's Proportionate Share
Waukesha County	\$54,158,131,600	0.4681%	\$ 62,095,000	\$ 290,667
Waukesha County Technical College	55,384,135,843	0.4577%	28,070,000	128,476
School District of Menomonee Falls	3,917,809,045	1.5472%	46,115,000	713,491
Hamilton School District	3,427,608,673	5.6278%	2,545,000	<u>143,228</u>
Village's Share of Total Overlapping Debt				<u><u>\$ 1,275,862</u></u>

¹ 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.

² Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$253,512,700	Debt/ Per Capita 1,816¹
Total General Obligation Debt (includes the Notes)*	\$ 4,040,706	1.59%	\$ 2,225.06
Village's Share of Total Overlapping Debt	<u>1,275,862</u>	<u>0.50%</u>	<u>702.57</u>
Total*	\$ 5,316,568	2.10%	\$ 2,927.63

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

Due to an oversight, the Village did not timely make its October 1, 2013 interest payments on the \$470,000 General Obligation Promissory Notes, Series 2013A, \$1,600,000 General Obligation Refunding Bonds, Series 2012A, and the \$750,000 Taxable General Obligation Refunding Bonds, Series 2011A. The interest payments were made and received by DTC by October 11, 2013.

FUTURE FINANCING

The Village has no current plans for additional financing in the next 12 months.

¹ Estimated 2017 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Levy for Village Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2013/14	\$1,508,900	100%	\$7.07
2014/15	1,795,003	100%	8.18
2015/16	1,795,027	100%	8.05
2016/17	1,840,204	100%	8.43
2017/18	1,863,491	In process	8.49

Property tax statements are distributed to taxpayers by the town, village, and city clerks 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:

Year Levied/ Year Collected	Schools¹	County	Local	Other²	Total
2013/14	\$12.11	\$2.14	\$7.07	\$0.19	\$21.51
2014/15	10.64	2.08	8.18	0.19	21.09
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

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 majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in

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

² 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.

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

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 is responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The Village employs a staff of 13 full-time, 11 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 required to contribute half of the actuarially determined contributions, and the Village may not pay the employees' required contribution. The total retirement plan contributions (including both the Village's and the employees' contributions) for the fiscal year ended December 31, 2016 ("Fiscal Year 2016") totaled \$151,827. For Fiscal Year 2016, the Village's portion of contributions to WRS (not including any employee contributions) totaled \$78,045.

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, 2015, the total pension liability of the WRS was calculated as \$90.1 billion and the fiduciary net position of the WRS was calculated as \$88.5 billion, resulting in a net pension liability of \$1.6 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 2016, the Village reported a liability of \$126,182 for its proportionate share of the net pension asset of the WRS. The net pension liability was measured as of December 31, 2015 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 0.00776516% of the aggregate WRS net pension asset as of December 31, 2015.

The calculation of the total pension 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 net pension liability 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:

Bargaining Unit	Expiration Date of Current Contract
Police Department	December 31, 2020

OTHER POST EMPLOYMENT BENEFITS

The Village has obligations for some post-employment benefits based on contractual agreements. Accounting for these obligations is dictated by new Governmental Accounting Standards Board Statement No. 45 (GASB 45). The Village reviews its OPEB liabilities annually as part of the audit process and designates a portion of its general fund balance assigned to existing OPEB liabilities.

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 Obligations or otherwise questioning the validity of the Obligations.

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 Obligations 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 Obligations could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Obligations, and there could ultimately be no assurance that holders of the Obligations would be paid in full or in part on the Obligations. Further, under such circumstances, there could be no assurance that the Obligations would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Obligations 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 Obligations.

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 Obligations would not occur.

FUNDS ON HAND (as of December 31, 2016)

Fund	Total Cash and Investments
General	\$ 1,179,639
Community Development - TIF	773,985
Debt Service	205,817
Capital Projects	238,288
Water Utility	598,252
Stormwater Utility	291,124
Sanitary Sewer Utility	371,240
Tax Collection Fund	1,090,446
Borrowed Money Fund	<u>251,583</u>
Total Funds on Hand	<u><u>\$ 5,000,374</u></u>

ENTERPRISE FUNDS

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

	2014	2015	2016
Water			
Total Operating Revenues	\$472,324	\$ 478,687	\$ 479,270
Less: Operating Expenses	<u>(441,665)</u>	<u>(428,884)</u>	<u>(417,535)</u>
Operating Income	\$ 30,659	\$ 49,803	\$ 61,735
Plus: Depreciation	39,663	42,613	45,316
Interest Income	<u>80</u>	<u>107</u>	<u>54</u>
Revenues Available for Debt Service	<u><u>\$ 70,402</u></u>	<u><u>\$ 92,523</u></u>	<u><u>\$ 107,105</u></u>
Sewer			
Total Operating Revenues	\$ 677,707	\$ 685,419	\$ 1,000,134
Less: Operating Expenses	<u>(657,693)</u>	<u>(718,181)</u>	<u>(907,970)</u>
Operating Income	\$ 20,014	\$ (32,762)	\$ 92,164
Plus: Depreciation	13,834	13,980	14,384
Interest Income	<u>2,572</u>	<u>2,927</u>	<u>2,304</u>
Revenues Available for Debt Service	<u><u>\$ 36,420</u></u>	<u><u>\$ (15,855)</u></u>	<u><u>\$ 108,852</u></u>
Stormwater			
Total Operating Revenues	\$ 194,110	\$ 220,680	\$ 237,726
Less: Operating Expenses	<u>(128,438)</u>	<u>(199,822)</u>	<u>(184,512)</u>
Operating Income	\$ 65,672	\$ 20,858	\$ 53,214
Plus: Depreciation	48,863	49,107	45,889
Interest Income	<u>1,220</u>	<u>1,243</u>	<u>1,109</u>
Revenues Available for Debt Service	<u><u>\$ 115,755</u></u>	<u><u>\$ 71,208</u></u>	<u><u>\$ 100,212</u></u>

SUMMARY GENERAL FUND INFORMATION

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 2016 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2014 Audited	2015 Audited	2016 Audited	2017 Unaudited ¹	2018 Adopted Budget ²
Revenues					
Taxes and special assessments	\$ 1,335,185	\$ 1,436,015	\$ 1,519,736	\$ 1,513,318	\$ 1,405,149
Intergovernmental	244,070	252,582	206,507	178,239	280,847
Licenses and permits	85,401	94,843	100,593	56,599	67,060
Penalties and forfeitures	66,582	95,344	104,405	103,340	135,500
Public charges for services	116,996	107,385	120,681	76,394	76,300
Interest	8,350	7,283	5,458	12,132	2,500
Interdepartmental revenues	78,000	78,000	78,000	0	0
Miscellaneous general revenues	32,423	20,857	36,239	145,613	124,310
Total Revenues	\$ 1,967,007	\$ 2,092,309	\$ 2,171,619	\$ 2,085,635	\$ 2,091,666
Expenditures					
Current:					
General government	\$ 439,811	\$ 697,215	\$ 703,570	\$ 667,847	\$ 730,586
Public safety	1,226,458	901,795	856,821	914,797	999,959
Public works	249,703	287,172	289,047	279,077	296,697
Health and social services	123,549	120,664	102,752	117,998	0
Culture and recreation	193,668	147,662	142,113	0	0
Capital outlay	19,609	0	0	0	0
Other	0	0	0	0	64,424
Total Expenditures	\$ 2,252,798	\$ 2,154,508	\$ 2,094,303	\$ 1,979,719	\$ 2,091,666
Excess of revenues over (under) expenditures	\$ (285,791)	\$ (62,199)	\$ 77,316	\$ 105,916	\$ 0
Other Financing Sources (Uses)					
Proceeds from capital lease/assets	0	21,839	4,465	332	0
Proceeds of long-term debt	19,609	0	0	0	0
Operating transfers in (out)	72,511	43,997	37,220	0	0
Total Other Financing Sources (Uses)	\$ 92,120	\$ 65,836	\$ 41,685	\$ 332	
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ (193,671)	\$ 3,637	\$ 119,001	\$ 106,580	\$ 0
General Fund Balance January 1	667,815	474,144	477,781	596,782	703,362
Prior Period Adjustment	0	0	0	0	
General Fund Balance December 31	\$ 474,144	\$ 477,781	\$ 596,782	\$ 703,362	\$ 703,362
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	50,219	33,957	34,277		
Restricted	0	0	0		
Committed	36,135	42,306	49,698		
Assigned	55,302	51,409	48,636		
Unassigned	332,488	350,109	464,171		
Total	\$ 474,144	\$ 477,781	\$ 596,782		

¹ Unaudited data is as of December 31, 2017.

² The 2018 budget was adopted on November 21, 2017.

GENERAL INFORMATION

LOCATION

The Village, with a 2010 U.S. Census population of 1,841, and a current estimated population of 1,828, comprises an area of .8 square miles and is located in southeastern Wisconsin.

LARGER EMPLOYERS¹

Larger employers in the Village include the following:

Firm	Type of Business/Product	Estimated No. of Employees
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.	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
Waukesha County Nutrition Site	Government offices	40

Source: *ReferenceUSA, written and telephone survey (March 2018), Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.*

¹ 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

	2014	2015	2016	2017	2018 ¹
<u>New Single Family Homes</u>					
No. of building permits	0	2	0	0	0
Valuation	\$0	\$308,200	\$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	22	0	0	0	0
Valuation	\$789,900	\$0	\$0	\$0	\$0
<u>All Building Permits</u>					
<i>(including additions and remodelings)</i>					
No. of building permits	45	257	715	165	34
Valuation	\$1,126,683	\$1,506,881	\$8,814,856	\$970,516	\$959,913

Source: The Village.

¹ As of March 15, 2018.

U.S. CENSUS DATA

Population Trend: Village of Butler

2000 U.S. Census	1,881
2010 U.S. Census	1,841
2017 Estimated Population	1,816
Percent of Change 2000 - 2010	-2.13%

Income and Age Statistics

	Village of Butler	Waukesha County	State of Wisconsin	United States
2016 per capita income	\$40,174	\$29,292	\$29,253	\$29,829
2016 median household income	\$46,771	\$78,268	\$54,610	\$55,322
2016 median family income	\$71,406	\$96,409	\$69,925	\$67,871
2016 median gross rent	\$702	\$943	\$789	\$928
2016 median value owner occupied units	\$166,700	\$254,700	\$167,000	\$184,700
2016 median age	43.9 yrs.	43 yrs.	39.1 yrs.	37.7 yrs.

	State of Wisconsin	United States
Village % of 2016 per capita income	137.33%	134.68%
Village % of 2016 median family income	102.12%	105.21%

Housing Statistics

	<u>Village of Butler</u>		
	2000	2016	Percent of Change
All Housing Units	938	958	2.13%

Source: 2000 and 2010 Census of Population and Housing, and 2016 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (www.factfinder2.census.gov).

EMPLOYMENT/UNEMPLOYMENT DATA

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

Year	<u>Average Employment</u>	<u>Average Unemployment</u>	
	Waukesha County	Waukesha County	State of Wisconsin
2014	210,990	4.4%	5.4%
2015	213,135	3.8%	4.6%
2016	215,330	3.6%	4.1%
2017	219,998	2.9%	3.3%
2018, January	219,008	2.6%	3.1%

Source: Wisconsin Department of Workforce Development.

APPENDIX A

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 the Auditor to perform any additional examination, assessments or evaluation with respect to such financial statements since the date thereof, nor has the Village requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this 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, 2016

VILLAGE OF BUTLER

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VILLAGE OF BUTLER

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INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Butler
Butler, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Butler, Wisconsin, as of and for the year ended December 31, 2016, 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.

To the Village Board
Village of Butler

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, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
June 7, 2017

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, 2016. 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 \$7,993,439 (net position). Of this amount, \$2,188,181 (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 \$508,508.
- At the close of the 2016 fiscal year, the Village's governmental funds reported combined ending fund balances of \$1,676,722, an increase of \$460,794 in comparison with the prior year. Approximately 28% of this total amount, \$464,171, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the 2016 fiscal year, unassigned fund balance for the General Fund was \$464,171 or 22% of the total general fund expenditures.
- The Village of Butler's total long-term debt, including compensated absences, increased by \$288,442 during fiscal year ended December 31, 2016.

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 fund 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 six 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 Tax Increment Financing District Fund, 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 pages 57 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, 2016
(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 56 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 60 and 61 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 exceeded liabilities by \$7,993,439 as of December 31, 2016, compared with net position at December 31, 2015 of \$7,484,931.

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 2016	Business-type Activities 2016	Total
Current assets	\$ 4,314,969	\$ 1,703,372	\$ 6,018,341
Capital assets	4,747,420	3,700,503	8,447,923
Total Assets	9,062,389	5,403,875	14,466,264
Deferred outflows related to pensions	616,812	98,452	715,264
Total Deferred Outflows of Resources	616,812	98,452	715,264
Current liabilities	115,131	199,679	314,810
Noncurrent liabilities outstanding	3,677,835	417,773	4,095,608
Total Liabilities	3,792,966	617,452	4,410,418
Unearned property taxes	2,512,122	-	2,512,122
Deferred inflows related to pensions	231,229	34,320	265,549
Total Deferred Inflows of Resources	2,743,351	34,320	2,777,671
Net Position:			
Net investment in capital assets	2,021,220	3,299,038	5,320,258
Restricted	439,485	45,515	485,000
Unrestricted	682,179	1,506,002	2,188,181
Total Net Position	\$ 3,142,884	\$ 4,850,555	\$ 7,993,439

Village of Butler, Wisconsin

Management Discussion and Analysis
As of and for the year ended December 31, 2016
(unaudited)

Village of Butler's Net Position

	Governmental Activities 2015	Business-type Activities 2015	Total
Current assets	\$ 3,833,784	\$ 1,444,331	\$ 5,278,115
Capital assets	4,371,004	3,780,671	8,151,675
Total Assets	8,204,788	5,225,002	13,429,790
Deferred outflows related to pensions	176,797	31,577	208,374
Total Deferred Outflows of Resources	176,797	31,577	208,374
Current liabilities	758,576	223,629	982,205
Noncurrent liabilities outstanding	2,537,678	333,373	2,871,051
Total Liabilities	3,296,254	557,002	3,853,256
Unearned property taxes	2,299,977	-	2,299,977
Total Deferred Inflows of Resources	2,299,977	-	2,299,977
Net Position:			
Net investment in capital assets	1,873,794	3,367,298	5,241,092
Restricted	539,005	77,285	616,290
Unrestricted	372,565	1,254,984	1,627,549
Total Net Position	\$ 2,785,364	\$ 4,699,577	\$ 7,484,931

A restricted portion of the Village's net position (6% in 2016 and 8% in 2015) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$2,188,181 and \$1,627,549 for 2016 and 2015 respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of both the 2016 and 2015 years, the Village is able to report positive balances in all three categories of net position. The Village's total net position increased by \$508,508 during the current fiscal year.

Village of Butler, Wisconsin
Management Discussion and Analysis
As of and for the year ended December 31, 2016
(unaudited)

Analysis of the Village's Operations - The following schedule highlights the Village's revenues and expenses for the fiscal years ended December 31, 2016 and 2015. The table utilizes the full accrual method of accounting. The table below demonstrates that governmental activities increased by \$357,530 and business-type activities increased the Village's net position by \$150,978 in 2016.

Village of Butler's Changes in Net Position					
	Governmental Activities 2016	Governmental Activities 2015	Business-Type Activities 2016	Business-Type Activities 2015	Total 2016
Revenues:					
Program Revenues:					
Operating Grants and Contributions	\$ 395,096	\$ 394,413	\$ 1,717,130	\$ 1,384,796	\$ 2,112,196
Capital Grants and Contributions	180,667	186,698	-	180,667	367,365
General revenues	-	-	-	12,745	12,745
Property Tax For:					
General Purposes	1,519,796	1,438,015	-	1,510,796	1,438,015
Debt Service	503,202	505,377	-	500,202	505,377
Equipment	280,039	283,439	-	280,039	283,439
Intergovernmental revenues not restricted to specific programs	-	75,434	-	-	75,434
Investment earnings	69,994	97,665	-	69,994	97,665
Transfers	11,127	7,668	3,467	4,277	14,594
Other	54,742	44,658	-	54,742	44,658
	37,220	36,497	(37,220)	(36,497)	-
Total Revenues and transfers	3,045,793	3,068,154	1,683,377	1,965,311	4,433,465
Expenses:					
General government	727,151	727,151	-	758,967	727,151
Public safety	1,016,549	998,650	-	1,016,549	998,650
Public works	379,511	379,511	-	379,511	379,511
Health and sanitation	102,752	102,752	-	102,752	102,752
Community development	7,650	7,650	-	7,650	7,650
Library, parks and recreation	178,610	178,632	-	178,610	178,632
Interest and fiscal charges	155,677	93,441	-	155,677	93,441
Storm water	-	-	912,847	725,127	1,637,974
Water	-	-	417,535	428,884	846,419
Storm Water	-	-	201,917	216,918	418,835
	2,691,263	2,498,049	1,532,399	1,371,149	4,223,662
Total expenses	357,530	570,105	150,978	(6,538)	564,267
Change in net position	2,785,354	2,215,249	4,699,977	4,705,415	7,484,931
Net position - beginning	\$ 3,142,884	\$ 2,765,354	\$ 4,850,555	\$ 4,699,977	\$ 7,993,439
Net position - ending					\$ 7,484,931

Village of Butler, Wisconsin
Management Discussion and Analysis
As of and for the year ended December 31, 2016
(unaudited)

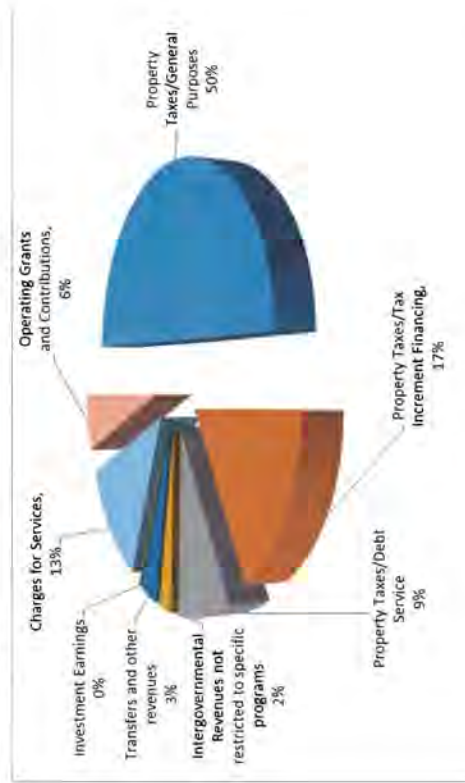
Governmental Activities

The table below discloses cost of services for 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 2016	Total Cost of Services 2015	Net (Expense) of Services 2016	Net (Expense) of Services 2015
General government	\$ 758,867	\$ 727,151	\$ (645,037)	\$ (610,238)
Public safety	1,016,549	998,650	(777,925)	(759,419)
Public works	471,158	379,511	(309,871)	(215,615)
Health and sanitation	102,752	120,864	(77,878)	(95,445)
Community development	7,650	-	(7,650)	-
Library, parks and recreation	178,610	178,632	(141,492)	(142,780)
Interest on long-term debt	155,677	93,441	(155,677)	(93,441)
	\$ 2,691,263	\$ 2,498,049	\$ (2,115,530)	\$ (1,916,938)

Net cost of services is 79% of total cost of services in 2016 and 77% in 2015. This reflects a continued reliance on taxes and other general revenue sources to fund the cost of services.

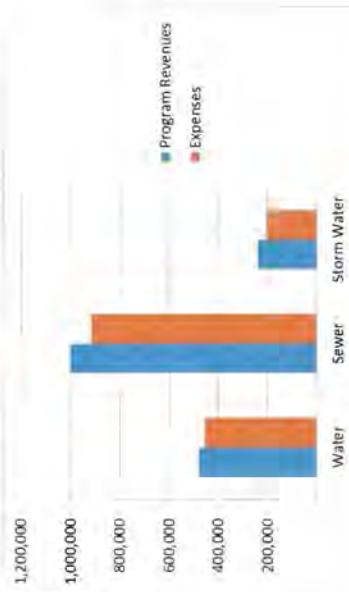
The graph below shows the 2016 percentage of the total governmental activities revenues allocated by each revenue type.



Business-Type Activities

Total Business-type activities' charges for service revenues for the years ending December 31, 2016 and 2015 were \$1,717,130 and \$1,384,786, respectively. The Business-type activities increased the Village of Butler's net position by \$150,978 in 2016 and decreased the Village of Butler's net position by \$5,838 in 2015.

The graph below shows the relationship between the 2016 revenues and expenses for the Village of Butler Sewer Service, Water and Storm Water Utilities.



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 \$1,676,722, an increase of \$460,794 in comparison with the prior year. Approximately 29% of this total amount (\$464,171) 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 2016, the General Fund balance increased by \$119,001. At the end of the year, the unassigned fund balance of the General Fund was \$464,171 while total fund balance was \$596,782. 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 22% of total general fund expenditures and transfers.

Fund balance in the Debt Service Fund decreased by \$21,107 during 2016. Fund balance in the Tax Increment Financing District increased \$91,216 during 2016. Fund balance in the Community Development Authority Fund increased by \$39,779 during 2016. Fund balance in the Equipment Fund decreased by \$41,337 during 2016. Fund balance in the Borrowed Money Fund increased \$273,242 during 2016.

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 \$839,668, the Water Utility totaled \$1,878,134 and for the Storm Water Utility the total net position was \$2,132,753. Total growth in net position for the Water, Storm Water and Sewer Service Utilities were \$25,308, \$36,918 and an increase of \$88,752, respectively.

General Fund Budgetary Highlights.

- The total original and final revenue and transfer budget was \$2,157,673 and actual revenues and transfers on a budgetary non-GAAP basis were \$2,192,637.
- In total, the General Fund had an increase in fund balance of \$119,001 because of unanticipated revenues during the year.

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, 2016 and 2015 amounted to \$8.4 million and \$8.1 million, respectively (net of accumulated depreciation). The Village's investment in capital assets includes land, buildings and improvements, equipment and infrastructure.

Village of Butler, Wisconsin

Management Discussion and Analysis As of and for the year ended December 31, 2016 (unaudited)

	Capital Assets at Year-end			
	Net of Accumulated Depreciation			
	Governmental Activities 2016	Governmental Activities 2015	Business-type Activities 2016	Business-type Activities 2015
Land	\$ 344,080	\$ 344,080	\$ 18,293	\$ 18,293
Land Improvements	300,777	300,777	-	-
Buildings	2,496,329	2,462,687	158,551	158,154
Machinery & Equipment	2,351,540	2,351,291	138,256	135,227
Infrastructure	1,819,014	1,160,741	-	-
Intangibles	44,826	44,826	-	-
Water Distribution System	-	-	1,956,379	1,940,179
Storm Water Systems	-	-	3,349,438	3,349,438
Sewer Collection System	-	-	943,284	943,284
Accumulated depreciation	(2,679,146)	(2,413,408)	(2,864,686)	(2,761,904)
	\$ 4,747,420	\$ 4,371,004	\$ 3,700,303	\$ 3,780,671
			\$ 8,447,923	\$ 8,151,675

Additional information on the Village's capital assets can be found in Note IV D. on pages 38 through 40 of this report.

Village of Butler, Wisconsin

Management Discussion and Analysis As of and for the year ended December 31, 2016 (unaudited)

Long-term debt. - As of December 31, 2016 the Village of Butler governmental activities had general obligation bonds and notes, bond anticipation notes and Community Development Lease Revenue Bonds outstanding totaling \$3,447,510. The Village of Butler has business-type activities notes payable totaling \$400,000. In the current year, the Village paid \$617,575 in principal and \$95,293 in interest on outstanding governmental activities debt. Business-Type Activities paid \$180,000 in principal and \$19,369 in interest on outstanding debt in the current year.

	Village of Butler's Outstanding Debt			
	General Obligation and Revenue Bonds			
	Governmental Activities 2016	Governmental Activities 2015	Business-type Activities 2016	Business-type Activities 2015
General Obligations	\$ 2,367,510	\$ 1,765,085	400,000	515,000
Bonds & Notes	1,080,000	1,305,000	-	-
CDA Lease Revenue	3,447,510	3,070,085	400,000	515,000
Bonds				
Total	\$ 3,447,510	\$ 3,070,085	\$ 1,080,000	\$ 1,305,000
			3,447,510	3,585,085

Additional information about the Village's long-term debt can be found in Note IV F. on pages 42 through 46 of the financial statements.

Economic Factors

The following economic factors are noteworthy:

- The equalized value of the Village of Butler increased \$4,318,100 or about 1.7% in 2016 due to economic development and new construction.
- The tax levy for local purposes (exclusive of tax increment financing) in year 2016 is \$1,840,204 compared to the prior year levy of \$1,795,027.
- The Village of Butler's 2016 budget qualified the Village to receive the Expenditure Restraint Shared Revenue payment; as it did in 2015.

Requests for information

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

VILLAGE OF BUTLER

STATEMENT OF NET POSITION As of December 31, 2016

	Governmental Activities	Business- type Activities	Totals
ASSETS			
Cash and investments			
Unrestricted	\$ 2,649,312	\$ 1,215,101	\$ 3,864,413
Restricted	-	45,515	45,515
Receivables	1,705,314	372,431	2,077,745
Inventories	-	8,276	8,276
Prepaid items	17,228	5,164	22,392
Internal balances	(56,885)	56,885	-
Capital assets			
Land	344,080	18,293	362,373
Property and equipment (net of accumulated depreciation)	4,403,340	3,682,210	8,085,550
 Total Assets	 9,062,389	 5,403,875	 14,466,264
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	616,812	98,452	715,264
LIABILITIES			
Accounts payable and other liabilities	78,810	196,836	275,646
Accrued interest payable	36,321	2,843	39,164
Noncurrent liabilities			
Net pension liability	109,874	16,308	126,182
Due within one year	733,207	105,000	838,207
Due in more than one year	2,834,754	296,465	3,131,219
 Total Liabilities	 3,792,966	 617,452	 4,410,418
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	2,512,122	-	2,512,122
Deferred inflows related to pensions	231,229	34,320	265,549
Total Deferred Inflows	2,743,351	34,320	2,777,671
NET POSITION			
Net investment in capital assets	2,021,220	3,299,038	5,320,258
Restricted for debt service	23,797	-	23,797
Restricted for equipment replacement	-	45,515	45,515
Restricted for tax incremental district purposes	415,688	-	415,688
Unrestricted	682,179	1,506,002	2,188,181
 TOTAL NET POSITION	 \$ 3,142,884	 \$ 4,850,555	 \$ 7,993,439

See accompanying notes to the financial statements.

VILLAGE OF BUTLER

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2016

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
Governmental activities						
General government	\$ 758,867	\$ 113,830	\$ -	\$ -	\$ (645,037)	\$ -
Public safety	1,016,549	226,137	12,487	-	(777,925)	-
Health and sanitation	102,752	17,981	6,893	-	(77,878)	-
Public works	471,158	-	161,287	-	(309,871)	-
Library, parks and recreation	178,610	37,118	-	-	(141,492)	-
Community development	7,650	-	-	-	(7,650)	-
Interest and fiscal charges	155,677	-	-	-	(155,677)	-
Total Governmental Activities	2,691,263	395,066	180,667	-	(2,115,530)	-
Business-type activities						
Water Utility	417,535	479,270	-	-	-	61,735
Sewer Service	912,947	1,000,134	-	-	-	87,187
Storm Water	201,917	237,726	-	-	-	35,809
Total Business-type Activities	1,532,399	1,717,130	-	-	-	184,731
TOTALS	\$ 4,223,662	\$ 2,112,196	\$ 180,667	\$ -	(2,115,530)	(1,930,799)
General revenues						
Taxes:						
Property taxes levied for general purposes					1,519,736	-
Property taxes levied for tax increment financing					500,202	-
Property taxes levied for debt service					280,039	-
Intergovernmental revenues not restricted to specific programs					69,994	-
Investment income					11,127	3,467
Other					54,742	-
Transfers					37,220	(37,220)
Total General Revenues and Transfers					2,473,060	(33,753)
CHANGE IN NET POSITION					357,530	150,978
NET POSITION - Beginning of Year					2,785,354	4,699,577
NET POSITION - END OF YEAR					\$ 3,142,884	\$ 4,850,555
						\$ 7,993,439

See accompanying notes to the financial statements.

VILLAGE OF BUTLER

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2016

	Special Revenue		Capital Projects Funds				Total Governmental Funds
	General	Tax Increment Financing District	Debt Service	Community Development Authority	Equipment	Borrowed Money	
ASSETS							
Cash and investments	\$ 1,179,639	\$ 683,788	\$ 205,817	\$ 90,197	\$ 238,288	\$ 251,583	\$ 2,649,312
Receivables							
Taxes	953,151	403,819	219,449	-	-	-	1,576,419
Accounts	79,617	-	-	-	-	32,110	111,727
Special assessments	7,261	-	-	-	-	-	7,261
Due from other governments	-	-	-	-	9,907	-	9,907
Prepaid items	17,228	-	-	-	-	-	17,228
TOTAL ASSETS	\$ 2,236,896	\$ 1,087,607	\$ 425,266	\$ 90,197	\$ 248,195	\$ 283,693	\$ 4,371,854
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 23,304	\$ -	\$ -	\$ 7,500	\$ -	\$ 10,451	\$ 41,255
Accrued liabilities	37,555	-	-	-	-	-	37,555
Due to other funds	56,885	-	-	-	-	-	56,885
Total Liabilities	117,744	-	-	7,500	-	10,451	135,695
Deferred Inflows of Resources							
Unearned revenues	1,475,055	671,919	365,148	-	-	-	2,512,122
Unavailable revenues	47,315	-	-	-	-	-	47,315
Total Deferred Inflows of Resources	1,522,370	671,919	365,148	-	-	-	2,559,437
Fund Balances							
Nonspendable	34,277	-	-	-	-	-	34,277
Restricted	-	415,688	60,118	-	-	273,242	749,048
Committed	49,698	-	-	82,697	248,195	-	380,590
Assigned	48,636	-	-	-	-	-	48,636
Unassigned	464,171	-	-	-	-	-	464,171
Total Fund Balances	596,782	415,688	60,118	82,697	248,195	273,242	1,676,722
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,236,896	\$ 1,087,607	\$ 425,266	\$ 90,197	\$ 248,195	\$ 283,693	\$ 4,747,420

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 liability does not relate to current financial resources and is not reported in the governmental funds.

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

Deferred inflows of resources related to pensions 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.

See accompanying notes to the financial statements.

NET POSITION OF GOVERNMENTAL FUNDS

\$ 3,142,846

VILLAGE OF BUTLER

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For the Year Ended December 31, 2016

	Special Revenue			Capital Projects Funds			Total Governmental Funds
	General	Tax Incremental Financing District	Debt Service	Community Development Authority	Equipment	Borrowed Money	
REVENUES							
Taxes	\$ 1,519,736	\$ 500,202	\$ 280,039	\$ -	\$ -	\$ -	\$ 2,299,977
Intergovernmental	206,507	-	-	34,246	9,907	-	250,660
Licenses and permits	100,593	-	-	-	-	-	100,593
Fines, forfeitures and penalties	104,405	-	-	-	-	-	104,405
Public charges for services	120,681	-	-	-	-	-	120,681
Investment income	5,458	2,530	206	98	1,236	2,553	12,081
Interdepartmental revenues	78,000	-	-	-	-	-	78,000
Miscellaneous revenue	36,239	-	-	13,085	-	-	49,324
Total Revenues	2,171,619	502,732	280,245	47,429	11,143	2,553	3,015,721
EXPENDITURES							
Current							
General government	703,570	-	-	-	-	-	703,570
Public safety	856,821	-	-	-	-	-	856,821
Public works	289,047	-	-	-	-	-	289,047
Health and sanitation	102,752	-	-	-	-	-	102,752
Library, parks and recreation	142,113	-	-	-	-	-	142,113
Capital Outlay	-	-	-	7,650	52,480	700,345	760,475
Debt Service	-	-	617,575	-	-	-	617,575
Principal retirement	-	-	95,293	-	-	52,718	148,011
Interest and fiscal charges	-	-	712,868	-	52,480	753,063	3,620,364
Total Expenditures	2,094,303	-	-	7,650	52,480	753,063	3,620,364
Excess (deficiency) of revenues over expenditures	77,316	502,732	(432,623)	39,779	(41,337)	(750,510)	(604,643)
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of capital assets	4,465	-	-	-	-	-	4,465
Debt issued	-	-	-	-	-	995,000	995,000
Premium on debt issued	-	-	-	-	-	28,752	28,752
Transfers in	37,220	-	411,516	-	-	-	448,736
Transfers out	-	(411,516)	-	-	-	-	(411,516)
Total Other Financing Sources (Uses)	41,685	(411,516)	411,516	-	-	1,023,752	1,065,437
Net Changes Fund Balances	119,001	91,216	(21,107)	39,779	(41,337)	273,242	460,794
FUND BALANCES - Beginning of Year	477,781	324,472	81,225	42,918	289,532	-	1,215,928
FUND BALANCES - END OF YEAR	\$ 596,782	\$ 415,688	\$ 60,118	\$ 82,697	\$ 248,195	\$ 273,242	\$ 1,676,722

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, 2016

Net change in fund balances - total governmental funds	\$ 460,794
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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	760,475
Less: Certain items reported as capital outlay not capitalized	(86,797)
Depreciation is reported in the government-wide statements	(289,566)
Net book value of assets retired	(7,696)

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.

(8,613)

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	617,575
Debt issued	(995,000)
Premium on debt issued	(28,752)

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	280
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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	5,547
Net pension liability (asset)	(271,557)
Deferred outflows of resources related to pensions	440,015
Deferred inflows of resources related to pensions	(231,229)
Accrued interest on debt	(7,946)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 357,530
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See accompanying notes to the financial statements.

VILLAGE OF BUTLER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of December 31, 2016

	Business-type Activities - Enterprise Funds			
	Water Utility	Storm Water Utility	Sewer Service Utility	Totals
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 598,252	\$ 291,124	\$ 325,725	\$ 1,215,101
Accounts receivable	76,813	38,181	257,437	372,431
Due from other funds	15,350	8,413	33,122	56,885
Prepaid items	1,814	1,655	1,695	5,164
Inventories	8,276	-	-	8,276
Total Current Assets	<u>700,505</u>	<u>339,373</u>	<u>617,979</u>	<u>1,657,857</u>
NONCURRENT ASSETS				
Restricted assets				
Cash and investments	-	-	45,515	45,515
Capital Assets				
Land	18,293	-	-	18,293
Property and equipment	2,188,190	3,374,020	984,698	6,546,908
Less: Accumulated depreciation	<u>(1,027,544)</u>	<u>(1,215,621)</u>	<u>(621,533)</u>	<u>(2,864,698)</u>
Total Noncurrent Assets	<u>1,178,939</u>	<u>2,158,399</u>	<u>408,680</u>	<u>3,746,018</u>
TOTAL ASSETS	<u>1,879,444</u>	<u>2,497,772</u>	<u>1,026,659</u>	<u>5,403,875</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	<u>28,489</u>	<u>33,499</u>	<u>36,464</u>	<u>98,452</u>
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	16,186	1,962	178,688	196,836
Accrued interest payable	-	2,531	312	2,843
Current portion of general obligation debt	-	80,000	25,000	105,000
Total Current Liabilities	<u>16,186</u>	<u>84,493</u>	<u>204,000</u>	<u>304,679</u>
NONCURRENT LIABILITIES				
Net pension liability	4,385	5,656	6,267	16,308
General obligation debt	-	296,465	-	296,465
Total Noncurrent Liabilities	<u>4,385</u>	<u>302,121</u>	<u>6,267</u>	<u>312,773</u>
Total Liabilities	<u>20,571</u>	<u>386,614</u>	<u>210,267</u>	<u>617,452</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	<u>9,228</u>	<u>11,904</u>	<u>13,188</u>	<u>34,320</u>
NET POSITION				
Net investment in capital assets	1,178,939	1,781,934	338,165	3,299,038
Restricted for equipment replacement	-	-	45,515	45,515
Unrestricted	<u>699,195</u>	<u>350,819</u>	<u>455,988</u>	<u>1,506,002</u>
TOTAL NET POSITION	<u>\$ 1,878,134</u>	<u>\$ 2,132,753</u>	<u>\$ 839,668</u>	<u>\$ 4,850,555</u>

See accompanying notes to the financial statements.

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VILLAGE OF BUTLER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds			
	Water Utility	Storm Water Utility	Sewer Service Utility	Totals
OPERATING REVENUES				
Charges for services	\$ 470,046	\$ 236,582	\$ 992,979	\$ 1,699,607
Other operating revenue	9,224	1,144	7,155	17,523
Total Operating Revenues	<u>479,270</u>	<u>237,726</u>	<u>1,000,134</u>	<u>1,717,130</u>
OPERATING EXPENSES				
Operation and maintenance	367,303	138,623	893,586	1,399,512
Depreciation	45,316	45,889	14,384	105,589
Taxes	4,916	-	-	4,916
Total Operating Expenses	<u>417,535</u>	<u>184,512</u>	<u>907,970</u>	<u>1,510,017</u>
Operating Income	<u>61,735</u>	<u>53,214</u>	<u>92,164</u>	<u>207,113</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	54	1,109	2,304	3,467
Interest expense	-	(17,380)	(5,524)	(22,904)
Amortization	-	(25)	547	522
Total Nonoperating Revenues (Expenses)	<u>54</u>	<u>(16,296)</u>	<u>(2,673)</u>	<u>(18,915)</u>
Income Before Transfers	<u>61,789</u>	<u>36,918</u>	<u>89,491</u>	<u>188,198</u>
TRANSFERS				
Transfers out	<u>(36,481)</u>	<u>-</u>	<u>(739)</u>	<u>(37,220)</u>
Change in Net Position	25,308	36,918	88,752	150,978
NET POSITION - Beginning of Year	<u>1,852,826</u>	<u>2,095,835</u>	<u>750,916</u>	<u>4,699,577</u>
NET POSITION - END OF YEAR	<u>\$ 1,878,134</u>	<u>\$ 2,132,753</u>	<u>\$ 839,668</u>	<u>\$ 4,850,555</u>

VILLAGE OF BUTLER

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2016

	Proprietary Fund Types			
	Enterprise Funds			
	Water Utility	Storm Water Utility	Sewer Service Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 471,567	\$ 235,624	\$ 874,830	\$ 1,582,021
Paid to vendors for goods and services	(305,265)	(82,349)	(673,774)	(1,061,388)
Paid to employees for services	(57,670)	(51,237)	(56,738)	(165,645)
Net Cash Flows from Operating Activities	108,632	102,038	144,318	354,988
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	54	1,109	2,304	3,467
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	(36,481)	-	(739)	(37,220)
Proceeds from long-term debt	-	40,000	25,000	65,000
Principal paid on long-term debt	-	-	(100,000)	(100,000)
Interest paid on long-term debt	-	-	(5,533)	(5,533)
Net Cash Flows from Noncapital Financing Activities	(36,481)	40,000	(81,272)	(77,753)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on long-term debt	-	(80,000)	-	(80,000)
Debt issuance costs	-	3,067	547	3,614
Interest paid on long-term debt	-	(17,280)	-	(17,280)
Acquisition and construction of capital assets	(23,517)	(2,142)	(2,142)	(27,801)
Net Cash Flows from Capital and Related Financing Activities	(23,517)	(96,355)	(1,595)	(121,467)
Net Change in Cash and Cash Equivalents	48,688	46,792	63,755	159,235
CASH AND CASH EQUIVALENTS - Beginning of Year	549,564	244,332	307,485	1,101,381
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 598,252	\$ 291,124	\$ 371,240	\$ 1,260,616
CASH AND CASH EQUIVALENTS - END OF YEAR				
Unrestricted	\$ 598,252	\$ 291,124	\$ 325,725	\$ 1,215,101
Restricted	-	-	45,515	45,515
	\$ 598,252	\$ 291,124	\$ 371,240	\$ 1,260,616
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 61,735	\$ 53,214	\$ 92,164	\$ 207,113
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation expense	45,316	45,889	14,384	105,589
Depreciation charged to other funds	2,380	-	-	2,380
Changes in assets and liabilities				
Accounts receivable	(7,260)	(978)	(120,957)	(129,195)
Due from other funds	(443)	(1,124)	(4,347)	(5,914)
Inventory	2,452	-	-	2,452
Prepaid items	340	342	340	1,022
Pension related amounts	6,102	325	5,110	11,537
Accounts payable	(1,990)	4,370	157,624	160,004
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 108,632	\$ 102,038	\$ 144,318	\$ 354,988

See accompanying notes to the financial statements.

VILLAGE OF BUTLER

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES AGENCY FUND As of December 31, 2016

	<u>Agency Fund</u>
	<u>Tax Collection Fund</u>
ASSETS	
Cash and investments	\$ 1,090,446
Taxes receivable	<u>1,584,377</u>
Total Assets	<u>\$ 2,674,823</u>
LIABILITIES	
Liabilities	
Due to other governmental units	<u>\$ 2,674,823</u>

See accompanying notes to the financial statements.

VILLAGE OF BUTLER

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VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Butler, Wisconsin ("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, 2016

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In February 2015, the GASB issued statement No. 72 - *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard was implemented January 1, 2016.

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, 2016

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

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

Fund Financial Statements (cont.)

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

- 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.
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 Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays.
Capital Projects Fund - Borrowed Money Fund - used to account for and report financial resources that were borrowed or committed for road and infrastructure projects.

The Village reports the following major enterprise funds:

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

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

Fund Financial Statements (cont.)

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.

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.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

Fund Financial Statements (cont.)

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

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

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

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

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

All Financial Statements

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

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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 maturing in three years or less.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, 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, 2016, one financial institution held \$2.2 million, however, the entire balance was either insured or collateralized. 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. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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.)

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, 2016, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

2. Receivables

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

Property tax calendar - 2016 tax roll:

Lien date and levy date	December 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	July 31, 2017
Personal property taxes in full	January 31, 2017
Tax sale - 2016 delinquent real estate taxes	October 2019

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.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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.)

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

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

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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.)

Government-Wide Statements (cont.)

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 Years

Fund Financial Statements

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

6. Deferred Outflows of Resources

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

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. The village does not have a post-employment benefit plan.

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.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

8. Long-Term Obligations/Conduit Debt (cont.)

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

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

9. Deferred Inflows of Resources

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

10. Equity Classifications

Government-Wide Statements

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

- 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.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

10. Equity Classifications (cont.)

Fund Statements

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.
- 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 \$217,797, and is included in unassigned general fund fund balance.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

See Note IV. G. for further information.

11. Pension

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

12. 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 and January 1, 2016 for storm water and sewer service utilities.

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

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

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

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

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

Land	\$	344,080
Land improvements		390,777
Buildings		2,496,329
Machinery and equipment		2,331,540
Infrastructure		1,819,014
Intangibles		44,826
Less: Accumulated depreciation		(2,679,146)
Combined Adjustment for Capital Assets	\$	4,747,420

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	\$	3,447,510
Compensated absences		97,271
Accrued interest		36,321
Unamortized debt premium and discount		23,180
Combined Adjustment for Long-Term Liabilities	\$	3,604,282

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

B. LIMITATIONS ON THE VILLAGE'S TAX LEVY

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

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 2,917,521	\$ 2,987,355	Custodial Credit Risk
LGIP	2,082,613	2,082,613	Credit Risk
Petty cash	240	-	N/A
Total Deposits and Investments	\$ 5,000,374	\$ 5,069,968	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 3,864,413		
Restricted cash and investments	45,515		
Per statement of assets and liabilities - agency fund	1,090,446		
Total Deposits and Investments	\$ 5,000,374		

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

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

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

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

As of December 31, 2016, \$889,686 of the Village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 488,678
Uninsured and collateral held by the pledging financial institution's trust department or agent not in the Village's name	391,008
Total	\$ 889,686

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 \$8,501 of ambulance receivables, \$8,548 of delinquent personal property taxes and \$7,261 of special assessments.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

B. RECEIVABLES (cont.)

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

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 2,512,122	\$ -
Delinquent property taxes receivable	-	7,261
Police citations receivable	-	40,054
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 2,512,122	\$ 47,315

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Equipment Replacement Account

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

Following is a list of restricted assets at December 31, 2016:

Equipment replacement account	Restricted Assets
	\$ 45,515

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 344,080	\$ -	\$ -	\$ 344,080
Total Capital Assets Not Being Depreciated/Amortized	344,080	-	-	344,080
Capital assets being depreciated/amortized				
Land Improvements	390,777	-	-	390,777
Buildings	2,492,697	3,632	-	2,496,329
Machinery and equipment	2,351,291	11,773	31,524	2,331,540
Infrastructure	1,160,741	658,273	-	1,819,014
Intangibles	44,826	-	-	44,826
Total Capital Assets Being Depreciated/Amortized	6,440,332	673,678	31,524	7,082,486
Total Capital Assets	6,784,412	673,678	31,524	7,426,566
Less: Accumulated depreciation/amortization for				
Land Improvements	(269,502)	(11,112)	-	(280,614)
Buildings	(580,444)	(59,439)	-	(639,883)
Machinery and equipment	(1,282,608)	(140,173)	23,828	(1,408,953)
Infrastructure	(259,648)	(73,239)	-	(332,887)
Intangibles	(11,206)	(5,603)	-	(16,809)
Total Accumulated Depreciation/Amortization	(2,413,408)	(289,566)	23,828	(2,679,146)
Net Capital Assets Being Depreciated/Amortized	4,026,924	384,112	7,696	4,403,340
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	\$ 4,371,004	\$ 384,112	\$ 7,696	\$ 4,747,420

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. CAPITAL ASSETS (cont.)

Depreciation/amortization expense was charged to functions as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
General government				\$ 43,012
Public safety				102,767
Public works				114,733
Library, parks and recreation				29,054
Total Governmental Activities Depreciation/Amortization Expense				<u>\$ 289,566</u>

Business-type Activities

Capital assets not being depreciated	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 18,293	\$ -	\$ -	\$ 18,293
Total Capital Assets Not Being Depreciated	<u>18,293</u>	<u>-</u>	<u>-</u>	<u>18,293</u>
Capital assets being depreciated				
Buildings and improvements	156,154	3,397	-	159,551
Machinery and equipment	135,227	3,029	-	138,256
Water distribution system	1,940,179	21,375	5,175	1,956,379
Storm water system	3,349,438	-	-	3,349,438
Sewer collection system	943,284	-	-	943,284
Total Capital Assets Being Depreciated	<u>6,524,282</u>	<u>27,801</u>	<u>5,175</u>	<u>6,546,908</u>
Total Capital Assets	<u>6,542,575</u>	<u>27,801</u>	<u>5,175</u>	<u>6,565,201</u>

Less: Accumulated depreciation for

Buildings and improvements	(123,793)	(3,997)	-	(127,790)
Machinery and equipment	(64,087)	(9,436)	-	(73,523)
Water distribution system	(805,798)	(36,884)	5,175	(837,507)
Storm water system	(1,167,720)	(45,075)	-	(1,212,795)
Sewer collection system	(600,506)	(12,577)	-	(613,083)
Total Accumulated Depreciation	<u>(2,761,904)</u>	<u>(107,969)</u>	<u>5,175</u>	<u>(2,864,698)</u>

Net Capital Assets Being Depreciated

	3,762,378	(80,168)	-	3,682,210
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Business-type Capital

Assets, Net of Accumulated Depreciation	\$ 3,780,671	\$ (80,168)	\$ -	\$ 3,700,503
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VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. CAPITAL ASSETS (cont.)

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities	
Sewer	\$ 14,384
Water	45,316
Storm	45,889
Total Business-type Activities Depreciation Expense	<u>\$ 105,589</u>

Depreciation expense is different from additions because of joint metering.

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

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

	Receivable Fund	Payable Fund	Amount
Sewer Service Utility		General Fund	\$ 33,122
Water Utility		General Fund	15,350
Storm Water Utility		General Fund	8,413
Total			<u>\$ 56,885</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.

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

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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	\$ 411,516	Debt service
Water Utility	District Fund	739	Shared meter costs
General Fund	Sewer Service Utility	36,481	Tax equivalent
	Water Utility		
Total - Fund Financial Statements		448,736	
Less: Fund eliminations		(411,516)	
Total Transfers - Government-Wide Statement of Activities		\$ 37,220	

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.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2016, was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds and Notes Payable	\$ 1,765,085	\$ 995,000	\$ 392,575	\$ 2,367,510	\$ 443,122
General obligation debt	1,305,000	-	225,000	1,080,000	255,000
Revenue bonds	(5,292)	28,752	280	23,180	-
(Discounts)/Premiums	3,064,793	1,023,752	617,855	3,470,690	698,122
Sub-totals					
Other Liabilities	(161,683)	271,557	-	109,874	-
Net pension liability (asset)	102,816	23,539	35,086	97,271	35,085
Termination benefit	(58,885)	301,096	35,086	207,145	35,085
Total Other Liabilities					
Total Governmental Activities Long-Term Liabilities	\$ 3,005,928	\$ 1,324,848	\$ 652,941	\$ 3,677,835	\$ 733,207

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds and Notes Payable	\$ 515,000	\$ 65,000	\$ 180,000	\$ 400,000	\$ 105,000
General obligation debt	(1,627)	3,614	522	1,465	-
(Discounts)/Premiums	513,373	68,614	180,522	401,465	105,000
Sub-totals					
Other Liabilities	(31,829)	48,137	-	16,308	-
Net pension liability (asset)	(31,829)	48,137	-	16,308	-
Total Other Liabilities					
Total Business-type Activities Long-Term Liabilities	\$ 481,544	\$ 116,751	\$ 180,522	\$ 417,773	\$ 105,000

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, 2016, was \$12,614,780. Total general obligation debt outstanding at year end was \$2,787,510.

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	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
General Obligation Debt					
State Trust Fund Loan	01/08/05	03/15/24	5.25%	\$ 189,007	\$ 102,804
General Obligation					
Refunding Bond	10/25/11	04/1/17	0.60 - 1.9	750,000	130,000
General Obligation					
Refunding Bond	03/29/12	04/1/19	0.50 - 1.6	1,600,000	725,000
General Obligation					
Promissory Notes	3/26/13	4/1/22	0.75 - 1.6	470,000	400,000
General Obligation					
Promissory Note	11/3/14	2/15/22	0.00	19,609	14,706
General Obligation					
Refunding Bond	2/9/16	2/9/36	3.00	995,000	995,000
Total Governmental Activities - General Obligation Debt					\$ 2,367,510

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Business-type Activities	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
General Obligation Refunding Bonds	01/26/10	11/01/20	1.25-4.00%	\$ 845,000	\$ 335,000
General Obligation Refunding Bonds	02/9/16	02/9/36	3.00	65,000	65,000
Total Business-type Activities - General Obligation Debt					\$ 400,000

Debt service requirements to maturity are as follows:

Years	Principal	Interest	Governmental Activities General Obligation Debt	Business-type Activities General Obligation Debt	Interest
2017	\$ 443,122	\$ 51,311	\$ 105,000	\$ 13,763	
2018	318,683	44,913	80,000	10,788	
2019	324,272	39,162	85,000	7,988	
2020	169,883	34,272	90,000	4,800	
2021	170,545	30,389	40,000	600	
2022-2026	386,005	106,553	-	-	
2027-2031	265,000	63,825	-	-	
2032-2036	290,000	20,700	-	-	
Totals	\$ 2,367,510	\$ 391,125	\$ 400,000	\$ 37,939	

Revenue Debt

Governmental activities revenue bonds are payable from revenues derived from Community Development Authority.

The village has pledged future Community Development Authority (CDA) lease revenues, net of specified operating expenses, to repay revenue bonds issued in the CDA. Proceeds from the bonds provided financing for the CDA. The bonds are payable solely from the CDA's revenues and are payable through 2020. Annual principal and interest payments on the bonds are expected to require 55.21% of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,192,431. Principal and interest paid for the current year and total customer net revenues were \$278,006 and \$539,981, respectively.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

In March 1999, the Community Development Authority of the Village of Butler (CDA) issued \$3.05 million Community Development Revenue Bonds. In 2007 the CDA refunded a portion of the 1999 issue with \$2.345 million Community Development Lease Revenue Refunding Bonds. All of the bonds were issued by the Authority, pursuant to Section 66.431 of the Wisconsin Statutes, for the purpose of refinancing outstanding Village or Authority obligations and various improvements associated with the Village's Tax Increment District No. 1. The bonds do not constitute any indebtedness of the Village of Butler. The bonds are not general obligations of the Authority and do not constitute indebtedness within any constitutional or statutory limitation or provision. The bonds are payable only out of revenues and income derived by the Authority pursuant to the terms of a lease agreement between the Authority and the Village.

In conjunction with the issuance of the bonds, the Authority and the Village entered into a lease agreement amounting to \$3.05 million. The lease generally provides for payments by the Village to the Authority in amounts sufficient to pay the principal and interest payments on the bonds as they come due. It is the Village's intent to annually budget the rental payments under the lease, and finance such payments with tax increments generated by the Tax Increment District No. 1. If the increment is insufficient to make payments under the lease, the Village expects and anticipates that it will appropriate funds from other available revenues to fund any such shortfall.

The Village of Butler Community Development Authority is part of the primary government for financial reporting purposes and is reported as a blended component unit. Consequently, the Authority's debt and assets are reported as part of the Village's debt and assets. Accordingly, the Village has reported the debt issue in its government-wide financial statements. Debt service activity is reported in the Village's Debt Service Fund. Lease arrangements between the Village and the Authority are equal to the related debt service requirements and have been eliminated for government-wide financial statement reporting purposes.

Revenue debt payable at December 31, 2016, consists of the following:

Governmental Activities Revenue Debt

Revenue Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
Community Development Lease Revenue Refunding Bonds	02/14/07	09/1/20	3.50-4.15%	\$ 2,345,000	\$ 1,080,000
Total Governmental Activities - Revenue Debt					\$ 1,080,000

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities Revenue Debt	
	Principal	Interest
2017	\$ 255,000	\$ 44,231
2018	275,000	34,031
2019	275,000	22,756
2020	275,000	11,413
Totals	\$ 1,080,000	\$ 112,431

Other Debt Information

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The Village believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2016, includes the following:

Governmental Activities	
Net Investment in Capital Assets	
Land	\$ 344,080
Other capital assets, net of accumulated depreciation/amortization	4,403,340
Less: Long-term debt outstanding	(3,447,510)
Plus: Unspent capital related debt proceeds	273,242
Plus: Noncapital debt proceeds	471,248
Plus: Unamortized debt discount	3,004
Less: Unamortized debt premium	(26,184)
Total Net Investment in Capital Assets	<u>2,021,220</u>

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

G. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Restricted	
Restricted for debt service	23,797
Restricted for tax incremental district purposes	415,688
Total Restricted	<u>439,485</u>
Unrestricted	682,179
Total Governmental Activities Net Position	<u>\$ 3,142,884</u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2016, include the following:

Nonspendable	
Major Fund	
General Fund	
Delinquent personal property taxes	\$ 8,548
Prepaid items	17,228
Ambulance fees receivable - noncurrent	8,501
Total	<u>\$ 34,277</u>
Restricted	
Major Funds	
Special Revenue Fund	
Tax Increment Financing District	\$ 415,688
Debt Service Fund	
Debt Service purposes	\$ 60,118
Capital Projects Fund	
Borrowed Money Fund - unspent proceeds	\$ 273,242
Committed	
Major Funds	
General Fund	
Committed for Community Service	\$ 49,698
Capital Projects Funds	
Equipment Fund	\$ 248,195
Community Development Authority	82,697
Total	<u>\$ 380,590</u>

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds (cont.)

Assigned	
Major Fund	
General Fund	
Unfunded compensated absences	\$ 48,636
Unassigned	
Major Fund	
General fund	\$ 464,171

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 18,293
Other capital assets, net of accumulated depreciation	3,682,210
Less: Long-term debt outstanding	(400,000)
Plus: Unamortized debt discount	988
Less: Unamortized debt premium	(2,453)
Total Net Investment in Capital Assets	3,299,038
Restricted	
Equipment replacement	45,515
Unrestricted	1,506,002
Total Business-type Activities Net Position	\$ 4,850,555

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

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

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

The WRS also provides death and disability benefits for employees.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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
2006	0.8%	3%
2007	3.0	10
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

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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. 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 \$78,045 in contributions from the Village.

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

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

At December 31, 2016, the Village reported a liability (asset) of \$126,182 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability (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, 2015, the Village's proportion was 0.00776516%, which was a decrease of 0.00011311% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Village recognized pension expense of \$151,827.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2016, 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	\$ 21,346	\$ 265,549
Changes in assumptions	88,283	-
Net differences between projected and actual earnings on pension plan investments	516,627	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,774	-
Employer contributions subsequent to the measurement date	75,234	-
Totals	<u>\$ 715,264</u>	<u>\$ 265,549</u>

\$75,234 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, 2017. 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	Deferred Inflows of Resources
2017	\$ 166,350	\$ 64,263
2018	166,350	64,263
2019	166,350	64,263
2020	137,966	64,263
2021	3,014	8,497

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	3.2%
Inflation	0.2% - 5.6%
Seniority/Merit	Wisconsin 2012 Mortality Table
Mortality:	2.1%
Post-retirement Adjustments*:	

* 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 2012 using experience from 2009 - 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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 %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5
Variable Fund Asset Class				
U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	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

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 3.56%. 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.

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)	\$885,045	\$126,182	\$(466,503)

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://efw.wi.gov/publications/cafr.htm>.

At December 31, 2016, the Village reported a payable to the pension plan of \$17,956 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.

VILLAGE OF BUTLER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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.

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

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

- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- Statement No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*
- Statement No. 81, *Irrevocable Split-Interest Agreements*
- Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73*

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

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF BUTLER

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (NON-GAAP) For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 1,519,736	\$ 1,519,736	\$ 1,519,736	\$ -
Intergovernmental	209,147	209,147	206,507	(2,640)
Licenses and permits	90,880	90,880	100,593	9,713
Fines, forfeitures and penalties	125,500	125,500	104,405	(21,095)
Public charges for services	79,800	79,800	106,271	26,471
Investment income	7,500	7,500	5,458	(2,042)
Interdepartmental revenues	78,000	78,000	78,000	-
Miscellaneous revenues	8,610	8,610	29,982	21,372
Total Revenues	2,119,173	2,119,173	2,150,952	31,779
Expenditures				
Current				
General government	669,964	669,964	703,570	(33,606)
Public safety	950,494	950,494	850,948	99,546
Public works	318,490	318,490	289,047	29,443
Health and sanitation	100,000	100,000	102,752	(2,752)
Library, parks and recreation	118,725	118,725	134,711	(15,986)
Total Expenditures	2,157,673	2,157,673	2,081,028	76,645
Excess of revenues over (under) expenditures	(38,500)	(38,500)	69,924	108,424
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets				
Transfer in	2,000	2,000	4,465	2,465
Total Other Financing Sources	2,000	2,000	37,220	35,220
Excess of revenues over (under) and other financing sources over expenditures and other financing sources - budgetary basis	38,500	38,500	41,885	3,385
Adjustment to Generally Accepted Accounting Principles Basis				
Revenue credited to designated funds			20,667	20,667
Expenditures charged to designated funds			(13,275)	(13,275)
Net Change in Fund Balance			119,001	119,001
FUND BALANCE - Beginning of Year			477,781	477,781
FUND BALANCE - END OF YEAR			\$ 596,782	\$ 596,782

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

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2016

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Fiscal Year Ending				
12/31/15	0.00767827%	\$ (193,512)	23.09%	102.74%
12/31/16	0.00776516%	126,182	13.61%	98.20%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2016

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Fiscal Year Ending					
12/31/15	\$ 76,515	\$ 76,515	\$ -	927,155	8.25%
12/31/16	75,234	75,234	-	924,216	8.14%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2016

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., except actual (non-GAAP) revenues and expenditures do not reflect certain transactions of designated funds.

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 that occurred within the fiscal year.

The village is required to present the last ten fiscal 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.

SUPPLEMENTARY INFORMATION

See independent auditors' report.

VILLAGE OF BUTLER

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 280,039	\$ 280,039	\$ -
Commercial revenues	500	206	(294)
Total Revenues	280,539	280,245	(294)
EXPENDITURES			
Debt Service			
Principal retirement	797,575	617,575	180,000
Interest and charges	92,918	95,293	(2,375)
Total Expenditures	890,493	712,868	177,625
Excess (deficiency) of revenues over expenditures	(609,954)	(432,623)	177,331
OTHER FINANCING SOURCES			
Transfers in	609,954	411,516	(198,438)
Net Changes in Fund Balances	\$ -	(21,107)	\$ (21,107)
FUND BALANCES - Beginning of Year		81,225	
FUND BALANCES - END OF YEAR		\$ 60,118	

VILLAGE OF BUTLER

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL DEBT SERVICE FUND For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 280,039	\$ 280,039	\$ -
Commercial revenues	500	206	(294)
Total Revenues	<u>280,539</u>	<u>280,245</u>	<u>(294)</u>
EXPENDITURES			
Debt Service			
Principal retirement	797,575	617,575	180,000
Interest and charges	<u>92,918</u>	<u>95,293</u>	<u>(2,375)</u>
Total Expenditures	<u>890,493</u>	<u>712,868</u>	<u>177,625</u>
Excess (deficiency) of revenues over expenditures	(609,954)	(432,623)	177,331
OTHER FINANCING SOURCES			
Transfers in	<u>609,954</u>	<u>411,516</u>	<u>(198,438)</u>
Net Changes in Fund Balances	<u>\$ -</u>	<u>(21,107)</u>	<u>\$ (21,107)</u>
FUND BALANCES - Beginning of Year		<u>81,225</u>	
FUND BALANCES - END OF YEAR		<u>\$ 60,118</u>	

FORM OF LEGAL OPINION

(See following pages)

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

April 19, 2018

Re: Village of Butler, Wisconsin ("Issuer")
\$1,095,000* General Obligation Street Improvement Bonds, Series 2018A,
dated April 19, 2018 ("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>
2020	\$40,000	___%
2021	40,000	___
2022	45,000	___
2023	65,000	___
2024	60,000	___
2025	60,000	___
2026	60,000	___
2027	60,000	___
2028	60,000	___
2029	50,000	___
2030	60,000	___
2031	60,000	___
2032	60,000	___
2033	60,000	___
2034	60,000	___
2035	60,000	___
2036	65,000	___
2037	65,000	___
2038	65,000	___

Interest is payable semi-annually on February 1 and August 1 of each year commencing on August 1, 2018.

* Preliminary, subject to change.

The Bonds maturing on February 1, 2027 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on February 1, 2026 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 resolution awarding 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 corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Bonds is included in adjusted current earnings. We note, however, that the 2017 tax act (Public Law 115-97) enacted on December 22, 2017, repealed the alternative minimum tax on corporations for tax years beginning after December 31, 2017. Accordingly, any discussion herein regarding corporate alternative minimum tax is applicable only to a corporation's tax years beginning before January 1, 2018. 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.
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 \$1,095,000* General Obligation Street Improvement Bonds, Series 2018A, dated April 19, 2018 (the "Securities"). The Securities are being issued pursuant to resolutions adopted on March 6, 2018 and April 4, 2018 (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 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 April 5, 2018 delivered in connection with the Securities, which is available from the MSRB.

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

* Preliminary, subject to change.

"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 Administrator/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, 2017, 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; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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 19th day of April, 2018.

(SEAL)

Patricia Tiarks
President

Kayla Chadwick
Village Administrator/Clerk

NOTICE OF SALE

\$1,095,000* GENERAL OBLIGATION STREET IMPROVEMENT BONDS, SERIES 2018A VILLAGE OF BUTLER, WISCONSIN

Bids for the purchase of \$1,095,000* General Obligation Street Improvement Bonds, Series 2018A (the "Bonds") of the Village of Butler, Wisconsin (the "Village") will be received at the offices of Ehlers & Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Municipal Advisors to the Village, until 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:30 A.M. Central Time, on April 4, 2018, 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 purpose of paying the cost of street improvement projects. The Bonds are valid and binding 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 19, 2018, 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>
2020	\$40,000	2027	\$60,000	2034	\$60,000
2021	40,000	2028	60,000	2035	60,000
2022	45,000	2029	50,000	2036	65,000
2023	65,000	2030	60,000	2037	65,000
2024	60,000	2031	60,000	2038	65,000
2025	60,000	2032	60,000		
2026	60,000	2033	60,000		

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, 2018, 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 2020 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%.

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.

OPTIONAL REDEMPTION

At the option of the Village, the Bonds maturing on or after February 1, 2027 shall be subject to optional redemption prior to maturity on February 1, 2026 and on 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 19, 2018, 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).

STATEMENT REGARDING 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).

SUBMISSION OF BIDS

Bids must not be for less than \$1,081,312, nor more than \$1,160,700, plus accrued interest on the principal sum of \$1,095,000 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; or
- 2) Facsimile submission to Ehlers, Facsimile Number (651) 697-8555; or
- 3) Electronically via **PARITY** in accordance with this Notice of Sale until 10:30 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, 2nd 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 \$21,900 shall be made by the winning bidder by wire transfer of funds to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138**. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. 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, subject to the condition that no valid petition is filed by April 5, 2018 requesting that the Bonds not be issued. 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 Preliminary 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 Underwriter. 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 Underwriter on its bid form to determine the issue price for the Bonds. On its bid form, each Underwriter 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 Underwriter 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 (5th) 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 shall promptly advise the Village when the underwriters have 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, if that occurs prior to the close of the fifth (5th) business day after the sale date.

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 the hold-the-price rule, 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 hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail 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 hold-the-offering-price rule, as set forth in the retail 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 hold-the-offering-price rule 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 retail distribution agreement to comply with its corresponding agreement regarding 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 Underwriter selects the 10% test, the Underwriter 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 the 10% test has been satisfied as to each maturity of the Bonds or until all of the Bonds of a certain maturity have been sold.

(f) By submitting a bid, each bidder confirms that (i) any agreement among underwriters, any selling group agreement and each retail 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 retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, and (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 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 that is a party to a retail 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 retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, and (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 or such underwriter and as set forth in the related pricing wires.

(g) Sales of any Bonds to any person that is a related party to an underwriter 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 retail 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 (i) at least 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), (ii) 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 (iii) 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 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 Chadwick, Village Administrator/Clerk
Village of Butler, Wisconsin

BID FORM

The Board of Trustees

April 4, 2018

Village of Butler, Wisconsin

RE: \$1,095,000* General Obligation Street Improvement Bonds, Series 2018A

DATED: April 19, 2018

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 \$1,081,312, nor more than \$1,160,700) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due 2020	_____ % due 2027	_____ % due 2034
_____ % 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 2026	_____ % due 2033	

* 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 2020 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%.

We enclose our Deposit in the amount of \$21,900, to be held by you pending delivery and payment. Alternatively, if we are the winning bidder, we will wire our Deposit to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138**. Such Deposit shall be received by Ehlers & Associates no later than two hours after the bid opening time. 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. 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. If our bid is not accepted, said deposit shall be promptly returned to us. If the Deposit is wired to such escrow account, we agree to the conditions and duties of Ehlers & 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 19, 2018.

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 this Issue.

We have received and reviewed the Official Statement 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 19, 2018 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 April 4, 2018.

By: _____

By: _____

Title: _____

Title: _____