

**TOWN OF BUTLER
BUTLER, ALABAMA**

**ANNUAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**DON WALLACE, CPA, PC
CERTIFIED PUBLIC ACCOUNTANT
NORTHPORT, ALABAMA**

**TOWN OF BUTLER
BUTLER, ALABAMA
ANNUAL REPORT
SEPTEMBER 30, 2016**

TABLE OF CONTENTS

<u>DESCRIPTION</u>	<u>PAGE</u>
Independent Auditor's Report	1-2
Independent Auditor's Report on Compliance and Internal Control	3-4
Management's Discussion and Analysis	5-10
<u>Financial Statements Section</u>	
<i>Government-Wide Statements</i>	
Statement of Net Assets	12
Statement of Activities	13
<i>Fund Financial Statements</i>	
Governmental Funds- Balance Sheet	15
Governmental Funds- Statement of Revenues, Expenditures and Change in Fund Balances	16-17
Reconciliation of Fund Balances and Net Assets	18
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance to the Statement of Activities	19
Proprietary Fund- Statement of Net Assets	20
Proprietary Fund- Statement of Revenues, Expenses and Change in Fund Net Assets	21
Proprietary Fund- Statement of Cash Flows	22-23
Notes to the Financial Statements	24-37

continued

<u>DESCRIPTION</u>	<u>PAGE</u>
<u>Required Supplementary Information</u>	
Employee Retirement Plan- RSI Schedules	39-40
General Fund- Budget Comparison Schedule	41-44
Street Fund- Budget Comparison Schedule	45
Utilities Board Fund- Budget Comparison Schedule	46-47
<u>Other Supplementary Information</u>	
Special Projects Fund- Balance Sheet	49
Special Projects Fund- Schedule of Revenues, Expenditures and Fund Balance	50
Industrial Development Board Fund- Balance Sheet	51
Industrial Development Board Fund- Schedule of Revenues, Expenditures and Fund Balance	52
Volunteer Fire Department - Balance Sheet	53
Volunteer Fire Department - Statement of Revenues, Expenditures and Change in Fund Balance	54

**DON WALLACE, CPA, PC
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NORTHPORT, AL 35476
205-345-5595**

November 30, 2016

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor Mike Williams
And Members of the Town Council
Town of Butler, Alabama

I have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Butler, Alabama, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Town'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.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on the audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 auditor's 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 entity'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 purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Butler, Alabama, as of September 30, 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 management's discussion and analysis on pages 5-10, Budget Comparison Schedules, and Schedule of Funding progress be presented to supplement the basic financial statements. Such information, although not 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. I 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 I obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

The audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 my opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 30, 2016, on my consideration of the Town of Butler's internal control over financial reporting and on tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Butler's internal control over financial reporting and compliance.

Don Wallace CPA

Don Wallace, CPA

MEMBER AICPA AND ASCPA

**DON WALLACE, CPA, PC
527 MAIN AVENUE, SUITE G
NORTHPORT, ALABAMA
205-345-5595**

November 30, 2016

**GOVERNMENT AUDITING STANDARDS
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS**

Honorable Mayor and Town Council
Town of Butler, Alabama

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 30, 2016.

Internal Control Over Financial Reporting

In planning and performing the audit of the financial statements, I considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during the audit I did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Don Wallace CPA

Don Wallace, CPA

MEMBER AICPA AND ASCPA

TOWN OF BUTLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

This section of the Town of Butler's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended September 30, 2016. Please read it in conjunction with the Town's financial statements.

FINANCIAL HIGHLIGHTS

- Net assets decreased 1.9% from the previous year to \$6,736,785, including increases in net pension liability.
- The Governmental Funds reported an increase of \$1,323,000 in fund balances, including bond proceeds of \$1,430,430 deposited into the Special Projects fund. Included in the balances were \$329,645 in disbursements for fixed assets capitalized in the Government-Wide Statement of Net Assets.
- The Town ended the year with \$3,012,890 in fund balances in the Governmental Funds, including General, Street, Fire, Special Projects and Industrial Development.
- Gross Profit in the Utilities Board decreased slightly to \$763,717. Net Income was \$6,055.
- The Utilities Board reported \$136,136 in water treatment costs, versus treatment fees of \$145,199.
- The Utilities Board capitalized water system and equipment costs totaling \$213,310.
- Outstanding long-term debt at yearend was \$1,519,974 in the Utilities Board and \$1,567,443 for Governmental Activities, including a new 2016 General Obligation bond issue of \$1,525,000 completed in September 2016.
- The Utilities Board borrowed \$186,250 on a line of credit approved for up to \$300,000 to finance new metering equipment for utility customers.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, and Combining Statements for nonmajor governmental funds. The Basic Financial Statements include two types of statements that present different views of the town:

- The first two statements are "government-wide", which provide short and long-term information about the Town's overall financial status.
- The remaining statements are "fund financial statements" that focus on individual parts of the government, reporting operations in more detail than the government-wide statements.

The financial statements also include Notes that explain some of the information in the report and provide further detailed data. Required Supplementary Information includes a budgetary analysis that also explains information in the statements.

Government-Wide Financial Statements

Report information about the Town as a whole, using methods similar to those of private-sector companies. Report Net Assets – the difference between Assets and Liabilities – as one way to measure financial health.

Fund Financial Statements

Provide more detail about the most significant funds, not the Town as a whole. Funds keep track of specific sources of funding. Some funds are required by law, others by bond covenants or resolution.

Butler's governmental funds and activities reflected in its financial statements, which account for the Town's basic services, include police and court, recreation, street, and administration. Sales and property taxes, Privilege Licenses, and grants financed most of these activities. Butler's business-type activities include its water and system.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

A comparison of the Town's net assets is shown below:

	Governmental Activities		Business-Type Activities		Total	
	<u>9/30/15</u>	<u>9/30/16</u>	<u>9/30/15</u>	<u>9/30/16</u>	<u>9/30/15</u>	<u>9/30/16</u>
Assets:						
Current and other assets	\$1,718,037	\$3,050,250	\$ 587,606	\$ 637,632	\$2,305,643	\$3,687,882
Noncurrent assets	0	94,569	382,536	363,632	382,536	458,201
Capital assets:						
Nondepreciable	782,000	870,750	83,437	83,437	865,437	954,187
Depreciable, net	<u>3,798,466</u>	<u>3,622,340</u>	<u>2,050,320</u>	<u>2,076,080</u>	<u>5,848,786</u>	<u>5,698,420</u>
Total Assets	<u>6,298,503</u>	<u>7,637,909</u>	<u>3,103,899</u>	<u>3,160,781</u>	<u>9,402,402</u>	<u>10,798,690</u>
Liabilities:						
Current Liabilities	83,348	105,990	214,429	368,091	297,777	474,081
Long-Term Liabilities	<u>823,841</u>	<u>2,276,676</u>	<u>1,413,983</u>	<u>1,311,148</u>	<u>2,237,824</u>	<u>3,587,824</u>
Total Liabilities	<u>907,189</u>	<u>2,382,666</u>	<u>1,628,412</u>	<u>1,679,239</u>	<u>2,535,601</u>	<u>4,061,905</u>
Net Assets:						
Invested in Capital Assets, net	4,444,848	4,299,599	713,757	639,543	5,158,605	4,939,142
Restricted Net Assets	581,386	909,774	299,372	363,632	880,758	1,273,406
Unrestricted Net Assets	<u>365,080</u>	<u>45,870</u>	<u>462,358</u>	<u>478,367</u>	<u>827,438</u>	<u>524,237</u>
Total Net Assets	<u>5,391,314</u>	<u>5,255,243</u>	<u>1,475,487</u>	<u>1,481,542</u>	<u>6,866,801</u>	<u>6,736,785</u>

Combined net assets of the Town decreased 1.9% to \$6,736,785, in part due to increases in RSA actuarial liability per GASBS 68. A total of \$1,273,406 in those net assets were restricted for road and bridge, utility deposits, capital improvements and debt service. The net assets of Governmental activities decreased 2.5%. Net assets of the Business-type activities increased by .4%.

A comparison of the Town's operating activities is shown below:

	Governmental Activities		Business-Type Activities		Total	
	<u>9/30/15</u>	<u>9/30/16</u>	<u>9/30/15</u>	<u>9/30/16</u>	<u>9/30/15</u>	<u>9/30/16</u>
Revenues:						
Taxes	\$1,041,844	\$1,142,639	\$ 0	\$ 0	\$1,041,844	\$1,142,639
Intergovernmental	216,767	202,844	0	0	216,767	202,844
Charges for Service	107,370	126,661	812,711	763,717	929,081	890,378
Licenses	200,854	230,113	0	0	200,854	230,113
Fines & Forfeitures	86,234	89,783	0	0	86,234	89,783
Rental/Lease	30,427	5,727	0	0	30,427	5,727
Other Revenues	<u>114,182</u>	<u>63,552</u>	<u>8,595</u>	<u>7,523</u>	<u>114,182</u>	<u>71,075</u>
Total Revenues	<u>1,797,678</u>	<u>1,861,319</u>	<u>821,306</u>	<u>771,240</u>	<u>2,618,984</u>	<u>2,632,559</u>
Expenditures:						
Administrative	352,228	535,182	0	0	352,228	535,182
Police & Court	644,443	531,103	0	0	644,443	531,103
Street & Highway	305,537	320,173	0	0	305,537	320,173
Sanitation Dept	91,040	93,251	0	0	91,040	93,251
Industrial Development	76,779	78,456	0	0	76,779	78,456
Park & Recreation	181,172	289,211	0	0	181,172	289,211
Fire Protection	162,202	150,014	0	0	162,202	150,014
Water & Sewer	<u>0</u>	<u>0</u>	<u>775,782</u>	<u>765,185</u>	<u>775,782</u>	<u>765,185</u>
Total Expenditures	<u>1,813,401</u>	<u>1,997,390</u>	<u>775,782</u>	<u>765,185</u>	<u>2,589,183</u>	<u>2,762,575</u>
Capitalized grant contribution	0	0	0	6,055	0	-130,016
Prior Period Adj /Transfers	<u>-741,559</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-741,559</u>	<u>0</u>
Changes in Net Assets	<u>-757,282</u>	<u>-136,071</u>	<u>45,524</u>	<u>6,055</u>	<u>-711,758</u>	<u>-130,016</u>

Changes in net assets. The Town's total combined revenues were \$2,632,559, an increase of .5% from fiscal 2015. Taxes & licenses increased, while charges and other revenues decreased slightly. Of the current year revenues, 43.4% came from taxes, and 29% came from water and sewer services. The total combined cost of programs increased to \$2,762,575 with higher costs in administration and park/recreation activities. Of those current year expenditures, 19.4% were for administration, 19.2% were for police and court activities, 27.7% were for utilities service and 10.5% for park and recreation activities.

The Statement of Activities shows the financial burden that was placed upon the Town's taxpayers by each of those functions, and the amount of general revenues necessary to fund the net expenses of governmental programs.

BUDGET ANALYSIS

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Resources	\$ 1,620,135	\$ 1,687,113	\$ 66,978
Expenditures	<u>1,620,635</u>	<u>1,809,958</u>	<u>-189,323</u>
Net Difference	<u>-500</u>	<u>-122,845</u>	<u>-122,345</u>
Street Fund			
Resources, including transfers	346,840	356,766	9,926
Expenditures	<u>346,840</u>	<u>352,389</u>	<u>-5,549</u>
Net Difference	<u>0</u>	<u>4,377</u>	<u>4,377</u>
Utility Board			
Revenues, net	907,380	907,376	-4
Expenses	<u>907,380</u>	<u>901,321</u>	<u>6,059</u>
Net Difference	<u>0</u>	<u>6,055</u>	<u>6,055</u>

Significant budget variations included transfers from the General Fund to the Special Projects Fund established in the previous year, and sale of assets and loan proceeds in the General Fund. The Town did not establish a budget for all of its special revenue funds, and is not required to adopt a budget pursuant to laws of the State of Alabama.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed the year, the governmental funds reported a combined fund balance of \$3,012,890. Included in the year's total change in fund balance are \$880,700 in sales taxes, \$230,113 in privilege licenses and franchises, and \$1,430,430 in proceeds from the issuance of a bond issue to fund capital improvements. Without those revenues, the Town's ability to provide services such as the police, street and sanitation, parks and administration would not be easily achieved.

The Town's major governmental funds are the General Fund, Street Fund, Special Projects and Industrial Development Board.

The Street Fund carried forward a balance of \$459,177 for general street expenditures. The Town has established the four and five-cent gasoline excise taxes that are restricted by the state for street paving, resurfacing, etc. The balance of four and five cent taxes was \$205,285, as of September 30, 2016.

The Special Projects fund disbursed \$100,750 for land, \$65,359 in engineering fees, etc. At yearend it had received \$109,131 in local gas tax revenues and carried a balance of \$1,489,201.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016, the Town had invested \$6,652,607 in capital assets, including buildings, equipment, roads, a utility system, land, and improvements. This amount represents a net decrease of \$61,615 from the prior year due to depreciation and disposal of assets.

Capital asset activity for the fiscal year ended September 30, 2016:

Capital Assets – net of depreciation

GOVERNMENTAL ACTIVITIES	<u>9/30/2015</u>	<u>9/30/2016</u>
Land	\$ 782,000	\$ 870,750
Infrastructure	897,987	830,468
Buildings	1,544,114	1,477,597
Improvements	661,013	619,338
Furniture and equipment	695,352	694,937
Capital assets, net	<u>4,580,466</u>	<u>4,493,090</u>
PROPRIETARY ACTIVITIES		
Land	83,437	83,437
Buildings & improvements	2,019	1,510
Water system	684,387	788,179
Sewer system	1,289,035	1,204,949
Machinery & equipment	74,878	81,442
Capital assets, net	<u>2,133,756</u>	<u>2,159,517</u>

Debt Administration

The Town's long-term debt activity for the year ended September 30, 2016, is summarized as follows:

	<u>10/1/2015</u>	<u>Additions</u>	<u>Repayments</u>	<u>9/30/2016</u>
Government – Type	\$ 135,618	1,525,000	-93,175	\$1,567,443
Business-Type	<u>1,447,428</u>	<u>186,250</u>	<u>-113,704</u>	<u>1,519,974</u>
Total Debt	<u>\$ 1,587,046</u>	<u>1,711,250</u>	<u>-206,879</u>	<u>3,087,417</u>

Interest expense was \$3,786 for Government-Type and \$40,503 for Business-Type.

ECONOMIC FACTORS

The Town of Butler is located in Choctaw County, Alabama, about 110 miles north of Mobile on Alabama Highway 17. It is also located near the Tombigbee River in West Alabama and approximately 30 miles southeast of Meridian, Mississippi. Butler is the county seat of Choctaw County, with a population of slightly less than 2,000 people. Municipal offices are located at 114 North Academy in downtown Butler.

The Town's economic base is supported by a pulp paper and converting mill on the nearby Tombigbee River that employs nearly 2,000 people in Butler and the surrounding areas. There are also various small businesses, including restaurants, a hotel, and retail shopping facilities within the municipal limits. The Town is home to a new hospital facility, which will further increase economic activity and improve quality of life for area residents. The hospital opened in 2012 and is expected to improve employment and recruitment opportunities, as well as improve quality of life.

The Town's Utilities Board serves approximately 1,500 customers in the municipal limits and surrounding areas. Continued growth is expected as new services are added.

Improvements to public school facilities and a strong private school will continue to encourage a stable population base, with the expectation that some economic and population growth may occur in conjunction with the strong regional economy and a recovering national economy in the coming years.

CONTACTING THE TOWN'S MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Butler, Town Clerk, P O Box 455, Butler, AL 36904.

TOWN OFFICIALS AS OF SEPTEMBER 30, 2016:

Mayor:	Mike Williams	Town Clerk:	Vonda Webb
Town Attorney:	Stephen Winters	Police Chief:	Jimmy Huckeba
Public Works Director:	Lindy Long	Fire Chief:	Larry Roberts
Council:	Terry Morgan	Ron Mason	
	Melissa Skelton	Phil Pope	
	Shane Jimerson		
Utilities Board:	Mike Williams – Supt.	Paul Gay, Jr. – Chairman	
	Alan Bell	David Bailey	

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

TOWN OF BUTLER
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2016

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u> <u>Government</u>
<u>ASSETS</u>			
Current Assets:			
Cash	\$1,161,234	\$ 473,611	\$1,634,845
Restricted Cash	1,279,383	286,864	1,566,247
Investments	396,115	0	396,115
Receivables, net	129,324	100,706	230,030
Due from Business-Type Activities	52,434	0	52,434
Prepaid & Inventory	<u>31,760</u>	<u>63,315</u>	<u>95,075</u>
Total Current Assets	<u>3,050,250</u>	<u>924,496</u>	<u>3,974,746</u>
Noncurrent Assets:			
Bond Discounts/Costs	94,569	76,768	171,337
Capital Assets, net of depreciation:			
Nondepreciable	870,750	83,437	954,187
Depreciable	<u>3,622,340</u>	<u>2,076,080</u>	<u>5,698,420</u>
Total Noncurrent Assets	<u>4,587,659</u>	<u>2,236,285</u>	<u>6,823,944</u>
Total Assets	<u>7,637,909</u>	<u>3,160,781</u>	<u>10,798,690</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	37,360	13,073	50,433
Accrued Interest	584	2,610	3,194
Due to Governmental Activities	0	52,434	52,434
Notes Payable	0	199,974	199,974
Current Portion of Long-term Debt	<u>68,046</u>	<u>100,000</u>	<u>168,046</u>
Total Current Liabilities	<u>105,990</u>	<u>368,091</u>	<u>474,081</u>
Noncurrent Liabilities:			
Customer Deposits	0	91,148	91,148
Pension Liability, net	777,279	0	777,279
Bonds and Notes Payable	<u>1,499,397</u>	<u>1,220,000</u>	<u>2,719,397</u>
Total Noncurrent Liabilities	<u>2,276,676</u>	<u>1,311,148</u>	<u>3,587,824</u>
Total Liabilities	<u>2,382,666</u>	<u>1,679,239</u>	<u>4,061,905</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, net of related debt	4,299,599	639,543	4,939,142
Restricted for:			
Debt/Capital Obligations	447,077	363,632	810,709
Fire Protection	5,456	0	5,456
Street Improvements	457,241	0	457,241
Unrestricted (deficit)	<u>45,870</u>	<u>478,367</u>	<u>524,237</u>
Total net assets	<u>5,255,243</u>	<u>1,481,542</u>	<u>6,736,785</u>

TOWN OF BUTLER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>PROGRAM REVENUES</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants/ Contributions</u>	<u>Capital Grants/ Contributions</u>	
<u>Governmental Activities</u>					
General Government	\$ 535,182	\$ 0	\$ 0	\$ 0	\$ -535,182
Police & Court	531,103	89,783	0	0	-441,320
Streets Department	320,173	1,999	92,563	0	-225,611
Sanitation Dept	93,251	102,530	0	0	9,279
Fire Department	150,014	19,677	1,131	0	-129,206
Park & Recreation	289,211	31,579	0	0	-257,632
Industrial Development	<u>78,456</u>	<u>2,455</u>	<u>0</u>	<u>0</u>	<u>-76,001</u>
Total Governmental Activities	<u>1,997,390</u>	<u>248,023</u>	<u>93,694</u>	<u>0</u>	<u>-1,655,673</u>
<u>Business-Type Activities</u>					
Utilities Board	723,622	763,717	0	0	40,095
Interest, Fees	<u>41,563</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-41,563</u>
Total Business Activities	<u>765,185</u>	<u>763,717</u>	<u>0</u>	<u>0</u>	<u>-1,468</u>
Total Government	<u>2,762,575</u>	<u>1,011,740</u>	<u>93,694</u>	<u>0</u>	<u>-1,657,141</u>

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Government</u>
Net (Expense) Revenue	<u>\$-1,655,673</u>	<u>\$ -1,468</u>	<u>\$-1,657,141</u>
General Revenues:			
Taxes:			
Sales Tax	880,700	0	880,700
Property Tax	92,335	0	92,335
Local Gasoline Tax	109,131	0	109,131
Other Taxes	60,473	0	60,473
Business Licenses & Permits	230,113	0	230,113
Intergovernmental	90,180	0	90,180
Intergovernmental – restricted	18,970	0	18,970
Interest Income	4,368	967	5,335
Gain on Sale of Assets	0	6,556	6,556
Miscellaneous	<u>33,332</u>	<u>0</u>	<u>33,332</u>
Total General and Restricted Revenues	<u>1,519,602</u>	<u>7,523</u>	<u>1,527,125</u>
Change in Net Assets	-136,071	6,055	-130,016
Net Assets- Beginning	<u>5,391,314</u>	<u>1,475,487</u>	<u>6,866,801</u>
Net Assets- Ending	<u>5,255,243</u>	<u>1,481,542</u>	<u>6,736,785</u>

**FUND
FINANCIAL STATEMENTS**

TOWN OF BUTLER
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2016

	<u>General</u>	<u>Street</u>	<u>Industrial Development</u>	<u>Volunteer Fire Dept.</u>	<u>Special Projects</u>	<u>Total Governmental</u>
<u>ASSETS</u>						
Cash	\$ 488,367	\$ 449,048	\$ 16,465	\$ 5,456	\$ 201,898	\$ 1,161,234
Cash – Warrant Fund	0	0	0	0	1,279,383	1,279,383
Certificates of Deposit	339,183	0	56,932	0	0	396,115
General Receivables	84,024	8,193	0	0	7,920	100,137
Court Receivables, net	29,187	0	0	0	0	29,187
Due from Proprietary Fund	52,434	0	0	0	0	52,434
Prepaid Expenses	29,824	1,936	0	0	0	31,760
Total Assets	<u>1,023,019</u>	<u>459,177</u>	<u>73,397</u>	<u>5,456</u>	<u>1,489,201</u>	<u>3,050,250</u>
<u>LIABILITIES</u>						
Accounts Payable	24,507	0	0	0	0	24,507
Payroll Liabilities	12,853	0	0	0	0	12,853
Total Liabilities	<u>37,360</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>37,360</u>
<u>FUND BALANCE</u>						
Nonspendable	29,824	1,936	0	0	0	31,760
Restricted	245,179	457,241	73,397	5,456	1,489,201	2,270,474
Unrestricted:						
Assigned	32,560	0	0	0	0	32,560
Unassigned	678,096	0	0	0	0	678,096
Total Fund Balance	<u>985,659</u>	<u>459,177</u>	<u>73,397</u>	<u>5,456</u>	<u>1,489,201</u>	<u>3,012,890</u>

TOWN OF BUTLER
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
SEPTEMBER 30, 2016

	<u>General</u>	<u>Street</u>	<u>Industrial Development</u>	<u>Volunteer Fire Dept.</u>	<u>Special Projects</u>	<u>Total Governmental</u>
<u>REVENUES</u>						
Taxes	\$1,033,508	\$ 0	\$ 0	\$ 16,142	\$ 109,131	\$ 1,158,781
Intergovernmental	109,150	91,711	0	1,131	0	201,992
Licenses & Permits	230,113	0	0	0	0	230,113
Charges for Service	104,529	0	0	0	0	104,529
Leases	3,545	0	2,182	0	0	5,727
Fines and fees	89,783	0	0	0	0	89,783
Other	<u>116,485</u>	<u>25,352</u>	<u>273</u>	<u>3,535</u>	<u>20,869</u>	<u>166,514</u>
Total Revenues	<u>1,687,113</u>	<u>117,063</u>	<u>2,455</u>	<u>20,808</u>	<u>130,000</u>	<u>1,957,439</u>
<u>EXPENDITURES</u>						
General & Administration	419,588	0	0	0	170,468	590,056
Street & Highway	0	352,389	0	0	0	352,389
Police & Court	644,580	0	0	0	0	644,580
Fire Department	83,217	0	0	19,949	0	103,166
Parks & Recreation	262,619	0	0	0	0	262,619
Sanitation	93,251	0	0	0	0	93,251
Industrial Development	<u>0</u>	<u>0</u>	<u>18,808</u>	<u>0</u>	<u>0</u>	<u>18,808</u>
Total Expenditures	<u>1,503,255</u>	<u>352,389</u>	<u>18,808</u>	<u>19,949</u>	<u>170,468</u>	<u>2,064,869</u>

continued

TOWN OF BUTLER
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
SEPTEMBER 30, 2016

	<u>General</u>	<u>Street</u>	<u>Industrial Development</u>	<u>Volunteer Fire Dept.</u>	<u>Special Projects</u>	<u>Total Governmental</u>
Excess of Revenues over Expenditures	<u>183,858</u>	<u>-235,326</u>	<u>-16,353</u>	<u>859</u>	<u>-40,468</u>	<u>-107,430</u>
<u>OTHER FINANCING/TRANS</u>						
Bond Proceeds	0	0	0	0	1,430,430	1,430,430
Transfers In	0	239,703	0	0	67,000	306,703
Transfers Out	<u>-306,703</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-306,703</u>
Total Other Financing/Trans	<u>-306,703</u>	<u>239,703</u>	<u>0</u>	<u>0</u>	<u>1,497,430</u>	<u>1,430,430</u>
Change in Fund Balance	-122,845	4,377	-16,353	859	1,456,962	1,323,000
Fund Balance- Oct 1, 2015	<u>1,108,504</u>	<u>454,800</u>	<u>89,750</u>	<u>4,597</u>	<u>32,239</u>	<u>1,689,890</u>
Fund Balance- Sept 30, 2016	<u>985,659</u>	<u>459,177</u>	<u>73,397</u>	<u>5,456</u>	<u>1,489,201</u>	<u>3,012,890</u>

TOWN OF BUTLER
RECONCILIATION OF FUND BALANCE
AND NET ASSETS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Governmental Fund Balance- September 30, 2016 \$ 3,012,890

Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds, net of
accumulated depreciation of \$3,495,212 4,493,090

Net Pension Liability and related Deferred Inflows and Outflows -777,279

Long-term liabilities and accrued interest are not due and payable
in the current period and therefore are not reported in the funds:
This is the amount of long-term liabilities, net of discounts/costs -1,473,458

Net Assets of Governmental Activities 5,255,243

RECONCILIATION OF FUND DISBURSEMENTS TO PROGRAM EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Admin	Police	Sewer & Sani.	Street	Fire	Park	IDB	Total
Fund Expenditures	590,056	644,580	93,251	352,389	103,166	262,619	18,808	2,064,869
Add: Depreciation	5,835	67,407	0	77,421	54,655	51,616	59,648	316,582
Net Pension	35,722	0	0	0	0	0	0	35,722
Loss on Sale	4,319	0	0	0	0	0	0	4,319
Less:								
Capital Asset Acq's	-100,750	-94,234	0	-109,637	0	-25,024	0	-329,645
Debt Service	0	-86,650	0	0	-7,807	0	0	-94,457
Program Expenses	<u>535,182</u>	<u>531,103</u>	<u>93,251</u>	<u>320,173</u>	<u>150,014</u>	<u>289,211</u>	<u>78,456</u>	<u>1,997,390</u>

TOWN OF BUTLER
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Net changes in Fund Balances – Total Governmental Funds	\$ 1,323,000
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental Funds report capital outlays as expenditures, rather than as depreciated in the Statement of Activities. This is the amount of capital fund outlays, less depreciation. Note 3	13,063
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Governmental Funds record proceeds from sale of fixed assets as sources of cash, while the Statement of Activities reflects gain or loss on sale of assets. Basis of assets removed included in \$96,120 from proceeds from sale of assets	-100,439
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Governmental Funds record proceeds from long-term debt as sources of cash, while the Statement of Activities reflects liabilities. This is the amount of loan proceeds included in the funds	-1,430,430
--	------------

Governmental funds report debt service payments as expenditures, rather than reductions of principal. This is the amount of principal payments/accrued interest changes on long-term debt.

Police Department	86,650
Volunteer Fire Department	7,807

Increases in Net Pension Liability	<u>-35,722</u>
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Changes in net assets – governmental activities	<u>-136,071</u>
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TOWN OF BUTLER
PROPRIETARY FUND – UTILITIES BOARD
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2016

ASSETS

Current Assets:	
Cash	\$ 473,611
Accounts Receivable, net	100,706
Inventory	50,241
Prepaid Expenses	13,074
Total Current Assets	<u>637,632</u>
Restricted Assets:	
Cash- Customer Deposits	101,984
Cash- Bond Investments and CDs	184,880
Unamortized Bond Costs	76,768
Total Restricted Assets	<u>363,632</u>
Capital Assets, net	
Land	83,437
Depreciable Assets	2,076,080
Total Capital Assets	<u>2,159,517</u>
Total Assets	<u>3,160,781</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	13,073
Accrued Interest Payable	2,610
Notes Payable	199,974
Due to General Operating Fund	52,434
Bonds Payable, current portion	100,000
Total Current Liabilities	<u>368,091</u>
Noncurrent Liabilities:	
Customer Deposits Payable	91,148
Bonds Payable, less current portion	1,220,000
Total Noncurrent Liabilities	<u>1,311,148</u>
Total Liabilities	<u>1,679,239</u>

NET ASSETS

Invested in Capital Assets, net of related debt	639,543
Restricted	363,632
Unrestricted	478,367
Total Net Assets	<u>1,481,542</u>

TOWN OF BUTLER
PROPRIETARY FUND – UTILITIES BOARD
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS
YEAR ENDED SEPTEMBER 30, 2016

OPERATING REVENUES

Water sales	\$ 495,754	
Sewer charges	207,936	
Water Treatment Fee,		
less \$136,136 treatment costs	9,063	
Late fees, cutoffs, connections	34,511	
Sanitation/leachate, rent, other	<u>16,453</u>	
Total operating revenues		763,717

OPERATING EXPENSES

Payroll and Directors	240,511	
Health Insurance	45,950	
Retirement & Taxes	41,408	
Utilities	56,016	
Repairs & Maintenance	17,083	
Chemicals & Supplies	77,327	
Testing	10,263	
General Insurance	18,463	
Professional Fees	10,019	
Contract Services	29,852	
Equipment Rent	4,559	
Freight	6,132	
Auto & Truck Expense	6,303	
Tools & Equipment	4,762	
Other	<u>9,619</u>	
		<u>578,267</u>
Operating Income before Depreciation		185,450
Depreciation Expense		<u>-145,355</u>
Operating Income (Loss)		40,095

OTHER ITEMS

Interest Income	967	
Gain on Sale of Equipment	6,556	
Trustee Fees	-1,060	
Interest Expense	<u>-40,503</u>	
Net Other Items		<u>-34,040</u>
Change in Fund Net Assets		6,055
Net Assets – Beginning of year		<u>1,475,487</u>
Net Assets – End of year		<u>1,481,542</u>

TOWN OF BUTLER
PROPRIETARY FUND – UTILITIES BOARD
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 874,555
Other revenues	16,453
Costs of Water Treatment Fees	-136,136
Payments of Personnel Expenses	-327,869
Payment of Utilities	-56,467
Payments of Repairs & Maintenance	-17,083
Payments of Chemicals & Supplies	-83,733
Payments of Contract Services	-29,852
Payments of Insurance	-19,135
Payments of Other Operating Expenses	<u>-51,657</u>
Net cash provided (used) by operating activities	169,076

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of equipment	48,750
Interest Income	967
Purchase of Fixed Assets	-213,310
Change in Restricted Investments	<u>10,482</u>
Net cash provided (used) by investing activities	-153,111

**CASH FLOWS FROM (USED BY) NONCAPITAL
FINANCING ACTIVITIES**

General Fund Operating payables	-17,958
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**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES**

Retirement of note payable	-13,703
Retirement of long-term debt	-100,000
Loan proceeds	186,000
Payment of Interest & Bond Fees	<u>-33,366</u>
Net cash provided (used) by capital and related financing activities	<u>38,931</u>

Net Cash Flows	36,938
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Cash – Beginning of the year	<u>436,673</u>
Cash – Ending of the year	<u>473,611</u>

TOWN OF BUTLER
PROPRIETARY FUND – UTILITIES BOARD
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016

RECONCILIATION OF OPERATING INCOME
(LOSS) TO NET CASH PROVIDED (USED) BY
OPERATING ACTIVITIES

Operating Income	\$ 40,095
Noncash Items:	
Depreciation	145,355
Changes in Operating Assets:	
Accounts Receivable, net	-6,010
Inventory	-6,406
Prepaid Expenses	-672
Changes in Operating Liabilities:	
Accounts Payable	-451
Customer Deposits	<u>-2,835</u>
Net cash from operating activities	<u>169,076</u>

TOWN OF BUTLER
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town complies with Generally Accepted Accounting Principles (GAAP). These principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide Statement of Net Assets and Statement of Activities, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless they conflict with GASB pronouncements. The financial statements include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the Town's overall financial position and results of operations.

Financial statements prepared using the full accrual accounting for all of the town's activities, including infrastructure acquired after October 1, 2002.

A change in the fund financial statements to focus on the major funds.

1.A. FINANCIAL REPORTING ENTITY

The Town of Butler was incorporated on April 26, 1879 under the laws of the State of Alabama. The Town provides various services to the community and its financial reporting entity is comprised of the following in accordance with GASBS No. 14, "The Financial Reporting Entity":

Primary Government:	Town of Butler
Blended Component Units:	None

1.B BASIS OF PRESENTATION

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

TOWN OF BUTLER
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Fund Financial Statements

- a. Fund financial statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues and expenditures. Funds of the Town consist of governmental funds, with an emphasis placed on major funds, and a proprietary fund for water and sewer service. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The funds of the Town are described below:

MAJOR FUNDS

Governmental Funds:

General Fund – the primary operating fund of the Town and always classified as a major fund. It is used to account for all activities except those legally required to be accounted for in other funds.

Street Fund – is used to account for the proceeds of specific revenue sources from the four, five and seven-cent state gasoline excise taxes that are legally restricted to expenditure for street and road maintenance. It also includes revenues and expenses from local gasoline taxes and other support from the General Fund used for street and highway activity.

Industrial Development Board – this Board is a public corporation organized by the Town Council and incorporated on July 27, 1973, for the purpose of promoting industry in the Butler area. The Board has agreed to retire debt related to the Sanderson Building project. In its appointment of all the Board members and ability to impose its will under the guidelines of GASBS #14, the Town of Butler is financially accountable for the Board.

Special Projects Fund – is used to account for the proceeds and subsequent disbursement thereof from the 2016 bond issue, and proceeds from local gas taxes, which is to be used for capital improvements. Bonds are to be repaid and future improvements made from the local gasoline taxes..

Proprietary Funds:

Utilities Board – is used to account for the activities of natural gas, water and sewer services provided to the citizens of the Town and other customers.

Proprietary funds are business-type activities where the intent of the governing body is that the cost (expenses, including depreciation) of operations are matched with revenues for the services provided.

TOWN OF BUTLER
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NON-MAJOR

Special Revenue Funds:

Fire Department Fund: Accounts for revenues and transfers received for the purpose of operating the volunteer fire department and related expenditures. Receipts from the Forestry Commission are restricted to the purchase of fire equipment only.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

Basis of Accounting

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources in a given period. These funds use fund balance as their measure of resources.
- b. The proprietary funds utilize the “economic resources” measurement focus. Also referred to as enterprise funds, they report assets, liabilities, and results of operations in a manner consistent with “for profit” business activities, including the depreciation of fixed assets.

In the government-wide statements activities are presented using the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used.

TOWN OF BUTLER
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this method, revenues are recognized when “measurable and available”. Expenditures (including capital outlays) are recorded when the related fund liability is incurred. Proprietary funds are presented using the accrual basis of accounting.

1.D. ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

For the purpose of the Statement of Net Assets, cash includes all demand, savings, and certificates of deposit of the Town with an original maturity of three months or less. Investments are carried at fair value, based on quoted market price, and invested in instruments as allowed under the SAFE Act of the State of Alabama.

Receivables

Water & Sewer receivables are stated at billed charges, net of allowance for doubtful accounts of \$20,955. Other receivables consist of sales, gasoline and other taxes, sanitation billings, and other reimbursements, which are deemed collectible in full.

Inventory

Inventories are stated at the lower of cost or market. Cost is determined primarily by the first-in, first-out method.

Interfund Receivables and Payables

Those transactions that occur between individual funds that may result in amounts owed between funds are classified as “due to and from other funds”. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

Fixed Assets

The Town has adopted a fixed asset capitalization policy for the purpose of depreciating acquisition of assets with a cost of \$500 or more. Assets are depreciated over their estimated useful life, using the straight-line method. Repairs and betterments that significantly extend the useful lives of assets are capitalized in the fixed asset section of the financial statements. General capital assets are initially recorded as expenditures in the governmental funds. Those assets are capitalized and depreciated in the government-wide statements, in the same manner as proprietary funds.

Estimated useful lives are as follows:

Buildings	40 years
Utility Systems & Infrastructure	40-50 years
Improvements	10-15 years
Machinery & Equipment	5-10 years
Furniture & Fixtures	5-7 years

TOWN OF BUTLER
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

The Town is a Phase 3 government regarding application of GASB #34 and has chosen not to capitalize general infrastructure assets prior to October 1, 2002.

Equity is classified as net assets and displayed in 3 components:

- a. Invested in capital assets, net of related debt.
- b. Restricted net assets – those with constraints placed on the use either by (1) external groups such as grantors, creditors, or laws and regulations, or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets”.

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as Non-spendable, Restricted and Unrestricted in accordance with GASB 54. Unrestricted is further divided into Committed, Assigned and Unassigned per GASB 54. Proprietary fund equity is presented as retained earnings.

1.E. REVENUES, EXPENDITURES, AND EXPENSES

Revenue Recognition

Governmental fund revenues are recognized as being available within 60 days in the governmental funds financial statements. Significant categories of governmental revenues include sales and property tax, franchise/business licenses, court fines and sanitation fees. Proprietary funds account for operations that are primarily financed by user charges. Those revenues are recognized when earned.

The Water & Sewer Fund provides services which are billed according to the amount of water usage by system customers. Operating revenues consist of water and sewer usage and related fees. Nonoperating revenues can include transfers from the General Fund and other miscellaneous items. Additions to the utility system provided by capital project grants are recorded as an addition to equity.

Expenditure Recognition

Governmental funds focus on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. Long-term debt expenses are recognized when paid, while depreciation is not recognized in the governmental funds. Proprietary expenses are recognized when incurred.

In the government-wide statements, expenses are classified by function for governmental or business-type activities.

TOWN OF BUTLER
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

In the fund financial statements, expenditures are classified by character (function, debt service or capital outlay) for governmental funds, and by Operating and Non-Operating for proprietary funds.

Key components of the Statement of Activities in the Government-wide financial statements include governmental programs such as administration, police & court, street & highway, sanitation, fire and park, and proprietary activities of the water and sewer department.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government, the Town is subject to various federal, state and local laws and contractual regulations. An analysis of the Town's compliance with laws and demonstration of stewardship over resources is as follows:

2.A. FUND ACCOUNTING REQUIREMENTS

The Town complies with all state and local laws requiring the use of separate funds, including the following:

State Gasoline Excise Tax Funds	Required by State of Alabama
Capital Improvement Fund	Required by State of Alabama
Corrections Fund	Required by State of Alabama
Federal Grant Funds	Required by Federal Agencies

2.B. BUDGETS AND APPROPRIATIONS

Under laws of the State of Alabama, the Town is not required to adopt a budget for all funds. Budgets have been adopted for all major funds, based on expected expenditures by program. Budgetary comparison schedules are presented in the Supplemental Section as Required Supplemental Information. The budgetary basis is the modified accrual basis for governmental funds and the accrual basis for proprietary funds.

2.C. SPENDING POLICY

The Town does not have a spending policy in relation to use of restricted resources, however, state policies limit expenditures of various special revenue accounts which the Town uses in accordance with prescribed limitations on streets, capital improvements, etc.

TOWN OF BUTLER
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

3.A. CAPITAL ASSETS: Capital asset activity for the year ended September 30, 2016:

	10/1/2015	Additions	Disposals	9/30/2016
<u>GOVERNMENTAL ACTIVITIES</u>				
Land	\$ 782,000	100,750	12,000	\$ 870,750
Infrastructure	1,479,444	0	0	1,479,444
Buildings	2,512,545	0	0	2,512,545
Improvements	1,011,029	0	0	1,011,029
Furniture and equipment	2,048,440	228,895	162,801	2,114,534
Total, at historical cost	7,833,458	329,645	174,801	7,988,302
Less Accumulated Depreciation				
Infrastructure	581,457	67,519	0	648,976
Buildings	968,431	66,517	0	1,034,948
Improvements	350,016	41,675	0	391,691
Furniture and equipment	1,353,088	140,871	74,362	1,419,597
Total depreciation	3,252,992	316,582	74,362	3,495,212
Capital assets, net	4,580,466			4,493,090
<u>PROPRIETARY ACTIVITIES</u>				
Land	\$ 83,437	0	0	\$ 83,437
Buildings & improvements	94,983	0	0	94,983
Water system	2,270,150	158,730	0	2,428,880
Sewer system	3,511,266	0	0	3,511,266
Machinery & equipment	288,710	54,580	52,742	290,548
Total, at historical cost	6,248,546	213,310	52,742	6,409,114
Less Accumulated Depreciation				
Buildings & improvements	92,964	509	0	93,473
Water system	1,585,763	54,938	0	1,640,701
Sewer system	2,222,231	84,086	0	2,306,317
Machinery & equipment	213,832	5,822	10,548	209,106
Total depreciation	4,114,790	145,355	10,548	4,249,597
Capital assets, net	2,133,756			2,159,517

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 5,835
Police & Court	67,407
Industrial Development	59,648
Fire Protection	54,655
Street & Sanitation	77,421
Park & Recreation	51,616
Total Depreciation Expense	316,582

TOWN OF BUTLER
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

3.B. LONG-TERM DEBT – UTILITIES BOARD

In December 2014, the Utilities Board issued \$1,445,000 Series 2014 Water and Sewer Revenue Bonds in order to refund the Series 2004 Bonds, as deemed necessary in order to refund existing Series 2008 revenue bonds.

The following is a summary of the outstanding bonds issued by the Utilities Board of the Town of Butler:

	<u>Series 2014</u>
Balance as of October 1, 2015	\$ 1,420,000
Add: Bonds Issued	0
Less: Bond Repayments	<u>100,000</u>
Balance as of September 30, 2016	1,320,000
Less: Current Portion	<u>100,000</u>
Long-term Portion	<u>1,220,000</u>

A schedule of the future annual principal payments due each March 1 and interest on the Series 2014 Water and Sewer Revenue Bonds is as follows:

Interest Rate	Due Date	Principal	Estimated Interest
2.00	March 1, 2017	100,000	30,318
2.00	March 1, 2018	100,000	28,318
2.00	March 1, 2019	100,000	26,318
1.75	March 1, 2020	105,000	24,400
2.00	March 1, 2021	105,000	22,431
2.25	March 1, 2022	105,000	20,200
2.25	March 1, 2023	110,000	17,781
2.50	March 1, 2024	115,000	15,106
2.625	March 1, 2025	115,000	12,159
2.75	March 1, 2026	120,000	9,000
3.00	March 1, 2027	120,000	5,550
3.00	March 1, 2028	125,000	1,875

Interest payments are due semi-annually on March 1 and September 1. See Note 11 for additional disclosure concerning Debt Service Coverage ratio.

The Utilities Board also had the following notes payable as of September 30:

West Alabama Bank	\$ 13,724
With interest at 2.25%, due in	
2 installments, final payment 4-11-17	
First US Bank	186,250
With interest at 2.57%, line of credit	

Total interest expense and fees for the Utilities Board was \$41,563.

TOWN OF BUTLER
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

3.C. LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES

In September 2016, the Town issued \$1,525,000 Series 2016 General Obligation Warrants to fund capital improvements. Net proceeds to the Town of \$1,430,430 were placed into the Town's Special Projects Fund, with \$94,570 in bond issuance and discounts that will be amortized over the life of the bond issue. Principal is payable annually on August 1, with interest payable semiannually.

The Town also had the following notes payable as of September 30:

West Alabama Bank	<u>\$ 42,443</u>
\$9,211.91 annually, with interest at 2.75%	
Final payment due 3-17-21	

The long-term debt associated with governmental activities as of September 30, 2016 is summarized as follows:

	2016 Bonds	WAB	Regions
Balance as of October 1, 2015	\$ 0	\$ 50,250	\$ 85,368
Add: Debt Issued	1,525,000	0	0
Less: Debt Repayments	<u>0</u>	<u>-7,807</u>	<u>-85,368</u>
Balance as of September 30, 2016	1,525,000	42,443	<u>0</u>
Less: Current Portion	<u>60,000</u>	<u>8,046</u>	
Long-term Portion	<u>1,465,000</u>	<u>34,397</u>	

A schedule of the future annual principal & interest payments due each period is as follows:

Bond Rate	Bond & Year Due Date	Bond Principal	Bond Interest	WAB Principal & Interest	
2.00	August 1, 2017	60,000	29,653	8,046	1,166
2.00	August 1, 2018	65,000	34,032	8,267	945
2.00	August 1, 2019	65,000	32,732	8,495	717
2.00	August 1, 2020	65,000	31,432	8,728	484
2.00	August 1, 2021	65,000	30,132	8,907	305
2.00	August 1, 2022	70,000	28,832		
2.00	August 1, 2023	70,000	27,432		
2.00	August 1, 2024	70,000	26,032		
2.125	August 1, 2025	75,000	24,632		
2.125	August 1, 2026	75,000	23,038		
2.125	August 1, 2027	75,000	21,444		
2.125	August 1, 2028	80,000	19,850		
2.5	August 1, 2029	80,000	18,150		
2.5	August 1, 2030	80,000	16,150		
2.5	August 1, 2031	85,000	14,150		
2.5	August 1, 2032	85,000	12,026		
2.75	August 1, 2033	85,000	9,900		
2.75	August 1, 2034	90,000	7,562		
2.75	August 1, 2035	90,000	5,088		
2.75	August 1, 2036	95,000	2,612		
Total		1,525,000	414,872	42,443	3,617

Total interest payments for the year were \$3,786. Interest is reflected in the financial statements under Industrial Development & Fire Department.

TOWN OF BUTLER
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 4: INSURANCE

Insurance coverage for the fiscal year ended September 30, 2016, was reviewed with the Town Clerk and the agent handling the insurance for the Town of Butler. The Town has maintained adequate coverage for all physical properties, as well as liability and employees' insurance coverage.

NOTE 5: DEPOSITS WITH FINANCIAL INSTITUTIONS

As of September 30, 2016, the Town had the following deposits with Financial Institutions: West Alabama Bank, \$2,744,135; Regions Bank, \$213,737; First US Bank, \$588,747; and Bank of New York, \$50,287.

As of the audit report date all depositories are participants in the Security for Alabama Funds Enhancement Program (SAFE). Under the SAFE program, funds in excess of \$100,000 are collateralized by pledging securities directly to the State Treasurer for the SAFE collateral pool. Under Section 41-14A of the Code of Alabama, institutions must be a Qualified Public Depository. This Program is mandatory for banks to hold public deposits.

NOTE 6: PROPERTY TAX

Property is assessed and property taxes are collected by Choctaw County. Property is assessed and property taxes attach as an enforceable lien on property as of October 1 of each fiscal year. The taxes are due and payable October 1 of the subsequent fiscal year and delinquent after January 1. Property tax revenues are accounted for using the modified accrual basis of accounting. Tax collections received by the county tax collectors are remitted to the Town on a monthly basis. All amounts remitted to the Town within the bill-paying period are included in revenue. Taxes collected by the county tax collectors within the fiscal year but remitted to the Town after the fiscal year-end are accrued.

NOTE 7: UTILITIES BOARD RECEIVABLES

As of September 30, 2016 there were approximately 1,500 customers. An analysis of receivables on that date was as follows:

<u>Fee</u>	<u>Amount</u>
Customer Services	\$ 121,661
Allowance for Doubtful Accounts	<u>20,955</u>
Net	<u>100,706</u>

There was no material Bad Debt Expense recognized for the year.

TOWN OF BUTLER
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 8: RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments as of September 30, 2016 was as follows:

Street	\$ 243,763
Special Street	205,285
Industrial Board	73,397
Capital Projects Fund	201,898
2016 GOW Warrant Fund	1,279,383
Capital Improvement Trust Fund	245,179
Utilities Board: Bond Fund	50,287
Utilities Board: CD	134,593
Meter Deposit Funds	101,984
Volunteer Fire Department	5,456

NOTE 9: DEBT SERVICE COVERAGE – UTILITIES BOARD

Pursuant to the Series 2014 Bond Agreement, the Utilities Board must maintain Net Operating Income plus depreciation and interest expense in an amount equal to or greater than 125% of maximum debt service. The Town's 2016 adjusted net income of \$191,913 is more than the Fiscal 2016 maximum debt service.

NOTE 10: RETIREMENT PLAN DESCRIPTION

The Employees' Retirement System of Alabama, an agency multiple-employer plan, was established as of October 1, 1945, under the provisions of Act 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for State employees, State police, and on an elective basis to all cities, counties, towns and quasi-public organizations. The responsibility for general administration and operation of the ERS is vested in the Board of Control, which consists of 13 trustees. The Plan is administered by the RSA. Title 36-Chapter 27 of the Code of Alabama grants authority to establish and amend the benefit terms of the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits vest after 10 years of creditable service. Vested employees may retire with full benefits at age 60 with 10 years or more creditable service or after 25 or 30 years of service, regardless of age, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the retiree receiving payment under the method that yields the highest monthly benefit. Under the Formula method, members are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

TOWN OF BUTLER
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after 1-1-2013. Tier 2 members are eligible to retire after age 62 with 10 years or more creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the retiree receiving payment under the method that yields the highest monthly benefit. Under the Formula method, Tier 2 members are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement.

The ERS serves approximately 846 local participating employers, including 287 cities, 65 counties, and 494 other public entities. The ERS membership includes approximately 83,874 participants as of September 30, 2014.

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State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits vest after 10 years of creditable service. Vested employees may retire with full benefits at age 60 with 10 years or more creditable service or after 25 or 30 years of service, regardless of age, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the retiree receiving payment under the method that yields the highest monthly benefit. Under the Formula method, members are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service

TOWN OF BUTLER
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Contributions. Covered members of the ERS contributed 5% of earned compensation until September 30, 2011. From October 2011 through September 2012, covered members were required to contribute 7.25%, with 7.5% thereafter. Certified law enforcement members of the ERS contributed 6% of earned compensation until September 30, 2011. From October 2011 through September 2012, covered members were required to contribute 8.25%, with 8.5% thereafter. Tier 2 covered members contribute 6% by statute, while Tier 2 law enforcement officers contribute 7%.

The ERS establishes rates based upon an actuarially determined rate, necessary to finance the costs of benefits earned during the year, with additional amounts to finance unfunded pension liability, pre-retirement death benefit and administrative costs of The Plan. For the year ended September 30, 2016, the Town's active employee contribution rate was 5-7% of covered payroll, and the Town's average contribution rate to cover normal and accrued liability costs was 11.98%. The Town's contractually required contribution rate for the year was 12.35% for Tier 1 employees and 10.35% for Tier 2 employees. Total employer contributions to the pension plan from the system were \$84,510.

Net Pension Liability

The Town's net pension liability was measured on September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2014 rolled forward using standard roll-forward techniques as shown in the following table:

	Expected	Actual
a. Total Pension Liability (TPL) as of 9-30-2014	\$2,237,340	\$2,376,703
b. Entry Age Normal Cost for FY2015	59,869	59,869
c. Actual Benefit Payments and Refunds for FY2015	(145,674)	(145,674)
d. TPL as of 9-30-2014 = (a*1.08) + b – (c*1.04)	2,324,695	2,475,207
e. Difference between expected/actual experience		150,512

Changes in Net Pension Liability Table:

	Increases (Decreases)		
	<u>TPL</u>	<u>Net Position</u>	<u>NPL</u>
Balances at 9-30-2014	\$2,237,340	\$1,453,927	\$783,413
Changes for the year:			
Service Cost	59,869		59,869
Interest	173,160		173,160
Difference between expected/actual exper	150,512		150,512
Contributions – employer		80,456	-80,456
Contributions – employee		37,175	-37,175
Net investment income		17,084	-17,084
Benefit payments, including refunds	-145,674	-145,674	0
Transfers among employers			
Net Changes	237,867	-10,869	248,736
Balance at 9-30-2015	\$2,475,207	\$1,443,058	\$1,032,149

TOWN OF BUTLER
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Sensitivity of the NPL to changes in the discount rate.

	1% decrease (7.0%)	Current% (8.0%)	1% increase (9.0%)
Town's Net Pension Liability (Asset) (dollar amount in thousands)	\$1,301,863	\$1,032,149	\$804,575

Pension Plan Fiduciary Net Position. Detailed information about the plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for FY 2015. The supporting actuarial information is included in the GASB 68 report for the ERS prepared as of September 30, 2015.

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

For FY 2016, the Town recognized net pension expense of \$84,510. At 9-30-2016 the Town reported deferred outflows and deferred inflows related to pensions as follows:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$123,146	0
Net difference between projected and actual earnings on plan investments	47,213	0
Employer contributions subsequent to the measurement date	84,510	0

Amounts reported as deferred outflows and inflows of resources to pensions will be recognized in pension expenses as follows:

Year ended September 30:	
2017	\$36,562
2018	36,562
2019	36,563
2020	46,990
2021	13,682
Thereafter	0

**REQUIRED
SUPPLEMENTARY INFORMATION**

Town of Butler
Required Supplementary Information
September 30, 2016

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY										
	2015	2014								
Total Pension Liability										
Service Cost	\$ 59,869	\$ 51,324								
Interest	173,160	166,720								
Changes of benefit terms	0	0								
Differences between expected and actual results	150,512	0								
Changes of assumptions	0	0								
Benefit payments, including refunds of employee contributions	-145,674	-129,412								
Net change in pension liability	237,867	88,632								
Total pension liability, beginning	<u>2,237,340</u>	<u>2,148,708</u>								
Total pension liability, ending	<u>2,475,207</u>	<u>2,237,340</u>								
Plan fiduciary net position										
Contributions – employer	\$80,546	\$79,844								
Contributions – member	37,175	37,186								
Net investment income	17,084	156,423								
Benefit payments, including ref	-145,674	-129,412								
Transfers among employers	-0	-0								
Net change in fiduciary position	-10,869	144,081								
Plan net position – beginning	<u>1,453,927</u>	<u>1,309,846</u>								
Plan net position – ending	<u>\$1,443,058</u>	<u>\$1,453,927</u>								
NET PENSION LIABILITY	\$1,032,149	\$783,413								
Plan Position as a Percent of TPL	58.30%	64.98%								
Covered employee payroll	\$661,744	\$694,554								
NPL as a % of covered payroll	156.0%	137.9%								

Town of Butler
Required Supplementary Information
September 30, 2016

SCHEDULE OF EMPLOYER CONTRIBUTIONS										
	2016	2015								
Actuarially determined Contribution	\$90,025	\$79,844								
Contributions in relation to the actuarially determined contribute	84,510	80,546								
Contribution Deficiency (Excess)	5,515	-702								
Covered employee payroll	793,172	661,744								
Contributions as a percentage of covered payroll	10.70%	11.60%								

NOTES TO SCHEDULE:

Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for FY 2016 were based on the FY 2012 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age
Amortization method	Level percent closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	3%
Salary increases	3.75-7.25% including inflation
Investment rate of return	8.0%, net of pension investment expense, including inflation

TOWN OF BUTLER
BUDGET COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Budget Fund Balance – Oct. 1, 2015	<u>\$1,108,504</u>	<u>\$1,108,504</u>	<u>\$ 0</u>
<u>RESOURCES</u>			
General:			
Taxes: Sales	810,000	880,700	70,700
Property Tax	85,100	92,335	7,235
Tobacco Tax	7,300	8,722	1,422
Rental Tax	8,000	21,771	13,771
Lodging Tax	24,000	29,980	5,980
Licenses & Permits	210,635	230,113	19,478
Intergovernmental: Auto Tags	34,000	47,901	13,901
Alcohol Beverage	18,800	20,060	1,260
Financial Excise	2,000	15,448	13,448
Oil Production	12,000	6,771	-5,229
Alabama Trust Funds	18,000	18,970	970
Other: Interest	1,500	4,176	2,676
Rent	6,000	3,545	-2,455
Miscellaneous	30,000	9,110	-20,890
Police/Court:			
Fines & Forfeitures	64,200	65,344	1,144
Sale of Equipment	5,000	44,000	39,000
Seizure	6,000	24,439	18,439
Street & Sanitation:			
Garbage Collection	115,000	102,530	-12,470
Other – Dog Pound	600	1,999	1,399
Park & Recreation:			
Sale of Assets	22,000	27,620	5,620
Butlerfest	<u>35,000</u>	<u>31,579</u>	<u>-3,421</u>
Total Resources	<u>1,515,135</u>	<u>1,687,113</u>	<u>171,978</u>
Other Financing Sources			
Loan Proceeds/Transfers In	<u>105,000</u>	<u>0</u>	<u>-105,000</u>
Amount Available for Appropriation	<u>2,728,639</u>	<u>2,795,617</u>	<u>66,978</u>

continued

TOWN OF BUTLER
BUDGET COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>CHARGES</u>			
Executive:			
Mayor's Salary	10,000	10,779	-779
Council Fees	18,000	17,651	349
Payroll Taxes	765	773	-8
Health Insurance	<u>3,200</u>	<u>2,376</u>	<u>824</u>
	<u>31,965</u>	<u>31,579</u>	<u>386</u>
Legal & Court:			
City Attorneys	7,200	7,500	-300
Magistrate payroll	8,600	31,768	-23,168
Legal Fees	5,000	9,083	-4,083
Travel & conference	0	5,933	-5,933
Equipment & supplies	<u>2,900</u>	<u>5,470</u>	<u>-2,570</u>
	<u>23,700</u>	<u>59,754</u>	<u>-36,054</u>
General Government:			
Salaries	67,800	98,698	-30,898
Utilities & Telephone	21,000	21,280	-280
Health Insurance	15,000	18,594	-3,594
General Insurance	32,400	27,719	4,681
Repairs & Maintenance	5,400	6,084	-684
Contract Services	51,000	58,330	-7,330
Election Expense	10,500	5,158	5,342
Audit & Accounting	5,800	5,875	-75
Legal	15,000	11,643	3,357
Retirement	24,000	15,382	8,618
Payroll Taxes/Unemployment	11,900	9,944	1,956
Travel	10,000	8,726	1,274
Advertising	1,200	2,419	-1,219
Office Supplies & Postage	15,200	8,035	7,165
Capital Outlay	18,000	3,480	14,520
Dues	5,000	4,475	525
Other Administrative	<u>16,380</u>	<u>22,413</u>	<u>-6,033</u>
	<u>325,580</u>	<u>328,255</u>	<u>-2,675</u>

continued

TOWN OF BUTLER
BUDGET COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Police Department:			
Salaries	306,200	318,081	-11,881
Payroll Taxes	22,950	25,146	-2,196
Health Insurance	72,000	60,653	11,347
General Insurance	8,000	5,889	2,111
Auto Expense	36,000	32,148	3,852
Repairs & Maintenance	18,800	15,885	2,915
Animal Control	2,000	3,714	-1,714
Capital Outlay / Debt Service	100,000	114,791	-14,791
Retirement	36,000	33,523	2,477
Equipment/Seizure	2,820	11,125	-8,305
Computer Fee	1,500	1,200	300
Supplies	4,980	7,497	-2,517
Dues	1,500	1,537	-37
Training & Travel	5,000	2,546	2,454
Uniforms	7,500	3,292	4,208
Telephone	2,000	2,849	-849
Other	<u>0</u>	<u>4,704</u>	<u>-4,704</u>
	<u>627,250</u>	<u>644,580</u>	<u>-17,330</u>
Fire Department:			
Salaries	3,700	3,729	-29
Fireman Fees	15,000	16,995	-1,995
Repairs & Maintenance	19,600	6,319	13,281
General Insurance	4,800	3,808	992
Capital Outlay	0	34,539	-34,539
Equipment & Uniforms	5,000	2,960	2,040
Utilities & Telephone	7,700	7,601	99
Supplies	7,000	3,120	3,880
Truck	4,800	2,456	2,344
Other	<u>5,000</u>	<u>1,690</u>	<u>3,310</u>
	<u>72,600</u>	<u>83,217</u>	<u>-10,617</u>

continued

TOWN OF BUTLER
BUDGET COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Parks & Recreation:			
Salaries	52,000	66,251	-14,251
Taxes	4,000	4,965	-965
Retirement	3,600	4,074	-474
Repairs & Maintenance	6,700	10,809	-4,109
General Insurance	1,020	908	112
Health Insurance	4,500	4,538	-38
Utilities & Telephone	14,000	17,724	-3,724
Supplies	9,000	16,867	-7,867
Auto & Truck expenses	2,000	2,813	-813
Capital Outlay	93,520	92,216	1,304
Butler Fest	35,000	35,859	-859
Other	<u>2,800</u>	<u>5,595</u>	<u>-2,795</u>
	<u>228,140</u>	<u>262,619</u>	<u>-34,479</u>
Sanitation:			
Garbage Collection	77,400	83,448	-6,048
Other Street & Sanitation	0	6,053	-6,053
Sewer Grant expenses	<u>0</u>	<u>3,750</u>	<u>-3,750</u>
	<u>77,400</u>	<u>93,251</u>	<u>-15,851</u>
Total Charges before Transfers	<u>1,386,635</u>	<u>1,503,255</u>	<u>-116,620</u>
Transfers to Other Funds:			
Transfer to Capital Projects	0	67,000	-67,000
Transfer to Street Fund	<u>234,000</u>	<u>239,703</u>	<u>-5,703</u>
	<u>234,000</u>	<u>306,703</u>	<u>-72,703</u>
Total Charges to Appropriations	<u>1,620,635</u>	<u>1,809,958</u>	<u>-189,323</u>
Budgetary Fund Balance- Sept. 30, 2016	<u>1,108,004</u>	<u>985,659</u>	<u>-122,345</u>

TOWN OF BUTLER
STREET FUND
BUDGET COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Budget Fund Balance – Oct. 1, 2015	\$ 454,800	\$ 454,800	\$ 0
<u>RESOURCES</u>			
Seven Cent Gas Excise Tax	42,000	44,271	2,271
Four & Five Cent Gas Tax	40,640	40,267	-373
Petroleum Inspection Fees	7,000	7,173	173
Interest	1,200	852	-348
Sale of equipment	<u>22,000</u>	<u>24,500</u>	<u>2,500</u>
Total Resources	<u>112,840</u>	<u>117,063</u>	<u>4,223</u>
Available Before Transfers	567,640	571,863	4,223
Transfers from General Fund	<u>234,000</u>	<u>239,703</u>	<u>5,703</u>
Amounts Available for Appropriation	<u>801,640</u>	<u>811,566</u>	<u>9,926</u>
Charges (outflows):			
Salaries	84,000	91,697	-7,697
Utilities	51,600	63,216	-11,616
Payroll Taxes	6,360	6,440	-80
Health Insurance	10,000	9,164	836
Retirement Expense	8,400	8,403	-3
Auto & Truck Expense	7,200	7,383	-183
General Insurance	6,000	5,790	210
Repairs & Maintenance	9,600	17,240	-7,640
Small Equipment	2,880	2,471	409
Supplies	12,000	29,020	-17,020
Capital Outlays	145,000	109,637	35,363
Uniforms	800	827	-27
Other Expenses	<u>3,000</u>	<u>1,101</u>	<u>1,899</u>
Total Charges to Appropriations	<u>346,840</u>	<u>352,389</u>	<u>-5,549</u>
Budget Fund Balance – Sept. 30, 2016	<u>454,800</u>	<u>459,177</u>	<u>4,377</u>

TOWN OF BUTLER
UTILITIES BOARD FUND
BUDGET COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2016

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Charges for services:			
Water Sales	\$ 480,900	\$ 495,754	\$ 14,854
Sewer Charges	205,300	207,936	2,636
Water Treatment Fee	145,000	145,199	199
Late fees and connections	24,800	34,511	9,711
Other fees and income	<u>7,180</u>	<u>16,453</u>	<u>9,273</u>
Total charges for services	863,180	899,853	36,673
Cost of Sales, less:			
Water Treatment Fee	<u>-120,000</u>	<u>-136,136</u>	<u>-16,136</u>
Total Operating Revenues	<u>743,180</u>	<u>763,717</u>	<u>20,537</u>
Operating Expenses:			
Salaries	240,000	232,711	7,289
Payroll Taxes	18,000	18,280	-280
Retirement	33,600	23,128	10,472
Health Insurance	42,000	45,950	3,950
Contract Services	36,000	29,852	6,148
Utilities & Telephone	51,600	56,016	-4,416
Operating Supplies	44,180	58,567	-14,387
Repairs & Maintenance	7,800	17,083	-9,283
General Insurance	18,400	18,463	-63
Chemicals	24,000	18,760	5,240
Equipment & Leases	5,600	9,321	-3,721
Auditing	6,000	5,750	250
Freight	7,000	6,132	868
Auto and Truck Expenses	7,000	6,303	697
Lab Testing	6,000	10,263	-4,263
Director's Fees	7,800	7,800	0
Engineering Services	10,000	4,269	5,731
Other Operating Expenses	<u>20,600</u>	<u>9,619</u>	<u>10,981</u>
Total Operating Expenses	<u>585,580</u>	<u>578,267</u>	<u>7,313</u>
Net Income from Operations			
before Depreciation	157,600	185,450	27,850
Depreciation Expense	<u>-160,300</u>	<u>-145,355</u>	<u>14,945</u>
Net Income from Operations	<u>-2,700</u>	<u>40,095</u>	<u>42,795</u>

continued

TOWN OF BUTLER
UTILITIES BOARD FUND
BUDGET COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2016

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Other Revenues:			
Interest Income	200	967	767
Gain on Sale of Assets	<u>44,000</u>	<u>6,556</u>	<u>-37,444</u>
Total Other Revenues	<u>44,200</u>	<u>7,523</u>	<u>-36,677</u>
Other Expenses:			
Interest Expense	40,000	40,503	-503
Bond Charges and Fees	<u>1,500</u>	<u>1,060</u>	<u>440</u>
Total Other Expenses	<u>41,500</u>	<u>41,563</u>	<u>-63</u>
Change in Fund Balance	<u>0</u>	6,055	<u>6,055</u>
Fund Balance – Oct. 1, 2015		<u>1,475,487</u>	
Fund Balance – Sept. 30, 2016		<u>1,481,542</u>	

OTHER SUPPLEMENTARY INFORMATION

TOWN OF BUTLER
SPECIAL PROJECTS FUND
BALANCE SHEET
SEPTEMBER 30, 2016

ASSETS

Cash - Checking	\$ 201,898
Cash – Warrant Fund	1,279,383
Taxes Receivable	<u>7,920</u>
Total Assets	1,489,201

LIABILITIES

Accounts Payable	<u>0</u>
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NET ASSETS

Restricted for Capital Projects	<u>1,489,201</u>
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TOWN OF BUTLER
SPECIAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

REVENUES

Local Gasoline Tax	\$ 109,131	
Proceeds from sales of assets	20,677	
Interest	<u>192</u>	
Total Revenues		130,000

EXPENDITURES

Land purchase	100,750	
Engineering fees	65,359	
Interest expense	3,255	
Miscellaneous	<u>1,104</u>	
Total Expenditures		<u>170,468</u>

Excess (Deficiency) before Transfers and Other Financing		-40,468
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Transfers & Other Financing

Transfer from General Fund	67,000	
Proceeds from 2016 Bond Issue	<u>1,430,430</u>	<u>1,497,430</u>

Change in Fund Balance		1,456,962
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Fund Balance— October 1, 2015		<u>32,239</u>
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Fund Balance— September 30, 2016		<u>1,489,201</u>
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TOWN OF BUTLER
INDUSTRIAL DEVELOPMENT BOARD FUND
BALANCE SHEET
SEPTEMBER 30, 2016

ASSETS

Cash & Savings	\$ 73,397
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LIABILITIES

Accounts Payable	<u>0</u>
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NET ASSETS

Unrestricted	<u>\$ 73,397</u>
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TOWN OF BUTLER
INDUSTRIAL DEVELOPMENT BOARD FUND
SCHEDULE OF REVENUES, EXPENDITURES AND FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

REVENUES

Lease Revenue	\$ 2,182	
Interest	<u>273</u>	
Total Revenues		2,455

EXPENDITURES

Repairs & maintenance	3,753	
Professional fees	15,000	
Miscellaneous	<u>55</u>	
Total Expenditures		<u>18,808</u>

Change in Fund Balance		-16,353
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Fund Balance— October 1, 2015		<u>89,750</u>
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Fund Balance— September 30, 2016		<u>73,397</u>
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TOWN OF BUTLER
VOLUNTEER FIRE DEPARTMENT
BALANCE SHEET
SEPTEMBER 30, 2016

ASSETS

Cash	\$ 5,456
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LIABILITIES

Accounts Payable	<u>0</u>
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NET ASSETS

Restricted	<u>5,456</u>
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TOWN OF BUTLER
NONMAJOR FUND – FIRE DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

REVENUES

Property Taxes	\$ 16,142
Fundraising/Donations	4,554
Miscellaneous	<u>112</u>
Total Revenues	<u>20,808</u>

EXPENDITURES

Repairs & supplies	5,333
Other expenses	5,404
Debt service	<u>9,212</u>
Total Expenditures	<u>19,949</u>

Excess of Revenues over Expenditures	859
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Beginning Fund Balance	<u>4,597</u>
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Ending Fund Balance	<u>5,456</u>
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