

**SCHOOL DISTRICT OF THE  
BOROUGH OF BUTLER  
COUNTY OF MORRIS, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

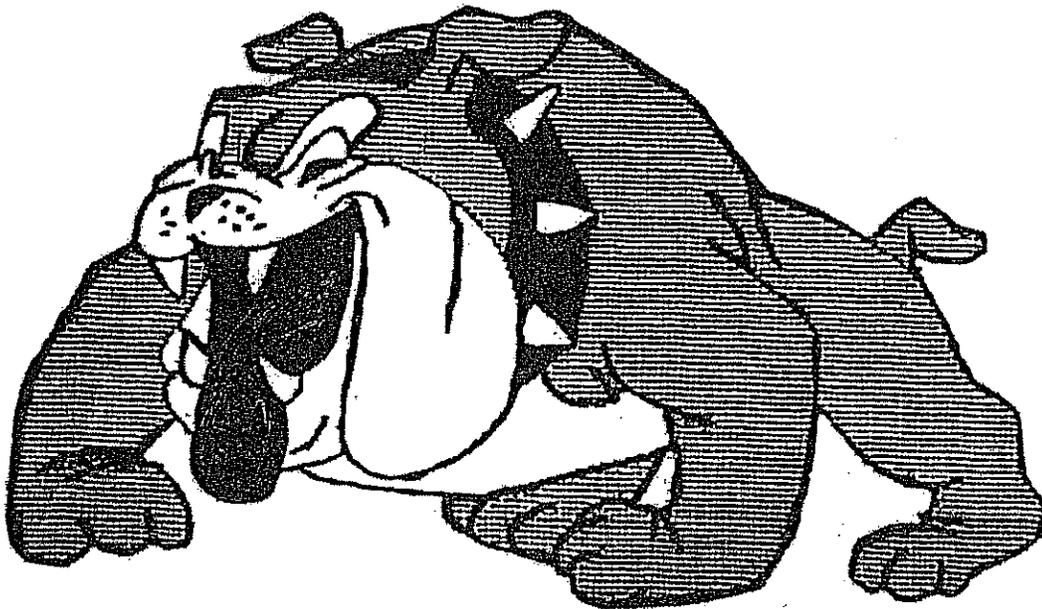
**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**  
of the

**Borough of Butler School District**

**Board of Education**

**Butler, New Jersey**

**For the Fiscal Year Ended June 30, 2013**



Prepared by

Borough of Butler School District  
Board of Education  
Finance Office

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE BOROUGH OF BUTLER SCHOOL DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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**INTRODUCTORY SECTION**

BOARD OF EDUCATION  
**BUTLER PUBLIC SCHOOLS**  
HIGH SCHOOL ANNEX BUILDING  
BUTLER, NEW JERSEY 07405  
Phone: (973) 492-2025 ♦ Fax: (973) 492-1016

**Mario D. Cardinale**  
*Superintendent*

**Barbara J. Murphy**  
*Business Administrator/Board Secretary*

November 21, 2013

The Honorable President and Members  
of the Board of Education  
Butler Borough School District  
County of Morris

Dear Board Members:

The comprehensive annual financial report of the Butler Borough School District (District) for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditors' report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Police for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit Section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** Butler Borough School District is an independent reporting entity within the criteria adopted by the GASB as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standard. All funds and account groups of the District are included in this report. The Butler Borough School District and all its schools constitute the District's reporting entity.

The Butler School District encompasses approximately 2.08 square miles. The District is located in the northeastern section of Morris County. It was formed on July 1, 1901, after segregating from the Pequannock Township School District. It is governed by a ten-member Board of Education, nine members of which are elected by District constituents to serve alternating 3-year terms, and one member from its sending district, Bloomingdale, who is appointed on an annual basis by the Bloomingdale Board of Education.

The District provides a full range of educational programs pre-school handicapped/K through 12. These include regular and vocational as well as special education for handicapped students. The District currently operates one

elementary, one middle and one high school, and completed the 2012-2013 fiscal year with an average daily enrollment of 1,147.9 students. This enrollment is a 2.3% increase over the previous year as shown in the ten-year period below. The District received high school students from Bloomingdale, in Passaic County, on a tuition basis. These students comprised 49.7% of the high school enrollment in the 2012-2013 school year.

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2012-13	1,147.9	2.3%
2011-12	1,122.0	(0.81%)
2010-11	1,131.2	(4.85%)
2009-10	1,188.8	1.22%
2008-09	1,174.5	(2.35%)
2007-08	1,202.8	4.66%
2006-07	1,183.3	2.97%
2005-06	1,149.2	(0.99%)
2004-05	1,160.8	1.26%
2003-04	1,146.3	(2.58%)
2002-03	1,176.7	(0.96%)

**2) ECONOMIC CONDITION AND OUTLOOK:** Prior legislation enacted, Chapter 62, also known as A1 or the “tax levy cap law”, restricted the allowable tax growth to 4% of the previous year. Other statutes enacted increased the regulatory environment in which the District must operate. These include: Chapter 53 (A5 or the “school district accountability act”), Chapter 63 (“CORE” or the “shared services and executive county superintendent/county superintendent act”), and Chapter 260 (A500 or the “School Funding Reform Act of 2008”). Although the new funding formula is designed to provide state aid to the Districts where economically disadvantaged children are enrolled, rather than mass infusion of aid to Abbott Districts, its success will be only as good as the annual support of the Legislature. The latest tax legislation limit the tax increase to a 2% maximum for the 2011-2012 budget and in future years. The newest legislation, Chapter 78, superseding Chapter 2, has affected employees receiving health benefits. Employees pay 1.5% of their salary or a percentage of their benefit premium, whichever is higher, over a 4-year period.

On March 15, 2007, new legislation, “A-5,” (School District Accountability Act) was adopted and became effective immediately. This legislation places more restrictions on the daily operating functions of the district, including training and travel and governs the expenditure of public funds by New Jersey boards of education. The Butler School District is in compliance with the various requirements of the law including: participating in the federal universal service program (E-rate), the ACT telecommunications program, the Alliance for Competitive Energy Services (ACES) program, and the Special Education Medicaid Initiative (SEMI) program, and in compliance with all regulations regarding workshop and travel regulations.

The District applied for and received a REMS grant (Readiness and Emergency Management for Schools) under the authority of the federal Safe and Drug Free Schools and Communities Act of ESEA/NCLB. The award was in the amount of \$179,800. Funds were utilized for crisis management planning and training and security upgrades. All of these funds have been spent as of June 30, 2013.

**3) MAJOR INITIATIVE (ACADEMIC): District:**

Butler High School students continue to maintain high levels of performance on a variety of standardized testing – High School Proficiency Assessments (HSPA), various Advanced Placement (AP) tests, SAT (SAT I and SAT II). HSPA results for the 2012-2013 school year continue to indicate that Butler High School has, once again, exceeded necessary levels of student achievement in the core academic areas of Math and Language Arts. 91.3% of students achieved proficient or advanced proficient scores in the Language Arts portion of the HSPA, while about

78% of general education students achieved proficient or advanced proficient in the Mathematics portion of the HSPA. It should be noted that in 2012, Butler High School was named to, and remains on the list of "Top 100 New Jersey High Schools" and the list of "Top 20 Most Improved High Schools" by New Jersey Monthly Magazine.

Our students at Butler High School continue to gain local, state and county recognition with regard to achievement in the areas of academics, the arts and athletics. Once again in the 2012-2013 school year, students who take and "pass" Advance Placements courses and tests will be eligible to win a car through a joint initiative "The AP Challenge." For the Class of 2013, about 86 % went on to two or four year colleges or post-secondary technical schools. During the 2012/13 school year, and again this school year, our high school students also worked in the computer lab using the Achieve 3000 differentiated reading software, SAT preparation software and "Performance Matters", a type of nationally standardized formative assessment software, to target weaknesses on specific instructional areas in Math, Language Arts/Literacy and a variety of content areas.

In addition the district has continued for the 2013/14 school year a specialized " Freshman Studies" program, focusing on career education, communication and team building skills, the development of long range " Career and College Readiness" planning skills, financial literacy, and 21st century technological skills.

Richard Butler School serves students in grades 5 through 8. Our goal is to provide a challenging and comprehensive education, which addresses the unique educational, social, physical and emotional needs of each middle school student. There continues to be a commitment to small class size, personalized instruction, in-class support and opportunities for both group and individual student recognition. We offer several co-curricular programs such as student government, yearbook, band, chess and bridge. These types of activities allows each child to participate in a number of activities.

After a lengthy study of other middle school schedules, Richard Butler School initiated a schedule to reflect changes to the language arts and mathematics program in the 2011-2012 school year, which reflected significantly increased instructional time in the areas of language arts and math instruction. The New Jersey Core Curriculum Standards, as well as the new Common Core State Standards [CCSS] continue to evolve; thus, our staff continues to address the updates through curriculum revisions. Continuing into the 2013/14 school year, our middle school students I also work in the computer lab using the Achieve 3000 differentiated reading software, SAT preparation software and

Aaron Decker School adheres to the NJ State Core Curriculum Standards at all grade levels and is transitioning [as is Butler High School and Richard Butler Middle School] to the new Common Core Standards in Mathematics and Language Arts/Literacy. The students also work in the computer lab using the Achieve 3000 differentiated reading software and "Performance Matters", a type of nationally standardized formative assessment software, to target weaknesses on specific instructional areas in Math, Language Arts/Literacy and a variety of content areas.

We continue to provide instructional support for students in Reading, Writing, and Mathematics through our Basic Skills Program. Classroom teachers use differentiated instruction to meet the needs of all students. Our Resource Centers and contained special education classes present the core standards in a smaller group setting with modified strategies.

The Butler School District also provides Preschool Program Classes for Students with Disabilities These classes also provide an opportunity for our preschool children with disabilities to work alongside with their more typically developing peers. The benefits are evident as the students remain in district and move to the Kindergarten program.

Special Education students also receive a high quality education and demonstrate significant levels of achievement in English, Math, Social Studies and Science. Supportive services programs provide students with an opportunity to participate in and experience success in mainstream academic classes. All district schools also offer special education programs through replacement instruction classes. For the 2013/2014 school year, the district will continue many initiatives, including teacher training, professional development and technology.

Teacher training, or Professional Development, will be provided for both regular education and special education faculty. Faculty in grades Pre K through 12 will be training in Differentiated Instruction, Standards Based Math, Essential Elements of Instruction and Academic Literacy. With upgraded electronic computer software, high school students will also be using SAT instructional software, on-line diagnostic and predictive testing software, as well as differentiated reading software.

During the 2009-10 school year, the district entered into an agreement with a state approved special education private school, Chancellor Academy Outreach, which opened up a class on the campus of the Aaron Decker Elementary School. In the 2010-2011 school year, the Chancellor Academy Outreach Program, which generates revenue for the school district, opened a second site at the Richard Butler Middle School. The district now operates three Chancellor Academy Outreach self-contained classes in the Aaron Decker Elementary School, the Richard Butler Middle School and-as of the 2012/13 school year-Butler High School,

Special education youngsters in grades 3-12 will be experiencing instructional software in both special education and regular education classrooms aimed at increasing levels of student learning as shown in math and language arts literacy scores. These software programs include differentiated reading (Achieve 3000) and "Performance Matters", an on-line diagnostic and prescriptive assessment software in the areas of Language Arts Literacy, Math and a variety of content area subjects. The district continues to offer self-contained classes (PSD, LLD), as well as replacement (RC) and supportive services for students experiencing regular education mainstream classes throughout all grades in the district.

The district was also named an approved Public School District of Choice by the New Jersey Department of Education, and is now able to accept students for tuition from other New Jersey public school districts beginning with September, 2013.

**4) INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The District is in the process of developing an internal control document manual as required by code.

**5) BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriate budgets are adopted for the general fund, the special revenue fund, and the debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reserves of fund balance at June 30, 2013.

The District participates in several shared services agreements in order to procure goods and services in the most cost efficient means possible to assure savings to the taxpayer: The A.C.E.S. (Alliance for Competitive Energy Service program), organized by NJSBA, NJASBO and NJASA, is utilized for the provision of natural gas.

Educational Data Services, Inc., the Morris County cooperative purchasing service, is utilized for District educational, office and custodial supplies and maintenance services. The Pittsgrove Township Board of Education cooperative is utilized for the purchase of copy paper. The Board participates in ACT (Alliance for Competitive Telecommunications) program for discounted telecommunications services.

**6) ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and accounting groups are explained in "Notes to the Financial Statements", Note 2B.

**7) FINANCIAL INFORMATION AT FISCAL YEAR END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. A detailed financial analysis of key data is contained in the Management's Discussion and Analysis (M. D. & A.), which follows this letter.

**8) DEBT ADMINISTRATION:** At June 30, 2013, the District had \$5,826,000 in outstanding bonded debt. On Thursday, April 26, 2012, the Board of Education of the Borough of Butler entered the bond market to refinance the callable maturities of its 2004 School Bond Issue. The sale of Refunding School Bonds was very successful, resulting in total debt savings of \$150,515 through 6/30/2024, at which time the principal is paid. The School Bonds, Series 2009, in the principal amount of \$2,896,000 will be paid up as of 7/1/2024.

The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

The outstanding debt is continually reviewed for reduced financing opportunities in an attempt to reduce the effect of the bonds on the Butler taxpayer.

**9) CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

**10) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents, and fidelity bonds. The District participates in a pooled fund for its Workers' Compensation Insurance.

**11) OTHER INFORMATION:**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkotz, Cerullo & Cuva, CPA's, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 98-07-OMB. The auditors' report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

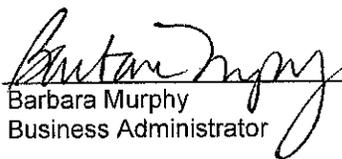
**12) ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Butler Borough School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The

preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

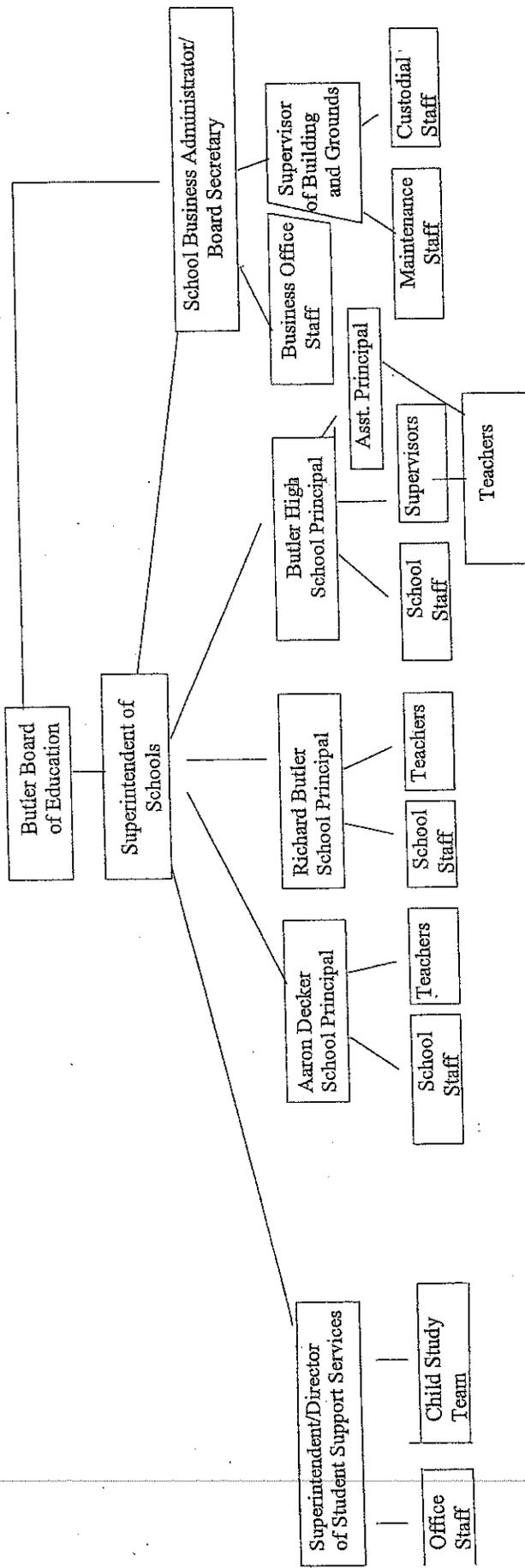


Mario D. Cardinale  
Superintendent



Barbara Murphy  
Business Administrator

**BUTLER SCHOOL DISTRICT  
ORGANIZATIONAL CHART**



**BUTLER BOARD OF EDUCATION  
BUTLER, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2013**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Matthew Lee - President	2015
Tracy Luciani - Vice-President	2014
Beata Beaudoin	2013
Jay M. Dean	2013
Heather Grecco	2015
Michael Puglise	2015
Julie Ruighaver	2014
Karen Smith	2013
Cynthia Sokoloff	2014
Sheldon Bross (Bloomingdale Representative)	2013

**Other Officials**

Mario D. Cardinale	Superintendent
David Rinderknecht	Board Secretary/ School Business Administrator
James Kozimor	Treasurer of School Moneys
Anthony Sciarillo, Esq., and Jeffrey Merlino, Esq.	Board Attorney - Negotiations
John Collins, Esq.	Board Attorney-Sending/Receiving Issues

**BUTLER BOARD OF EDUCATION**  
**Consultants and Advisors**  
**June 30, 2013**

**Architect**

Parette/Somjen & Associates, P.C.  
439 Route 46 East  
Rockaway, NJ 07866

**Audit Firm**

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.  
100B Main Street  
Newton, NJ 07860

**Attorney**

Parker McKay  
1009 Lenox Drive  
Suite 102A, Bldg. 4 East  
Lawrenceville, NJ 08648

Lindabury, McCormick and Eastbrook  
53 Cardinal Drive  
Westfield, NJ 07091

**Insurance Agent**

Polaris Galaxy Insurance, LLC  
777 Terrace Avenue, Suite 309  
Hasbrouck Heights, NJ 07604

**Official Depositories**

Lakeland Bank  
Valley National Bank  
and  
State of New Jersey Cash Management Fund

**FINANCIAL SECTION**

# Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkocz, CPA, RMA  
James J. Cerullo, CPA, RMA  
Paul J. Cuva, CPA, RMA  
Thomas M. Ferry, CPA, RMA

Certified Public Accountants  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442  
973-835-7900  
Fax 973-835-6631

Newton Office  
100B Main Street  
Newton, N.J. 07860  
973-579-3212  
Fax 973-579-7128

## INDEPENDENT AUDITOR'S REPORT

The Honorable President and  
Members of the Board of Education  
Borough of Butler School District  
County of Morris, New Jersey

### **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 Board of Education of the Borough of Butler School District, in the County of Morris, State of New Jersey, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough of Butler Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

### ***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 misstatements, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion 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, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



Honorable President and  
Members of the Board of Education  
Page 2.

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 purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Butler Board of Education, in the County of Morris, State of New Jersey, as of June 30, 2013, 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 and Budgetary Comparison Information on pages 14 - 24 and 61 - 72 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 the 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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Butler Board of Education's basic financial statements. The other supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates 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 our opinion, the other supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

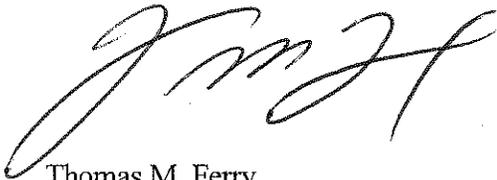
The introductory section and statistical data section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2013 on our consideration of the Borough of Butler Board of Education's internal control over financial reporting and on our 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

Honorable President and  
Members of the Board of Education  
Page 4.

of our 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 Borough of Butler Board of Education's internal control over financial reporting and compliance.



Thomas M. Ferry  
Licensed Public School Accountant  
No. 20CS00209100

*Ferraioli, Wielkutz, Cerullo, & Cuva, P.A.*

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

Newton, New Jersey

November 21, 2013

**REQUIRED SUPPLEMENTARY  
INFORMATION - PART I**

BUTLER BOROUGH PUBLIC SCHOOL DISTRICT  
BUTLER BOROUGH

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED

The discussion and analysis of Butler Borough Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for the 2013 fiscal year are as follows:

- ◆ The School District had \$23,994,326 in expenses (see A-2 District-wide Statement of Activities); only \$4,819,915 of these expenses were offset by program specific charges for services, grants or contributions. General revenues, comprised of primarily property taxes, Federal and State Aid in the amounts of \$14,406,137 and \$4,242,914 respectively, were adequate to provide for these programs.
- ◆ The General Fund had \$21,802,867 in revenues and \$22,090,537 in expenditures. The General Fund's balance decreased by \$290,027 over 2012. This decrease was mainly attributed to an increase in expenditures in student and instruction related services, and unallocated employee benefits. (see B-2 Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds)

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Butler Borough Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School district, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Butler Borough Public school district, the General Fund is by far the most significant fund.

**Reporting the School District as a Whole**

**Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2013 fiscal year?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's Net Position and changes in that position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial positions of the School district has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ◆ Governmental activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School district's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and the Debt Service Fund.

### **Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

### **Enterprise Fund**

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

**The School District as a Whole**

The Statement of Net Position provides the perspective of the School District as a whole. Net position may, over time serve as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

**Table 1**

**Net Position  
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Assets</b>						
Current and Other Assets	\$2,447,258	\$ 2,883,675	\$51,646	\$50,907	\$2,498,904	\$ 2,934,582
Capital Assets, net	<u>12,638,608</u>	<u>12,869,350</u>	<u>36,364</u>	<u>40,602</u>	<u>12,674,972</u>	<u>12,909,952</u>
Total Assets	<u>15,085,866</u>	<u>15,753,025</u>	<u>88,010</u>	<u>91,509</u>	<u>15,173,876</u>	<u>15,844,534</u>
<b>Liabilities</b>						
Current Liabilities	162,155	205,795	1,842	26,873	163,997	232,668
Noncurrent Liabilities	<u>6,258,262</u>	<u>6,643,093</u>			<u>6,258,262</u>	<u>6,643,093</u>
Total Liabilities	<u>6,420,417</u>	<u>6,848,888</u>	<u>1,842</u>	<u>26,873</u>	<u>6,422,259</u>	<u>6,875,761</u>
<b>Net position</b>						
Invested in Capital Assets-						
Net of Debt	7,041,531	6,881,350	36,364	40,602	7,077,895	6,921,952
Restricted	871,634	854,862			871,634	854,862
Unrestricted	<u>752,284</u>	<u>1,167,925</u>	<u>49,804</u>	<u>24,034</u>	<u>802,088</u>	<u>1,191,959</u>
Total Net Position	<u>\$8,665,449</u>	<u>\$8,904,137</u>	<u>\$86,168</u>	<u>\$64,636</u>	<u>\$8,751,617</u>	<u>\$ 8,968,773</u>

Table 2 shows revenue and expense comparisons of 2013 data to that from fiscal year 2012.

**Table 2**  
**Changes in Net Position**

	<b>Governmental Activities</b>		<b>Business Type-Activities</b>		<b>Total</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	534,544	533,962	279,322	301,179	813,866	835,141
Operating grants and contributions	3,885,909	4,012,409	120,139	101,134	4,006,048	4,113,543
Capital grants and contributions						
<b>General revenues</b>						
Property taxes	14,406,137	14,129,810			14,406,137	14,129,810
Federal and State Aid Not Restricted	4,242,914	3,762,996			4,242,914	3,762,996
Federal Aid- Capital Outlay	40,201				40,201	
Miscellaneous Income	267,898	434,390	104	79	268,002	434,469
Transfers			2,357	21,696	2,357	21,696
<b>Total Revenues and Transfers</b>	<b>23,377,603</b>	<b>22,873,567</b>	<b>401,922</b>	<b>424,088</b>	<b>23,779,525</b>	<b>23,297,655</b>
<b>Functions/Programs:</b>						
<b>Governmental Activities</b>						
Instruction:						
Regular	8,654,823	8,103,959			8,654,823	8,103,959
Special Education	2,059,457	1,958,308			2,059,457	1,958,308
Other Special Education	344,344	233,048			344,344	233,048
Other Instruction	627,752	512,650			627,752	512,650
<b>Support services:</b>						
Tuition	1,602,025	1,662,708			1,602,025	1,662,708
Student & Instruction Related Services	4,142,056	3,351,044			4,142,056	3,351,044
General						
Administrative Services	614,691	581,001			614,691	581,001

Continued :Table 2

Changes in Net Position

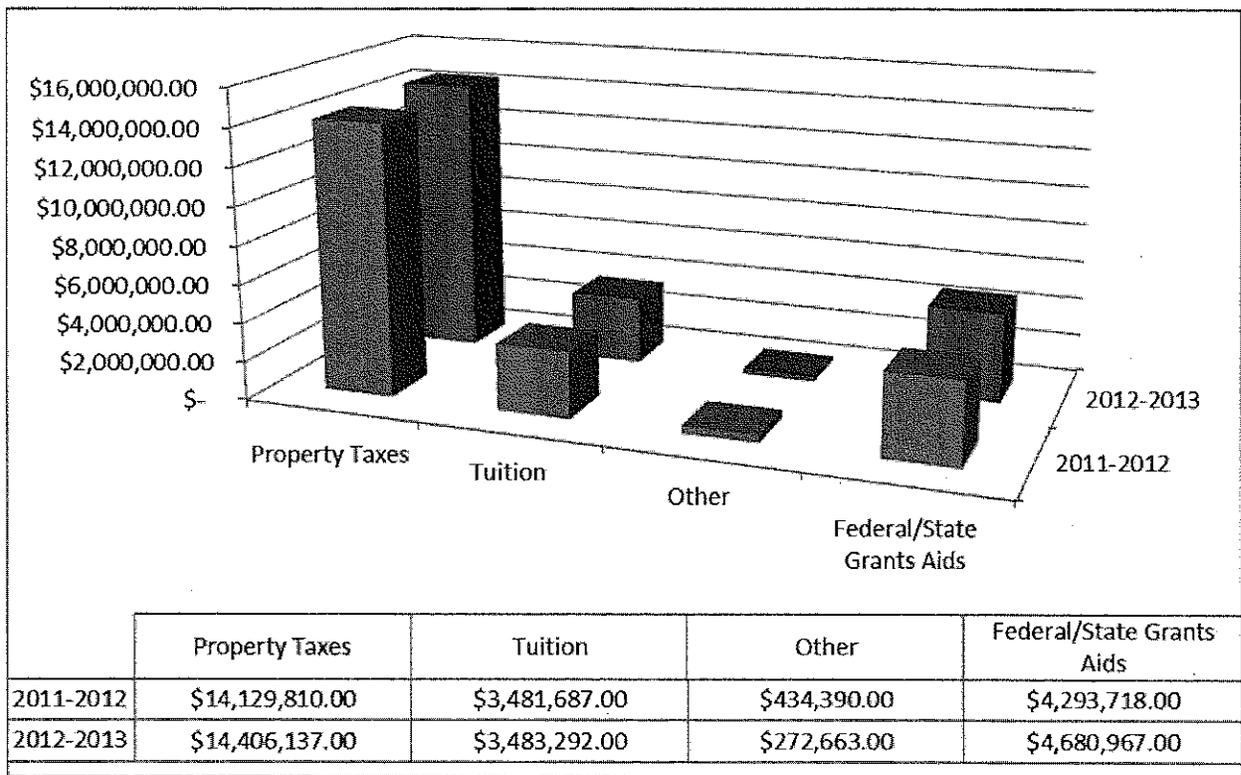
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
School Administrative Services	1,041,045	1,016,618			1,041,045	1,016,618
Central Services and Administrative Inform. Tech	600,848	644,271			600,848	644,271
Plant Operations & Maintenance	2,304,891	2,235,827			2,304,891	2,235,827
Pupil Transportation	958,715	800,265			958,715	800,265
Capital Outlay	25,599				25,599	
Special Schools		2,980				2,980
Unallocated Benefits	24,259	95,109			24,259	95,109
Interest on Long Term Debt		194,450				194,450
Transfer to Charter School	188,732				188,732	
Unallocated Depreciation	424,698	416,443			424,698	416,443
Food Service			380,391	383,394	380,391	383,394
Butler School District Educational Foundation				1,684		1,684
Transfers	<u>2,357</u>	<u>21,696</u>			<u>2,357</u>	<u>21,696</u>
Total Expenditures and Transfers	<u>23,616,292</u>	<u>21,830,377</u>	<u>380,391</u>	<u>385,078</u>	<u>23,996,683</u>	<u>22,215,455</u>
Increase or (Decrease) in Net Position	<u>(238,689)</u>	<u>1,043,190</u>	<u>21,531</u>	<u>39,010</u>	<u>(217,158)</u>	<u>1,082,200</u>

**Governmental Activities**

**-Revenues-**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 63.06% percent of revenues for governmental activities for the Butler Borough Public School District for fiscal year 2013 (see Exhibit B-2). Federal, State, and local grants accounted for another 20.49%. Tuition from other LEA's (mostly from sending District Bloomingdale) in the state accounted for 15.24% percent. The District's total governmental fund revenues were \$22,843,059 for the fiscal year ended June 30, 2013.

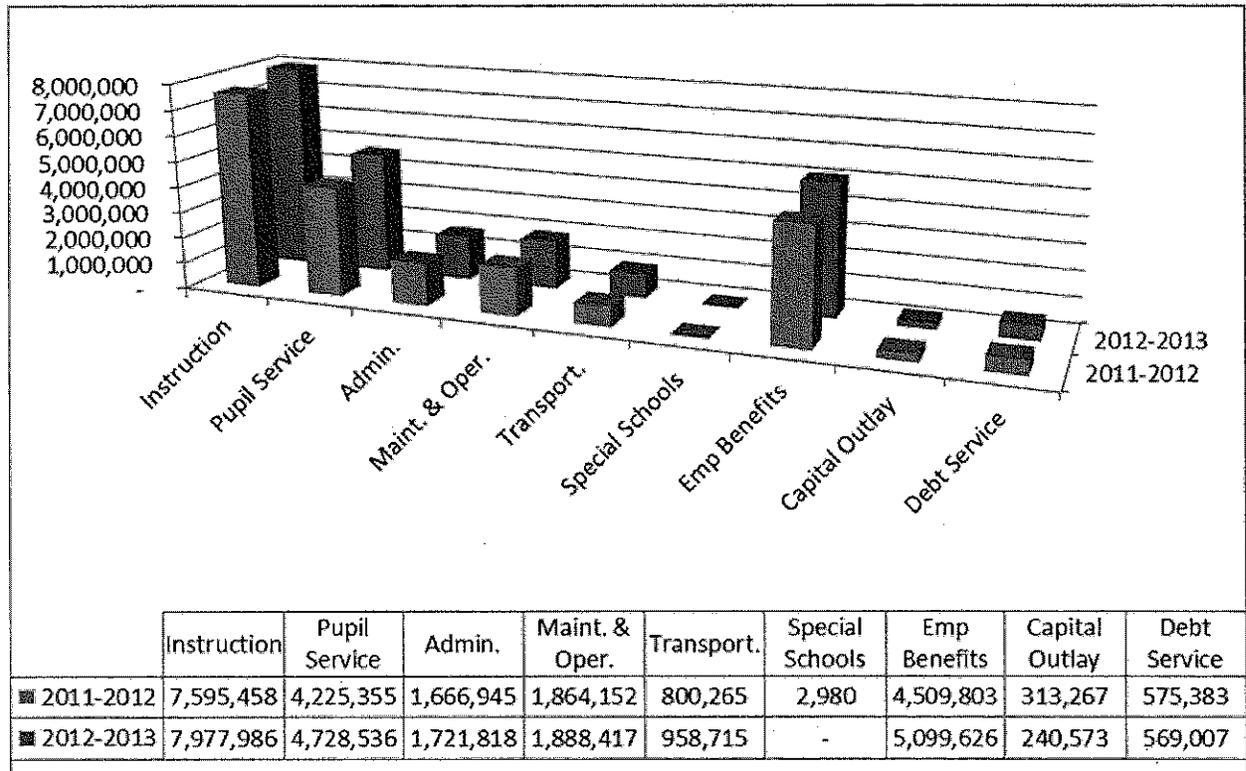
**Sources of Revenues for Fiscal Year 2013**



**-Expenses-**

The total cost of all program and services was \$23,184,678. Instruction comprises 34.41% of District expenses. The total for Instruction in 2012-2013 represents an increase of 5% in actual dollar expenditures over the previous year.

**Expenses for Fiscal Year 2013**



**Business-Type Activities**

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- ◆ Food service revenues exceeded expenditures by \$19,174. This is an increase of \$176 in the amount of revenue over expenses in 2012.
- ◆ Charges for services represent \$279,322 of revenue. This represents the amount paid by patrons for daily food services.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches, donated commodities and interest income was \$120,243, an increase of \$19,031 over 2012.

## Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. A comparison to 2012 follows, as well as a description of the various expenditure areas.

	<u>Total Cost of Services 2013</u>	<u>Net Cost of Services 2013</u>	<u>Total Cost of Services 2012</u>	<u>Net Cost of Services 2012</u>
Instruction	\$11,686,376	\$8,955,879	\$10,807,965	\$7,962,434
<b>Support services</b>				
Pupils and instructional staff	5,744,081	4,868,890	5,013,752	4,154,272
General administration, school administration, business	2,256,584	1,935,584	2,241,890	1,911,777
Operation and maintenance of facilities	2,304,891	1,811,125	2,235,827	1,724,580
Pupil transportation	958,715	958,715	800,265	800,265
Special Schools			2,980	2,980
Interest on Long Term Debt	188,732	188,732	194,450	194,450
Unallocated Benefits	24,259	24,259	95,109	95,109
Unallocated Depreciation	424,698	424,698	416,443	416,443
Capital Outlay - Non-depreciable	25,599	25,599		
Total governmental expenses	<u>\$23,613,935</u>	<u>\$19,193,481</u>	<u>\$21,808,681</u>	<u>\$17,262,310</u>

The total cost for 2013 is an increase of \$1,805,254 over 2012, or 8.27%. This value is mainly attributed to the increase in Regular Instruction expenditures of \$550,864, Special Education Instruction expenditures of \$212,445, Other Instruction expenditures of \$115,103, Student and Instruction Related Support Services of \$791,012, and Pupil Transportation of \$158,450.

The total net cost for 2013 is an increase of \$1,931,177 over 2012, or 11.19%. This value is again attributed to the increase in Regular Instruction expenditures, Special Education Instruction expenditures, Other Instruction expenditures, Student and Instruction Related Support Services, and Pupil Transportation.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities. Additionally included are extracurricular activities, which include expenses related to student activities provided by the School district which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. This section also includes Curriculum and staff development, which includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

**The School District's Funds**

These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$22,843,060 and expenditures of \$23,184,678.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2013, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2012</u>	<u>Percent Increase/ (Decrease)</u>
Local Sources	\$18,162,092	79.51%	\$110,906	0.61%
State Sources	4,219,403	18.47%	508,680	13.71%
Federal Sources	<u>461,564</u>	<u>2.02%</u>	<u>(116,098)</u>	20.00%
Total	<u>\$22,843,059</u>	<u>100.00%</u>	<u>\$503,488</u>	

The decrease in Federal Sources is primarily attributed to the loss of Education Jobs Fund dollars, as that initiative ended in June 2012.

The following schedule presents a summary of general fund and special revenue fund and capital projects fund expenditures for the fiscal year ended June 30, 2013.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2012</u>	<u>Percent Increase/ (Decrease)</u>
Current:				
Instruction	7,977,986	34.41%	382,528	5.04%
Undistributed Expenditures	14,397,112	62.10%	1,330,592	10.18%
Capital Outlay	240,573	1.04%	(72,694)	(23.21%)
Debt Service	569,007	2.45%	(6,376)	(1.11%)
Special Schools	_____	_____	_____(2,980)	(100.00%)
<b>Total</b>	<b><u>23,184,678</u></b>	<b><u>100.00%</u></b>	<b><u>1,631,070</u></b>	

The increase in the undistributed expenditures is primarily attributed to the increase in Extraordinary Services, Employee Benefits and Pupil Transportation.

### General Fund Budgeting Highlights

The School district's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund. Refer to Exhibit C-1 – Budgetary Comparison Schedule.

During the course of the fiscal year 2013, the School District amended its General Fund budget as needed. The School district uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management when the need arises in such areas as:

- ◆ Staffing changes based on student needs.
- ◆ Additional costs for student transportation and out-of district tuitions both in regular education and special education.
- ◆ Accounting changes in maintenance and operations.
- ◆ Changes in appropriations to prevent budget overruns.

While the District's final budget for the general fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a surplus.

- ◆ Actual revenues appear to be \$2,167,864 more than expected, but once the reimbursement for TPAF pension and social security which are not included in the budgeting process and only reported on the financial statements are removed, revenues actually increased by only \$215,711 over the budgeted amount.

- ◆ The actual expenditures appear to be \$736,396 higher than expected. Once again, after the removal of the TPAF reported numbers, expenditures are actually \$644,610 less than budgeted.

## **Capital Assets**

New capital asset purchases for the year totaled \$240,573. The purchases include technology, acoustical panels, security cameras, audio visual intercom electronic door access system, medical equipment, evacuation chairs, swipe card access door control system, and a public address system.

## **Debt Administration**

At June 30, 2013 the School district had \$5,826,000 in outstanding debt.

Other long-term debt includes amounts for compensated absences, \$432,262.

## **For the Future**

The Butler Borough Public School District is in good financial condition. However, future finances are not without challenges as expenses continue to grow and limitations are placed on total spending. A major concern is the continued reliance on local property taxes and the anticipated impact from the School Funding Reform Act and the Accountability Regulations legislation as currently written. It should be noted that budgets no longer are required to be approved by voters if the tax increase is within the 2% cap limit established by statute.

Butler Borough is primarily a residential community, with few ratables; thus the burden is focused on homeowners to foot the tax burden. It is hoped that the contracts the Borough has entered into for new ratables will continue to increase the ratable base significantly enough to lower the impact of future increases on the homeowner. The District is pursuing several shared services agreements with both the Borough and the sending district to reduce costs wherever possible.

In conclusion, the Butler Borough Public School District has committed itself to financial excellence for many years. The School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

## **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School district's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Barbara J. Murphy, School Business Administrator/Board Secretary at Butler Borough Board of Education, High School Annex Building, Butler, NJ 07405 or email at [bmurphy@butlerboe.org](mailto:bmurphy@butlerboe.org).

**BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**BUTLER BOROUGH SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	1,253,378.10	39,700.43	1,293,078.53
Receivables, net	772,366.88	5,925.58	778,292.46
Internal balances	1,900.00	(1,900.00)	-
Inventory		7,920.24	7,920.24
Unamortized Bond Issuance Costs	228,923.08		228,923.08
Restricted assets:			
Capital reserve account - cash	190,689.79		190,689.79
Capital assets:			
Construction in progress	135,292.29		135,292.29
Other capital assets, net	12,503,315.93	36,363.61	12,539,679.54
Total Assets	<u>15,085,866.07</u>	<u>88,009.86</u>	<u>15,173,875.93</u>
<b>LIABILITIES</b>			
Accounts payable	66,076.94		66,076.94
Accrued interest on bonds	48,767.70		48,767.70
Unearned revenue	47,310.59	1,842.30	49,152.89
Noncurrent liabilities:			
Due within one year	410,000.00		410,000.00
Due beyond one year	5,848,262.21		5,848,262.21
Total liabilities	<u>6,420,417.44</u>	<u>1,842.30</u>	<u>6,422,259.74</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	7,041,531.30	36,363.61	7,077,894.91
Restricted for:			
Debt Service	28,460.34		28,460.34
Capital projects	203,922.51		203,922.51
Other Purposes	639,250.71		639,250.71
Unrestricted	752,283.77	49,803.95	802,087.72
Total net position	<u>8,665,448.63</u>	<u>86,167.56</u>	<u>8,751,616.19</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**BUTLER BOROUGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
<b>Instruction:</b>							
Regular	6,303,504.70	2,351,317.78	534,544.19	1,781,121.87	(6,339,156.42)		(6,339,156.42)
Special education	1,448,198.17	611,259.04		355,100.21	(1,704,357.00)		(1,704,357.00)
Other special instruction	240,524.00	103,819.75		59,730.62	(284,613.13)		(284,613.13)
Other instruction	496,043.74	131,709.37		-	(627,753.11)		(627,753.11)
<b>Support services:</b>							
Tuition	1,602,025.46	-		-	(1,602,025.46)		(1,602,025.46)
Student & instruction related services	3,126,511.02	1,015,544.81		875,191.28	(3,266,864.55)		(3,266,864.55)
General administrative services	506,790.07	107,900.51		132,510.73	(482,179.85)		(482,179.85)
School administrative service	720,880.50	320,165.39		188,489.10	(852,556.79)		(852,556.79)
Central Services and Admin. Infor. Tech.	494,147.83	106,699.56		-	(600,847.39)		(600,847.39)
Plant operations and maintenance	1,888,417.17	416,473.93		493,765.68	(1,811,125.42)		(1,811,125.42)
Pupil transportation	958,714.79	-		-	(958,714.79)		(958,714.79)
Capital Outlay - Non Depreciable	25,599.01	-		-	(25,599.01)		(25,599.01)
Unallocated Benefits	24,258.95	-		-	(24,258.95)		(24,258.95)
Interest on Long term debt	-	188,731.53		-	(188,731.53)		(188,731.53)
Unallocated depreciation and Amortization	19,076.92	405,620.71		-	(424,697.63)		(424,697.63)
<b>Total governmental activities</b>	<b>17,854,692.33</b>	<b>5,759,242.38</b>	<b>534,544.19</b>	<b>3,885,909.49</b>	<b>(19,193,481.03)</b>	<b>-</b>	<b>(19,193,481.03)</b>
<b>Business-type activities:</b>							
Food Service	380,391.44		279,322.49	120,138.75		19,069.80	19,069.80
<b>Total business-type activities</b>	<b>380,391.44</b>		<b>279,322.49</b>	<b>120,138.75</b>	<b>-</b>	<b>19,069.80</b>	<b>19,069.80</b>
<b>Total primary government</b>	<b>18,235,083.77</b>		<b>813,866.68</b>	<b>4,006,048.24</b>	<b>(19,193,481.03)</b>	<b>19,069.80</b>	<b>(19,174,411.23)</b>
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purposes, net					13,881,031.00		13,881,031.00
Taxes Levied for debt service					525,106.00		525,106.00
Federal and State aid not restricted					4,242,913.82		4,242,913.82
Federal Aid - Capital Outlay					40,201.01		40,201.01
Investment Earnings					305.50	104.43	409.93
Transfers					(2,357.48)	2,357.48	-
Miscellaneous Income					267,593.32		267,593.32
Total general revenues, special items, extraordinary items and transfers					18,954,793.17	2,461.91	18,957,255.08
Change in Net Position					(238,687.86)	21,531.71	(217,156.15)
<b>Total Net Position - Balance, beginning</b>					8,904,136.49	64,635.85	8,968,772.34
<b>Net Position - ending</b>					8,665,448.63	86,167.56	8,751,616.19

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

**BUTLER BOROUGH SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	1,182,787.32		701.85	69,888.93	1,253,378.10
Due from other funds	252,814.00			1.41	252,815.41
Receivable from state government	303,306.83		104,471.01		407,777.84
Receivable from federal government		118,760.18			118,760.18
Receivables from other governments	186,059.84				186,059.84
Receivables other	4,438.78				4,438.78
Restricted cash and cash equivalents	190,689.79				190,689.79
<b>Total assets</b>	<b>2,120,096.56</b>	<b>118,760.18</b>	<b>105,172.86</b>	<b>69,890.34</b>	<b>2,413,919.94</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Interfund Accounts Payable		103,645.03	91,940.14		195,585.17
Accounts payable	56,842.38	9,234.56			66,076.94
Unearned revenue other				41,430.00	41,430.00
Unearned revenue local grants		5,880.59			5,880.59
<b>Total liabilities</b>	<b>56,842.38</b>	<b>118,760.18</b>	<b>91,940.14</b>	<b>41,430.00</b>	<b>308,972.70</b>
<b>Fund Balances:</b>					
<b>Assigned to:</b>					
Other Purposes	22,742.00				
Designated by the Board of Education for Subsequent Year's Expenditures	227,832.95				227,832.95
<b>Restricted for:</b>					
Debt Service				28,460.34	28,460.34
Capital Projects			13,232.72		13,232.72
Excess Surplus	616,508.71				616,508.71
Excess Surplus Designated for for Subsequent Year's Expenditures	522,167.05				522,167.05
Capital Reserve Account	190,689.79				190,689.79
<b>Unassigned:</b>					
General Fund	483,313.68				483,313.68
<b>Total fund balances</b>	<b>2,063,254.18</b>	<b>-</b>	<b>13,232.72</b>	<b>28,460.34</b>	<b>2,082,205.24</b>
<b>Total liabilities and fund balances</b>	<b>2,120,096.56</b>	<b>118,760.18</b>	<b>105,172.86</b>	<b>69,890.34</b>	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.	(48,767.70)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$19,491,564.36 and the accumulated depreciation is \$6,852,956.14.	12,638,608.22
Bond issuance costs are reported as expenditures in the Governmental Funds in the year of expenditure. The costs are \$248,000 and accumulated amortization is \$19,076.92.	228,923.08
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(6,258,262.21)
<b>Net position of governmental activities</b>	<b>8,642,706.63</b>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**BUTLER BOROUGH SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local sources:					
Local Tax Levy	13,881,031.00			525,106.00	14,406,137.00
Tuition - Other LEA's Within the State	3,483,291.93				3,483,291.93
Other Restricted Miscellaneous Revenue	106,709.34				106,709.34
Interest Earned on Capital Reserve Funds	305.50				305.50
Miscellaneous Income	143,471.87	4,764.61	1.41	17,410.70	165,648.59
<b>Total - Local Sources</b>	<b>17,614,809.64</b>	<b>4,764.61</b>	<b>1.41</b>	<b>542,516.70</b>	<b>18,162,092.36</b>
State sources	4,164,547.41		-	54,856.00	4,219,403.41
Federal sources	23,510.41	438,053.96			461,564.37
<b>Total revenues</b>	<b>21,802,867.46</b>	<b>442,818.57</b>	<b>1.41</b>	<b>597,372.70</b>	<b>22,843,060.14</b>
<b>EXPENDITURES</b>					
Current:					
Regular instruction	5,570,923.67	324,488.79			5,895,412.46
Special education instruction	1,358,088.17				1,358,088.17
Other special instruction	228,441.00				228,441.00
Other instruction	496,043.74				496,043.74
Support services and undistributed costs:					
Tuition	1,602,025.46				1,602,025.46
Student & instruction related services	3,048,382.25	78,128.77			3,126,511.02
General administrative services	506,790.07				506,790.07
School administrative services	720,880.50				720,880.50
Central Services and Admin. Infor. Tech.	494,147.83				494,147.83
Plant operations and maintenance	1,888,417.17				1,888,417.17
Pupil transportation	958,714.79				958,714.79
Unallocated employee benefits	5,099,625.71				5,099,625.71
Capital outlay	118,057.07	40,201.01	82,315.12		240,573.20
Debt service:					
Principal				410,000.00	410,000.00
Interest and other charges				159,006.73	159,006.73
<b>Total expenditures</b>	<b>22,090,537.43</b>	<b>442,818.57</b>	<b>82,315.12</b>	<b>569,006.73</b>	<b>23,184,677.85</b>
Excess (Deficiency) of revenues over expenditures	(287,669.97)	-	(82,313.71)	28,365.97	(341,617.71)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in - from Debt Service				1.41	1.41
Transfer out - to Debt Service			(1.41)		(1.41)
Transfers out - to Enterprise Fund	(2,357.48)				(2,357.48)
<b>Total other financing sources and uses</b>	<b>(2,357.48)</b>	<b>-</b>	<b>(1.41)</b>	<b>1.41</b>	<b>(2,357.48)</b>
Net change in fund balances	(290,027.45)	-	(82,315.12)	28,367.38	(343,975.19)
Fund balance—July 1 -	2,353,281.63	-	95,547.84	92.96	2,448,922.43
Fund balance—June 30	2,063,254.18	-	13,232.72	28,460.34	2,104,947.24

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**BUTLER BOROUGH SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Total net change in fund balances - governmental funds (from B-2)** (343,975.19)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.

Depreciation expense	(445,715.73)	
Depreciable Capital outlays	<u>214,974.19</u>	
		<u>(230,741.54)</u>

Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. In the current year, these amounts consist of:

Principal Payments on Bonds Payable	410,000.00
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The governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (19,076.92)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is a increase in the reconciliation (29,724.80)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Increase in Compensated Absences Payable	<u>(25,169.41)</u>
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**Change in net position of governmental activities** (238,687.86)

**BUTLER BOROUGH SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2013**

	<u>Business-type Activities - Enterprise Funds</u>	<u>Internal Service Fund</u>
	<u>Food Service</u>	<u>Academy for Law and Public Safety</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	39,700.43	-
Intergovernmental receivables:		
Federal	5,465.42	
State	460.16	
Other Accounts receivables	-	56,376.48
Inventories	7,920.24	
Total current assets	<u>53,546.25</u>	<u>56,376.48</u>
Noncurrent assets:		
Furniture, machinery & equipment	100,291.50	
Less accumulated depreciation	<u>(63,927.89)</u>	
Total noncurrent assets	<u>36,363.61</u>	<u>-</u>
Total assets	<u><u>89,909.86</u></u>	<u><u>56,376.48</u></u>
<b>LIABILITIES</b>		
Current liabilities:		
Interfund payable		55,305.48
Accounts payable	-	1,071.00
Interfund Payable:		
General Fund	1,900.00	-
Unearned Revenue:		
Federal Food Distribution Program	1,842.30	
Total current liabilities	<u>3,742.30</u>	<u>56,376.48</u>
<b>NET POSITION:</b>		
Restricted for:		
Invested in Capital Assets Net of Related Debt	36,363.61	
Unrestricted	<u>49,803.95</u>	
Total net position	<u><u>86,167.56</u></u>	<u><u>-</u></u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**BUTLER BOROUGH SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Food Service	Academy for Law and Public Safety
Operating revenues:		
Charges for services:		
Daily sales - reimbursable lunch programs	276,726.74	
Special functions	2,595.75	
Fees from other LEA's within the State		534,544.19
Total operating revenues	<u>279,322.49</u>	<u>534,544.19</u>
Operating expenses:		
Cost of sales	155,178.57	
Salaries	132,037.34	408,092.24
Employee benefits	50,028.04	90,110.00
Purchased property service		12,083.00
Supplies and Materials	12,214.05	21,258.95
Management Fees	16,445.80	
Insurance	1,111.32	
Repairs	2,056.11	
Depreciation	4,238.22	
Miscellaneous	7,081.99	3,000.00
Total operating expenses	<u>380,391.44</u>	<u>534,544.19</u>
Operating Income (Loss)	<u>(101,068.95)</u>	<u>-</u>
Nonoperating revenues (expenses):		
State sources:		
State school lunch program	3,896.98	
Federal sources:		
National school lunch program	87,716.08	
Special milk program	1,205.30	
Food distribution program	27,320.39	
Interest and investment revenue	104.43	
Total nonoperating revenues (expenses)	<u>120,243.18</u>	<u>-</u>
Income (Loss) before contributions and transfers	19,174.23	-
Transfers in (out)	<u>2,357.48</u>	
Change in net position	21,531.71	-
Total Net Position - Balance, beginning of year	<u>64,635.85</u>	<u>-</u>
Total Net position—Ending	<u>86,167.56</u>	<u>-</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**BUTLER BOROUGH SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
	Food Service	Academy for Law and Public Safety
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	279,322.49	577,275.00
Cash receipts/(payments) for interfunds	(8,301.81)	
Cash payments to employees for services	(132,037.34)	(408,092.24)
Cash payments to suppliers for goods and services	(232,702.71)	(126,430.95)
Net cash provided by (used for) operating activities	<u>(93,719.37)</u>	<u>42,751.81</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources	3,572.44	
Federal Sources	86,179.29	
Operating subsidies	2,357.48	
Net cash provided by (used for) non-capital financing activities	<u>92,109.21</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends	104.43	
Net cash provided by (used for) investing activities	<u>104.43</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(1,505.73)	42,751.81
Balances—Beginning of year	41,206.16	(98,057.29)
Balances—End of year	<u>39,700.43</u>	<u>(55,305.48)</u>
<b>Reconciliation of operating income (loss) to net cash provided</b>		
<b>(used) operating activities:</b>		
Operating Income (Loss)	(101,068.95)	
<b>Adjustments to reconcile operating loss to net cash provided</b>		
<b>(used for) operating activities:</b>		
Depreciation	4,238.22	
Food distribution program	27,320.39	
(Increase ) decrease in inventories	(1,078.35)	
Increase (decrease) in accounts payable	(14,864.18)	42,730.81
Increase (decrease) in unearned revenue	35.31	-
Total adjustments	<u>7,349.58</u>	<u>42,751.81</u>
Net cash provided by (used for) operating activities	<u>(93,719.37)</u>	<u>42,751.81</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**BUTLER BOROUGH SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013**

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Agency Fund
<b>ASSETS</b>			
Cash and cash equivalents	24,968.74	118,462.72	414,096.08
	24,968.74	118,462.72	414,096.08
<b>LIABILITIES</b>			
Accrued Salaries and Wages			318,668.19
Flexible Spending			5,250.76
Payable to student groups			87,645.46
Payroll deductions and withholdings			2,506.91
Interfund - General Fund			24.76
Total liabilities	-	-	414,096.08
<b>NET POSITION</b>			
Held in trust for unemployment claims and other purposes	24,968.74		
Reserved for scholarships		118,462.72	

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**BUTLER BOROUGH SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
<b>ADDITIONS</b>		
Contributions:		
Plan member	27,583.19	
Board - Budget	100,547.78	
Other		14,078.00
Total Contributions	128,130.97	14,078.00
Investment earnings:		
Interest	14.49	481.65
Net investment earnings	14.49	481.65
Total additions	128,145.46	14,559.65
<b>DEDUCTIONS</b>		
Unemployment claims	107,485.01	
Scholarships awarded		18,300.00
Total deductions	107,485.01	18,300.00
Change in net position	20,660.45	(3,740.35)
Net position—Beginning of the year	4,308.29	122,203.07
Net position—End of the year	24,968.74	118,462.72

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The Board of Education (“Board”) of the Borough of Butler School District (“District”) is an instrumentality of the State of New Jersey, established to function as an educational institution. The Borough of Butler School District is a Type II district located in the County of Morris, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of ten members elected to three-year terms. The purpose of the District is to educate students in grades K-12, as well as Butler’s Grade 9-12. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board’s duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The primary criterion for including activities within the District’s reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization’s board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is a fiscal dependency by the organization on the Board

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Education of the Borough of Butler School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the board’s accounting policies are described below.

**A. Basis of Presentation**

The Board’s basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**A. Basis of Presentation (continued)**

**District-wide Financial Statements**

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

**Fund Financial Statements**

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *government*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

**GOVERNMENTAL FUNDS**

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**A. Basis of Presentation (continued)**

**GOVERNMENTAL FUNDS (continued)**

**General Fund** - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**PROPRIETARY FUNDS**

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service. The following is a description of the Proprietary Funds of the Board:

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**A. Basis of Presentation (continued)**

**PROPRIETARY FUNDS (continued)**

**Enterprise Funds** - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the Board is that the costs (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Board's Enterprise Fund is comprised of the Food Service Fund and the Butler District Educational Foundation.

**Internal Service Fund**

The Internal Service Fund has been established to account for the financing of the Morris County Academy of Law and Public Safety, which is located at Butler High School, provided by Morris County School of Technology for use by various other districts within the County of Morris, as well as for Butler School District itself. Services are provided on a cost-reimbursement basis.

**FIDUCIARY FUNDS**

**Fiduciary Fund** - Fiduciary Fund reporting focuses on net position and changes in net position. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include the Unemployment Compensation Insurance Fund, Student Activities Fund and Payroll Agency Fund.

**B. Measurement Focus**

**District-wide Financial Statements**

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Measurement Focus (continued)**

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

**C. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Accounting (continued)**

**Revenues - Exchange and Non-exchange Transactions (continued)**

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**D. Budgets/Budgetary Control**

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Budgets/Budgetary Control (continued)**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

**E. Encumbrances**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the Board has received advances, are reflected in the balance sheet as unearned revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**F. Cash, Cash Equivalents and Investments**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Cash, Cash Equivalents and Investments (continued)**

Additionally, the Board has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**G. Tuition Revenues/Receivable**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**H. Tuition Payable**

Tuition charges were established by the receiving district. The charges are subject to adjustment when the final costs have been determined.

**I. Inventories**

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

**J. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**K. Short-Term Interfund Receivables/Payables**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**L. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>	Business-Type Activity <u>Estimated Lives</u>
Sites and Improvements	20 years	N/A
Building and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**M. Compensated Absences**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Board and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**N. Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

**O. Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

**P. Fund Balances:**

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**P. Fund Balances (continued):**

- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

**Q. Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**R. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service and program fees. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

**T. Allocation of Indirect Expenses**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. TPAF on-behalf contributions and changes in compensating absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**U. Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

**V. Recent Accounting Pronouncements**

In August 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "Items Previously Reported as Assets and Liabilities". This statement, which is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the District's financial reporting.

In October 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62". This statement, which is effective for fiscal periods beginning after December 15, 2012, amends and supersedes previously issued GASB statements to incorporate guidance that had been included in AICPA and FASB guidance. The statement will have a minimum, but undetermined impact on the proprietary fund financial statements of the District.

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**V. Recent Accounting Pronouncements (continued)**

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67, "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any impact on the District's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, is not anticipated to have any impact on the District's financial reporting.

In January 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the District's financial reporting.

In April 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the District's financial statements.

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2013, \$-0- of the District's bank balance of \$2,254,333.88 was exposed to custodial credit risk.

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)**

**Investments**

**Investment Rate Risk**

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

**Credit Risk**

New Jersey Statutes 18A:20-37 limit school district investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America; bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk**

The district places no limit on the amount the District may invest in any one issuer.

**NOTE 4. RECEIVABLES**

Receivables at June 30, 2013 consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Governmental Fund Financial Statements	Internal Service Fund	Enterprise Fund	District Wide Financial Statements
State Aid	\$407,777.84	\$ -	\$460.16	\$408,238.00
Federal Aid	118,760.18	-	5,465.42	124,225.60
Interfunds	252,815.41			55,330.24
Other	<u>190,498.62</u>	<u>56,376.48</u>	<u>          </u>	<u>190,498.62</u>
Gross Receivables	969,852.05	56,376.48	5,925.58	778,292.46
Less: Allowances for Uncollectables	<u>          -</u>	<u>          -</u>	<u>          -</u>	<u>          -</u>
Total Receivables, Net	<u>\$969,852.05</u>	<u>\$56,376.48</u>	<u>\$5,925.58</u>	<u>\$778,292.46</u>

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 5. INTERFUND BALANCES AND ACTIVITY**

Balance due to/from other funds at June 30, 2013 consists of the following:

Due from Capital Projects to Fund Debt Service for interest income.	\$ 1.41
Due to General Fund from the Trust and Agency Fund for interest earned.	24.76
Due to General Fund from the Enterprise Fund for disbursements made from the General Fund.	1,900.00
Due to General Fund from Special Revenue Fund for short-term loans.	103,645.03
Due to General Fund from Internal Service Fund for short-term loan.	55,305.48
Due to General Fund from Capital Projects Fund for short-term loan.	<u>91,938.73</u>
	<u>\$252,815.41</u>

It is anticipated that all interfunds will be liquidated within the fiscal year.

Interfund Transfers for the year ended June 30, 2013 consisted of the following:

\$2,357.48 from the General Fund to the Enterprise Fund to provide resources for food loss; \$1.41 from the Capital Projects Fund to the Debt Service Fund for interest earnings.

**Borough of Butler School District**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2013**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	<u>Balance</u> <u>6/30/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Adjustments</u>	<u>Balance</u> <u>6/30/13</u>
<b>Governmental Activities:</b>					
Capital Assets, Not Being Depreciated					
Construction in Progress	<u>2,272,702.46</u>	<u>82,315.13</u>	<u>-</u>	<u>(2,219,725.30)</u>	<u>135,292.29</u>
Total Capital Assets, Not Being Depreciated	<u>2,272,702.46</u>	<u>82,315.13</u>	<u>-</u>	<u>(2,219,725.30)</u>	<u>135,292.29</u>
Capital Assets, Being Depreciated					
Site Improvements	3,556,837.50	-	-	1,824,500.30	5,381,337.80
Building Improvements	12,676,000.92	-	-	-	12,676,000.92
Furniture, Equipment and Vehicles	<u>776,744.07</u>	<u>132,659.06</u>	<u>(5,694.78)</u>	<u>395,225.00</u>	<u>1,298,933.35</u>
Total Capital Assets, Being Depreciated	<u>17,009,582.49</u>	<u>132,659.06</u>	<u>(5,694.78)</u>	<u>2,219,725.30</u>	<u>19,356,272.07</u>
Less: Accumulated Depreciation:					
Site Improvements	( 507,293.14)	(177,480.16)	-	-	( 684,773.30)
Building Improvements	( 5,360,376.48)	(217,930.09)	-	-	( 5,578,306.57)
Furniture, Equipment and Vehicles	<u>( 545,265.57)</u>	<u>( 50,305.48)</u>	<u>5,694.78</u>	<u>-</u>	<u>( 589,876.27)</u>
Total Accumulated Depreciation	<u>( 6,412,935.19)</u>	<u>(445,715.73)</u>	<u>5,694.78</u>	<u>-</u>	<u>( 6,852,956.14)</u>
Total Capital Assets Being Depreciated, Net	<u>10,596,647.30</u>	<u>(313,056.67)</u>	<u>-</u>	<u>2,219,725.30</u>	<u>12,503,315.93</u>
Governmental Activities Capital Assets, Net	<u>12,869,349.76</u>	<u>(230,741.54)</u>	<u>-</u>	<u>-</u>	<u>12,638,608.22</u>
<b>Business-Type Activity</b>					
Food Services	<u>100,291.50</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,291.50</u>
Total	<u>100,291.50</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,291.50</u>
Less: Accumulated Depreciation:					
Food Services	<u>( 59,689.67)</u>	<u>( 4,238.22)</u>	<u>-</u>	<u>-</u>	<u>( 63,927.89)</u>
Total Accumulated Depreciation	<u>( 59,689.67)</u>	<u>( 4,238.22)</u>	<u>-</u>	<u>-</u>	<u>( 63,927.89)</u>
Net Business-Type Activity Capital Assets, Net	<u>40,601.83</u>	<u>( 4,238.22)</u>	<u>-</u>	<u>-</u>	<u>36,363.61</u>

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 6. CAPITAL ASSETS (continued)**

Depreciation expense was charged to functions as follows:

Instruction:

Regular Education	\$ 3,108.22
Special Education	4,120.15
Student Instruction Related Services	16,758.83
School Administrative Services	177.75
Plant Operations and Maintenance	15,930.07
Unallocated	<u>405,620.71</u>

Total Depreciation Expense \$445,715.73

**NOTE 7. LONG-TERM OBLIGATION ACTIVITY**

Changes in long-term obligations for the fiscal year ended June 30, 2013 were as follows:

	<u>Balance June 30, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>	<u>Long-Term Portion</u>
Compensated absences payable	407,092.80	25,169.41		432,262.21		432,262.21
School Bonds of 2004	420,000.00		205,000.00	215,000.00	215,000.00	
School Bonds of 2009	2,896,000.00		155,000.00	2,741,000.00	165,000.00	2,576,000.00
Refunding School Bonds of 2012	<u>2,920,000.00</u>	<u>          </u>	<u>50,000.00</u>	<u>2,870,000.00</u>	<u>30,000.00</u>	<u>2,840,000.00</u>
	<u>6,643,092.80</u>	<u>25,169.41</u>	<u>410,000.00</u>	<u>6,258,262.21</u>	<u>410,000.00</u>	<u>5,848,262.21</u>

**A. Bonds Payable**

Bonds are authorized in accordance with State Law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are General Obligation Bonds.

Outstanding Bonds Payable at June 30, 2013, consisted of the following:

<u>Issue</u>	<u>Original Amount Issued</u>	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	<u>Principal Balance at June 30, 2013</u>
School Bonds of 2004	4,447,000.00	2/01/2004	3.75-4.40%	2/01/2014	\$ 215,000.00
School Bonds of 2009	3,046,000.00	2/01/2009	2.00-4.00%	7/01/2024	\$2,741,000.00
Refunding Bonds of 2012	2,920,000.00	8/01/2012	2.00-2.56%	2/01/2024	\$2,870,000.00

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 7. LONG-TERM OBLIGATION ACTIVITY (continued)**

**A. Bonds Payable (continued)**

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 410,000.00	\$ 165,611.26	\$ 575,611.26
2015	430,000.00	153,548.76	583,548.76
2016	445,000.00	141,673.76	586,673.76
2017	465,000.00	128,636.26	593,636.26
2018	485,000.00	117,523.76	602,523.76
2019-2023	2,726,000.00	372,090.04	3,098,090.04
2024-2025	<u>865,000.00</u>	<u>30,350.00</u>	<u>895,350.00</u>
	<u>\$ 5,826,000.00</u>	<u>\$1,109,433.84</u>	<u>\$6935,433.84</u>

**B. Bonds Authorized but not Issued**

As of June 30, 2013, the Board has \$756.00 Authorized but not Issued Bonds.

**NOTE 8. OPERATING LEASES**

The District is leasing copiers under operating leases expiring in June 2015.

The following is a schedule of the future minimum lease payments under this capital lease and the net minimum lease payments at June 30, 2013:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>
2014	\$44,747.64
2015	<u>31,382.88</u>
	<u>\$76,130.52</u>

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 9. PENSION PLANS**

**Description of Plans** - Substantially all employees of the District are covered by either the Public Employees' Retirement System (PERS), the Teachers' Pension and Annuity Fund (TPAF) or the Defined Contribution Retirement Program (DCRP), which have been established by state statute. PERS and TPAF are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the Internet at: [http://www.state.nj.us/treasury/pensions/annrpts\\_archive.htm](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm).

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Defined Contribution Retirement Program (DCRP)** - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (NJSA 43:15C-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq.

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 9. PENSION PLANS (continued)**

**Contribution Requirements** - The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by the State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% of PERS and 5.5% for TPAF of the employee's annual compensation. Pursuant to the provisions of Chapter 78, P.L. 2011, this amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning in the first year. For fiscal year 2012, the member rate will increase in October 2011. This phase in will take place on July 1 of each subsequent fiscal year. Employers are required to contribute at an actuarially determined rate in all Funds except SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the year ended June 30, 2012 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

The Board's contribution to PERS, equal to the required contributions for each year, were as follows:

<u>Year Ending</u>	
6/30/13	\$198,190.00
6/30/12	207,650.00
6/30/11	224,284.00

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits were as follows:

<u>Year Ending</u>	<u>Pension Contributions</u>	<u>Post-Retirement Medical Contributions</u>	<u>NCGI Premium</u>
6/30/13	\$571,147.00	\$679,802.00	\$30,050.00
6/30/12	257,644.00	573,515.00	27,649.00
6/30/11	-	576,856.00	27,159.00

During the year ended June 30, 2013, the State of New Jersey contributed \$1,280,999.00 to the TPAF for NCGI premium contributions and post-retirement medical benefits on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$671,154.41 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the district-wide financial statements, and the fund-based statements as revenues and expenditures in accordance with GASB 24.

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 9. PENSION PLANS (continued)**

Legislation enacted during 1993 provides early retirement incentives for certain members of the TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1993 fiscal year. The early retirement incentives include: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The Board did not offer the early retirement incentive program (ERIP) to its employees for both PERS and TPAF.

The Board made contributions to the DCRP for the years ended June 30, 2013, 2012 and 2011 in the amount of \$31,667.48, \$14,576.89, and \$7,530.39, respectively.

**NOTE 10. POST-RETIREMENT BENEFITS:**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 Chapter 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2012, the State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members.

**NOTE 11. DEFERRED COMPENSATION**

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Equitable Life Assurance	Lincoln National
First Investors	Metlife Resources
Great American Life Insurance Co.	Variable Annuity Life Insurance Co.
Lincoln Investment Planning, Inc.	

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 12. RISK MANAGEMENT**

The District is exposed to various risks of loss related to general liability, automobile coverage; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The Board has obtained insurance coverage to guard against these events to minimize the exposure to the District should they occur.

**Property and Liability Insurance** - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

The Butler School District is currently a member of the Pooled Insurance Program of N.J. (the "PIP"). The PIP provides their members with worker's compensation insurance. The PIP is a risk-sharing public entity risk pool that is both an insured and self administered group of school districts, established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the PIP are elected.

As a member of the PIP, the district could be subject to supplemental assessments in the event of deficiencies. If the assets of the PIP were to be exhausted, members would become responsible for their respective shares of the PIP's liabilities.

The PIP can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Financial Statements are available at the PIP's Administrator's Office, as follows:

Burton Agency           (201) 664-0310  
44 Bergen Street  
P. O. Box 270  
Westwood, NJ 07675

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage

**Borough of Butler School District**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2013**

**NOTE 12. RISK MANAGEMENT (continued)**

**New Jersey Unemployment Compensation Insurance** - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013	\$100,562.27	\$27,583.19	\$107,485.01	\$24,968.74
2011-2012	42,527.39	12,713.04	65,014.90	4,308.29
2010-2011	84,027.61	16,900.21	96,235.29	14,082.76

**NOTE 13. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the District by inclusion of \$380,000.00 during the fiscal year ended June 30, 2001 and \$385,000.00 in subsequent years budgets for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). A district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6A:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning balance, July 1, 2012	\$150,384.29
Interest earnings	305.50
Deposit:	
Board Resolution 6/13/2013	<u>40,000.00</u>
Ending balance, June 30, 2013	<u>\$190,689.79</u>

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 13. CAPITAL RESERVE ACCOUNT (continued)**

The balance in the capital reserve account at June 30, 2013 does not exceed the balance of local support costs of uncompleted capital projects in its LFRP. Withdrawals from the capital reserve, where applicable, are for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

**NOTE 14. FUND BALANCE APPROPRIATED**

**General Fund [Exhibit B-1]** - Of the \$2,063,254.18 General Fund fund balance at June 30, 2013, \$22,742.00 is reserved for encumbrances; \$616,508.27 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$522,167.05 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2014; \$190,689.79 has been reserved in the Capital Reserve Account; \$227,832.95 has been appropriated and included as anticipated revenue for the year ending June 30, 2014; and \$483,313.68 is unreserved and undesignated.

**Debt Service Fund** - Of the \$28,460.34 Debt Service Fund fund balance at June 30, 2013, \$-0- has been appropriated and included as anticipated revenue for the year ending June 30, 2013; and \$28,460.34 is unreserved and undesignated.

**NOTE 15. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2013 is \$1,138,675.76. Of this amount, \$616,508.71 is the result of current year operation, and \$522,167.05 is the result of prior year operations.

**NOTE 16. INVENTORY**

Inventory in the Food Service Fund at June 30, 2013 consisted of the following:

Food	\$7,012.73
Supplies	<u>907.51</u>
	<u>\$7,920.24</u>

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as unearned revenue.

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 13. CAPITAL RESERVE ACCOUNT (continued)**

The balance in the capital reserve account at June 30, 2013 does not exceed the balance of local support costs of uncompleted capital projects in its LFRP. Withdrawals from the capital reserve, where applicable, are for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

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**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 17. CONTINGENT LIABILITIES**

Grant Programs - The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation - The District's Counsel advises us they are not aware of any litigation claims or assessments pending or threatened against the Board.

**NOTE 18. SUBSEQUENT EVENT**

The District has evaluated subsequent events through November 21, 2013, the date which the financial statements were available to be issued and no other items were noted for disclosure.

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**REQUIRED SUPPLEMENTARY STATEMENTS  
PART II**

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**BUDGETARY COMPARISON SCHEDULE**

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**BUTLER BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Exhibit C-1  
Page 1 of 10**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	13,881,031.00	-	13,881,031.00	13,881,031.00	-
Tuition - Other LEA's Within the State	3,483,292.00	-	3,483,292.00	3,483,291.93	(0.07)
Tuition - From Individuals	40,000.00	-	40,000.00		(40,000.00)
Interest Earned on Capital Reserve Funds	300.00	-	300.00	305.50	5.50
Other Restricted Miscellaneous Revenue	106,497.00	5,700.00	112,197.00	106,709.34	(5,487.66)
Unrestricted Miscellaneous Revenue	164,975.00	(5,700.00)	159,275.00	143,471.87	(15,803.13)
<b>Total - Local Sources</b>	<b>17,676,095.00</b>	<b>-</b>	<b>17,676,095.00</b>	<b>17,614,809.64</b>	<b>(61,285.36)</b>
<b>State Sources:</b>					
Categorical Security Aid	16,825.00	-	16,825.00	16,825.00	-
Categorical Transportation Aid	40,556.00	-	40,556.00	40,556.00	-
Categorical Special Education Aid	553,799.00	-	553,799.00	553,799.00	-
Equalization Aid	1,349,435.00	-	1,349,435.00	1,349,435.00	-
Non Public Transportation Aid		-		16,681.00	16,681.00
Extraordinary Aid		-		253,185.00	253,185.00
On-behalf TPAF Pension and Annuity Fund (non-budgeted)		-		571,147.00	571,147.00
On-behalf TPAF NCGI Premium (non-budgeted)		-		30,050.00	30,050.00
On-behalf TPAF Post Retirement Medical (non-budgeted)		-		679,802.00	679,802.00
TPAF Social Security (Reimbursed - Non-Budgeted)		-		671,154.41	671,154.41
<b>Total State Sources</b>	<b>1,960,615.00</b>	<b>-</b>	<b>1,960,615.00</b>	<b>4,182,634.41</b>	<b>2,222,019.41</b>
<b>Federal Sources:</b>					
Medicaid Reimbursement	16,380.00	-	16,380.00	23,510.41	7,130.41
<b>Total Federal Sources</b>	<b>16,380.00</b>	<b>-</b>	<b>16,380.00</b>	<b>23,510.41</b>	<b>7,130.41</b>
<b>Total Revenues</b>	<b>19,653,090.00</b>	<b>-</b>	<b>19,653,090.00</b>	<b>21,820,954.46</b>	<b>2,167,864.46</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction:</b>					
Preschool - Salaries of Teachers	42,849.00	930.00	43,779.00	43,645.40	133.60
Kindergarten - Salaries of Teachers	163,560.00	(4,234.00)	159,326.00	159,259.40	66.60
Grades 1-5 - Salaries of Teachers	1,440,249.00	(81,634.58)	1,358,614.42	1,351,946.57	6,667.85
Grades 6-8 - Salaries of Teachers	936,702.00	106,002.18	1,042,704.18	1,013,902.78	28,801.40
Grades 9-12 - Salaries of Teachers	2,674,280.00	(29,314.89)	2,644,965.11	2,627,509.71	17,455.40
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	7,590.00	(34.25)	7,555.75	7,555.51	0.24
Purchased Professional-Educational Services	1,925.00	(1,819.00)	106.00		106.00

**BUTLER BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Exhibit C-1  
Page 2 of 10**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	-	112,000.00	112,000.00	105,472.37	6,527.63
Purchased Professional-Educational Services	71,817.00	(64,941.15)	6,875.85	6,015.30	860.55
Purchased Technical Services	900.00	1,500.00	2,400.00	1,425.05	974.95
Other Purchased Services (400-500 series)	39,770.78	7,035.00	46,805.78	44,966.64	1,839.14
General Supplies	313,372.25	(125,332.95)	188,039.30	186,070.34	1,968.96
Textbooks	31,609.00	(16,695.28)	14,913.72	14,648.87	264.85
Other Objects	7,892.00	613.73	8,505.73	8,505.73	-
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>5,732,516.03</b>	<b>(95,925.19)</b>	<b>5,636,590.84</b>	<b>5,570,923.67</b>	<b>65,667.17</b>
Learning and/or Language Disabilities:					
Salaries of Teachers	259,681.00	10,442.60	270,123.60	268,496.61	1,626.99
Other Salaries for Instruction	12,340.00	(2,725.00)	9,615.00	9,614.51	0.49
General Supplies	4,196.00	(1,640.00)	2,556.00	2,292.41	263.59
Textbooks	-	750.00	750.00	749.86	0.14
<b>Total Learning and/or Language Disabilities</b>	<b>276,217.00</b>	<b>6,827.60</b>	<b>283,044.60</b>	<b>281,153.39</b>	<b>1,891.21</b>
Resource Room/Resource Center:					
Salaries of Teachers	871,373.00	25,070.70	896,443.70	896,443.70	-
Other Salaries for Instruction	85,590.00	(60,247.54)	25,342.46	25,342.46	-
General Supplies	18,231.00	(10,109.14)	8,121.86	8,121.86	-
<b>Total Resource Room/Resource Center</b>	<b>975,194.00</b>	<b>(45,285.98)</b>	<b>929,908.02</b>	<b>929,908.02</b>	<b>-</b>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	22,667.00	1,700.00	24,367.00	23,434.42	932.58
Other Salaries for Instruction	5,535.00	(5,500.00)	35.00	35.00	35.00
General Supplies	973.00	-	973.00	353.98	619.02
<b>Total Preschool Disabilities - Part-Time</b>	<b>29,175.00</b>	<b>(3,800.00)</b>	<b>25,375.00</b>	<b>23,788.40</b>	<b>1,586.60</b>
Preschool Disabilities - Full-Time					
Salaries of Teachers	62,442.00	693.00	63,135.00	63,130.20	4.80
Other Salaries for Instruction	24,030.00	-	24,030.00	22,872.64	1,157.36
General Supplies	834.00	(100.00)	734.00	140.61	593.39
<b>Total Preschool Disabilities - Full-Time</b>	<b>87,306.00</b>	<b>593.00</b>	<b>87,899.00</b>	<b>86,143.45</b>	<b>1,755.55</b>
Home Instruction:					
Salaries of Teachers	39,326.00	(2,000.00)	37,326.00	24,848.91	12,477.09
Purchased Professional - Educational Services	1,906.00	13,418.00	15,324.00	12,246.00	3,078.00
Total Home Instruction	41,232.00	11,418.00	52,650.00	37,094.91	15,555.09
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>1,409,124.00</b>	<b>(30,247.38)</b>	<b>1,378,876.62</b>	<b>1,358,088.17</b>	<b>20,788.45</b>

**BUTLER BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Exhibit C-1  
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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction	97,398.00	36,400.00	133,798.00	132,256.53	1,541.47
Salaries of Teachers	97,398.00	36,400.00	133,798.00	132,256.53	1,541.47
Total Basic Skills/Remedial - Instruction					
Bilingual Education - Instruction	82,281.00	13,605.65	95,886.65	95,886.65	-
Salaries of Teachers	-	298.00	298.00	297.82	0.18
General Supplies	82,281.00	13,903.65	96,184.65	96,184.47	0.18
Total Bilingual Education - Instruction					
School-Spon. Cocurricular Activities Inst.	63,446.00	13,675.92	77,121.92	75,257.90	1,864.02
Salaries	13,860.00	(6,643.00)	7,217.00	7,217.00	-
Purchased Services (300-500 Series)	2,620.00	1,078.32	3,698.32	3,098.32	600.00
Supplies and Materials	542.00	-	542.00	150.00	392.00
Other Objects	10,822.00	(5,000.00)	5,822.00	3,031.94	2,790.06
Transfers to Cover Deficit ( Agency Funds)	91,290.00	3,111.24	94,401.24	88,755.16	5,646.08
Total School-Spon. Cocurricular Activities. - Inst.					
School-Spon. Athletics - Inst.	243,796.00	(24,950.00)	218,846.00	214,172.52	4,673.48
Salaries	51,623.00	(9,492.89)	42,130.11	36,606.43	5,523.68
Purchased Services (300-500 Series)	55,896.00	20,894.18	76,790.18	52,925.24	23,864.94
Supplies and Materials	48,708.00	(33,500.00)	15,208.00	12,418.14	2,789.86
Other Objects	54,134.00	(9,000.00)	45,134.00	40,110.00	5,024.00
Transfers to Cover Deficit ( Agency Funds)	454,157.00	(56,048.71)	398,108.29	356,232.33	41,875.96
Total School-Spon. Athletics - Inst.					
Before/After School Programs - Instruction:					
Salaries of Teachers	3,600.00		3,600.00	3,600.00	-
Total Before/After School Programs - Instruction	3,600.00		3,600.00	3,600.00	-
Summer School - Instruction:					
Salaries of Teachers	13,082.00	8,610.00	21,692.00	21,684.20	7.80
Other Salaries of Instruction	11,070.00	(1,700.00)	9,370.00	9,333.30	36.70
Purchased Professional & Technical Services	8,800.00	-	8,800.00	8,800.00	-
Total Other Instructional Programs - Instruction	32,952.00	6,910.00	39,862.00	39,817.50	44.50
Summer School - Support Services:					
Salaries	9,899.00	(9,100.00)	799.00	726.75	72.25
Purchased Professional & Technical Services	7,290.00	(378.00)	6,912.00	6,912.00	-
Total Summer School - Support Services:	17,189.00	(9,478.00)	7,711.00	7,638.75	72.25
Total Instruction	7,916,907.03	(127,774.39)	7,789,132.64	7,653,496.58	135,636.06

**BUTLER BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Exhibit C-1  
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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to Other LEAs Within the State - Regular	13,186.00	(13,186.00)			-
Tuition to Other LEAs Within the State - Special	173,961.00	(10,416.28)	163,544.72	159,973.35	3,571.37
Tuition to County Voc. School Dist. - Regular	316,142.00	23,248.00	339,390.00	339,390.00	-
Tuition to County Voc. School Dist. - Special	55,800.00	(30,730.00)	25,070.00	25,070.00	-
Tuition to CSSD & Regional Day Schools	145,096.00	17,200.00	162,296.00	161,947.88	348.12
Tuition to Private School for Disabled w/in State	1,020,736.00	(123,936.04)	896,799.96	875,864.23	20,935.73
Tuition - State Facilities	3,560.73	(3,560.73)			-
Tuition - Other	39,780.00	-	39,780.00	39,780.00	-
<b>Total Undistributed Expenditures - Instruction:</b>	<b>1,768,261.73</b>	<b>(141,381.05)</b>	<b>1,626,880.68</b>	<b>1,602,025.46</b>	<b>24,855.22</b>
<b>Undistributed Expend. - Attend. &amp; Social Work</b>					
Salaries	19,201.00	0.96	19,201.96	19,200.96	1.00
Supplies and Materials	2,350.00	(660.00)	1,690.00	1,249.16	440.84
<b>Total Undistributed Expend. - Attend. &amp; Social Work</b>	<b>21,551.00</b>	<b>(659.04)</b>	<b>20,891.96</b>	<b>20,450.12</b>	<b>441.84</b>
<b>Undist. Expend. - Health Services</b>					
Salaries	197,711.00	4,200.00	201,911.00	200,670.18	1,240.82
Purchased Professional and Technical Services	12,000.00	9,250.00	21,250.00	18,031.80	3,218.20
Other Purchased Services (400-500 Series)	174.00	-	174.00	173.25	0.75
Supplies and Materials	8,181.00	(2,060.00)	6,121.00	5,095.55	1,025.45
Other Objects	375.00	160.00	535.00	529.00	6.00
<b>Total Undistributed Expenditures - Health Services</b>	<b>218,441.00</b>	<b>11,550.00</b>	<b>229,991.00</b>	<b>224,499.78</b>	<b>5,491.22</b>
<b>Undist. Expend.-Speech, OT,PT &amp; Related Services</b>					
Salaries	129,309.00	4,200.00	133,509.00	133,385.28	123.72
Purchased Professional - Educational Services	114,000.00	30,105.00	144,105.00	129,254.98	14,850.02
Supplies and Materials	982.00	-	982.00	417.93	564.07
<b>Total Undist. Expend.-Speech, OT, PT &amp; Related Services</b>	<b>244,291.00</b>	<b>34,305.00</b>	<b>278,596.00</b>	<b>263,058.19</b>	<b>15,537.81</b>
<b>Undist. Expend.- Other Supp. Serv. Students - Extra. Serv.</b>					
Salaries	455,794.00	52,460.00	508,254.00	507,718.86	535.14
Purchased Professional- Educational Services	233,984.00	121,879.20	355,863.20	352,647.92	3,215.28
Supplies and Materials	409.00	4,957.00	5,366.00	4,526.21	839.79
<b>Total Undist. Expend.- Other Supp. Serv. Students - Extra Serv.</b>	<b>690,187.00</b>	<b>179,296.20</b>	<b>869,483.20</b>	<b>864,892.99</b>	<b>4,590.21</b>

**BUTLER BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Exhibit C-1  
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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	414,776.00	37,090.00	451,866.00	450,989.08	876.92
Salaries of Secretarial and Clerical Assistants	51,584.00	-	51,584.00	51,258.72	325.28
Other Salaries	2,250.00	-	2,250.00	2,100.00	150.00
Purchased Professional- Educational Services	140,000.00	1,350.00	141,350.00	140,000.30	1,349.70
Other Purchased Prof. And Tech. Services	20,885.00	(3,800.00)	17,085.00	16,360.38	724.62
Other Purchased Services (400-500 series)	2,990.00	-	2,990.00		2,990.00
Supplies and Materials	5,550.00	725.00	6,275.00	6,191.84	83.16
Other Objects	815.00	(20.00)	795.00	290.00	505.00
Total Undist. Expend. - Guidance	638,850.00	35,345.00	674,195.00	667,190.32	7,004.68
Undist. Expend.-Child Study Team					
Salaries of Other Professional Staff	322,104.00	71,149.23	393,253.23	393,253.18	0.05
Salaries of Secretarial and Clerical Assistants	76,700.00	(10,373.89)	66,326.11	66,326.11	-
Other Purchased Prof. And Tech. Services	14,260.00	16,958.00	31,218.00	30,818.00	400.00
Miscellaneous Purchased Services (400-500 series)	1,325.00	(956.47)	368.53	368.52	0.01
Supplies and Materials	6,063.00	430.85	6,493.85	6,485.70	8.15
Total Undist. Expend.- Child Study Team	420,452.00	77,207.72	497,659.72	497,251.51	408.21
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	75,835.00	56,584.50	132,419.50	132,126.32	293.18
Salaries of Other Professional Staff	119,572.00	(114,909.50)	4,662.50	4,662.50	-
Salaries of Sec and Clerical Assist.	17,728.00	-	17,728.00	17,727.36	0.64
Other Objects	-	2,000.00	2,000.00	2,000.00	-
Total Undist. Expend. - Improvement of Inst. Serv.	213,135.00	(56,325.00)	156,810.00	156,516.18	293.82
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	138,908.00	20,646.67	159,554.67	159,186.94	367.73
Purchased Professional and Technical Services	8,680.00	(6,830.00)	1,850.00	1,395.00	455.00
Other Purchased Services (400-500 Series)	900.00	(900.00)			-
Supplies and Materials	18,808.00	(3,050.00)	15,758.00	15,756.09	1.91
Total Undist. Expend. - Edu. Media Serv./Sch. Library	167,296.00	9,866.67	177,162.67	176,338.03	824.64
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors of Instruction	36,099.00	1,250.00	37,349.00	37,115.83	233.17
Salaries of Other Professional Staff	46,123.00	5,902.26	52,025.26	43,593.70	8,431.56
Other Salaries	5,000.00	(5,000.00)			-
Purchased Professional - Educational Service	113,265.00	16,400.00	129,665.00	90,199.78	39,465.22
Other Purchased Services (400-500 series)	9,860.00	2,660.00	12,520.00	7,275.82	5,244.18
Supplies and Materials	2,000.00	(2,000.00)			-
Total Undist. Expend. - Instructional Staff Training Serv.	212,347.00	19,212.26	231,559.26	178,185.13	53,374.13

**BUTLER BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Exhibit C-1  
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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	272,996.00	-	272,996.00	237,110.62	35,885.38
Legal Services	67,613.00	(25,554.91)	42,058.09	27,696.00	14,362.09
Audit Fees	33,513.00	2,361.00	35,874.00	16,800.00	19,074.00
Architectural/Engineering Services	-	8,450.09	8,450.09	8,450.09	-
Other Purchased Professional Services	10,700.00	4,020.00	14,720.00	14,719.90	0.10
Purchased Technical Services	14,500.00	(2,400.00)	12,100.00	12,025.01	74.99
Communications/Telephone	93,864.00	(10,900.00)	82,964.00	80,776.97	2,187.03
BOE Other Purchased Services (400-500 series)	5,688.00	(3,700.00)	1,988.00	725.63	1,262.37
Other Purchased Services (400-500 series)	62,706.00	30,111.98	92,817.98	92,817.98	-
General Supplies	3,546.00	-	3,546.00	2,123.25	1,422.75
Miscellaneous Expenditures	2,587.00	900.00	3,487.00	3,409.07	77.93
BOE Membership Dues and Fees	12,240.00	-	12,240.00	10,135.55	2,104.45
Total Undist. Expend. - Supp. Serv. - General Admin.	579,953.00	3,288.16	583,241.16	506,790.07	76,451.09
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	479,183.00	-	479,183.00	477,273.77	1,909.23
Salaries of Other Professional Staff	43,470.00	-	43,470.00	43,469.52	0.48
Salaries of Secretarial and Clerical Assistants	181,065.00	3,434.00	184,499.00	182,427.30	2,071.70
Purchased Professional and Technical Services	-	22,900.00	22,900.00	75.00	22,825.00
Other Purchased Services (400-500 series)	12,192.00	3,651.11	15,843.11	5,500.59	10,342.52
Supplies and Materials	9,550.00	12,527.29	22,077.29	7,232.32	14,844.97
Other Objects	5,275.00	350.00	5,625.00	4,902.00	723.00
Total Undist. Expend. - Support Serv. - School Admin.	730,735.00	42,862.40	773,597.40	720,880.50	52,716.90
Undist. Expend. - Central Services					
Salaries	302,691.00	(179,677.19)	123,013.81	123,013.81	-
Purchased Professional Services	-	181,242.13	181,242.13	181,242.13	-
Purchased Technical Services	22,410.00	11,042.00	33,452.00	33,452.00	-
Misc. Purchased Services (400-500 series)	10,623.00	(3,661.37)	6,961.63	6,961.63	-
Supplies and Material	6,261.00	500.00	6,761.00	6,497.10	263.90
Miscellaneous Expenditures	2,540.00	(1,128.00)	1,412.00	1,412.00	-
Total Undist. Expend. - Central Services	344,525.00	8,317.57	352,842.57	352,578.67	263.90
Undist. Expend. - Admin. Info. Tech					
Salaries	83,720.00	29,033.00	112,753.00	111,457.72	1,295.28
Purchased Technical Services	12,754.00	12,348.46	25,102.46	25,102.46	-
Supplies and Material	11,500.00	(5,450.00)	6,050.00	5,008.98	1,041.02
Total Undist. Expend. - Admin. Info. Tech.	107,974.00	35,931.46	143,905.46	141,569.16	2,336.30

**BUTLER BOROUGH SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Exhibit C-1**  
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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Required Maint for School Facilities					
Salaries	-	117,799.00	117,799.00	117,494.35	304.65
Cleaning, Repair and Maintenance Services	220,262.00	(99,665.00)	120,597.00	120,595.74	1.26
General Supplies	11,429.00	22,270.00	33,699.00	32,417.76	1,281.24
<b>Total Undist. Expend. - Required Maint for School Facilities</b>	<b>231,691.00</b>	<b>40,404.00</b>	<b>272,095.00</b>	<b>270,507.85</b>	<b>1,587.15</b>
Undist. Expend. - Custodial Services					
Salaries	886,400.00	(120,694.53)	765,705.47	762,697.98	3,007.49
Salaries of Non-Instructional Aides	31,224.00	8,271.52	39,495.52	36,309.20	3,186.32
Purchased Professional and Technical Services	2,500.00	16,520.00	19,020.00	19,008.00	12.00
Cleaning, Repair and Maintenance Services	38,607.00	(9,460.00)	29,147.00	19,843.03	9,303.97
Rental of Land & Bldg. Oth. Than Lease Pur Agrmt	1.00	-	1.00	-	1.00
Other Purchased Property Services	16,524.00	1,755.60	18,279.60	17,050.80	1,228.80
Insurance	80,053.00	8,850.00	88,903.00	88,890.00	13.00
Miscellaneous Purchased Services	-	8,400.00	8,400.00	8,222.46	177.54
General Supplies	131,264.00	(45,574.00)	85,690.00	83,700.21	1,989.79
Energy (Natural Gas)	-	128,902.00	128,902.00	127,441.87	1,460.13
Energy (Electricity)	240,842.00	29,301.28	270,143.28	252,181.22	17,962.06
Energy (Oil)	-	3,761.61	3,761.61	3,761.61	-
Energy (Gasoline)	3,687.00	(3,687.00)	-	-	-
Other Objects	159,190.00	(158,640.00)	550.00	550.00	-
<b>Total Undist. Expend. - Custodial Services</b>	<b>1,590,292.00</b>	<b>(132,293.52)</b>	<b>1,457,998.48</b>	<b>1,419,656.38</b>	<b>38,342.10</b>
Undistributed Expenditures - Care of Upkeep of Grounds					
Salaries	107,154.00	12,677.40	119,831.40	119,784.73	46.67
Cleaning, Repair, and Maintenance Services	60,100.00	10,465.00	70,565.00	59,190.52	11,374.48
General Supplies	4,500.00	14,778.00	19,278.00	18,992.69	285.31
Other Objects	-	285.00	285.00	285.00	-
<b>Total Care and Upkeep of Grounds</b>	<b>171,754.00</b>	<b>38,205.40</b>	<b>209,959.40</b>	<b>198,252.94</b>	<b>11,706.46</b>
Undistributed Expenditures - Security:					
Purchased Professional and Technical Services	28,000.00	(28,000.00)	-	-	-
<b>Total Undistributed Expenditures - Security</b>	<b>28,000.00</b>	<b>(28,000.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Undist. Expend. - Oper. &amp; Maint. Plant Services</b>	<b>2,021,737.00</b>	<b>(81,684.12)</b>	<b>1,940,052.88</b>	<b>1,888,417.17</b>	<b>51,635.71</b>

**BUTLER BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Exhibit C-1  
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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Student Transportation Serv.					
Management Fee - ESC & CTSA Transportation Program	1,442.00	-	1,442.00	1,428.30	13.70
Contracted Services - (Bet. Home and Sch) - Vendors	207,982.00	179.70	208,161.70	208,161.70	-
Contracted Services - (Other than Bet. Home & Sch) - Vendors	194,927.00	(70,698.01)	124,228.99	124,228.40	0.59
Contracted Services - (Bet. Home and Sch) - Joint Agreements	12,264.00	1,933.00	14,197.00	14,160.00	37.00
Contracted Services - (Sp Ed Stds) - Vendors	108,806.00	(7,839.00)	100,967.00	95,869.69	5,097.31
Contract Services - (Sp Ed Stds) - Joint Agreements	2,533.00	1,556.01	4,089.01	4,089.01	-
Contract Services - (Reg. Students) - ESCS & CTSAS	33,298.00	23,701.68	56,999.68	56,999.68	-
Contract Services - (Spl. Ed. Students) - ESCS & CTSAS	273,850.00	136,007.22	409,857.22	379,698.80	30,158.42
Contract Services - Aid in Lieu of Payments - NonPub Sch	71,604.00	3,536.00	75,140.00	74,079.21	1,060.79
Total Undist. Expend. - Student Transportation Serv.	906,706.00	88,376.60	995,082.60	958,714.79	36,367.81
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	214,775.00	21,266.00	236,041.00	236,040.46	0.54
Other Retirement Contributions - PERS	218,181.24	(19,257.92)	198,923.32	198,190.00	733.32
Other Retirement Contributions - Regular	11,282.00	20,385.48	31,667.48	31,667.48	-
Unemployment Compensation	89,500.00	11,046.62	100,546.62	100,546.62	-
Workmen's Compensation	186,209.00	-	186,209.00	186,209.00	-
Health Benefits	2,475,996.00	(126,535.62)	2,349,460.38	2,320,669.38	28,791.00
Tuition Reimbursement	34,500.00	(2,000.00)	32,500.00	28,537.92	3,962.08
Other Employee Benefits	111,166.00	(45,000.00)	66,166.00	45,611.44	20,554.56
TOTAL UNALLOCATED BENEFITS	3,341,609.24	(140,095.44)	3,201,513.80	3,147,472.30	54,041.50
On-behalf TPAF Pension and Annuity Fund (non-budgeted)				571,147.00	(571,147.00)
On-behalf TPAF NCGI Premium (non-budgeted)				30,050.00	(30,050.00)
On-behalf TPAF Post Retirement Medical (non-budgeted)				679,802.00	(679,802.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				671,154.41	(671,154.41)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	1,952,153.41	(1,381,006.41)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	3,341,609.24	(140,095.44)	3,201,513.80	5,099,625.71	(1,326,964.91)
TOTAL UNDISTRIBUTED EXPENDITURES	12,628,050.97	125,414.39	12,753,465.36	14,318,983.78	(994,371.42)
TOTAL GENERAL CURRENT EXPENSE	20,544,958.00	(2,360.00)	20,542,598.00	21,972,480.36	(858,735.36)

**BUTLER BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Exhibit C-1  
Page 9 of 10**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY</b>					
Equipment					
Regular Programs - Instruction:					
Grades 9-12	24,510.00	-	24,510.00	24,510.00	-
Special Education - Instruction					
Preschool Disabilities - Full Time		3,668.00	3,668.00		3,668.00
School - Sponsored and Other Instructional Programs	15,000.00	-	15,000.00	14,928.00	72.00
Undistributed Expenditures - Support Services - Students - Reg		2,395.00	2,395.00	2,395.00	-
Undistributed Expenditures - Support Services - Related & Extra.	2,885.00	1,046.39	3,931.39	3,756.39	175.00
Undistributed Expenditures - School Administration	4,000.00	(3,668.00)	332.00		332.00
Undistributed Expenditures - Administration Info. Tech.	22,500.00	(3,441.39)	19,058.61		19,058.61
Total Equipment	68,895.00	-	68,895.00	45,589.39	23,305.61
Facilities Acquisition and Construction Services					
Construction Services	142,000.00	-	142,000.00	44,868.68	97,131.32
Assessment for Debt Service on SDA Funding	27,599.00	-	27,599.00	27,599.00	-
Total Facilities Acquisition and Construction Services	169,599.00	-	169,599.00	72,467.68	97,131.32
<b>TOTAL CAPITAL OUTLAY</b>	238,494.00	-	238,494.00	118,057.07	120,436.93
Total Expenditures	20,783,452.00	(2,360.00)	20,781,092.00	22,090,537.43	(738,298.43)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,130,362.00)	2,360.00	(1,128,002.00)	(269,582.97)	858,419.03
Other Financing Sources:					
Operating Transfer out - Enterprise Fund	(1,900.00)	(2,360.00)	(4,260.00)	(2,357.48)	1,902.52
Total Other Financing Sources:	(1,900.00)	(2,360.00)	(4,260.00)	(2,357.48)	1,902.52
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(1,132,262.00)	0.00	(1,132,262.00)	(271,940.45)	860,321.55
Fund Balance, July 1	2,524,514.63		2,524,514.63	2,524,514.63	
Fund Balance, June 30	1,392,252.63	0.00	1,392,252.63	2,252,574.18	860,321.55

BUTLER BOROUGH SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Exhibit C-1  
 Page 10 of 10

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b><u>Recapitulation of excess (deficiency) of revenues under expenditures:</u></b>					
Adjustment for prior year encumbrances	(69,330.00)		(69,330.00)	(69,330.00)	-
Budgeted fund Balance	(1,103,232.00)		(1,103,232.00)	(242,915.95)	860,316.05
Increase in capital reserve:					
Principal	40,000.00		40,000.00	40,000.00	-
Interest	300.00		300.00	305.50	5.50
	<u>(1,132,262.00)</u>	-	<u>(1,132,262.00)</u>	<u>(271,940.45)</u>	<u>860,321.55</u>
<b>Recapitulation:</b>					
Assigned Fund Balance:					
Year End Encumbrances				22,742.00	
Designated for Subsequent Year's Expenditures				227,832.95	
Restricted Fund Balance:					
Excess Surplus Designated for Subsequent Year's Expenditures				522,167.05	
Excess Surplus				616,508.71	
Capital Reserve				190,689.79	
Unassigned Fund Balance				672,633.68	
				<u>2,252,574.18</u>	
Reconciliation to Governmental Fund Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				(189,320.00)	
Fund Balance per Governmental Funds (GAAP)				<u>2,063,254.18</u>	

Exhibit C-2

BUTLER BOROUGH SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources	273,564.00	10,645.20	10,645.20	4,764.61	(5,880.59)
Federal Sources		187,809.99	461,373.99	438,053.96	(23,320.03)
<b>Total Revenues</b>	<b>273,564.00</b>	<b>198,455.19</b>	<b>472,019.19</b>	<b>442,818.57</b>	<b>(29,200.62)</b>
<b>EXPENDITURES:</b>					
Instruction					
Personal Services - Salaries	46,798.00	18,243.98	65,041.98	65,041.98	-
Purchased professional and technical services		9,802.00	9,802.00		9,802.00
Other Purchased Services	182,614.00	61,084.68	243,698.68	243,698.68	-
General supplies	9,792.00	18,746.61	28,538.61	15,748.13	12,790.48
<b>Total Instruction</b>	<b>239,204.00</b>	<b>107,877.27</b>	<b>347,081.27</b>	<b>324,488.79</b>	<b>22,592.48</b>
Support Services					
Personal Services - Salaries		5,431.53	5,431.53	5,431.53	-
Employee Benefits	9,360.00	8,141.82	17,501.82	17,501.82	-
Purchased professional and technical services	25,000.00	30,580.99	55,580.99	52,871.06	2,709.93
Other Purchased Prof. Services		5,532.50	5,532.50	1,824.36	3,708.14
Supplies and Materials		500.00	500.00	500.00	-
<b>Total Support Services</b>	<b>34,360.00</b>	<b>50,186.84</b>	<b>84,546.84</b>	<b>78,128.77</b>	<b>6,418.07</b>
Facilities Acquisition and Construction Services:					
Noninstructional Equipment		40,391.08	40,391.08	40,201.01	190.07
<b>Total Facilities Acquisition and Construction Services</b>	<b>-</b>	<b>40,391.08</b>	<b>40,391.08</b>	<b>40,201.01</b>	<b>190.07</b>
<b>Total Outflows</b>	<b>273,564.00</b>	<b>198,455.19</b>	<b>472,019.19</b>	<b>442,818.57</b>	<b>29,200.62</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**BUTLER BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGET COMPARISON SCHEDULES  
BUDGET - TO - GAAP RECONCILIATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Note A - Explanation of Difference between Budgetary Inflows and  
GAAP Revenues and Expenditures**

		<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	21,820,954.46	[C-2]	442,818.57
Difference - budget to GAAP:				
<p>The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognized the related expense (GASB 33):</p> <p style="margin-left: 40px;">State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.</p> <p style="margin-left: 40px;">State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.</p>				
		(189,320.00)		
		171,233.00		
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>21,802,867.46</u>	[B-2]	<u>442,818.57</u>
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	22,090,537.43	[C-2]	442,818.57
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>22,090,537.43</u>	[B-2]	<u>442,818.57</u>

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**OTHER SUPPLEMENTARY INFORMATION**

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**BUTLER BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Total Brought Forward From (Ex. E-1a)	Title I Part - A Improving Basic Programs	Title II Part - A Teacher/Parent Training & Recruiting	Title II Part - A Carryover	Title II Part - D Enhancing Technology Thru Educ. Carryover	Title III English Language Acquisition	Title III English Language Acquisition Carryover	Total 2013
<b>REVENUES:</b>								
Federal sources	318,335.58	72,216.00	25,958.00	4,803.61	9.00	13,768.36	2,963.41	438,053.96
Local sources	4,764.61							4,764.61
<b>Total Revenues</b>	<b>323,100.19</b>	<b>72,216.00</b>	<b>25,958.00</b>	<b>4,803.61</b>	<b>9.00</b>	<b>13,768.36</b>	<b>2,963.41</b>	<b>442,818.57</b>
<b>EXPENDITURES:</b>								
<b>Instruction:</b>								
Personal Services - Salaries	-	58,775.98				6,266.00		65,041.98
Other Purchased Services	243,698.68							243,698.68
General supplies	4,264.61	1,685.00		1,382.61	9.00	5,443.50	2,963.41	15,748.13
<b>Total instruction</b>	<b>247,963.29</b>	<b>60,460.98</b>	<b>-</b>	<b>1,382.61</b>	<b>9.00</b>	<b>11,709.50</b>	<b>2,963.41</b>	<b>324,488.79</b>
<b>Support Services:</b>								
Personnel services - Salaries	5,431.53							5,431.53
Employee Benefits	5,079.80	11,755.02				667.00		17,501.82
Purchased prof. - & Tech. Services	22,924.56		25,958.00	2,888.50		1,100.00		52,871.06
Other purchased services	1,000.00			532.50		291.86		1,824.36
Supplies and Materials	500.00							500.00
<b>Total support services</b>	<b>34,935.89</b>	<b>11,755.02</b>	<b>25,958.00</b>	<b>3,421.00</b>	<b>-</b>	<b>2,058.86</b>	<b>-</b>	<b>78,128.77</b>
<b>Facilities acquisition and construction services:</b>								
Non-Instructional equipment	40,201.01							40,201.01
<b>Total facilities acquisition and construction services</b>	<b>40,201.01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,201.01</b>
<b>Total Expenditures</b>	<b>323,100.19</b>	<b>72,216.00</b>	<b>25,958.00</b>	<b>4,803.61</b>	<b>9.00</b>	<b>13,768.36</b>	<b>2,963.41</b>	<b>442,818.57</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**BUTLER BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Total Brought Forward From (Ex. E-1b)	Basic	I.D.E.A. Basic Carryover	Preschool	Readiness & Emergency Management For Schools Carryover	Race to the Top	Total Carried Forward To (Ex. E-1)
<b>REVENUES:</b>							
Federal sources	-	230,798.00	4,485.68	8,415.00	69,724.90	4,912.00	318,335.58
Local sources	4,764.61						4,764.61
<b>Total Revenues</b>	<b>4,764.61</b>	<b>230,798.00</b>	<b>4,485.68</b>	<b>8,415.00</b>	<b>69,724.90</b>	<b>4,912.00</b>	<b>323,100.19</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Personal Services - Salaries	-						-
Other Purchased Services	-	230,798.00	4,485.68	8,415.00			243,698.68
General supplies	4,264.61						4,264.61
<b>Total Instruction</b>	<b>4,264.61</b>	<b>230,798.00</b>	<b>4,485.68</b>	<b>8,415.00</b>	<b>-</b>	<b>-</b>	<b>247,963.29</b>
<b>Support Services:</b>							
Personnel services - Salaries	-				5,431.53		5,431.53
Employee Benefits	-				5,079.80		5,079.80
Purchased prof. - & Tech. Services	-				18,012.56	4,912.00	22,924.56
Other purchased services	-				1,000.00		1,000.00
Supplies and Materials	500.00						500.00
<b>Total support services</b>	<b>500.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,523.89</b>	<b>4,912.00</b>	<b>34,935.89</b>
<b>Facilities acquisition and construction services:</b>							
Non-Instructional equipment	-				40,201.01		40,201.01
<b>Total facilities acquisition and construction services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,201.01</b>	<b>-</b>	<b>40,201.01</b>
<b>Total Expenditures</b>	<b>4,764.61</b>	<b>230,798.00</b>	<b>4,485.68</b>	<b>8,415.00</b>	<b>69,724.90</b>	<b>4,912.00</b>	<b>323,100.19</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**BUTLER BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Target General Education	Target Grant	Architekt Music Grant	Fencing Grant	Lego Childrens Fund	Slam Dunk Trash Grant	Play 60 NFL Grant	Total Carried Forward To (Ex. E-1b)
<b>REVENUES:</b>								
Federal sources	1,157.00	424.43	450.00	1,000.00	1,046.95	500.00	186.23	4,764.61
Local sources	1,157.00	424.43	450.00	1,000.00	1,046.95	500.00	186.23	4,764.61
<b>Total Revenues</b>								
<b>EXPENDITURES:</b>								
Instruction:								
Personal Services - Salaries								-
Other Purchased Services								-
General supplies	1,157.00	424.43	450.00	1,000.00	1,046.95		186.23	4,264.61
<b>Total Instruction</b>								
	1,157.00	424.43	450.00	1,000.00	1,046.95	-	186.23	4,264.61
<b>Support Services:</b>								
Personnel services - Salaries								-
Employee Benefits								-
Purchased prof. - & Tech. Services								-
Other purchased services								-
Supplies and Materials						500.00		500.00
<b>Total support services</b>								
	-	-	-	-	-	500.00	-	500.00
<b>Facilities acquisition and construction services:</b>								
Non-Instructional equipment								-
<b>Total facilities acquisition and construction services</b>								
	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>								
	1,157.00	424.43	450.00	1,000.00	1,046.95	500.00	186.23	4,764.61
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>								
	-	-	-	-	-	-	-	-

**BUTLER BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Revenue and Other Financing Sources**

Interest Income	1.41
Total Revenues	1.41
 <b>Expenditures and Other Financing Uses</b>	
Purchased professional and technical services	8,100.00
Equipment Purchases	74,215.12
Total Expenditures	82,315.12
Excess (deficiency) of revenue over (under) expenditures	(82,313.71)
 <b>Other Financing Sources (Uses)</b>	
<b>Operating Transfer Out:</b>	
Interest transferred to Debt Service Fund	(1.41)
Excess (deficiency) of revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(82,315.12)
 Fund balance - beginning	 95,547.84
Fund balance - ending	13,232.72

**BUTLER BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
AND PROJECT STATUS - BUDGETARY BASIS  
TECHNOLOGY AND SECURITY UPGRADES - BUTLER HIGH SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State sources - SCC Grant	119,140.00		119,140.00	119,140.00
Transferred - Capital Reserve Fund	178,710.00		178,710.00	178,710.00
Total Revenues	<u>297,850.00</u>	<u>-</u>	<u>297,850.00</u>	<u>297,850.00</u>
<b>Expenditures and Other Financing Uses</b>				
Purchase professional and technical services	-	2,700.00	2,700.00	2,700.00
Constructions services	138,199.00		138,199.00	138,199.00
Equipment purchases	117,127.96	39,823.04	156,951.00	156,951.00
Total expenditures	<u>255,326.96</u>	<u>42,523.04</u>	<u>297,850.00</u>	<u>297,850.00</u>
Excess ( deficiency) or revenues over (under) expenditures	<u>\$ 42,523.04</u>	<u>\$ (42,523.04)</u>	<u>\$ -</u>	<u>\$ -</u>

**Additional project information:**

Project Number 0630-025-09-1002

Grant Date 6/19/2009  
 Bond Authorization Date  
 Bonds Authorized  
 Bonds Issued -  
 Original Authorized Cost 297,850.00  
 Additional Authorized Cost -  
 Revised Authorized Cost 297,850.00

Percentage Increase over Original Authorized Cost 0.00%  
 Percentage completion 100.00%  
 Original target completion date Jun-11  
 Revised target completion date Jun-12

**BUTLER BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
AND PROJECT STATUS - BUDGETARY BASIS  
TECHNOLOGY AND SECURITY UPGRADES - AARON DECKER ELEMENTARY SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State sources - SCC Grant	38,950.00		38,950.00	38,950.00
Transferred - Capital Reserve Fund	58,425.00		58,425.00	58,425.00
Total Revenues	<u>97,375.00</u>	<u>-</u>	<u>97,375.00</u>	<u>97,375.00</u>
<b>Expenditures and Other Financing Uses</b>				
Purchase professional and technical services	-	2,700.00	2,700.00	2,700.00
Constructions services	56,659.00		56,659.00	56,659.00
Equipment purchases	27,053.45	10,962.55	38,016.00	38,016.00
Total expenditures	<u>83,712.45</u>	<u>13,662.55</u>	<u>97,375.00</u>	<u>97,375.00</u>
Excess ( deficiency) or revenues over (under) expenditures	<u>\$ 13,662.55</u>	<u>\$ (13,662.55)</u>	<u>\$ -</u>	<u>\$ -</u>

**Additional project information:**

Project Number 0630-025-09-1003

Grant Date 6/19/2009  
 Bond Authorization Date  
 Bonds Authorized  
 Bonds Issued -  
 Original Authorized Cost 97,375.00  
 Additional Authorized Cost -  
 Revised Authorized Cost 97,375.00

Percentage Increase over Original Authorized Cost 0.00%  
 Percentage completion 100.00%  
 Original target completion date Jun-11  
 Revised target completion date Jun-12

**BUTLER BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
AND PROJECT STATUS - BUDGETARY BASIS  
TECHNOLOGY AND SECURITY UPGRADES - BUTLER MIDDLE SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State sources - SCC Grant	59,410.00		59,410.00	59,410.00
Transferred - Capital Reserve Fund	89,115.00		89,115.00	89,115.00
Total Revenues	<u>148,525.00</u>	<u>-</u>	<u>148,525.00</u>	<u>148,525.00</u>
<b>Expenditures and Other Financing Uses</b>				
Purchase professional and technical services	-	2,700.00	2,700.00	2,700.00
Constructions services	50,286.00		50,286.00	50,286.00
Equipment purchases	58,876.75	23,429.53	82,306.28	95,539.00
Total expenditures	<u>109,162.75</u>	<u>26,129.53</u>	<u>135,292.28</u>	<u>148,525.00</u>
Excess ( deficiency) or revenues over (under) expenditures	<u>\$ 39,362.25</u>	<u>\$ (26,129.53)</u>	<u>\$ 13,232.72</u>	<u>\$ -</u>

**Additional project information:**

Project Number 0630-025-09-1004

Grant Date 6/19/2009  
 Bond Authorization Date  
 Bonds Authorized  
 Bonds Issued -  
 Original Authorized Cost 148,525.00  
 Additional Authorized Cost -  
 Revised Authorized Cost 148,525.00

Percentage Increase over Original Authorized Cost 0.00%  
 Percentage completion 91.09%  
 Original target completion date Jun-11  
 Revised target completion date Jun-12

BUTLER BOROUGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

PROJECT DESCRIPTION	STATE PLAN NUMBER	APPROPRIATION	EXPENDITURES		UNEXPENDED BALANCE
			PRIOR YEARS	CURRENT YEAR	
Athletic Field Renovation Project	0630-020-08-1000	3,046,756.00	3,046,000.00		756.00
Technology and Security Upgrades - Butler High School	0630-025-09-1002	297,850.00	255,326.96	42,523.04	0.00
Technology and Security Upgrades - Aaron Decker Elementary School	0630-025-09-1003	97,375.00	83,712.45	13,662.55	0.00
Technology and Security Upgrades - Butler Middle School	0630-025-09-1004	148,525.00	109,162.75	26,129.53	13,232.72
		\$ 3,590,506.00	\$ 3,494,202.16	\$ 82,315.12	\$ 13,988.72
				Project Balance	13,988.72
				Unfunded Authorizations	(756.00)
				Fund Balance (Deficit) - June 30, 2013	13,232.72

\* Contains various State Plan Numbers:

- Butler H.S. 0630-020-1437
- Richard Butler E.S. 0630-030-0941
- Butler H.S. 0630-020-03-0942
- Aaron Decker E.S. 0630-025-03-0943

**BUTLER BOROUGH SCHOOL DISTRICT  
ENTERPRISE FUND  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

<u>ASSETS</u>	<u>Food Service Program</u>
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	39,700.43
Accounts receivable:	
State - Lunch	460.16
Federal - Lunch	5,396.60
Federal - Milk	68.82
Inventories	<u>7,920.24</u>
Total current assets	<u>53,546.25</u>
<b>NONCURRENT ASSETS:</b>	
<b>CAPITAL ASSETS:</b>	
Equipment	100,291.50
Less: accumulated depreciation	<u>(63,927.89)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>36,363.61</u>
<b>TOTAL ASSETS</b>	<u><u>89,909.86</u></u>
 <b>LIABILITIES</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable	
Interfund Payable:	
General Fund	1,900.00
Unearned Revenue	
Federal Food Distribution Program	<u>1,842.30</u>
<b>TOTAL LIABILITIES</b>	<u>3,742.30</u>
 <b>NET POSITION</b>	
Investment in Capital Assets Net of Related Debt	36,363.61
Unreserved (Deficit)	<u>49,803.95</u>
<b>TOTAL NET POSITION</b>	<u><u>86,167.56</u></u>

**BUTLER BOROUGH SCHOOL DISTRICT  
ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Food Service Program</b>
<b>OPERATING REVENUES:</b>	
Charges for services:	
Daily sales reimbursable programs:	
School lunch programs	276,726.74
Special functions	2,595.75
	279,322.49
<b>OPERATING EXPENSES:</b>	
Salaries	132,037.34
Cost of food	155,178.57
Employee benefits	50,028.04
Supplies and materials	12,214.05
Depreciation	4,238.22
Management Fees	16,445.80
Repairs	2,056.11
Insurance	1,111.32
Miscellaneous	7,081.99
	380,391.44
Total operating revenues	279,322.49
Total operating expenses	380,391.44
<b>OPERATING INCOME (LOSS)</b>	<b>(101,068.95)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>	
State sources:	
State school lunch program	3,896.98
Federal sources:	
National school lunch program	87,716.08
Special milk program	1,205.30
Food distribution program	27,320.39
Interest revenue	104.43
	120,243.18
Total non-operating revenues (expenses)	120,243.18
<b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>19,174.23</b>
Operating transfer in (out)	2,357.48
<b>CHANGE IN NET POSITION</b>	<b>21,531.71</b>
Total Net Position - Balance, beginning of year	64,635.85
Net Position - End of Year	86,167.56

**BUTLER BOROUGH SCHOOL DISTRICT  
ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Food Service Program</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers	279,322.49
Receipts/(payments) for interfunds	(8,301.81)
Payments to employees for services	(132,037.34)
Payments to suppliers for goods and services	<u>(232,702.71)</u>
Net cash provided by (used for) operating activities	<u>(93,719.37)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
State Sources	3,572.44
Federal Sources	86,179.29
Operating subsidies	<u>2,357.48</u>
Net cash provided by (used for) non-capital financing activities	<u>92,109.21</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest on cash equivalents	<u>104.43</u>
Net cash provided by (used for) investing activities	104.43
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,505.73)</b>
<b>CASH AND CASH EQUIVALENTS, July 1</b>	<b><u>41,206.16</u></b>
<b>CASH AND CASH EQUIVALENTS, June 30</b>	<b><u><u>39,700.43</u></u></b>
<b>Reconciliation of operating (loss) to net cash provided (used) by operating activities:</b>	
Operating Income (Loss)	(101,068.95)
Adjustments to reconcile operating income (loss) to net cash provided (used for) operating activities:	
Depreciation	4,238.22
Food distribution program	27,320.39
(Increase)/decrease in inventory	(1,078.35)
Increase/(decrease) in accounts payable	(14,864.18)
Increase/(decrease) in interfund payable	(8,301.81)
Increase/(decrease) in unearned revenue	<u>35.31</u>
Total adjustments	<u>7,349.58</u>
Net cash provided by (used for) operating activities	<u><u>(93,719.37)</u></u>

**BUTLER BOROUGH SCHOOL DISTRICT  
INTERNAL SERVICE FUND  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

**Academy for  
Law and Public  
Safety**

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ASSETS

CURRENT ASSETS:

Accounts receivable:

Other

56,376.48

Total current assets

56,376.48

TOTAL ASSETS

56,376.48

LIABILITIES

CURRENT LIABILITIES:

Interfund payable

55,305.48

Accounts payable

1,071.00

Total Current Liabilities

56,376.48

**BUTLER BOROUGH SCHOOL DISTRICT  
INTERNAL SERVICE FUND  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Academy for Law and Public Safety</b>
<b>OPERATING REVENUES:</b>	
Local sources:	
Fees from other LEA's within the State	534,544.19
Total operating revenues	534,544.19
<b>OPERATING EXPENSES:</b>	
Salaries	408,092.24
Employee benefits	90,110.00
Purchased professional services	12,083.00
Supplies and materials	21,258.95
Miscellaneous	3,000.00
Total operating expenses	534,544.19
<b>OPERATING INCOME (LOSS)</b>	-
NET POSITION, July 1	-
NET POSITION, June 30	-

**BUTLER BOROUGH SCHOOL DISTRICT  
INTERNAL SERVICE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Academy for Law and Public Safety</u>
<b>CASH FLOWS USED BY OPERATING ACTIVITIES:</b>	
Cash receipts from customers	577,275.00
Cash payments to employees for services	(408,092.24)
Cash payments to suppliers for goods and services	<u>(126,430.95)</u>
Net cash used by operating activities	<u>42,751.81</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	42,751.81
CASH AND CASH EQUIVALENTS, July 1	<u>(98,057.29)</u>
CASH AND CASH EQUIVALENTS, June 30	<u><u>(55,305.48)</u></u>
Reconciliation of operating (loss) to net cash provided (used) by operating activities:	
Operating income	-
Adjustments to reconcile operating loss to cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Increase/(decrease) in accounts payable	21.00
(Increase)/decrease in accounts receivable	<u>42,730.81</u>
Net cash used by operating activities	<u><u>42,751.81</u></u>

**BUTLER BOROUGH SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2013**

	Scholarship Funds		Unemployment Compensation Insurance	Agency Fund
	High School Scholarship	M. Williams Memorial Fund		
ASSETS:				
Cash and cash equivalents	117,468.57	994.15	24,968.74	414,096.08
<b>TOTAL ASSETS</b>	<b>117,468.57</b>	<b>994.15</b>	<b>24,968.74</b>	<b>414,096.08</b>
LIABILITIES:				
Payroll deductions and withholdings				2,506.91
Accrued Salaries and Wages				318,668.19
Flexible Spending				5,250.76
Interfund Payable - General Fund				24.76
Payable to student groups				87,645.46
Total liabilities				<b>414,096.08</b>

NET POSITION:				
Reserved for unemployment claims			24,968.74	
Reserved for Other Purposes	117,468.57	994.15		

**BUTLER BOROUGH SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Scholarship Funds</u>		Unemployment
	<u>High School Scholarship</u>	<u>M. Williams Memorial Fund</u>	<u>Compensation Insurance Trust</u>
<b>ADDITIONS</b>			
Contributions:			
Donations	14,078.00		
Plan Member			27,583.19
Board - Budget			100,547.78
Total Contributions	<u>14,078.00</u>	<u>-</u>	<u>128,130.97</u>
Investment Earnings:			
Interest	397.13	84.52	14.49
Net Investment Earnigns	<u>397.13</u>	<u>84.52</u>	<u>14.49</u>
Total Additions	<u>14,475.13</u>	<u>84.52</u>	<u>128,145.46</u>
<b>DEDUCTIONS</b>			
Scholarships	18,250.00	50.00	
Unemployment compensation assessments			107,485.01
Total deductions	<u>18,250.00</u>	<u>50.00</u>	<u>107,485.01</u>
CHANGE IN NET POSITION	<u>(3,774.87)</u>	<u>34.52</u>	<u>20,660.45</u>
NET POSITION, July 1	<u>121,243.44</u>	<u>959.63</u>	<u>4,308.29</u>
NET POSITION, June 30	<u>117,468.57</u>	<u>994.15</u>	<u>24,968.74</u>

**BUTLER BOROUGH SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Balance July 1, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2013</u>
High School Activities Fund	62,686.20	129,495.74	135,748.28	56,433.66
High School Athletic Fund	350.76	47,299.75	43,764.67	3,885.84
Richard Butler School	24,258.12	62,358.47	61,543.91	25,072.68
Aaron Decker Elementary School	<u>3,608.50</u>	<u>18,130.26</u>	<u>19,485.48</u>	<u>2,253.28</u>
Total all schools	<u><u>90,903.58</u></u>	<u><u>257,284.22</u></u>	<u><u>260,542.34</u></u>	<u><u>87,645.46</u></u>

**BUTLER BOROUGH SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Balance July 1, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2013</u>
<b>ASSETS:</b>				
Cash	318,850.12	13,984,264.73	13,976,664.23	326,450.62
<b>TOTAL ASSETS</b>	<u>318,850.12</u>	<u>13,984,264.73</u>	<u>13,976,664.23</u>	<u>326,450.62</u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	8,277.39	5,847,702.55	5,853,473.03	2,506.91
Net Payroll	-	7,787,733.46	7,787,733.46	-
Accrued Salaries and Wages	305,183.67	318,012.32	304,527.80	318,668.19
Flexible Spending	5,366.24	30,791.64	30,907.12	5,250.76
Interfund Payable - General Fund	22.82	24.76	22.82	24.76
<b>TOTAL LIABILITIES</b>	<u>318,850.12</u>	<u>13,984,264.73</u>	<u>13,976,664.23</u>	<u>326,450.62</u>

**BUTLER BOROUGH SCHOOL DISTRICT  
GENERAL LONG TERM DEBT ACCOUNT GROUP  
STATEMENT OF SERIAL BONDS  
FOR THE YEAR ENDED JUNE 30, 2013**

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance July 1, 2012	Retired	Balance June 30, 2013
School Bonds of 2004	02/01/2004	4,447,000	2/1/2014	215,000	3.750%	420,000.00	205,000.00	215,000.00
School Bonds of 2009	07/01/2009	3,046,000	7/1/2013	165,000	2.000%			
			7/1/2014	175,000	2.000%			
			7/1/2015	180,000	2.750%			
			7/1/2016	190,000	2.750%			
			7/1/2017	200,000	3.000%			
			7/1/2018	201,000	3.000%			
			7/1/2019	250,000	3.500%			
			7/1/2020	255,000	4.000%			
			7/1/2021	265,000	4.000%			
			7/1/2022	275,000	4.000%			
			7/1/2023	285,000	4.000%			
			7/1/2024	300,000	4.000%			
						2,896,000.00	155,000.00	2,741,000.00
Refunding School Bonds of 2012	02/01/12	2,920,000	2/1/2014	30,000	2.000%			
			2/1/2015	255,000	3.000%			
			2/1/2016	265,000	3.000%			
			2/1/2017	275,000	2.000%			
			2/1/2018	285,000	2.526%			
			2/1/2019	295,000	2.000%			
			2/1/2020	300,000	2.000%			
			2/1/2021	300,000	2.000%			
			2/1/2022	295,000	2.150%			
			2/1/2023	290,000	2.250%			
			2/1/2024	280,000	2.375%			
						2,920,000.00	50,000.00	2,870,000.00
						6,236,000.00	410,000.00	5,826,000.00

**BUTLER BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
AS OF JUNE 30, 2013**

	Original Budget	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>				
Local sources:				
Local tax levy	525,106.00	525,106.00	525,106.00	-
Total revenues - local sources	525,106.00	525,106.00	525,106.00	-
State sources:				
Debt service aid type II	54,856.00	54,856.00	54,856.00	-
Total state sources	54,856.00	54,856.00	54,856.00	-
<b>Total Revenues</b>	<b>579,962.00</b>	<b>579,962.00</b>	<b>579,962.00</b>	<b>-</b>
<b>EXPENDITURES</b>				
Regular debt service:				
Redemption of principal	410,000.00	410,000.00	410,000.00	-
Interest	170,020.50	170,020.50	159,006.73	11,013.77
Total regular debt service	580,020.50	580,020.50	569,006.73	11,013.77
<b>Total Expenditures</b>	<b>580,020.50</b>	<b>580,020.50</b>	<b>569,006.73</b>	<b>11,013.77</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(58.50)	(58.50)	10,955.27	11,013.77
Other Financing Sources:				
Operating Transfers In:				
Interest Earned in Capital Projects Fund			1.41	1.41
Miscellaneous Revenue			17,410.70	17,410.70
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(58.50)	(58.50)	28,367.38	28,425.88
Fund Balances, July 1	92.96	92.96	92.96	-
Fund Balances, June 30	34.46	34.46	28,460.34	28,425.88
<b>Recapitulation of excess (deficiency) of revenues under expenditures:</b>				
Budgeted fund Balance	(58.50)	(58.50)	28,365.97	28,424.47

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**STATISTICAL SECTION**

## OUTLINE OF NJ DOE STATISTICAL TABLES SECTION (GASB 44)

Exhibit #

### **Financial Trends Information/Schedules**

J-1	Net Position by Component
J-2	Changes in Net Position
J-3	Fund Balances-Governmental Funds
J-4	Changes in Fund Balances, Governmental Funds
J-5	General Fund Other Local Revenue by Source

### **Revenue Capacity Information**

J-6	Assessed Value and Estimated Actual Value of Taxable Property
J-7	Direct and Overlapping Property Tax Rates
J-8	Principal Property Taxpayers (Current year and nine years ago)
J-9	Property Tax Levies and Collections

### **Debt Capacity Information**

J-10	Ratios of Outstanding Debt by Type
J-11	Ratios of General Bonded Debt Outstanding
J-12	Direct and Overlapping Governmental Activities Debt
J-13	Legal Debt Margin Information

### **Demographic and Economic Information**

J-14	Demographic and Economic Statistics
J-15	Principal Employers, Current and Nine Years Ago

### **Operating Information**

J-16	Full-time Equivalent District Employees by Function/Program
J-17	Operating Statistics
J-18	School Building Information
J-19	Schedule of Allowable Maintenance Expenditures by School
J-20	Insurance Schedule

**BUTLER BOARD OF EDUCATION**  
**Net Position\*\* by Component**  
**Last Ten Fiscal Years\***  
*(accrual basis of accounting)*

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities</b>									
Invested in capital assets, net of related debt	5,344,345	6,349,976	6,426,969	6,551,758	9,750,634	6,991,051	7,131,488	6,881,350	7,041,531
Restricted	1,390,963	850,068	1,096,655	1,211,898	(2,000,291)	1,117,637	1,174,657	854,862	871,634
Unrestricted	(126,950)	(148,842)	(17,670)	(224,059)	(105,198)	53,858	5,399	1,157,925	752,284
<b>Total governmental activities net position</b>	<u>6,608,348</u>	<u>7,051,202</u>	<u>7,505,955</u>	<u>7,539,696</u>	<u>7,645,145</u>	<u>8,162,545</u>	<u>8,311,744</u>	<u>8,904,136</u>	<u>8,565,449</u>
<b>Business-type activities</b>									
Invested in capital assets, net of related debt	16,876	12,706	24,011	20,270	25,259	22,859	23,238	40,602	36,364
Unrestricted	(8,857)	840	3,099	2,673	1,683	1,683	1,683	24,034	49,804
<b>Total business-type activities net position</b>	<u>7,989</u>	<u>13,546</u>	<u>27,110</u>	<u>22,943</u>	<u>26,942</u>	<u>24,542</u>	<u>24,922</u>	<u>64,636</u>	<u>86,168</u>
<b>District-wide</b>									
Invested in capital assets, net of related debt	5,361,221	6,362,682	6,450,981	6,572,028	9,775,893	7,013,910	7,154,727	6,921,952	7,077,895
Restricted	1,390,963	850,068	1,096,655	1,211,898	(2,000,291)	1,117,637	1,174,652	1,940,320	871,633
Unrestricted	(135,847)	(148,001)	(14,571)	(221,367)	(103,514)	55,541	7,408	106,501	802,088
<b>Total district net position</b>	<u>6,615,337</u>	<u>7,064,749</u>	<u>7,533,065</u>	<u>7,562,540</u>	<u>7,672,087</u>	<u>8,187,087</u>	<u>8,336,666</u>	<u>8,968,772</u>	<u>8,751,616</u>

Source: CAFR Schedule A-1

\*GASB requires that ten years of statistical data be presented. However, since fiscal year 2005 was first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented

\*\* GASB Statement No. 63 became effective for the Fiscal Year Ended June 30, 2013 which changed Net Assets to Net Position.

**BUTLER BOARD OF EDUCATION**  
**Changes in Net Position\*\* Last Ten Fiscal Years**  
 Last Ten Fiscal Years \*  
 (accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>									
Governmental activities									
Instruction									
Regular	7,371,779	7,598,914	8,165,681	8,519,834	7,918,877	8,497,246	8,513,283	8,103,959	8,654,822
Other special education	1,606,873	1,660,427	1,889,988	2,077,437	1,997,976	2,003,876	1,981,418	1,956,368	2,059,457
Other instruction	247,401	237,163	277,065	282,877	332,889	360,346	180,200	233,048	344,344
Other instruction	483,988	485,435	529,374	476,157	476,202	521,834	499,713	512,690	627,763
Support Services:									
Tuition	690,303	844,034	890,928	904,426	1,146,319	1,122,267	1,635,041	1,662,708	1,602,025
Student & instruction related services	2,897,310	2,993,763	3,378,562	3,355,669	3,124,360	3,162,058	2,913,323	3,351,044	4,142,056
General administrative services	557,543	524,948	560,145	619,386	586,584	607,890	687,278	581,001	614,691
School administrative services	943,102	966,342	1,074,137	1,189,393	1,162,591	1,198,539	1,035,799	1,016,618	1,041,046
Central Services and Admin. Info. Tech.	422,841	448,921	469,681	573,142	683,654	543,181	592,060	644,271	800,847
Plant operations and maintenance	1,960,153	2,159,217	2,320,784	2,389,635	2,307,900	2,186,367	2,081,170	2,235,627	2,304,691
Pupil transportation	671,402	726,250	797,756	746,664	797,756	816,402	776,673	800,266	958,715
Special Schools							34,590	2,980	25,989
Capital Outlay - Non-depreciable							21,094		
Charter Schools	6,063	21,066	17,218	23,881	31,298	21,094	20,958		
Interest on Long term debt	174,482	168,562	162,860	156,892	173,159	173,159	285,557	184,450	188,732
Unallocated Benefits	48,257	66,940	65,465	76,557	74,309	96,439	101,774	95,110	24,259
Unallocated depreciation and Amortization	140,782	210,866	145,970	141,486	8,830	123,896	518,927	416,443	424,898
Unallocated depreciation and Amortization	18,183,183	19,077,931	20,724,068	21,543,436	20,738,193	21,454,894	21,857,792	21,809,681	23,813,939
Total governmental activities expenses	425,808	486,605	480,421	497,129	485,211	500,086	418,290	383,384	360,391
Business-type activities:									
Food service	1,325	2,802	2,108	1,922	2,108	2,108	2,108	1,683	
Butler School District Educational Foundation	425,808	487,928	483,223	499,051	487,320	500,086	418,290	385,078	380,381
Total business-type activities expense	18,588,980	19,565,860	21,207,231	22,042,487	21,225,423	21,954,960	22,276,072	22,183,759	23,994,326
Total district expenses	223,896	290,539	328,127	308,726	312,159	446,375	531,794	533,962	534,544
Program Revenues									
Governmental activities:									
Charges for services:									
Instruction (tuition)	3,575	3,009	3,200	2,315	3,034	3,034	3,034	3,034	3,034
Support Services (General Admin. Services)	11,586	18,903	16,200	19,164	30,340	19,164	95,928	101,134	120,139
Support Services (Central Services & Admin. Info.)	48,257	66,940	65,465	76,557	74,309	96,439	101,774	95,110	24,259
Support Services (Unallocated Benefits)	4,000,335	4,678,869	4,992,568	5,028,278	4,373,068	4,848,087	4,401,801	4,012,409	3,885,909
Operating grants and contributions	149,945	149,945	149,945	149,945	149,945	149,945	149,945	149,945	149,945
Capital Grants and Contributions	4,287,659	5,207,825	5,405,561	5,435,040	4,789,875	5,294,462	4,953,056	4,546,371	4,420,453
Total governmental activities program revenues	4,287,659	5,207,825	5,405,561	5,435,040	4,789,875	5,294,462	4,953,056	4,546,371	4,420,453
Business-type activities:									
Charges for services:									
Food service	343,676	375,263	387,460	371,920	359,049	351,594	306,365	301,180	279,322
Butler School District Educational Foundation	2,165	5,060	1,496	1,120	1,120	1,120	1,120	1,120	1,120
Operating grants and contributions	70,073	88,108	83,851	92,382	91,418	108,174	95,928	101,134	120,139
Total business-type activities program revenues	413,749	468,530	483,321	465,798	451,587	469,798	402,394	402,313	399,461
Total district program revenues	4,701,407	5,675,361	5,891,552	5,900,838	5,241,461	5,764,250	5,355,390	4,948,684	4,819,914
Net (Expense)/Revenue	(13,875,524)	(13,870,106)	(15,318,507)	(16,108,396)	(15,948,228)	(16,160,432)	(16,904,716)	(17,262,310)	(19,183,482)
Governmental activities	(12,059)	(22,393)	3,148	(33,253)	(35,734)	(40,298)	(15,998)	17,235	19,070
Business-type activities	(13,867,563)	(13,892,499)	(15,315,359)	(16,141,649)	(15,963,952)	(16,200,730)	(16,920,713)	(17,245,075)	(19,174,412)
Total district-wide net expense									
General Revenues and Other Changes in Net Position									
Governmental activities:									
Property taxes levied for general purposes, net	9,517,144	10,189,908	10,845,708	11,242,269	11,861,894	12,380,542	13,384,947	13,608,854	13,881,031
Taxes levied for debt service	321,328	286,328	250,252	302,488	323,759	348,324	434,979	520,956	525,106
Unrestricted grants and contributions	3,553,955	3,671,707	4,359,387	4,504,192	3,750,524	3,918,019	3,127,184	3,762,996	4,283,115
Miscellaneous income	151,452	192,833	325,358	119,921	156,618	129,824	123,092	494,390	267,899
Transfers	(4,274)	(28,815)	(7,455)	(26,842)	(89,008)	(37,757)	(16,286)	(21,695)	(2,367)
Total governmental activities	13,339,605	14,312,961	15,773,260	16,142,039	15,893,777	16,738,752	17,053,916	18,305,900	18,994,794

**BUTLER BOARD OF EDUCATION**  
**Changes in Net Position\*\* Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Business-type activities:</b>									
Investment earnings	732	1,136	2,060	2,244	725	141	89	79	104
Transfers	4,274	26,815	7,455	26,842	39,008	37,757	16,286	21,696	2,358
Total business-type activities	5,006	27,951	10,415	29,086	39,732	37,898	16,375	21,775	2,462
Total district-wide	13,544,612	14,349,912	15,763,675	16,171,124	16,033,599	16,776,680	17,070,231	18,327,215	18,957,256
<b>Change in Net Position</b>									
Governmental activities	(335,919)	442,855	454,753	33,641	105,549	578,320	148,169	1,043,190	(238,988)
Business-type activities	(7,052)	5,557	13,563	(4,167)	3,999	(2,400)	379	39,010	21,532
Total district	(342,971)	448,412	468,316	29,475	109,548	575,920	149,579	1,082,200	(217,456)

Source: CAFR Schedule A-2

\* GASB requires that ten years of statistical data be presented. However, since fiscal year 2005 was first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented

\*\* GASB Statement No. 63 became effective for the Fiscal Year Ended June 30, 2013 which changed Net Assets to Net Position.

**BUTLER BOARD OF EDUCATION**  
**Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years\***  
*(modified accrual basis of accounting)*

	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund									
Reserved	331,946	574,953	929,472	1,125,464	766,367	490,144			
Unreserved	415,999	471,767	578,560	371,087	486,229	618,064	86,952	759,221	1,329,365
Restricted							832,066	1,085,892	250,575
Assigned							509,764	508,168	483,314
Unassigned									
<b>Total general fund</b>	<b>747,945</b>	<b>1,046,720</b>	<b>1,508,032</b>	<b>1,496,551</b>	<b>1,252,595</b>	<b>1,108,208</b>	<b>1,428,782</b>	<b>2,353,282</b>	<b>2,063,254</b>
All Other Governmental Funds									
Reserved									
Unreserved, reported in:									
Special revenue fund	(985)	(858)	(1,021)	(1,004)					
Capital projects fund	1,059,017	183,157	140,721	81,864	(2,834,872)	616,603	255,780	95,548	13,233
Debt service fund	105,567	91,959	26,462	4,570	68,214	10,890	59	93	28,460
<b>Total all other governmental funds</b>	<b>1,163,599</b>	<b>274,258</b>	<b>166,162</b>	<b>85,430</b>	<b>(2,766,658)</b>	<b>627,493</b>	<b>255,839</b>	<b>95,641</b>	<b>41,693</b>

Source: CAFR Schedule B-1

\*GASB requires that ten years of statistical data be presented. However, since fiscal year 2005 was first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented

**BUTLER BOARD OF EDUCATION**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years\***  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	
<b>Revenues</b>										
Tax levy	\$ 9,838,472	\$ 10,475,236	\$ 11,095,970	11,544,767	12,185,643	12,728,866	\$ 13,819,926	\$ 14,129,810	14,406,137.00	
Miscellaneous	3,739,223	4,422,702	4,639,897	4,711,303	4,138,012	4,328,113	4,119,476	3,921,410	3,755,956.00	
State sources	3,644,567	3,754,374	4,447,935	4,583,595	3,793,793	3,658,688	3,162,239	3,710,723	4,219,403.00	
Federal sources	321,851	366,354	389,481	357,504	344,404	908,928	370,162	577,662	461,564.00	
Other sources										
<b>Total revenue</b>	<b>17,544,214</b>	<b>19,018,665</b>	<b>20,773,282</b>	<b>21,197,159</b>	<b>20,463,853</b>	<b>21,624,596</b>	<b>21,471,803</b>	<b>22,335,605</b>	<b>22,843,080.00</b>	
<b>Expenditures</b>										
Instruction										
Regular instruction	5,280,041	5,243,438	5,444,760	5,637,960	5,546,178	5,941,556	5,846,475	5,635,075	5,895,412.00	
Special education instruction	1,152,424	1,160,794	1,272,542	1,378,980	1,345,124	1,395,714	1,386,915	1,391,364	1,358,088.00	
Other special instruction	175,685	163,345	182,089	193,016	249,286	265,576	125,417	166,341	228,441.00	
Other instruction	384,590	372,950	400,504	353,304	371,368	405,219	384,841	402,678	498,044.00	
Support Services:										
Tuition	690,303	844,034	890,928	904,428	1,146,319	1,122,267	1,635,041	1,662,708	1,602,025.00	
Student & instruction related services	2,152,127	2,172,049	2,399,185	2,428,366	2,352,721	2,352,641	2,141,805	2,582,647	3,126,511.00	
General administrative services	482,531	438,354	454,111	510,845	477,397	487,781	576,857	476,764	506,790.00	
School Administrative services	676,424	692,248	713,940	788,985	823,909	840,140	725,798	726,923	720,880.00	
Central Services	296,645	319,210	340,405	363,554	398,199	380,893	423,952	463,258	494,148.00	
Plant operations and maintenance	1,569,666	1,702,495	1,796,958	1,852,575	1,871,539	1,791,912	1,698,834	1,864,152	1,868,418.00	
Pupil transportation	618,328	671,402	726,250	746,684	793,855	816,402	776,673	800,265	958,715.00	
Unallocated employee benefits	4,198,619	4,517,179	5,358,387	5,594,458	4,565,538	4,881,638	4,759,184	4,509,803	5,098,628.00	
Special Schools										
Charter Schools	8,063	21,096	17,218	23,881	31,298	21,094	20,958	20,958	240,673.00	
Capital outlay	6,113,369	942,930	115,068	140,062	3,198,693	263,369	525,311	313,267		
Debt Service:										
Principal	145,000	150,000	155,000	165,000	175,000	180,000	190,000	345,000	410,000.00	
Interest and Other Charges	176,328	170,891	165,266	159,453	153,264	175,963	288,536	230,398	159,007.00	
Total expenditures	24,100,162	19,582,416	20,412,611	21,262,529	23,922,959	21,322,156	21,506,596	21,553,608	23,184,678.00	
Excess (Deficiency) of revenues over (under) expenditures	(6,555,948)	(563,752)	360,672	(65,370)	(3,057,036)	302,440	(34,793)	785,987	(341,618)	
<b>Other Financing sources (uses)</b>										
Capital leases (non-budgeted)										
Bond proceeds										
Transfers in	70,004	21,954	4,507	63	2,985,080				34	
Transfers out	(74,278)	(48,770)	(11,962)	(26,906)	(39,008)	(37,757)	(16,345)	(21,730)	(2,357.00)	
Total other financing sources (uses)	(4,274)	(26,815)	(7,455)	(26,842)	(39,008)	2,947,323	(16,286)	(21,696)	(2,357.00)	
Net change in fund balances	\$ (6,580,222)	\$ (590,567)	\$ 353,216	\$ (92,213)	\$ (3,095,044)	\$ 3,249,763	\$ (51,079)	\$ 764,301	\$ (343,975.00)	
Debt service as a percentage of noncapital expenditures	0.000%	1.766%	1.578%	1.536%	1.615%	1.690%	2.281%	2.709%	2.480%	

Source: CAFR Schedule B-2

\*GASB requires that ten years of statistical data be presented. However, since fiscal year 2005 was first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented

Note: Noncapital expenditures are total expenditures less capital outlay. Central Services and Administrative Information Technology account classifications were added beginning with year end June 30, 2005. Prior to June 30, 2005, Central Services and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

**BUTLER BOARD OF EDUCATION**  
**General Fund - Other Local Revenue by Source**  
**Last Ten Fiscal Years**  
**Unaudited**

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Rentals	Misc.	Total
2004	73,523	3,435,245		48,109	3,556,877
2005	97,631	3,585,471		56,121	3,739,223
2006	66,107	4,228,818		127,777	4,422,702
2007	83,996	4,513,919		241,981	4,839,897
2008	40,289	4,589,502	500	79,069	4,709,360
2009	9,360	3,979,245		79,109	4,067,714
2010	8,477	4,195,607		117,488	4,321,572
2011	5,349	3,879,915		225,597	4,110,861
2012	102	3,579,844		336,098	3,916,044
2013	305	3,483,292		250,181	3,733,778

Source: District Records

BUTLER BOARD OF EDUCATION

Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years\*  
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2004	7,147,200	574,723,400	700	79,590,700	23,097,900	20,033,100	704,593,000	927,864	705,520,864	1.389	724,864,879
2005	13,642,100	576,221,200	700	76,451,000	21,464,600	19,376,900	707,156,500	779,570	707,936,070	1.421	798,697,961
2006	9,790,500	576,504,800	700	91,338,000	21,098,000	19,503,000	718,235,000	636,438	718,871,438	1.503	919,323,327
2007	10,799,500	585,016,500	700	91,864,700	21,111,700	19,503,000	728,296,100	585,133	728,881,233	1.554	1,054,446,887
2008	16,397,800	586,831,500	700	95,096,200	21,111,700	19,503,000	738,940,900	618,978	739,559,878	1.604	1,063,094,765
2009	12,121,500	604,646,100	700	97,291,800	21,111,700	19,503,000	754,674,800	668,180	755,342,980	1.649	1,046,415,419
2010	9,011,100	607,178,300	700	101,070,800	20,911,700	19,503,000	757,675,600	669,437	758,345,037	1.747	1,060,156,595
2011	7,532,500	605,473,100	700	101,053,400	20,911,700	18,980,100	753,951,500	669,437	754,620,937	1.856	1,019,556,016
2012	7,160,300	606,318,500	700	98,223,700	20,911,700	17,678,000	750,292,900	715,384	751,008,284	1.900	981,928,352

Source: Morris County, Abstract of Rates and Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when County Board of Taxation requests Treasury to order a reassessment.

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

<sup>b</sup> Tax rates are per \$100

\*GASB requires that ten years of statistical data be presented. However, since fiscal year 2005 was first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented

**BUTLER BOARD OF EDUCATION**

**Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**

*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	Butler Board of Education					Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Butler	Morris County	
2003	1.319		1.319	0.54	0.28	2.13
2004	0.758	0.631	1.389	0.56	0.29	2.24
2005	0.813	0.608	1.421	0.63	0.30	2.35
2006	0.925	0.578	1.503	0.674	0.323	2.50
2007	1.005	0.549	1.554	0.708	0.348	2.61
2008	1.086	0.518	1.604	0.757	0.336	2.70
2009	0.785	0.864	1.649	0.778	0.325	2.75
2010	1.249	0.498	1.747	0.814	0.32	2.88
2011	1.370	0.486	1.856	0.852	0.32	3.028
2012	1.830	0.070	1.900	0.883	0.32	3.103

Source: District Records and Municipal Tax Collector

**Note:**

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the pre-budget year net budget by more than the spending growth limitation calculation.

**a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

**b** Rates for debt service are based on each year's requirements.

**BUTLER BOARD OF EDUCATION**

**Principal Property Tax Payers,  
Current Year and Nine Years Ago**

Taxpayer	2013			2003		
	Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Inland Western Sutler Kinnelon LLC	12,805,000	1	1.71%	13,445,000	1	1.91%
Butler Gardens LLC	10,375,000	2	1.38%	11,740,000	2	1.66%
Butler Center Associates	8,324,900	3	1.11%	8,416,800	3	1.19%
1301 Realty Enterprises	7,576,800	4	1.01%	7,576,800	4	1.07%
Randell Corporation	5,310,500	5	0.71%	5,310,500	6	0.75%
Butler Bowl, Inc.	3,939,100	6	0.52%	2,451,300	8	0.35%
Butler Printing & Lamination	3,596,400	7	0.48%	3,596,400	7	0.51%
1341 Route 23, Inc.	3,181,500	8	0.42%	2,246,200	9	0.32%
Bromat Enterprises	2,949,100	9	0.39%			
MNB Realty CO, LLC	2,349,900	10	0.31%	5,497,100	5	0.78%
Rocky Hill Apartments LLC				2,199,600	10	0.31%
AMSA Associates LLC				<u>\$ 62,479,700</u>		<u>8.85%</u>
Total	<u>\$ 60,408,200</u>		<u>8.51%</u>			

Source: Municipal Tax Assessor's Office.

**BUTLER BOARD OF EDUCATION**  
**Property Tax Levies and Collections,**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	9,514,444	9,514,444	100.00%	-
2005	9,838,472	9,838,472	100.00%	-
2006	10,475,236	10,475,236	100.00%	-
2007	11,095,970	11,095,970	100.00%	-
2008	11,544,767	11,544,767	100.00%	-
2009	12,185,643	12,185,643	100.00%	-
2010	12,728,866	12,728,866	100.00%	-
2011	13,819,926	13,819,926	100.00%	-
2012	14,129,810	14,129,810	100.00%	-
2013	14,406,137	14,406,137	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

<sup>a</sup> School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

**BUTLER BOARD OF EDUCATION**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years\***

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases				
2005	4,302,000	41,401		4,343,401	0.8927%	542.59
2006	4,152,000	-		4,152,000	0.8291%	521.74
2007	3,997,000	-		3,997,000	0.7472%	507.49
2008	3,832,000	-		3,832,000	0.6766%	481.65
2009	3,657,000	-		3,657,000	0.6156%	455.70
2010	6,523,000	-		6,523,000	1.1996%	811.12
2011	6,333,000	-		6,333,000	1.2022%	839.25
2012	6,236,000	-		6,236,000	1.1466%	822.47
2013	5,826,000	-		5,826,000	N/A	

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

**a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

\*GASB requires that ten years of statistical data be presented. However, since fiscal year 2005 was first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented

**BUTLER BOARD OF EDUCATION**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years\***

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2005	4,302,000	-	4,302,000	0.61%	541
2006	4,152,000	-	4,152,000	0.58%	527
2007	3,997,000		3,997,000	0.55%	502
2008	3,832,000		3,832,000	0.52%	478
2009	3,657,000		3,657,000	0.48%	455
2010	6,523,000		6,523,000	0.86%	864
2011	6,333,000		6,333,000	0.84%	835
2012	6,236,000		6,236,000	0.83%	821
2013	5,826,000		5,826,000	N/A	N/A

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

**a** See Exhibit NJ J-6 for property tax data.

**b** Population data can be found in Exhibit NJ J-14.

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding
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\*GASB requires that ten years of statistical data be presented. However, since fiscal year 2005 was first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until years of data is presented

**BUTLER BOARD OF EDUCATION**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2013**

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b> Borough of Butler	5,721,190	100.000%	5,721,190
<b>Other debt</b> Morris County	258,802,126	1.034%	<u>2,674,979</u>
Subtotal, overlapping debt			8,396,169
<b>Borough of Butler School District Direct Debt</b>			<u>5,826,000</u>
<b>Total direct and overlapping debt</b>			<u>\$ 14,222,169</u>

**Sources:** Borough of Butler Finance Officer, Morris County Finance Office and Utility Authorities

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Butler. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

**a** For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

(1) Debt information as of December 31, 2012.

**BUTLER BOARD OF EDUCATION**  
**Legal Debt Margin Information,**  
**Last Ten Fiscal Years**

**Legal Debt Margin Calculation for Fiscal Year 2013**

Equalized valuation basis	
2012	985,800,683
2011	978,268,457
2010	1,015,514,810
<b>[A]</b>	<b><u>2,979,583,950</u></b>
<b>[A/3]</b>	<b>\$ 993,194,650</b>

Average equalized valuation of taxable property	
Debt limit (4 % of average equalization value)	<b>[B]</b> 39,727,786 <b>a</b>
Net bonded school debt	<b>[C]</b> 5,826,000
Legal debt margin	<b>[B-C]</b> <u>\$ 39,727,786</u>

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 25,079,788	\$ 27,106,808	\$ 31,983,876	\$ 36,188,852	\$ 39,530,921	41,482,490	41,693,173	41,396,644	\$40,535,982	39,727,786
Total net debt applicable to limit	<u>447,000</u>	<u>4,302,000</u>	<u>4,152,000</u>	<u>3,997,000</u>	<u>3,832,000</u>	<u>3,657,000</u>	<u>6,523,000</u>	<u>6,333,000</u>	<u>5,826,000</u>	<u>5,826,000</u>
Legal debt margin	<u>\$ 24,632,788</u>	<u>\$ 22,806,808</u>	<u>\$ 27,831,876</u>	<u>\$ 32,191,852</u>	<u>\$ 35,698,921</u>	<u>37,825,490</u>	<u>35,170,173</u>	<u>35,063,644</u>	<u>34,709,982</u>	<u>33,901,786</u>
Total net debt applicable to the limit as a percentage of debt limit	1.78%	15.87%	12.98%	11.04%	9.69%	8.82%	15.65%	15.30%	14.37%	14.66%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.

**BUTLER BOARD OF EDUCATION**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Year Ended June 30	School District Population <sup>a</sup>	Personal Income in (thousands of dollars) <sup>b</sup>	Per Capita Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2003	8,025	455,852,100	56,804	4.9%
2004	8,005	486,543,900	60,780	4.2%
2005	7,958	500,796,940	62,930	2.9%
2006	7,876	534,922,168	67,918	3.1%
2007	7,956	566,395,596	71,191	2.8%
2008	8,025	594,050,625	74,025	3.7%
2009	8,042	543,751,788	67,614	6.4%
2010	7,546	526,793,806	69,811	6.4%
2011	7,582	543,856,860	71,730	6.2%
2012	7,595	N/A	N/A	6.5%

**Source:**

<sup>a</sup> U.S. Bureau of the Census, Population Division, (Estimates July 1, 2003-2012)

<sup>b</sup> Personal income of the District is Based on the County Information.

<sup>c</sup> U.S. Department of Commerce, County Information 2002-2011.

<sup>d</sup> N.J. Department of Labor.

**BUTLER BOARD OF EDUCATION  
Principal Employers,  
Current Year and Nine Years Ago**

Employer	2012			2003		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment

No data is available to complete this schedule.

**BUTLER BOARD OF EDUCATION**  
**Full-time Equivalent District Employees by Function/Program,**  
**Last Ten Fiscal Years\***

<u>Function/Program</u>	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction									
Regular	80.4	80.4	80.8	83.6	80.9	79.1	73.3	70.2	74.5
Special education	34.5	25.3	26.7	27.6	26.0	26.0	24.4	31.6	32.2
B.S. / Bilingual	3.0	3.0	3.0	3.0	4.2	4.7	3.5	1.8	2.8
Other Instruction	0.4	0.8	0.8	0.6	1.0	1.0	1.1	6.5	8.6
Support Services:									
Student & instruction related services	42.6	44.1	51.1	43.4	43.8	43.1	36.5	47.4	53.9
General administrative services	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.2
School administrative services	10.1	10.1	10.1	11.5	12.5	11.6	9.1	9.2	9.2
Central Services	4.8	4.7	4.7	4.9	4.9	4.4	4.5	4.5	4.1
Administrative Information Technology	0.5	0.1	0.1	0.5	0.5	0.5	0.5	0.4	0.7
Plant operations and maintenance	23.1	23.1	23.1	23.0	20.8	20.9	18.3	20.7	21.5
Pupil transportation	0.2	0.2	0.2	-	-	-	-	-	-
Food Service	9.8	1.1	1.1	1.1	1.1	1.1	-	-	-
<b>Total</b>	<b>211.5</b>	<b>196.0</b>	<b>203.8</b>	<b>201.3</b>	<b>197.8</b>	<b>194.5</b>	<b>173.3</b>	<b>194.4</b>	<b>209.7</b>

Source: District Budget Records

\*GASB requires that ten years of statistical data be presented. However, since fiscal year 2005 was first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented

**BUTLER BOARD OF EDUCATION**  
Operating Statistics  
Last Ten Fiscal Years\*

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Elementary	Middle School	High School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2004-2005	1,160.8	17,665,465	15,218	4.30%	102.20	13.65	10:23	10:81	1,160.8	1,106.7	1.26%	95.34%
2005-2006	1,149.2	18,318,595	15,940	4.74%	101.40	12.76	11:56	10:36	1,149.2	1,093.5	-1.00%	95.15%
2006-2007	1,183.3	19,977,277	16,883	5.91%	101.8	12.87	11:67	10:85	1,183.3	1,130.2	2.97%	95.51%
2007-2008	1,202.8	20,798,014	17,291	2.42%	106.6	12.72	10:59	10:81	1,202.8	1,150.6	1.65%	95.60%
2008-2009	1,174.5	19,995,732	17,025	-1.54%	101.67	13.40	10:14	11:23	1,174.5	1,126.8	-2.35%	95.94%
2009-2010	1,188.8	20,702,834	17,415	2.29%	102.44	13.11	10:00	11:56	1,188.8	1,136.2	1.22%	95.58%
2010-2011	1,131.2	20,502,749	18,125	4.08%	94.9	13.78	9:99	11:85	1,131.2	1,080.8	-4.85%	95.54%
2011-2012	1,122.0	20,664,958	18,418	1.62%	104.73	11.89	11:46	9:6	1,122.0	1,076.4	-0.81%	95.94%
2012-2013	1,147.9	22,375,038	19,492	5.83%	114.66	10.40	0:43	5:16	1,147.9	1,100.9	2.31%	95.91%

Sources: District Records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff are reported as Full time equivalents of certificated staff & includes High School Staff shared with the Morris County School of Technology Academy for Law Public Safety.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary at June 30.

\*GASB requires that ten years of statistical data be presented. However, since fiscal year 2005 was first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented

**BUTLER BOARD OF EDUCATION**  
**School Building Information**  
**Last Ten Fiscal Years**

District Building	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Elementary</u>									
Aaron Decker (1966)	48,700	48,700	48,700	48,700	48,700	48,700	48,700	48,700	48,700
Square Feet	340	340	340	340	340	340	340	340	340
Capacity (students)	373	348	364	374	387	382	382	382	382
Enrollment									
<u>Middle School</u>									
Richard Butler (1954)	54,710	54,710	54,710	54,710	54,710	54,710	54,710	54,710	54,710
Square Feet	330	330	330	330	330	330	330	330	330
Capacity (students)	282	319	307	292	277	260	260	260	260
Enrollment									
<u>High School</u>									
Butler (1906)	134,530	134,530	134,530	134,530	134,530	134,530	134,530	134,530	134,530
Square Feet	541	541	541	541	541	541	541	541	541
Capacity (students)	506	482	512	536	511	547	547	547	547
Enrollment									

Number of Schools at June 30, 2013

Elementary = 1

Middle School = 1

High School = 1

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions.

\*GASB requires that ten years of statistical data be presented. However, since fiscal year 2005 was first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented

**BUTLER BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF ALLOWABLE MAINTENANCE EXPENDITURES BY SCHOOL FACILITY**

**UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
11-000-261-XXX**

	Project # (s)	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
*School Facilities											
Butler High School	N/A	151,976	124,313	62,724	73,714	97,167	\$ 63,256	\$ 81,560	\$ 73,866	\$ 57,753	\$ 79,299
Aaron Decker	N/A	55,336	33,649	30,910	25,806	35,565	28,809	58,100	26,985	28,006	36,765
Richard Butler	N/A	63,196	49,370	21,897	24,907	53,160	26,985	48,418	31,696	32,737	39,654
District	N/A		2,370								
<b>Total School Facilities</b>		<b>270,508</b>	<b>209,702</b>	<b>115,531</b>	<b>124,427</b>	<b>185,892</b>	<b>119,051</b>	<b>188,078</b>	<b>132,547</b>	<b>118,496</b>	<b>155,718</b>

(\*) School facilities as defined under EFCFA.  
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

## BUTLER BOARD OF EDUCATION

INSURANCE SCHEDULE  
June 30, 2013

	<u>Limit</u>	<u>Deductible</u>
Property - Blanket Building & Contents	\$53,138,454.00	\$5,000.00
Comprehensive General Liability ( each occurrence)	1,000,000	
Comprehensive Crime Coverage - Employee theft	500,000	5,000
Comprehensive Crime Coverage - Forgery or Alteration	50,000	1,000
Boiler and Machinery Property Damage	100,000,000	1,000
School Board Legal Liability Limit of Liability	1,000,000	15,000
Employment Practices Liability	1,000,000	15,000
Faithful Performance of Duty Coverage For Government Employees	500,000	5,000
Commercial Automobile Liability	1,000,000	1,000
Public Official Bonds Treasurer - Jim Kozimor	218,000	N/A
Business Administrator - Board Secretary Debra Naley-Minnena	10,000	N/A
Enviromental Impairment Liability Each Occurance	1,000,000	25,000
Aggregate	10,000,000	
Excess Liability Policy Each Occurance	9,000,000	
Additional Excess Liability Policy Each Occurance	50,000,000	
Aggregate	50,000,000	
Travel Accident Policy (Accident Death Dismemberment and Paralysis Benefit) Principal Sum	100,000	
Aggregate Limit	500,000	

Source: District Records

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**SINGLE AUDIT SECTION**

# Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkottz, CPA, RMA  
James J. Cerullo, CPA, RMA  
Paul J. Cuva, CPA, RMA  
Thomas M. Ferry, CPA, RMA

Certified Public Accountants  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442  
973-835-7900  
Fax 973-835-6631

Newton Office  
100B Main Street  
Newton, N.J. 07860  
973-579-3212  
Fax 973-579-7128

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable President and  
Members of the Board of Education  
Borough of Butler School District  
County of Morris  
Butler, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Butler School District, in the County of Morris, New Jersey, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 21, 2013.

### ***Internal Control Over Financial Reporting***

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



Our 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. Given these limitations, during our audit we 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.

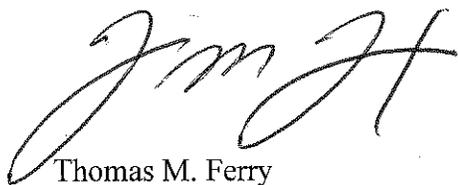
### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Borough of Butler Board of Education's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that were required to be reported to the Board of Education of the Borough of Butler School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated November 21, 2013.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our 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 *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Thomas M. Ferry  
Licensed Public School Accountant  
No. 20CS00209100

*Ferraioli, Wielkutz, Cerullo, & Cuva, P.A.*

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

Newton, New Jersey

November 21, 2013



# Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
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Certified Public Accountants  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442  
973-835-7900  
Fax 973-835-6631

Newton Office  
100B Main Street  
Newton, N.J. 07860  
973-579-3212  
Fax 973-579-7128

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS**  
**APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL**  
**CONTROL OVER COMPLIANCE IN ACCORDANCE WITH**  
**OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04**

Honorable President and  
Members of the Board of Education  
Borough of Butler School District  
County of Morris  
Butler, New Jersey

## **Compliance**

### **Report on Compliance for Each Major Federal and State Program**

We have audited the Board of Education of the Borough of Butler School District in the County of Morris, New Jersey, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Butler Board of Education's major federal and state programs for the year ended June 30, 2013. The Borough of Butler Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Borough of Butler Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and N.J. OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and



material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Butler Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Borough of Butler Board of Education's compliance.

### ***Opinion on Each Major Federal and State Program***

In our opinion, the Borough of Butler Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of the Borough of Butler Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Butler Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and N.J. OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Borough of Butler Board of Education's internal control over compliance.

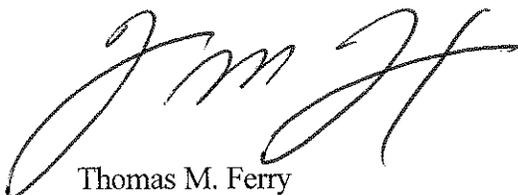
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and N.J. OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and Expenditures of State Financial Assistance Required by NJ OMB Circular 04-04**

We have audited the financial statements of the Borough of Butler Board of Education as of and for the year ended June 30, 2013, and have issued our report there dated November 21, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and N.J. OMB Circular 04-04 and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.



Thomas M. Ferry  
Licensed Public School Accountant  
No. 20CS00209100

*Ferraioli, Wielkutz, Cerullo, + Cuva, P.A.*

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

Newton, New Jersey

November 21, 2013



**BUTLER BOROUGH SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**for the Fiscal Year Ending June 30, 2013**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From/To	June 30, 2012		Cash Received	Budgetary Expenditures	June 30, 2013		MEMO Cumulative Total Expenditures
					(Accounts Receivable)	Unearned Revenue			(Accounts Receivable)	Unearned Revenue	
<b>U.S. Department of Agriculture</b>											
<b>Passed - through State Department of Education:</b>											
<b>Enterprise Fund:</b>											
U.S.D.A. Commodities Program	10.550	N/A	27,355.70	7/1/12-6/30/13		1,806.99	27,355.70	(27,320.39)	1,842.30		27,320.39
National School Lunch Program	10.555	N/A	75,965.33	7/1/11-6/30/12	(2,683.58)		2,683.58				
National School Lunch Program	10.555	N/A	87,716.08	7/1/12-6/30/13		(39.75)	82,319.48	(87,716.08)	(5,396.60)		87,716.08
Special Milk Program	10.556	N/A	996.74	7/1/11-6/30/12			39.75				
Special Milk Program	10.556	N/A	1,205.30	7/1/12-6/30/13	(2,723.33)	1,806.99	1,136.48	(1,205.30)	(68.82)		1,205.30
<b>Total Enterprise Fund</b>							113,534.99	(116,241.77)	(5,465.42)	1,842.30	116,241.77
<b>U.S. Department of Education</b>											
<b>Passed - through State Department of Education:</b>											
<b>General Fund:</b>											
Educational Jobs Fund	84.410	N/A	83,190.29	7/1/11-6/30/12	(9,343.96)		9,343.96	(23,510.41)			23,510.41
Medicaid Assistance Program	93.778	N/A	23,510.41	7/1/12-6/30/13	(9,343.96)		32,854.37	(23,510.41)			23,510.41
<b>Total General Fund</b>											
<b>U.S. Department of Education</b>											
<b>Passed - through State Department of Education:</b>											
<b>Special Revenue Fund:</b>											
Title I - Part A - Improving Basic Programs	84.010	NCLB0630-13	72,216.00	9/1/12-8/31/13			50,632.00	(72,216.00)	(21,584.00)		72,216.00
Title I - Part A - Improving Basic Programs	84.010	NCLB0630-12	61,681.00	9/1/11-8/31/12	(14,687.00)		14,687.00				61,681.00
Title I - Part A - Improving Basic Programs	84.010	NCLB0630-11	64,663.00	9/1/10-8/31/11	(17,630.22)		17,630.22				64,663.00
Title II - Part A - Teacher & Principal Training/Recruiting	84.367	NCLB0630-13	25,958.00	9/1/12-8/31/13			21,823.59	(25,958.00)	(4,134.61)		25,958.00
Title II - Part A - Teacher & Principal Training/Recruiting	84.367	NCLB0630-12	27,564.00	9/1/11-8/31/12	(3,683.60)		7,186.21	(3,502.61)			27,438.11
Title II - Part A - Teacher & Principal Training/Recruiting	84.367	NCLB0630-11	30,735.00	9/1/10-8/31/11			1,301.00	(1,301.00)			30,735.00
Title III - Enhancing Education Through Technology	84.318	NCLB0630-11	139.00	9/1/10-8/31/11			9.00	(9.00)			139.00
Title III - English Language Acquisition	84.365	NCLB0630-13	27,160.00	9/1/12-8/31/13			11,617.00	(13,768.36)	(2,151.36)		13,768.36
Title III - English Language Acquisition	84.365	NCLB0630-12	15,907.00	9/1/11-8/31/12	(8,626.59)		11,588.69	(2,963.41)	(1.31)		15,907.00
Readiness and Emergency Management for Schools	84.184E	N/A	179,800.00	9/1/10-8/31/11	(16,792.55)		29,690.33	(69,724.90)	(56,827.12)		179,800.00
Race to the Top	84.413	N/A	4,912.00	9/1/11-11/30/15			4,912.00	(4,912.00)			4,912.00
I.D.E.A. Part B, Basic Regular	84.027	IDEA063013	240,600.00	9/1/12-8/31/13		448.90	196,736.22	(230,798.00)	(34,061.78)		230,798.00
I.D.E.A. Part B, Basic Regular	84.027	IDEA063012	235,901.00	9/1/11-8/31/12			4,035.00	(4,483.90)			235,901.00
I.D.E.A. Part B, Basic Regular	84.027	IDEA063011	238,331.00	9/1/10-8/31/11	(880.49)		882.27	(1.78)			238,330.91
I.D.E.A. Part B, Preschool	84.173	IDEA063013	8,415.00	9/1/12-8/31/13			8,415.00	(8,415.00)			8,415.00
<b>Total Special Revenue Fund</b>							381,145.33	(438,053.90)	(118,760.18)		1,210,662.38
<b>Total Federal Financial Awards</b>							527,534.69	(577,806.14)	(124,225.60)	1,842.30	1,350,414.56

**BUTLER BOROUGH SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance**  
**for the Fiscal Year Ending June 30, 2013**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From / To	June 30, 2012		Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	June 30, 2013		MEMO Cumulative Total Expenditures
				Unearned Revenue (Accts Receivable)	Due to Grantor at				(Accounts Receivable)	Budgetary Receivable	
<b>State Department of Education:</b>											
<b>General Fund:</b>											
Special Education Categorical Aid	13-495-034-5120-089	553,799.00	7/1/12-6/30/13			500,323.00	(553,799.00)		53,476.00	*	553,799.00
Equitization Aid	13-495-034-5120-078	1,349,435.00	7/1/12-6/30/13			1,219,132.00	(1,349,435.00)		130,303.00	*	1,349,435.00
Transportation Aid	13-495-034-5120-014	40,556.00	7/1/12-6/30/13			36,640.00	(40,556.00)		3,916.00	*	40,556.00
Security Aid	13-495-034-5120-084	16,825.00	7/1/12-6/30/13			15,200.00	(16,825.00)		1,625.00	*	16,825.00
Extraordinary Special Education Costs Aid	12-100-034-5120-473	289,278.00	7/1/11-6/30/12	(289,278.00)		289,278.00				*	
Extraordinary Special Education Costs Aid	13-100-034-5120-473	253,185.00	7/1/12-6/30/13			14,268.00	(253,185.00)		(253,185.00)	*	253,185.00
Reimbursement of Non-Public Transportation	12-495-034-5120-014	14,268.00	7/1/11-6/30/12	(14,268.00)		31,827.56	(16,681.00)		(16,681.00)	*	16,681.00
Reimbursement of Non-Public Transportation	13-495-034-5120-014	16,681.00	7/1/12-6/30/13	(31,827.56)		637,713.58	(671,154.41)		(33,440.83)	*	671,154.41
Reimbursed T.P.A.F. - Social Security	12-495-034-5095-002	635,698.60	7/1/11-6/30/12			2,744,382.14	(2,901,635.41)		(307,222.83)	*	2,901,635.41
Reimbursed T.P.A.F. - Social Security	13-495-034-5095-002	671,154.41	7/1/12-6/30/13	(335,373.56)						*	
Total General Fund											
<b>Debt Service Fund:</b>											
Debt Service Aid Type II	13-100-034-5120-125		7/1/12-6/30/13			54,856.00	(54,856.00)			*	54,856.00
Total Debt Service Fund						54,856.00	(54,856.00)			*	54,856.00
<b>Capital Projects Fund</b>											
New Jersey Schools Development Authority	0630-025-09-1003	38,950.00	N/A	(38,950.00)		38,950.00				*	38,950.00
New Jersey Schools Development Authority	0630-030-09-1004	59,410.00	N/A	(59,410.00)		59,410.00				*	59,410.00
New Jersey Schools Development Authority	0630-020-09-1002	119,140.00	N/A	(119,140.00)		16,136.99			(103,003.01)	*	119,140.00
New Jersey Schools Development Authority	0630-020-09-1001	47,471.00	N/A	(47,471.00)		47,471.00				*	47,471.00
Additional state school building aid - EDA Grant	04-542-003-0020-824	3,206,017.00	N/A	(232,194.00)		230,726.00			(1,468.00)	*	232,194.00
Total Capital Projects Fund				(497,165.00)		392,693.99			(104,471.01)	*	497,165.00
<b>Special Revenue Fund:</b>											
N.J. Nonpublic Aid:										*	
Textbook Aid	12-100-034-5120-064	8,163.00	7/1/11-6/30/12		59.88			59.88		*	8,103.12
Handicapped Services (Chapter 193):										*	
Examination and Classification	12-100-034-5120-066	8,694.00	7/1/11-6/30/12		3,379.03			3,379.03		*	
Corrective Speech	12-100-034-5120-066	7,109.00	7/1/11-6/30/12		158.76			158.76		*	
Total Special Revenue Fund					3,597.67			3,597.67		*	6,950.24
<b>State Department of Agriculture</b>											
<b>Enterprise Fund:</b>											
National School Lunch Program	13-100-010-3350-023	3,896.98	7/1/12-6/30/13			3,436.82	(3,896.98)		(460.16)	*	3,896.98
National School Lunch Program	12-100-010-3350-023	3,877.11	7/1/11-6/30/12	(135.62)		135.62				*	
Total Enterprise Fund				(135.62)		3,572.44	(3,896.98)		(460.16)	*	3,896.98
Total State Financial Assistance				(832,674.18)		3,195,504.57	(2,960,388.39)		(412,154.00)	*	3,524,840.96

**NOTE 1. GENERAL**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all Federal and State Award programs of the Board of Education, Borough of Butler School District. The Board of Education is defined in Note 1 to the Board's financial statements. All Federal and State Awards received directly from federal and state agencies, as well as Federal Awards and State Financial Assistance passed through other government agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2 (C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ in amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A.18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A.18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(12,087.00) for the general fund and \$-0- for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

**NOTE 3. RELATIONSHIP TO FINANCIAL STATEMENTS (continued)**

Additionally, as discussed further in Note 5, the State of New Jersey makes contributions on-behalf of the District for TPAF post-retirement medical and pension contributions. The total amount of these contributions during 2013 fiscal year was \$1,280,999.00.

Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 23,510.41	\$2,901,635.41	\$2,925,145.82
Special Revenue Fund	438,053.96	-	438,053.96
Debt Service Fund	-	54,856.00	54,856.00
Food Service Fund	<u>116,241.77</u>	<u>3,896.98</u>	<u>119,899.91</u>
Total Financial Awards	<u>\$577,806.14</u>	<u>\$2,960,388.39</u>	<u>\$3,537,955.69</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**NOTE 5. OTHER**

Revenues and expenditures reported under Food Donation Program represent current year value received and current year distributions respectively.

The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2013.

The State of New Jersey also makes TPAF post-retirement medical and pension contribution expenditures on behalf of the District. These expenditures are not subject to New Jersey OMB Circular 04-04 because the contributions are made by the State directly and do not have any compliance related requirements, and therefore, have not been included on the Schedule of State Financial Assistance, as directed by the funding agency.



**BOROUGH OF BUTLER SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

*Section I - Summary of Auditor's Results*

**State Awards Section**

Dollar threshold used to distinguish between type A  
and type B programs:

\_\_\_\_\_ \$300,000 \_\_\_\_\_

Auditee qualified as low-risk auditee?

\_\_\_\_\_  \_\_\_\_\_ yes \_\_\_\_\_  \_\_\_\_\_ no

Internal Control over major programs:

1) Material weakness(es) identified?

\_\_\_\_\_  \_\_\_\_\_ yes \_\_\_\_\_  \_\_\_\_\_  \_\_\_\_\_ no

2) Significant deficiencies identified that are  
not considered to be material weaknesses?

\_\_\_\_\_  \_\_\_\_\_ yes \_\_\_\_\_  \_\_\_\_\_  \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for major programs:

\_\_\_\_\_ unmodified \_\_\_\_\_

Any audit findings disclosed that are required to be reported  
in accordance with NJ OMB's Circular 04-04?

\_\_\_\_\_  \_\_\_\_\_ yes \_\_\_\_\_  \_\_\_\_\_ no

Identification of major programs:

**STATE GRANT/PROJECT NUMBER(S)**

**NAME OF STATE PROGRAM**

STATE AID PUBLIC CLUSTER:

\_\_\_\_\_ 13-495-034-5120-084 (1)

\_\_\_\_\_ Security Aid \_\_\_\_\_

\_\_\_\_\_ 13-495-034-5120-089 (1)

\_\_\_\_\_ Special Education Categorical Aid \_\_\_\_\_

\_\_\_\_\_ 13-495-034-5120-078 (1)

\_\_\_\_\_ Equalization Aid \_\_\_\_\_

\_\_\_\_\_ 13-495-034-5095-002 (2)

\_\_\_\_\_ TPAF Social Security \_\_\_\_\_

(1) Audited as a Type A Grant

(2) Not required to be audited as a major grant

***Section II - Financial Statement Findings***

NONE

**BOROUGH OF BUTLER SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(continued)**

*Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs*

State Program:

State Department of Education

13-495-034-5120-084 Security Aid 7/1/12 - 6/30/13,

13-495-034-5120-089 Special Education Categorical Aid 7/1/12 - 6/30/13,

13-495-034-5120-078 Equalization Aid 7/1/12 - 6/30/13

Criteria or Specific Requirements:

Section II of Chapter 2, P.L. 2010

Condition:

In some cases, health benefit waivers approved by the Collective Bargaining Agreements exceeded 25% of the savings to the District.

Questioned Costs:

Not available.

Context:

Relates to State Aid Cluster - Security Aid, Special Education Categorical Aid and Equalization Aid.

Effect:

The District was not aware of Section II of Chapter 2, P.L. 2010.

Cause:

Not reviewing grant requirements.

Recommendation:

That the District ensure health benefit waivers approved by the Collective Bargaining Agreements do not exceed 25% of the savings to the District.

Management Response:

In the future, health benefit waiver payments will not be more that 25% of the savings to the District.

**BOROUGH OF BUTLER SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Status of Prior Year Findings**

There were no prior year audit findings.