

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

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**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the**

Borough of Butler School District

Board of Education

Butler, New Jersey

For the Fiscal Year Ended June 30, 2020



Prepared by

Borough of Butler School District
Board of Education
Finance Office

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE BOROUGH OF BUTLER SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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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

Daniel Johnson
Superintendent

Patrick Tierney
Business Administrator/Board Secretary

January 21, 2021

The Honorable President, Members
Of the School District and
Citizens of Butler Borough
Butler Public Schools
County of Morris
Butler, New Jersey 07405

Dear Board Members:

The comprehensive annual financial report of the Butler Borough School District (District) for the fiscal year ended June 30, 2020, 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 Butler Public Schools. 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 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 Independent Auditor's Report, Management's Discussion and Analysis and basic financial statements including the government-wide financial statements presented in accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments". The basic financial statements also include individual fund financial statements, Notes to the Financial Statements and Required Supplementary Information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multiyear basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organizations", and the New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's 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 established by NCGA Statement No. 13. All funds of the District are included in this report. The Butler Borough Public Schools and all its schools constitute the District's reporting entity. Butler Borough School District 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 services and programs appropriate to grade levels preschool handicapped/K through 12. These include regular, as well as special education for handicapped youngsters. The District currently operates one elementary, one middle and one high school, and completed the 2019 -2020 fiscal year with an average daily enrollment of 1,134.3 students. This enrollment is a 1.03% decrease over the previous year as shown in the ten-year period below. It is expected that the district's enrollment will remain steady or decrease slightly over the next five years. The District received high school students from Bloomingdale, in Passaic County, on a tuition basis. These students comprised 44.3% of the high school enrollment in the 2019 - 2020 school year.

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2019-20	1,134.3	-1.03
2018-19	1,163.4	.19%
2017-18	1,161.2	-2.6%
2016-17	1,191.7	3.07%
2015-16	1,156.2	1%
2014-15	1,144.7	1.85%
2013-14	1,123.9	(2.09%)
2012-13	1,147.9	2.3%
2011-12	1,122.0	(0.81%)
2010-11	1,131.2	(4.85%)

2) ECONOMIC CONDITION AND OUTLOOK: The Butler School District encompasses approximately 2.08 square miles. The District is located in the northeastern section of Morris County. Butler was incorporated as a borough by an act of the New Jersey Legislature on March 13, 1901, from portions of Pequannock Township. As of the 2020 United States Census, there were 7,675 people, 3,093 households, and 1,976 families residing in the borough. The High School consists of 3 buildings, built in 1902, 1922, and 1937 respectively. Richard Butler Middle School was built in 1954. Aaron Decker School was built in 1966. The Borough's total assessed valuations for fiscal year 2020 were \$763,049,350. Residential properties account for 92.5% of the assessed valuations, and the median home value was \$355,200. The District is in a strong economic position as indicated by its AA long term rating.

The District's primary funding sources are property tax revenue, tuition received from Bloomingdale for their High School students, and state aid. As a result of a significant surplus at the end of the year due to a significant reduction in expenses related to the COVID virus, the district was able to add approximately \$1,000,000 to its Capital Reserve Fund and \$150,000 to its Maintenance Reserve Fund.

3) MAJOR INITIATIVES (Capital Improvements): District: In 2019-20, the district installed a lift system in the Richard Butler School, updated a bathroom to be ADA compliant, and repaired a large area of pavement/cement for walkways. At Butler High School, several classrooms floors were renovated, a retaining wall was repaired, two HVAC units were installed. There were numerous ceiling and flooring upgrades throughout the three schools. In terms of district safety and security, all three buildings had updates installed to be compliant to Alyssa's Law.

4) MAJOR INITIATIVE (ACADEMIC): District:

Butler High School students continue to maintain high levels of performance on a variety of standardized testing – including various Advanced Placement (AP) tests, SAT (SAT I and SAT II), and ACT. District analysis indicates continued growth on a districtwide basis. All students in the class of 2021 are on course to satisfy the state graduation requirements as outlined by the NJDOE.

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, athletics, and climate/culture. During the 2019-2020 school year, our high school students also worked in the computer lab using NearPod and albertIO software, as well as SAT preparation software, to provide targeted interventions within specific instructional areas in Math and Language Arts/Literacy. We have introduced new coursework in the areas of STEM, including computer sciences, drama, and public speaking. In addition, during the 2019-2020 school year, the district continued 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 is a grade 5 - 8 middle school where the primary mission is to provide a safe and secure educational environment that promotes academic excellence and nurtures the social and emotional well-being of all students. Richard Butler School is committed to small class size, personalized instruction, inclusive programming, and opportunities for both group and individual student recognition. The delivered curriculum is based upon the New Jersey Student Learning Standards. The curriculum enables students to achieve academic success by being self-directed, self-disciplined, and responsible learners. All through the collaborative process, the faculty continuously plans for engaging and challenging lessons for students and works to integrate the curriculum within the various subject matters to provide our students with opportunities to develop skills necessary to acquire, synthesize, and utilize information. A Response to Intervention program 5-8 is offered to supplement our Language Arts and Math classes. In addition to the core academic courses, the students at Richard Butler School have quarter courses to enrich their education. Art, Music, Study Skills, and Academic Technology are the course offerings. World Languages

instruction focused on Spanish is offered in grades 6, 7, and 8. In Grade 5, Spanish is integrated into the daily curriculum. Students are also provided an opportunity to participate in an Instrumental Music program. Students in this program take lessons on a rotating schedule and perform in school concerts throughout the year along with playing in special community events. Technology continues to be an integral part of instruction at the Richard Butler School. The computer lab provides time for all students to receive a quarter course as well as serve as an open lab enabling the faculty to bring classes to integrate technology into their content areas. Every student in grades 5-8 carries a Chromebook with them throughout the day. This has allowed teachers and students to integrate more technology into their teaching and learning on a daily basis. Along with academic development, Richard Butler School focuses on the social and emotional needs of each student. Richard Butler School has counselors available on a daily basis to help any student in crisis. Students participate in different social and emotional programs throughout the year. Richard Butler School also provides students extra-curricular activities such as student government, yearbook, chess club, TREPS, T.R.A.C.K., and interscholastic boys and girls basketball.

Aaron Decker School is a Pre-K - 4 elementary school where a combination of strong academic programs alongside a proactive SEL environment supports the development of the whole child. This year, we have continued to include a twenty-minute mindful break to help our students understand self-monitoring and a "reset" throughout the day, building SEL skills into their daily program. At Aaron Decker School, the New Jersey State Learning Standards are delivered in a supportive environment at each grade level. Grade level teams plan lessons and review data frequently to keep the continuum of learning and growth moving forward. Aaron Decker School offers an inclusive environment at all grade levels where differentiated instruction and support staff provide the necessary modifications for all to succeed. The programs are flexible and accommodate the needs of all types of learners. An RTI program K-4 is offered to supplement our Language Arts and Math classes, and we added a Reading Specialist to our staff this year to help provide tiered interventions. The preschool program offers ABA instruction as well as Speech, Occupational Therapy, and Physical Therapy. These classes also provide an opportunity for our preschool children with disabilities to work alongside their more typically developing peers. The benefits are evident as the students remain in-district and move to the Kindergarten program. Technology is infused throughout the entire curriculum. Teachers use smart boards, document cameras and many web-based programs to deliver instruction and support the differentiation of all instruction.

Teacher Professional Development is provided for all faculty through a variety of modalities. The staff is offered blended PD to meet state-mandated learning objectives; they work within an EdCamp model with choice being integral to the day; we work with Rutgers CESP to provide training in tiered interventions; we work with a consultant for mindful practices; and we work with a consultant to work through Standards Based Assessment Practices and Data tracking. Lastly, we have created an in-district PD Academy for staff with courses taught by administrators and teacher-leaders in the district and focus on staff informed professional learning topics.

5) 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.

6) 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 Butler Board of Education. Annual appropriate budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project length budgets are approved for the capital improvements and are accounted for in the Capital Projects 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.

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 Board participates in ACT (Alliance for Competitive Telecommunications) program for discounted telecommunications services; and SAIF (School Alliance Insurance Fund) and NJSIG (New Jersey Schools Insurance Group), pooled insurance groups for property, liability and workers compensation insurance.

7) 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. These funds are explained in "Notes to the Financial Statements".

8) POLICY CHANGES: There were no significant policy changes in 2019 - 2020.

9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Wielkottz and Company, LLC, 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.

The District's ongoing upgrades to all of its buildings ensures that its physical plant is able to accommodate the District's current and anticipated future student population needs and meet all current building safety standards and building codes. The District deems the current available capital reserve funds adequate to meet future capital needs as they arise.

Long-Term Financial Planning - The District intends to prepare future budgets within the two percent tax cap levy plus allowable exceptions, if applicable and as mandated by the State of New Jersey. Additionally, the District continually monitors its ability to refinance its outstanding long-term obligations to capitalize on favorable market conditions.


10) AWARDS: Butler High School was recognized by U.S. News and World Report as a "Top High School". ADS was recognized as a National School of Character, and the District received a Climate and Culture Award from Everyfly.

11) 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,

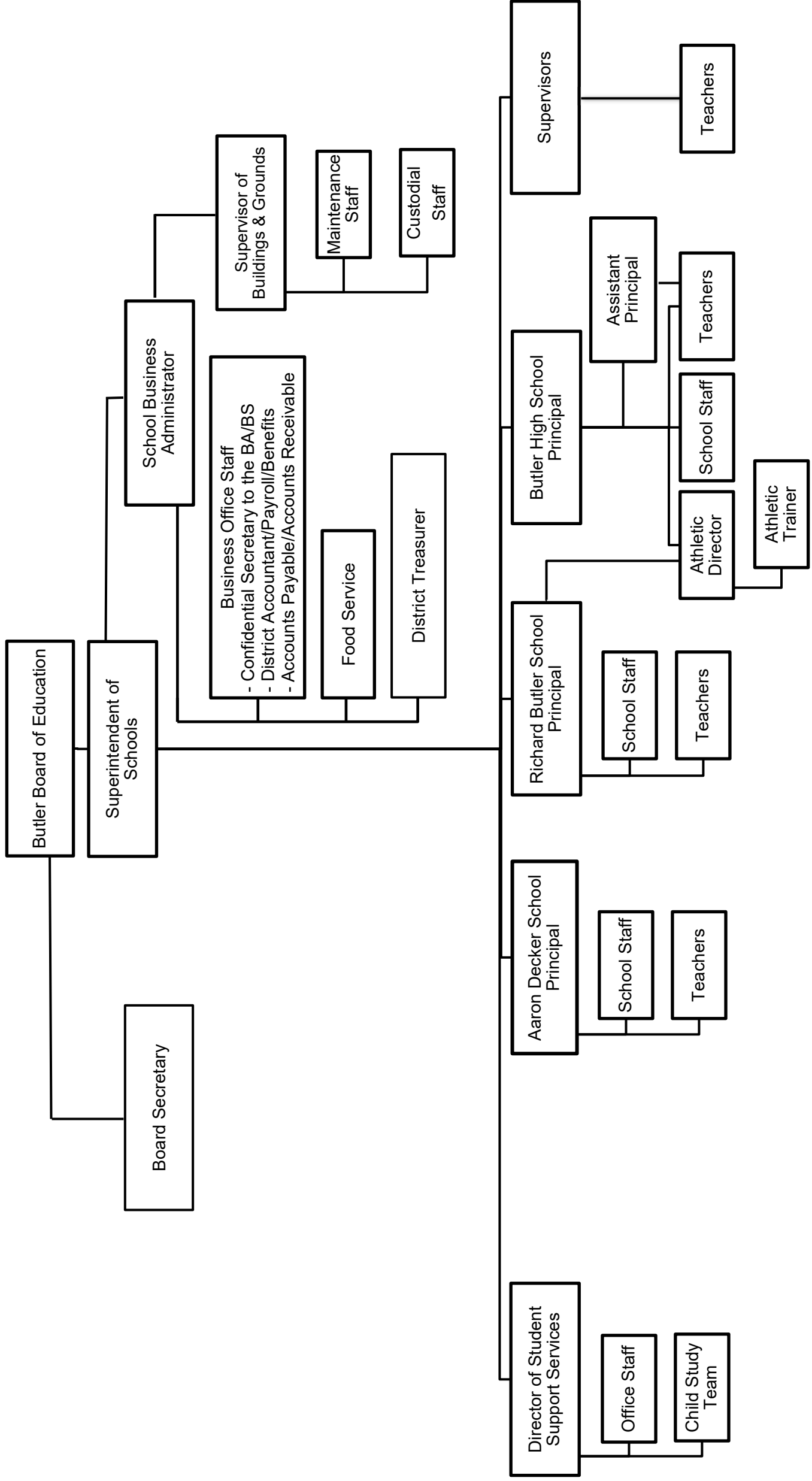


Daniel Johnson
Superintendent



Patrick Tierney
Business Administrator

BUTLER SCHOOL DISTRICT ORGANIZATIONAL CHART



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

**ROSTER OF OFFICIALS
JUNE 30, 2020**

Members of the Board of Education

**Term Expires (at Organizational
meeting – first week in January)**

Tracy Luciani – President	January 2021
Alison Allison	January 2022
Heather Grecco	January 2022
Jamie Tacinelli	January 2023
Karen Smith – Vice President	January 2023
Chris Ziegler	January 2023
John Ahmuty	January 2022
Jane Tadros	January 2021
Mark Thomas	January 2021
Lauren Grecco (Bloomingdale Representative)	January 2021

Other Officials

Dr. Daniel Johnson	Superintendent
Dr. Patrick Tierney	Board Secretary/ School Business Administrator
James Kozimor	Treasurer of School Monies
Anthony Sciarrillo, Esq. and Jeffrey Merlino, Esq.	Board Attorney-Negotiations
Andrew Li, Esq.	Board Attorney-Sending/Receiving Issues
Vito A. Gagliardi, Jr, Esq.	Board Attorney-Special Legal Counsel

BUTLER BOARD OF EDUCATION
Consultants and Advisors
June 30, 2020

Architects

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

Audit Firm

Wielkotz & Co. LLC
100B Main Street
Newton, NJ 07860

Attorneys

Parker McCay
9000 Midlantic Drive
Suite 300
Mt. Laurel, NJ 08054

Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC
238 St. Paul Street
Westfield, NJ 07090

Porzio, Bromberg & Newman P.C.
100 Southgate Parkway
PO Box 1997
Morristown, NJ 07962-1997

Insurance Agent

Balken Risk Management Services, LLC
143 Washington Street
Morristown, NJ 07960

Official Depositories

Lakeland Bank

State of New Jersey Cash Management Fund

Sterling National Bank

FINANCIAL SECTION



WIELKOTZ & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

Steven D. Wielkocz, CPA, RMA, PSA
Matthew B. Wielkocz, CPA, PSA
Paul J. Cuva, CPA, RMA, PSA
James J. Cerullo, CPA, RMA, PSA
Thomas M. Ferry, CPA, RMA, PSA

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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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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.

Opinion

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, 2020, 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, Budgetary Comparison Information, Schedules Related to Accounting and Reporting for Pensions and Schedules Related to Accounting and Reporting for Other Post-Employment Benefits identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational,

Honorable President and
Members of the Board of Education
Page 3.

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 introductory section, combining and individual non-major fund financial statements and schedule of expenditures of federal awards and the schedule of expenditures of state financial assistance as required by N.J. OMB Circular 15-08 and the State of New Jersey, Department of Education, Division of Finance and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards, and the schedule of expenditures of state financial assistance as required by N.J. OMB Circular 15-08 and the State of New Jersey, Department of Education, Division of Finance, 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 combining and individual non-major fund financial statements, schedule of expenditures of federal awards, and the schedule of expenditures of state financial assistance as required by N.J. OMB Circular 15-08 and the State of New Jersey, Department of Education, Division of Finance 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.

Honorable President and
Members of the Board of Education
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2021 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 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

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

Wielkocz & Company, LLC
Wielkocz & Company, LLC
Certified Public Accountants

Newton, New Jersey

January 29, 2021

**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

BUTLER BOROUGH PUBLIC SCHOOL DISTRICT
BUTLER BOROUGH

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020. 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 2019-2020 fiscal year are as follows:

- ◆ The School District had \$28,323,643 in expenses (see A-2 District-wide Statement of Activities, Governmental Activities); \$5,036,895 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 \$17,975,387 and \$7,060,205 respectively, were adequate to provide for these programs.
- ◆ The General Fund had \$28,429,204 in revenues and \$26,506,091 in expenditures. The General Fund's fund balance increased by \$1,923,112 over 2019. This increase was attributed to a decrease in spending overall in 2019-20. (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 Position 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 2019 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 will essentially match the information provided in statements for the District as a whole.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, this report also presents certain required supplementary information concerning the District’s budget process. The district adopts an annual expenditure budget for General, Special Revenue and Debt Service Funds. A budgetary comparison statement has been provided for each of these funds as required supplementary information. The required supplementary information can be found following the Notes to the Financial Statements.

Combining Statements and schedules are presented immediately following the major budgetary comparisons if required.

Government- Wide Financial Analysis

The Statement of Net Position provides the perspective of the School District as a whole, showing assets and deferred outflows of resources versus liabilities and deferred inflows of resources and the difference between them (net position). Net position may, over time serve as a useful indicator of a government's financial position. In the case of the Butler Public Schools, assets and deferred outflows of resources exceeded liabilities by \$11,175,092 and \$9,121,875 as of June 30, 2020 and 2019 respectively.

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

Table 1 provides a summary of the District's net position as of June 30, 2020 and 2019.

Table 1
Net Position
June 30, 2019 and 2018

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets:						
Current and Other Assets	6,812,207	4,906,291	45,106	86,794	6,857,313	4,993,085
Capital Assets, net	<u>14,078,378</u>	<u>14,561,617</u>	<u>105,683</u>	<u>93,722</u>	<u>14,184,061</u>	<u>14,655,339</u>
Total Assets	<u>20,890,586</u>	<u>19,467,907</u>	<u>150,789</u>	<u>180,517</u>	<u>21,041,374</u>	<u>19,648,424</u>
Deferred Outflows of Resources:						
Deferred Outflows of Resources Relate to PERS	1,083,863	1,111,216	-	-	1,083,863	1,111,216
Deferred Amount on Refunding	<u>50,171</u>	<u>62,714</u>	<u>-</u>	<u>-</u>	<u>50,171</u>	<u>62,714</u>
Liabilities:						
Current Liabilities	979,097	910,603	-	9,042	979,097	919,645
Noncurrent liabilities	<u>8,331,157</u>	<u>9,071,697</u>	<u>-</u>	<u>-</u>	<u>8,331,157</u>	<u>9,071,697</u>
Total Liabilities	<u>9,310,254</u>	<u>9,982,299</u>	<u>-</u>	<u>9,042</u>	<u>9,310,254</u>	<u>9,991,341</u>
Deferred Inflows of Resources:						
Deferred Inflows of Resources Related to PERS	<u>1,690,062</u>	<u>1,709,137</u>	<u>-</u>	<u>-</u>	<u>1,690,062</u>	<u>1,709,137</u>
Net Investment in Capital Assets:						
Net of Debt	9,725,791	9,538,988	105,683	93,722	9,831,474	9,632,711
Restricted	5,444,108	4,065,467	-	-	5,444,108	4,065,467
Unrestricted	<u>(4,145,595)</u>	<u>(4,654,054)</u>	<u>45,106</u>	<u>77,752</u>	<u>(4,100,489)</u>	<u>(4,576,302)</u>
Total Net Position	<u>11,024,304</u>	<u>8,950,401</u>	<u>150,789</u>	<u>171,475</u>	<u>11,175,092</u>	<u>9,121,875</u>

The District's combined net position increased by \$2,053,217 during the year ended June 30, 2209. This was an increase of 22.51% from the prior year.

Table 2 shows changes in net position for fiscal years ended June 30, 2020 and 2019.

Table 2
Changes in Net Position
June 30, 2020 and 2019

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues:						
Program Revenues:						
Charges for Services	-	-	211,305	294,692	211,305	294,692
Operating Grants and Contributions	5,036,895	5,206,716	162,496	187,837	5,199,391	5,394,552
General Revenues:						
Property Taxes	17,975,387	17,502,041	-	-	17,975,387	17,502,041
Federal and State Aid not Restricted	6,992,142	8,136,692	-	-	6,992,142	8,136,692
State Aid – Restricted for Debt Service	68,063	58,914	-	-	68,063	58,914
Miscellaneous Income	<u>325,059</u>	<u>262,623</u>	<u>175</u>	<u>192</u>	<u>325,234</u>	<u>262,816</u>
Total Revenues and Transfers	<u>30,397,546</u>	<u>31,166,986</u>	<u>373,976</u>	<u>482,721</u>	<u>30,771,521</u>	<u>31,649,708</u>
Functions/Programs:						
Governmental Activities						
Instruction:						
Regular	10,239,595	10,686,595	-	-	10,239,595	10,686,595
Special Education	3,074,055	3,476,657	-	-	3,074,055	3,476,657
Other Special Education	504,429	475,312	-	-	504,429	475,312
Other Instruction	523,412	538,110	-	-	523,412	538,110
Support Services:						
Tuition	1,939,930	2,445,545	-	-	1,939,930	2,445,545
Student & Instruction Related Services	4,337,117	4,696,394	-	-	4,337,117	4,696,394
General Administrative Services	669,134	854,661	-	-	669,134	854,661
School Administrative Services	1,427,611	1,585,752	-	-	1,427,611	1,585,752
Central Services & Administrative Inform. Tech	811,662	747,136	-	-	811,662	747,136
Plant Operations and Maintenance	3,063,012	2,842,464	-	-	3,063,012	2,842,464
Pupil Transportation	959,849	1,117,749	-	-	959,849	1,117,749
Capital Outlay – Non-depreciable	29,705	99,862	-	-	29,705	99,862
Interest on Long Term Debt	84,385	98,852	-	-	84,385	98,852
Unallocated Depreciation	634,225	663,060	-	-	634,225	663,060
Food Service	4	-	394,662	475,041	394,665	475,041
Transfer to Carter School	<u>25,519</u>	<u>25,568</u>	<u>-</u>	<u>-</u>	<u>25,519</u>	<u>25,568</u>
Total Expenses and Transfers	<u>28,323,643</u>	<u>30,353,715</u>	<u>394,662</u>	<u>475,041</u>	<u>28,718,305</u>	<u>30,828,756</u>
Increase/Decrease in Net Position	<u>2,073,903</u>	<u>813,271</u>	<u>(20,686)</u>	<u>7,681</u>	<u>2,053,217</u>	<u>820,951</u>
Net Position – Beginning (as previously reported)	8,950,401	8,287,614	171,475	163,794	9,121,876	8,451,408
Net Position Restatement (Note 17)	<u>-</u>	<u>(150,484)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(150,484)</u>
Net Position – Beginning (restated)	<u>8,950,401</u>	<u>8,137,130</u>	<u>171,475</u>	<u>163,794</u>	<u>9,121,876</u>	<u>8,300,924</u>
Net Position – Ending	<u>11,024,304</u>	<u>8,950,401</u>	<u>150,788</u>	<u>171,475</u>	<u>11,175,092</u>	<u>9,121,875</u>

Governmental Activities

The District's total governmental activities' revenues, which include State and Federal Grants, were \$30,397,546 for the year ended June 30, 2020 a decrease of \$769,440 or 2.47% over the previous year. A significant amount of this decrease is attributable to the adjustment to the on-behalf TPAF contribution to recognize the actuarially determined amount that should have been contributed by the State on-behalf of the District. This adjustment which impacts both the revenue and expenses of the governmental activities was \$1,184,191. Property taxes of \$17,975,387 represent 59.13% of revenues. Another significant portion of revenues came from State, Federal and Tuition from Other LEAs; total State, Federal, Tuition from other LEAs was \$12,097,100. Another source of revenues is miscellaneous income, which includes items such as rentals, prior year refunds, interest, etc. which amounts to \$325,059 or about 1% of total revenues.

The total cost of all governmental program and services was \$28,323,643. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$14,341,491 or 50.63% of total expenses. Support services totaled \$13,028,318 or 46.63% of total expenses. The remaining expenses relate to capital outlay, interest on long term debt, transfers to charter schools, and unallocated depreciation and amortization and total \$773,833 or 2.73% of total expenses.

Total governmental activities revenues surpassed expenses, increasing net position \$2,073,903 over the previous year.

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 expenses were greater than its revenues resulting in a decrease in net position of \$20,686.
- ◆ Charges for services represent \$211,305 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 \$162,671.

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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 2019 follows, as well as a description of the various expenditure areas.

Table 3

	<u>Total Cost of Services 2020</u>	<u>Net Cost of Services 2020</u>	<u>Total Cost of Services 2019</u>	<u>Net Cost of Services 2019</u>
Instruction	14,341,491	11,395,407	15,176,674	12,150,394
Support services				
Pupils and instructional staff	6,277,047	5,360,134	7,141,940	6,149,632
General administration, school administration, business	2,908,407	2,458,645	3,187,549	2,661,014
Operation and maintenance of facilities	3,063,012	2,338,875	2,842,465	2,180,870
Pupil transportation	959,849	959,849	1,117,749	1,117,748
Interest on Long Term Debt	84,385	84,385	98,852	98,852
Food Service	4	4	-	-
Transfer to Charter School	25,519	25,519,	25,568	25,568
Unallocated Depreciation and Amortization	634,225	634,225	663,060	663,060
Capital Outlay - Non-depreciable	<u>29,705</u>	<u>29,705</u>	<u>99,862</u>	<u>99,862</u>
Total governmental expenses	<u><u>\$28,323,643</u></u>	<u><u>\$23,286,748</u></u>	<u><u>\$30,353,715</u></u>	<u><u>\$25,147,000</u></u>

The total cost for 2020 decreased by \$2,030,072.2 from 2019, or 6.69%. This decrease is mainly attributed to the decrease in indirect expenses allocated for employee benefits related to GASB No. 68.

The total net cost for 2020 is a decrease of \$1,860,252 over 2019, or 7.40%. This value is again mainly attributed to the increase in indirect expenses allocated for employee benefits related to GASB No. 68.

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 \$29,486,396 and expenditures of \$27,563,284.

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, 2020, 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 2019</u>	<u>Percent Increase/ (Decrease) from 2019</u>
Local Sources	22,937,617	77.79%	348,871	1.54%
State Sources	6,101,613	20.69%	102,783	1.71%
Federal Sources	<u>447,165</u>	<u>1.52%</u>	<u>11,290</u>	2.59%
Total	<u>\$29,486,396</u>	<u>100.00%</u>	<u>\$ 462,945</u>	

The following schedule presents a summary of general fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal year ended June 30, 2020.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2019</u>	<u>Percent Increase/ (Decrease) From 2019</u>
Current:				
Instruction	9,314,485	33.79%	(38,221)	(0.41%)
Undistributed expenditures	17,352,661	62.96%	(663,425)	(3.68%)
Capital Outlay	229,600	0.83%	(221,651)	(49.12%)
Transfer to Charter School	25,519	0.09%	(49)	(0.19%)
Debt Service	641,019	2.33%	40,710	6.78%
Total	<u>27,563,284</u>	<u>100.00%</u>	<u>(882,636)</u>	

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 2020, 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 \$3,687,394 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 \$209,765 over the budgeted amount. This was mainly attributable to a significant increase in Extraordinary Aid from the state.

- ◆ The actual expenditures appear to be \$179,176 higher than expected. Once again, after the removal of the TPAF reported numbers, expenditures are \$3,298,452 less than originally budgeted. This can be attributed to expenditures being less than projected in many areas including: special education – instruction; utilities; judgements against the district; and employee benefits.

Capital Assets

New capital asset purchases and construction in progress for the year totaled \$199,895. The District is nearing completion of the project to renovate the HS Auditorium, replacement of the Aaron Decker School Boiler and the district-wide abatement of asbestos. More information on capital assets may be found in Note 6 to the financial statements.

Debt Administration

At June 30, 2020 the School district had \$2,545,000 in outstanding bonded debt. Additional information may be found in Note 7 of the financial statements.

For the Future

The Butler Borough Public School District is in good financial condition. The District is proud of its community support of the public schools. However, future finances are not without challenges as expenses continue to grow and limitations are placed on total spending. The District is concerned with its increasing reliance on property taxes as state aid has remained flat and expenses have risen.

The District is committed to continuing its system of financial planning, budgeting and internal financial controls to meet the challenges 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 Patrick Tierney, School Business Administrator/Board Secretary at Butler Borough Board of Education, High School Annex Building, Butler, NJ 07405 or email at ptierney@butlerboe.org.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BUTLER BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and Cash Equivalents	3,109,265	37,673	3,146,938
Receivables, net	598,442	7,433	605,874
Inventory	-	-	-
Restricted Assets:			
Capital Reserve Account - Cash	3,104,501	-	3,104,501
Capital Assets:			
Construction in Progress	1,301,900	-	1,301,900
Other Capital Assets, net	12,776,478	105,683	12,882,161
Total Assets	<u>20,890,586</u>	<u>150,789</u>	<u>21,041,374</u>
Deferred Outflows of Resources:			
Deferred Outflows of Resources Related to PERS	1,083,863	-	1,083,863
Deferred Amount on Refunding	50,171	-	50,171
Total Deferred Outflows	<u>1,134,034</u>	<u>-</u>	<u>1,134,034</u>
Liabilities:			
Accounts Payable	244,788	-	244,788
Accrued Interest on Bonds	38,355	-	38,355
Unearned Revenue	20,441	-	20,441
Noncurrent Liabilities:			
Due Within One Year	675,513	-	675,513
Due Beyond One Year	8,331,157	-	8,331,157
Total Liabilities	<u>9,310,254</u>	<u>-</u>	<u>9,310,254</u>
Deferred Inflows of Resources:			
Deferred Inflows of Resources Related to PERS	<u>1,690,062</u>	<u>-</u>	<u>1,690,062</u>
Net Position:			
Net Investment in Capital Assets	9,725,791	105,683	9,831,474
Restricted for:			
Debt Service	1	-	1
Capital projects	2,217,082	-	2,217,082
Other Purposes	3,227,025	-	3,227,025
Unrestricted	<u>(4,145,595)</u>	<u>45,106</u>	<u>(4,100,489)</u>
Total Net Position	<u><u>11,024,304</u></u>	<u><u>150,789</u></u>	<u><u>11,175,092</u></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 YEARENDED JUNE 30, 2020**

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
Governmental Activities:							
Instruction:							
Regular	6,544,951	3,694,645	-	2,259,487	(7,980,109)	-	(7,980,109)
Special Education	1,930,312	1,143,742	-	590,060	(2,483,995)	-	(2,483,995)
Other Special Instruction	315,810	188,619	-	96,537	(407,892)	-	(407,892)
Other instruction	523,412	-	-	-	(523,412)	-	(523,412)
Support services:							
Tuition	1,939,930	-	-	-	(1,939,930)	-	(1,939,930)
Student & Instruction Related Services	2,900,977	1,436,140	-	916,913	(3,420,204)	-	(3,420,204)
General Administrative Services	525,453	143,681	-	160,621	(508,513)	-	(508,513)
School Administrative Service	945,889	481,722	-	289,140	(1,138,471)	-	(1,138,471)
Central Services and Admin. Info. Tech.	551,239	260,423	-	-	(811,662)	-	(811,662)
Plant Operations and Maintenance	2,368,930	694,082	-	724,137	(2,338,875)	-	(2,338,875)
Pupil Transportation	959,849	-	-	-	(959,849)	-	(959,849)
Food Service	4	-	-	-	(4)	-	(4)
Capital Outlay - Non Depreciable	29,705	-	-	-	(29,705)	-	(29,705)
Interest on Long-Term Debt	-	84,385	-	-	(84,385)	-	(84,385)
Transfer to Charter School	25,519	-	-	-	(25,519)	-	(25,519)
Unallocated Depreciation and Amortization	12,543	621,682	-	-	(634,225)	-	(634,225)
Total Governmental Activities	19,574,522	8,749,121	-	5,036,895	(23,286,748)	-	(23,286,748)
Business-type Activities:							
Food Service	394,662	-	211,305	162,496	-	(20,861)	(20,861)
Total Business-type Activities	394,662	-	211,305	162,496	-	(20,861)	(20,861)
Total Primary Government	19,969,183		211,305	5,199,391	(23,286,748)	(20,861)	(23,307,609)
General Revenues:							
Taxes:							
Property Taxes, levied for general purposes, net					17,402,431	-	17,402,431
Taxes Levied for Debt Service					572,956	-	572,956
Federal and State Aid not restricted					6,992,142	-	6,992,142
State Aid - Restricted for Debt Service					68,063	-	68,063
Investment Earnings					2,377	175	2,552
Miscellaneous Income					322,682	-	322,682
Total General Revenues					25,360,651	175	25,360,826
Change in Net Position					2,073,903	(20,686)	2,053,217
Net Position - Beginning					8,950,401	171,475	9,121,876
Net Position - Ending					11,024,304	150,789	11,175,092

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, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	3,096,683	-	12,581	1	3,109,265
Due from Other Funds	39,080	-	-	-	39,080
Receivable from State Government	371,522	-	-	-	371,522
Receivable from Federal Government	-	59,521	-	-	59,521
Receivables from Other Governments	71,399	-	-	-	71,399
Receivables other	96,000	-	-	-	96,000
Restricted Cash and Cash Equivalents	3,104,501	-	-	-	3,104,501
Total Assets	<u>6,779,184</u>	<u>59,521</u>	<u>12,581</u>	<u>1</u>	<u>6,851,287</u>
Liabilities and Fund Balances:					
Liabilities:					
Interfund Loans Payable	-	39,080	-	-	39,080
Unearned Revenue Federal	-	18,248	-	-	18,248
Unearned Revenue Local Grants	-	2,193	-	-	2,193
Total Liabilities	<u>-</u>	<u>59,521</u>	<u>-</u>	<u>-</u>	<u>59,521</u>
Fund Balances:					
Committed to:					
Year End Encumbrances	67,975	-	-	-	67,975
Restricted for:					
Debt Service	-	-	-	1	1
Capital Projects	-	-	12,581	-	12,581
Excess Surplus	1,606,904	-	-	-	1,606,904
Excess Surplus Designated for					
for Subsequent Year's Expenditures	1,305,544	-	-	-	1,305,544
Maintenance Reserve Account	900,000	-	-	-	900,000
Capital Reserve Account	2,204,501	-	-	-	2,204,501
Assigned to:					
Designated for Subsequent					
Year's Expenditures	296,329	-	-	-	296,329
Unassigned:					
General Fund	397,932	-	-	-	397,932
Total Fund Balances	<u>6,779,184</u>	<u>-</u>	<u>12,581</u>	<u>1</u>	<u>6,791,766</u>
Total Liabilities and Fund Balances	<u>6,779,184</u>	<u>59,521</u>	<u>12,581</u>	<u>1</u>	
Amounts reported for <i>governmental activities</i> 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. (38,355)					
Accounts payable for subsequent pension payment is not a payable in the funds (244,788)					
Deferred outflows and inflows of resources are applicable to future periods and therefore are not reported in the funds.					
Deferred Outflows of Resources Related to PERS Pension Liability 1,083,863					
Deferred Inflows of Resources Related to PERS Pension Liability (1,690,062)					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$25,052,772 and the accumulated depreciation is \$10,491,155. 14,078,378					
Deferred interest costs are not reported as expenditures in the governmental fund in the year of the expenditure. 50,171					
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. (9,006,670)					
Net position of governmental activities <u>11,024,304</u>					

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, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:					
Local sources:					
Local Tax Levy	17,402,431	-	-	572,956	17,975,387
Tuition - Other LEA's Within the State	4,620,722	-	-	-	4,620,722
Tuition - Individuals	-	-	-	-	-
Tuition - Other Sources	-	-	-	-	-
Rentals	137,750	-	-	-	137,750
Interest Earned on Capital Reserve Funds	2,377	-	-	-	2,377
Refund of Prior Year's Expenditures	2,936	-	-	-	2,936
Miscellaneous Income	181,996	16,449	-	-	198,445
Total - Local Sources	22,348,212	16,449	-	572,956	22,937,617
State sources	6,033,550	-	-	68,063	6,101,613
Federal sources	47,441	399,724	-	-	447,165
Total revenues	28,429,204	416,173	-	641,019	29,486,396
Expenditures:					
Current:					
Regular Instruction	6,172,185	372,766	-	-	6,544,951
Special Education Instruction	1,930,312	-	-	-	1,930,312
Other Special Instruction	315,810	-	-	-	315,810
Other Instruction	523,412	-	-	-	523,412
Support Services and Undistributed Costs:					
Tuition	1,939,930	-	-	-	1,939,930
Student & Instruction Related Services	2,857,570	43,407	-	-	2,900,977
General Administrative Services	525,453	-	-	-	525,453
School Administrative Services	945,889	-	-	-	945,889
Central Services and Admin. Infor. Tech.	551,239	-	-	-	551,239
Plant Operations and Maintenance	2,368,930	-	-	-	2,368,930
Pupil Transportation	959,849	-	-	-	959,849
Unallocated Employee Benefits	7,160,391	-	-	-	7,160,391
Food Services	4	-	-	-	4
Capital Outlay	229,600	-	-	-	229,600
Transfer to charter school	25,519	-	-	-	25,519
Debt Service:					
Principal	-	-	-	550,000	550,000
Interest and Other Charges	-	-	-	91,019	91,019
Total Expenditures	26,506,091	416,173	-	641,019	27,563,284
Excess (Deficiency) of Revenues					
Over Expenditures	1,923,112	-	-	-	1,923,112
Fund Balance—July 1	4,856,072	-	12,581	1	4,868,654
Fund Balance—June 30	6,779,184	-	12,581	1	6,791,766

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, 2020

Total net change in fund balances - governmental funds (from B-2) 1,923,112

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	(683,134)	
	Depreciable Capital Outlays	<u>199,895</u>	
			<u>(483,239)</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	550,000
	Principal Payments on Capital Leases	120,041

District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

	District Pension Contributions	218,807	
	Less: Pension Expense	<u>(157,605)</u>	
	Increase/(Decrease) in Pension Expense		61,202

Per GASB No. 68 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements.

	Increase in On-behalf State Aid TPAF Pension	1,184,191
	Increase in On-behalf TPAF Pension Expense	(1,184,191)

Per GASB No. 68 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF post retirement medical payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements.

	Increase in On-behalf State Aid TPAF Post Retirement Medical Revenue	(273,041)
	Increase in On-behalf State Aid TPAF Post Retirement Medical Expense	273,041

In the statement of activities, costs related to the issuance of long-term debt are deferred and amortized over the term of the debt. In the governmental funds, the issuance costs are reported upon issuance of the debt. This amount represents the current year amortization of the costs related to the issuance of long-term debt in previous years.

(12,543)

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 decrease in the reconciliation

6,634

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)/Decrease in Compensated Absences Payable	<u>(91,305)</u>
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Change in net position of governmental activities

2,073,903

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

BUTLER BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-type Activities - Enterprise Funds
	Food Service
ASSETS	
Current Assets:	
Cash and Cash Equivalents	37,673
Intergovernmental Receivables:	
Federal	7,361
State	71
Total Current Assets	45,106
Noncurrent Assets:	
Furniture, Machinery & Equipment	195,863
Less Accumulated Depreciation	(90,180)
Total Noncurrent Assets	105,683
Total Assets	150,789
NET POSITION:	
Restricted for:	
Net Investment in Capital Assets	105,683
Unrestricted	45,106
Total Net Position	150,789

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, 2020

	Business-type Activities - Enterprise Fund
	Food Service
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable lunch programs	117,417
Daily Sales - Non-reimbursable lunch programs	91,177
Miscellaneous	2,710
Total Operating Revenues	211,305
 Operating Expenses:	
Cost of Sales- Reimbursable	138,604
Cost of Sales - Non-reimbursable	56,172
Salaries	112,682
Employee Benefits	15,260
Supplies and Materials	12,836
Management Fees	17,325
Insurance	13,971
Repairs	9,483
Depreciation	8,269
Miscellaneous	10,059
Total Operating Expenses	394,662
Operating Income/(Loss)	(183,357)
 Nonoperating Revenues/(Expenses):	
State Sources:	
State School Lunch Program	3,193
Federal Sources:	
National School Lunch Program	103,701
Breakfast Program	24,615
Food Distribution Program	30,988
Interest and Investment Revenue	175
Total Nonoperating Revenues/(Expenses)	162,671
Change in net position	(20,686)
Total Net Position- Beginning	171,475
Total Net Position - Ending	150,789

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, 2020

	Business-type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Cash Receipts from Customers	204,634
Cash Payments to Employees for Services	(112,682)
Cash Payments to Suppliers for Goods and Services	(269,169)
Net Cash Provided by/(Used for) Operating Activities	(177,217)
Cash Flows from Non-capital Financing Activities:	
State Sources	3,395
Federal Sources	161,750
Net Cash Provided by/(Used for) Non-capital Financing Activities	165,145
Cash Flows from Investing Activities:	
Interest and Dividends	175
Purchase of Capital Assets	(20,229)
Net cash provided by (used for) investing activities	(20,054)
Net Increase/(Decrease) in Cash and Cash Equivalents	(32,126)
Balances—Beginning	69,799
Balances—Ending	37,673
Reconciliation of Operating Income/(Loss) to Net Cash Provided by (Used) Operating Activities:	
Operating Income/(Loss)	(183,357)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	8,269
(Increase)/Decrease in Inventories	6,913
(Increase)/Decrease in Interfund Payable	(6,671)
Increase/(Decrease) in Food Distribution Program	(2,372)
Total Adjustments	6,140
Net Cash Provided by/(Used for) Operating Activities	(177,217)

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, 2020**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
Assets:			
Cash and Cash Equivalents	140,216	357,214	514,669
	<u>140,216</u>	<u>357,214</u>	<u>514,669</u>
Liabilities:			
Accounts payable			
Accrued Salaries and Wages	-	-	366,661
Flexible Spending	-	-	19,568
Payable to Student Groups	-	-	112,824
Payroll Deductions and Withholdings	-	-	15,616
	<u>-</u>	<u>-</u>	<u>514,669</u>
Total Liabilities	-	-	514,669
Net Position:			
Held in Trust for Unemployment Claims and Other Purposes	<u>140,216</u>		
Reserved for Scholarships		<u>357,214</u>	

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, 2020**

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
Additions:		
Contributions:		
Plan Member	276	-
Other	-	27,087
Total Contributions	276	27,087
Investment Earnings:		
Interest	21,898	825
Net Investment Earnings	21,898	825
Total Additions	22,174	27,912
Deductions:		
Unemployment Claims	17,598	-
Scholarships Awarded	-	25,320
Total Deductions	17,598	25,320
Change in Net Position	4,577	2,592
Net Position - Beginning	135,639	354,622
Net Position - Ending	140,216	357,214

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

NOTES TO THE FINANCIAL STATEMENTS

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 1. 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. 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.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary schools and a middle school, located in the Borough of Butler. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. 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, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. 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, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. 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, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. 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.

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.

C. 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, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. 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.

D. 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

1. Program Revenues

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting (continued)

Revenues - Exchange and Non-exchange Transactions (continued)

2. *Property Taxes*

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11th day of the 11th month of the fiscal year levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2018-2019 and 2019-2020 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Non-Operating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund and of the Academy for Law and Public Safety enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. 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.

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.

F. 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.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Cash, Cash Equivalents and Investments (continued)

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.

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.

H. 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.

I. Tuition Payable

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

J. 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.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020, 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.

L. 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.

M. 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. 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>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity 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, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. 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.

O. 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 1(F) regarding the special revenue fund.

P. 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.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Accounting and Financial Reporting for Pensions (continued)

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only two items that qualify for reporting in this category, deferred amounts from refunding debt-and deferred amounts related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies in this category, deferred amounts related to pension.

S. 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:

1. **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).
2. **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.

Excess Surplus - Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent to June 30, 2020 audited excess surplus that was appropriated in the 2020-2021 original budget certified for taxes.

Excess Surplus - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2020 audited excess surplus that is required to be appropriated in the 2020-2021 original budget certified for taxes.

Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Fund Balances: (continued)

Capital Reserve - This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3.)

Capital Projects - Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Debt Service - Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

3. **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.
4. **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.

Year-End Encumbrances - Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Designated for Subsequent Year's Expenditures - This designation was created to dedicate the portion of fund balance appropriated in the adopted 2020-2021 District budget certified for taxes.

5. **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.

T. 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.

Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Net Position (continued)

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

U. 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.

V. 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.

W. 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, medical and dental benefits and TPAF on-behalf contributions were allocated based on salaries of that program. 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.

X. 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.

Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Y. New Accounting Standards

During fiscal year 2020, the District did not adopt any new GASB Statements.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. This statement was effective for reporting periods beginning after December 31, 2018. However, GASB Statement No. 95 postponed the implementation of this statement by one year due to the COVID-19 pandemic.

GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. However, GASB Statement No. 95 postponed the implementation of this statement by one year due to the COVID-19 pandemic.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the end of a Construction*. The objectives of this Statement is to (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. However, GASB Statement No. 95 postponed the implementation of this statement by one year due to the COVID-19 pandemic.

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 31, 2018. However, GASB Statement No. 95 postponed the implementation of this statement by one year due to the COVID-19 pandemic.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Y. New Accounting Standards (continued)

GASB Statement No. 91, Conduit Debt Obligations. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for reporting periods beginning after December 15, 2020. However, GASB Statement No. 95 postponed the implementation of this statement by one year due to the COVID-19 pandemic.

In January 2020, the Government Accounting Standards Board issued GASB Statement No. 92, Omnibus. This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions. The Authority does not believe this Statement will have any effect on future financial statements. However, GASB Statement No. 95 postponed the implementation of this statement by one year due to the COVID-19 pandemic.

In March 2020, the Government Accounting Standards Board issued GASB Statement No. 93, Replacement of Interbank Offering Rates. The objective of this Statement is to address certain issues with Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, as amended, Statement No. 87, Leases, as amended and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement are effective for fiscal years beginning after June 15, 2020. However, GASB Statement No. 95 postponed the implementation of this statement by one year due to the COVID-19 pandemic.

NOTE 2. 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 Districts 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, 2020, \$-0- of the District's bank balance of \$7,932,858.84 was exposed to custodial credit risk.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 2. 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 3. RECEIVABLES

Receivables at June 30, 2020 consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Governmental Fund Financial <u>Statements</u>	Enterprise Fund	District Wide Financial <u>Statements</u>
State Aid	\$371,522	\$ 71	\$371,593
Federal Aid	59,521	7,361	66,882
Other Governments	71,399		
Interfunds	39,080		71,399
Other	<u>96,000</u>	_____	<u>96,000</u>
Gross Receivables	<u>637,522</u>	<u>7,432</u>	<u>605,874</u>
Less: Allowances for Uncollectables	_____	_____	_____
Total Receivables, Net	<u>\$637,522</u>	<u>\$7,432</u>	<u>\$605,874</u>

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 4. INTERFUND BALANCES AND ACTIVITY

Balance due to/from other funds at June 30, 2020 consists of the following:

Due to General Fund from the Special Revenue Fund for short term loans. \$39,080

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

NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

Governmental Activities:	<u>Balance 6/30/19</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Balance 6/30/20</u>
Capital Assets, Not Being Depreciated					
Construction in Progress	1,301,900	_____	_____	_____	1,301,900
Total Capital Assets, Not Being Depreciated	1,301,900	_____	_____	_____	1,301,900
Building & Improvements	18,286,651				18,286,651
Site Improvements	3,691,376	102,419			3,793,796
Machinery & Equipment	1,772,844	97,476	_____	_____	1,870,320
Totals at Historical Cost	23,750,871	199,895	_____	_____	23,950,766
Governmental Activities Capital Assets	25,052,771	199,895	_____	_____	25,252,666
Less: Accumulated Depreciation:					
Site Improvements	(1,760,845)	(184,207)			(1,945,052)
Building & Improvements	(7,556,356)	(428,798)			(7,985,154)
Machinery & Equipment	(1,173,953)	(70,129)	_____	_____	(1,244,082)
Total Accumulated Depreciation	(10,491,154)	(683,134) *	_____	_____	(11,174,288)
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	13,259,717	(483,239)	_____	_____	12,776,478
Governmental Activities Capital Assets, Net	<u>14,561,617</u>	<u>(483,239)</u>	=====	=====	<u>14,078,378</u>
Business Type Activity					
Equipment	175,634	20,229			195,863
Less Accumulated Depreciation: Equipment	(81,911)	(8,269)	_____	_____	(90,180)
Business-Type Activity Capital Assets, Net	<u>93,723</u>	<u>(8,269)</u>	=====	=====	<u>105,683</u>

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 5. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Instruction:

Regular Education	\$ 4,764
Special Education	6,315
Student & Instruction Related Services	25,686
School Administrative Services	272
Plant Operations and Maintenance	24,416
Unallocated	<u>621,681</u>
Total Depreciation Expense	<u>\$683,134</u>

NOTE 6. LONG-TERM OBLIGATION ACTIVITY

Changes in long-term obligations for the fiscal year ended June 30, 2020 were as follows:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Increases</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due Within</u> <u>One Year</u>	<u>Long-Term</u> <u>Portion</u>
Capital Leases	1,927,628	-	120,041	1,807,587	120,513	1,687,074
Compensated Absences Payable	524,324	91,304 (1)	-	615,628	-	615,628
Net Pension Liability -PERS	4,133,466	-	95,011	4,038,455	-	4,038,455
School Bonds of 2009 Refunding School Bonds of 2012	1,630,000	-	250,000	1,380,000	255,000	1,125,000
	<u>1,465,000</u>	<u>-</u>	<u>300,000</u>	<u>1,165,000</u>	<u>300,000</u>	<u>865,000</u>
	<u>9,680,418</u>	<u>91,304</u>	<u>765,052</u>	<u>9,006,670</u>	<u>675,513</u>	<u>8,331,157</u>

(1) Net of accumulations and uses of compensated absences.

For the governmental activities, the liabilities for compensated absences, capital leases and net position liability are generally liquidated by the general fund.

A. Bonds Payable

The Board issued General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets.

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.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 6. LONG-TERM OBLIGATION ACTIVITY (continued)

A. Bonds Payable (continued)

Outstanding Bonds Payable at June 30, 2020, 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, 2020</u>
School Bonds of 2009 (Various School Renovations)	3,046,000	7/01/2009	2.00-4.00%	7/01/2024	\$1,380,000
Refunding Bonds of 2012 (Refunding School Bonds of 2004)	2,920,000	2/01/2012	2.00-2.56%	2/01/2024	<u>1,165,000</u>
					<u>\$2,545,000</u>

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 555,000	\$ 75,544	\$ 630,544
2022	560,000	59,144	619,144
2023	565,000	42,075	607,075
2024	565,000	24,350	589,350
2025	<u>300,000</u>	<u>6,000</u>	<u>306,000</u>
	<u>\$2,545,000</u>	<u>\$207,113</u>	<u>\$2,752,113</u>

B. Bonds Authorized but not Issued

As of June 30, 2020, there were no Authorized but not Issued Bonds.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 7. CAPITAL LEASES PAYABLE

The District is leasing ten copiers with a lease term of five years ending February 2024. Additionally, in 2018-2019, the District financed boilers and lighting upgrades through a lease purchase agreement. Payments began in 2019 and will be made semi-annually thru 2019 with a stated rate of 2.99%. The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2020:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 167,398
2022	168,206
2023	167,390
2024	147,776
2025	109,362
2026-2030	585,798
2031-2035	656,304
2036-2037	<u>281,705</u>
Total Minimum lease payables	2,283,939
Less: Amount representing interest	<u>(476,352)</u>
Present Value of Net Minimum Lease Payments	<u>\$1,807,587</u>

The General Fund will be used to liquidate the Capital Leases.

NOTE 8. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and 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.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

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.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

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.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Contributions Requirements Fund Based Statements

The Board's contribution to PERS AND DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

<u>Year Ending</u>	<u>PERS</u>	<u>DCRP</u>
6/30/20	\$218,807	\$32,454
6/30/19	209,585	38,756
6/30/18	191,841	38,146

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

<u>Year Ending</u>	<u>Pension Contributions</u>	<u>Post-Retirement Medical Contributions</u>	<u>NCGI Premium</u>	<u>Long-Term Disability</u>
6/30/20	\$1,969,201	\$743,631	\$35,296	\$1,495
6/30/19	1,732,510	802,314	36,266	1,664
6/30/18	1,256,248	831,074	30,486	1,630

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$728,005 during the year ended June 30, 2019 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68

Public Employees Retirement System (PERS)

At June 30, 2020, the District had a liability of \$4,038,455 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2019, the District's proportion was 0.0224128489 percent, which was an increase of 0.00141960001 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$218,807. At June 30, 2020, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	72,485	17,840
Changes of assumptions	403,255	1,401,735
Net difference between projected and actual earnings on pension plan investments		63,749
Changes in proportion	363,335	206,738
	<u>244,788</u>	
District contributions subsequent to the measurement date		
Total	<u>\$ 1,083,863</u>	<u>\$ 1,690,062</u>

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

Public Employees Retirement System (PERS) (continued)

The \$244,788 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2020, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2020	(\$116,612)
2021	(378,288)
2022	(337,789)
2023	(158,609)
2024	(16,286)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2019 and June 30, 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Collective deferred outflows of resources	3,149,522,616	\$4,684,852,302
Collective deferred inflows of resources	7,645,087,574	7,646,736,226
Collective net pension liability	18,018,482,972	19,689,501,539
District's Proportion	0.0224128489%	0.0209932488%

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE
STATEMENTS PER - GASB NO. 68, (continued)**

Public Employees Retirement System (PERS) (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% (based on years of service)
Thereafter	3.00-7.00% (based on years of service)
Investment Rate of Return	7.00%

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and a 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS) (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U. S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U. S. Equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private Equity	12.00%	10.85%

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS) (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2019, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	<u>June 30, 2019</u>		
	<u>1%</u> Decrease	<u>At Current</u> Discount Rate	<u>1%</u> Increase
	<u>5.28%</u>	<u>6.28%</u>	<u>7.28%</u>
District's proportionate share of the pension liability	\$5,136,713	\$4,038,455	\$3,164,785

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2020 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>54,061,443</u>
	<u><u>\$54,061,443</u></u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2019, the proportion of the TPAF net pension liability associated with the District was 0.0880896398%.

For the year ended June 30, 2020, the District recognized on-behalf pension expense and revenue of \$3,188,688 for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Teachers Pensions and Annuity Fund (TPAF) (continued)

Actuarial Assumptions (continued)

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.45% (based on years of service)
Thereafter	2.75-5.65% (based on years of service)
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with an 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and a 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Teachers Pensions and Annuity Fund (TPAF) (continued)

Long-Term Expected Rate of Return (continued)

of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U. S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U. S. Equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 5.60% and 4.86% as of June 30, 2019 and 2018, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% and 3.87% as of June 30, 2019 and 2018, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 70% of the actuary determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Teachers Pensions and Annuity Fund (TPAF) (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2018, the State paid PRM benefits for 153,893 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2019, the State contributed \$1.908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's "pay-as-you-go" contributions have remained consistent with Fiscal Year 2018 amounts. The Fiscal Year 2020 Appropriations Act includes \$1.612 billion as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligator for benefit payments. The Fiscal Year 2019 total State OPEB liability to provide these benefits is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in Fiscal Year 2018.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

Plan Description and Benefits Provided (continued)

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level for the State Health Benefit Local Education Retired Employee's Plan and is not specific to the board of education/board of trustees, and could be found at <https://www.state.nj.us/treasury/pensions/GASBnotices> OPEB.

The portion of the OPEB Liability that was associated with the District recognized at June 30, 2020 was as follows:

OPEB Liability:	
District's proportionate share	\$
State's proportionate share associated with the District	<u>38,221,593</u>
	<u>\$38,221,593</u>

Actual Assumptions and Other Imputes

The total OPEB liability in the June 30, 2019 actuarial valuation reported by the State in the State's Report of Total Nonemployer OPEB Liability for the State Health Benefit Local Education Retired Employee's Plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

Total Nonemployer OPEB Liability (continued)

Inflation rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary increases:		
Through 2026	1.55 - 3.05% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 3.05% based on service years	3.00 - 7.00% based on service years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018 and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

(a) Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

(b) Discount Rate

The discount rate for June 30, 2020 and 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Healthcare Cost Trend Rates:

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the healthcare cost trend rates is not applicable to the District.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended June 30, 2020, the board of education/board of trustees recognized on-behalf OPEB expense of \$470,590 in the district-wide financial statements as determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASB No. 75, the Borough of Butler School District's proportionate share of school retirees OPEB is zero; therefore, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

NOTE 10. 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.	

NOTE 11. 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.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 11. RISK MANAGEMENT, (continued)

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

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>
2019-2020	\$276	\$21,898	\$17,598	\$140,216
2018-2019	243	21,810	16,738	135,639
2017-2018	247	20,863	7,632	130,323

Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020

NOTE 12. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$380,000 during the fiscal year ended June 30, 2001 and \$385,000 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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$1,452,123
Interest earnings	2,378
Deposit:	
Board Resolution	1,000,000
Less: Budget Withdrawal	<u>(250,000)</u>
Ending balance, June 30, 2020	<u>\$2,204,501</u>

The balance in the capital reserve account at June 30, 2020 does not exceed the balance of local support costs of uncompleted capital projects in its LRFP. 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 13. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the Board of Education resolution adopted on June 24, 2020 in the amount of \$1,000,000.00. The account is maintained in the general fund. The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A. 18A:7G-9). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund.

The activity of the maintenance reserve account for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance	\$150,000
Deposit per Board Resolution	<u>750,000</u>
Ending balance, June 30, 2020	<u>\$900,000</u>

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 14. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$6,779,184 General Fund fund balance at June 30, 2020, \$67,975 is reserved for encumbrances; \$2,912,448 is reserved as excess surplus in accordance with *N.J.S.A. 18A:7F-7*, \$1,305,544 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2021; \$2,204,501 has been reserved in the Capital Reserve Account; \$900,000 has been reserved in the Maintenance Reserve Account; \$296,329 has been appropriated and included as anticipated revenue for the year ending June 30, 2020; and \$397,932 is unreserved and unassigned.

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, 2020 is \$2,912,448. Of this amount, \$1,606,904 is the result of current year operation, and \$1,305,544 is the result of prior year operations.

NOTE 16. INVENTORY

Inventory in the Food Service Fund at June 30, 2020 consisted of the following:

Food	\$ -
Supplies	<u>-</u>
	<u>\$ -</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, 2020**

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 - District Counsel has informed us there is one matter they have been engaged to represent the Board which is pending or to which they have devoted substantial attention in the form of legal consultation involving claims by or against, or a contingent liability of, the Board of Education. The possible outcome has not been supplied to us.

NOTE 18. SUBSEQUENT EVENT

The District has evaluated subsequent events through January 29, 2021, the date which the financial statements were available to be issued and the following item was noted for disclosure:

On March 9, 2020, Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. At the time of this report, the overall effects of the COVID-19 pandemic are unknown. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential financial dilemma among many of the taxpayers of the Borough of Butler. The Board has identified several risks as a result of this pandemic, including a possible delay in collection of District taxes and cash flow shortages as the result of these delayed collections. In addition, possible increase in expenditures related to the COVID-19 pandemic that will not be reimbursed by the Federal or State governments. The Board will continue to monitor the situation closely.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

**BUTLER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Exhibit C-1
Page 1 of 6**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	17,402,431	-	17,402,431	17,402,431	-
Tuition - Other LEAs Within the State	4,638,791	-	4,638,791	4,620,722	(18,069)
Interest Earned on Capital Reserve Funds	500	-	500	2,377	1,877
Rentals	139,000	-	139,000	137,750	(1,250)
Refund of Prior Year's Expenditures	30,000	-	30,000	2,936	(27,064)
Miscellaneous Revenue	47,078	-	47,078	181,996	134,918
Total - Local Sources	<u>22,257,800</u>	<u>-</u>	<u>22,257,800</u>	<u>22,348,212</u>	<u>90,412</u>
State Sources:					
School Choice Aid	13,291	-	13,291	13,291	-
Categorical Transportation Aid	215,738	-	215,738	215,738	-
Extraordinary Aid	225,000	-	225,000	371,522	146,522
Categorical Special Education Aid	583,508	-	583,508	583,508	-
Equalization Aid	1,350,253	-	1,350,253	1,350,253	-
Categorical Security Aid	39,010	-	39,010	39,010	-
On-behalf TPAF Pension and Annuity Fund (non-budgeted)	-	-	-	1,969,201	1,969,201
On-behalf TPAF NCGI Premium (non-budgeted)	-	-	-	35,296	35,296
On-behalf TPAF Post Retirement Medical (non-budgeted)	-	-	-	743,631	743,631
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)	-	-	-	1,495	1,495
TPAF Social Security (Reimbursed - non-budgeted)	-	-	-	728,005	728,005
Total State Sources	<u>2,426,800</u>	<u>-</u>	<u>2,426,800</u>	<u>6,050,950</u>	<u>3,624,150</u>
Federal Sources:					
Medicaid Reimbursement	74,610	-	74,610	47,441	(27,169)
Total Federal Sources	<u>74,610</u>	<u>-</u>	<u>74,610</u>	<u>47,441</u>	<u>(27,169)</u>
Total Revenues	<u>24,759,210</u>	<u>-</u>	<u>24,759,210</u>	<u>\$ 28,446,604</u>	<u>3,687,394</u>
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	347,382	(32,261)	315,121	312,621	2,500
Grades 1-5 - Salaries of Teachers	1,696,405	(28,371)	1,668,034	1,640,555	27,479
Grades 6-8 - Salaries of Teachers	1,097,523	(8,414)	1,089,109	962,080	127,029
Grades 9-12 - Salaries of Teachers	2,753,543	(47,044)	2,706,499	2,704,203	2,296
Regular Programs - Home Instruction:					
Salaries of Teachers	23,000	-	23,000	5,260	17,740
Purchased Professional-Educational Services	33,500	(2,000)	31,500	11,616	19,884
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	145,816	26,638	172,454	172,425	29
Purchased Professional-Educational Services	64,707	(460)	64,247	26,872	37,375
Purchased Technical Services	5,125	(4,121)	1,004	435	569
Other Purchased Services (400-500 series)	82,032	(18,552)	63,480	61,597	1,883
General Supplies	256,509	37,842	294,351	264,273	30,077
Textbooks	6,344	-	6,344	4,374	1,970
Other Objects	9,089	-	9,089	5,875	3,214
Total Regular Programs - Instruction	<u>6,520,975</u>	<u>(76,743)</u>	<u>6,444,231</u>	<u>6,172,185</u>	<u>272,046</u>
Learning and/or Language Disabilities:					
Salaries of Teachers	297,706	90,735	388,441	377,667	10,774
Other Salaries for Instruction	13,237	-	13,237	5,417	7,820
Purchased Professional-Educational Services	-	9,700	9,700	9,700	-
General Supplies	2,200	-	2,200	1,932	268
Total Learning and/or Language Disabilities	<u>313,143</u>	<u>100,435</u>	<u>413,578</u>	<u>394,716</u>	<u>18,862</u>
Multiple Disabilities:					
Salaries of Teachers	288,502	209	288,711	288,711	-
Other Salaries for Instruction	45,320	(37,218)	8,102	-	8,102
Purchased Professional-Educational Services	2,000	-	2,000	710	1,290
General Supplies	3,400	1,017	4,417	4,016	401
Total Multiple Disabilities	<u>339,222</u>	<u>(35,992)</u>	<u>303,230</u>	<u>293,437</u>	<u>9,793</u>

**BUTLER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Exhibit C-1
Page 2 of 6**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,187,007	(59,425)	1,127,582	1,037,317	90,265
Other Salaries for Instruction	62,416	(20,918)	41,498	-	41,498
General Supplies	6,000	1,659	7,659	5,874	1,784
Total Resource Room/Resource Center	<u>1,255,423</u>	<u>(78,684)</u>	<u>1,176,739</u>	<u>1,043,192</u>	<u>133,547</u>
Preschool Disabilities - Full- Time					
Salaries of Teachers	160,801	(500)	160,301	156,328	3,973
Other Salaries for Instruction	45,097	(29,205)	15,892	15,892	-
Purchased Professional-Educational Services	2,000	-	2,000	2,000	-
General Supplies	3,500	500	4,000	2,752	1,248
Total Preschool Disabilities - Full- Time	<u>211,398</u>	<u>(29,205)</u>	<u>182,193</u>	<u>176,972</u>	<u>5,221</u>
Home Instruction:					
Salaries of Teachers	23,000	7,050	30,050	21,280	8,770
Purchased Professional - Educational Services	6,000	2,000	8,000	715	7,285
Total Home Instruction	<u>29,000</u>	<u>9,050</u>	<u>38,050</u>	<u>21,995</u>	<u>16,055</u>
Total Special Education - Instruction	<u>2,148,186</u>	<u>(34,396)</u>	<u>2,113,790</u>	<u>1,930,312</u>	<u>183,478</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	197,877	-	197,877	185,527	12,350
General Supplies	500	-	500	-	500
Total Basic Skills/Remedial - Instruction	<u>198,377</u>	<u>-</u>	<u>198,377</u>	<u>185,527</u>	<u>12,850</u>
Bilingual Education - Instruction					
Salaries of Teachers	149,656	500	150,156	129,983	20,173
General Supplies	600	-	600	300	300
Total Bilingual Education - Instruction	<u>150,256</u>	<u>500</u>	<u>150,756</u>	<u>130,283</u>	<u>20,473</u>
School-Spon. Co/Extra Curr. Actvts. -Inst					
Salaries	82,202	(7,850)	74,352	60,550	13,802
Purchased Services (300-500 Series)	6,672	(2,634)	4,038	-	4,038
Supplies and Materials	5,883	675	6,558	6,225	333
Other Objects	195	159	354	354	-
Transfers to Cover Deficit (Agency Funds)	-	1,800	1,800	1,800	-
Total School-Spon. Co/Extra Curr. Actvts.- Inst	<u>94,952</u>	<u>(7,850)</u>	<u>87,102</u>	<u>68,930</u>	<u>18,172</u>
School-Sponsored Athletics - Instruction					
Salaries	281,020	7,850	288,870	287,627	1,243
Purchased Services (300-500 Series)	42,045	10,228	52,273	39,899	12,374
Supplies and Materials	47,584	-	47,584	41,740	5,844
Other Objects	15,112	-	15,112	9,292	5,820
Transfers to Cover Deficit (Agency Funds)	37,000	-	37,000	24,264	12,736
Total School-Sponsored Athletics - Instruction	<u>422,761</u>	<u>18,078</u>	<u>440,839</u>	<u>402,823</u>	<u>38,016</u>
Summer School - Instruction:					
Salaries of Teachers	29,250	370	29,620	29,620	-
Other Salaries of Instruction	25,000	(370)	24,630	22,039	2,591
Purchased Professional & Technical Services	9,503	(1,800)	7,703	-	7,703
Total Other Instructional Programs - Instruction	<u>63,753</u>	<u>(1,800)</u>	<u>61,953</u>	<u>51,660</u>	<u>10,294</u>
Summer School - Support Svcs					
Salaries	750	-	750	-	750
Total Summer School - Support Svcs	<u>750</u>	<u>-</u>	<u>750</u>	<u>-</u>	<u>750</u>
Total Summer School	<u>64,503</u>	<u>(1,800)</u>	<u>62,703</u>	<u>51,660</u>	<u>11,044</u>
Total Instruction	<u>9,600,010</u>	<u>(102,211)</u>	<u>9,497,798</u>	<u>8,941,719</u>	<u>556,079</u>

**BUTLER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Exhibit C-1
Page 3 of 6**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Instruction (Tuition)					
Tuition to Other LEAS Within the State - Special	86,000	(30,346)	55,654	37,368	18,286
Tuition to County Voc. School Dist.- Regular	427,100	(315,034)	112,066	112,066	-
Tuition to County Voc. School Dist.- Special	-	437,250	437,250	401,012	36,238
Tuition to CSSD & Reg. Day Schools	386,456	-	386,456	266,656	119,800
Tuition to Priv.Sch. For the Disabled W/I State	1,708,719	(148,805)	1,559,914	1,122,828	437,086
Total Undistributed Expenditures - Instruction (Tuition)	<u>2,608,275</u>	<u>(56,935)</u>	<u>2,551,340</u>	<u>1,939,930</u>	<u>611,410</u>
Undist. Expend.-Attendance and Social Work					
Salaries	22,081	-	22,081	22,080	1
Supplies and Materials	1,000	-	1,000	634	366
Total Undist. Expend.-Attendance and Social Work	<u>23,081</u>	<u>-</u>	<u>23,081</u>	<u>22,714</u>	<u>367</u>
Undist. Expenditures - Health Services					
Salaries	250,098	-	250,098	227,857	22,242
Purchased Professional and Technical Services	33,000	-	33,000	1,812	31,188
Other Purchased Services (400-500 series)	175	-	175	-	175
Supplies and Materials	13,704	-	13,704	10,507	3,197
Other Objects	550	-	550	255	295
Total Undist. Expenditures - Health Services	<u>297,527</u>	<u>-</u>	<u>297,527</u>	<u>240,431</u>	<u>57,096</u>
Undist. Expend.-Speech, OT, PT and Related Services					
Salaries	171,052	120	171,172	171,170	2
Purchased Professional - Educational Services	386,060	76,768	462,828	358,138	104,690
Supplies and Materials	1,966	7,940	9,906	4,129	5,777
Total Undist. Expend.-Speech, OT, PT and Related Services	<u>559,078</u>	<u>84,828</u>	<u>643,906</u>	<u>533,437</u>	<u>110,469</u>
Undist Expend-Oth Supp Serv Std-Extra Serv					
Salaries	595,935	37,845	633,780	556,806	76,974
Purchased Professional- Educational Services	128,900	(44,801)	84,099	19,968	64,131
Supplies and Materials	5,300	(440)	4,860	3,252	1,608
Total Undist Expend-Oth Supp Serv Std-Extra Serv	<u>730,135</u>	<u>(7,396)</u>	<u>722,739</u>	<u>580,026</u>	<u>142,714</u>
Undist. Expenditures - Guidance					
Salaries of Other Professional Staff	449,492	(2,744)	446,748	446,748	-
Salaries of Secretarial and Clerical Assistants	48,834	(5,365)	43,469	43,469	1
Other Salaries	2,250	(2,151)	99	-	99
Other Purchased Prof. And Tech. Services	22,165	10,260	32,425	31,444	981
Other Purchased Services (400-500 series)	2,830	-	2,830	60	2,770
Supplies and Materials	6,850	2,706	9,556	8,473	1,082
Other Objects	385	-	385	80	305
Total Undist. Expenditures - Guidance	<u>532,806</u>	<u>2,706</u>	<u>535,512</u>	<u>530,274</u>	<u>5,238</u>
Undist. Expenditures- Child Study Teams					
Salaries of Other Professional Staff	377,916	-	377,916	369,072	8,844
Salaries of Secretarial and Clerical Assistants	76,660	-	76,660	76,658	2
Purchased Professional- Educational Services	7,398	-	7,398	-	7,398
Other Purchased Prof. And Tech. Services	41,315	7,697	49,012	26,783	22,229
Miscellaneous Purchased Services	900	-	900	30	870
Supplies and Materials	4,540	-	4,540	1,987	2,553
Total Undist. Expenditures - Child Study Teams	<u>508,729</u>	<u>7,697</u>	<u>516,426</u>	<u>474,529</u>	<u>41,896</u>
Undist. Expend.-Improv. Of Inst. Serv.					
Salaries of Supervisors of Instruction	254,487	(13,045)	241,442	241,442	-
Salaries of Other Professional Staff	15,000	-	15,000	-	15,000
Salaries of Secretarial and Clerical Assistants	8,675	-	8,675	8,674	1
Unused Vacation Payment to Terminated/Retired Staff	10,800	-	10,800	-	10,800
Supplies and Materials	20,000	32,523	52,523	16,003	36,520
Other Objects	2,070	-	2,070	-	2,070
Total Undist. Expend.-Improv. Of Inst. Serv.	<u>311,032</u>	<u>19,478</u>	<u>330,510</u>	<u>266,120</u>	<u>64,390</u>
Undist. Expend.-Edu. Media Serv./Library					
Salaries	88,288	33,384	121,672	109,738	11,933
Purchased Professional and Technical Services	11,618	-	11,618	5,185	6,433
Supplies and Materials	10,006	-	10,006	3,053	6,953
Total Undist. Expend.-Edu. Media Serv./Library	<u>109,912</u>	<u>33,384</u>	<u>143,296</u>	<u>117,976</u>	<u>25,319</u>

**BUTLER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Exhibit C-1
Page 4 of 6**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend.-Instr. Staff Training Serv.					
Salaries of Supervisors of Instruction	74,231	10,527	84,758	84,758	-
Salaries of Other Professional Staff	22,200	(2,197)	20,003	841	19,163
Purchased Professional - Educational Service	3,397	(79)	3,318	863	2,455
Other Purchased Services (400-500 series)	13,170	79	13,249	5,602	7,647
Total Undist. Expend.-Instr. Staff Training Serv.	<u>112,998</u>	<u>8,330</u>	<u>121,328</u>	<u>92,064</u>	<u>29,264</u>
Undist. Expend.-Support Serv.-Gen. Admin.					
Salaries	244,640	-	244,640	240,340	4,300
Legal Services	90,000	20,574	110,574	32,083	78,491
Audit Fees	50,950	-	50,950	22,900	28,050
Architectural/Engineering Services	4,000	-	4,000	-	4,000
Other Professional Services	26,724	9,315	36,039	25,718	10,321
Purchased Technical Services	10,010	-	10,010	6,863	3,147
Communications/Telephone	77,411	-	77,411	73,439	3,972
BOE Other Purchased Services	4,000	81	4,081	3,081	1,000
Miscellaneous Purchased Services (400-500)[Other than 530 & 585]	131,203	30	131,233	103,434	27,799
General Supplies	4,420	-	4,420	3,990	430
Judgments Against the School District	30,951	15,000	45,951	-	45,951
Miscellaneous Expenditures	3,400	-	3,400	3,392	8
BOE Membership Dues and Fees	11,675	-	11,675	10,213	1,462
Total Undist. Expend.-Support Serv.-Gen. Admin.	<u>689,384</u>	<u>45,000</u>	<u>734,384</u>	<u>525,453</u>	<u>208,931</u>
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Asst. Principals/Prog Dir	659,769	1,088	660,857	644,153	16,704
Salaries of Other Professional Staff	63,662	15,500	79,162	79,162	-
Salaries of Secretarial and Clerical Assistants	190,070	(2,214)	187,856	184,595	3,261
Unused Vacation Payment to Terminated/Retired Staff	4,800	15,045	19,845	19,845	-
Purchased Professional and Technical Services	-	61,000	61,000	6,000	55,000
Other Purchased Services (400-500 series)	11,100	1,126	12,226	777	11,449
Supplies and Materials	9,065	(139)	8,926	5,753	3,173
Other Objects	5,525	989	6,514	5,604	910
Total Undist. Expend. - Support Serv. - School Admin.	<u>943,991</u>	<u>92,395</u>	<u>1,036,386</u>	<u>945,889</u>	<u>90,497</u>
Undist. Expend. - Central Services					
Salaries	279,883	(1,040)	278,843	278,843	-
Unusued Vacation Payment to Terminated/Retired Staff	-	2,210	2,210	2,210	-
Purchased Professional Services	850	150	1,000	1,000	-
Purchased Technical Services	35,616	(650)	34,966	34,176	790
Misc. Purchased Services (400-500 series)[O/T 594]	9,732	1,181	10,913	8,149	2,764
Supplies and Material	7,165	-	7,165	6,939	226
Miscellaneous Expenditures	2,075	-	2,075	1,440	635
Total Undist. Expend. - Central Services	<u>335,321</u>	<u>1,852</u>	<u>337,173</u>	<u>332,757</u>	<u>4,415</u>
Undist. Expend. - Admin. Info Technology					
Salaries	168,557	(11,781)	156,776	156,775	2
Purchased Technical Services	37,570	60,272	97,842	48,191	49,651
Other Purchased Services (400-500 series)	800	-	800	19	781
Supplies and Material	11,500	2,000	13,500	13,497	3
Total Undist. Expend. - Admin. Info Technology	<u>218,427</u>	<u>50,491</u>	<u>268,918</u>	<u>218,482</u>	<u>50,436</u>
Undist. Expend.-Required Maint For Sch Fac.					
Salaries	158,900	12,500	171,400	171,257	143
Cleaning, Repair and Maintenance Services	154,080	13,858	167,938	167,362	576
General Supplies	80,000	(20,030)	59,970	55,928	4,042
Total Undist. Expend.-Required Maint For Sch Fac.	<u>392,980</u>	<u>6,328</u>	<u>399,308</u>	<u>394,546</u>	<u>4,761</u>

**BUTLER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Exhibit C-1
Page 5 of 6**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Custodial Services					
Salaries	997,528	(57,359)	940,169	898,160	42,009
Salaries of Non-Instructional Aides	36,504	(2,203)	34,301	30,444	3,857
Unused Vac. Payments to Terminated/Retired Staff	10,800	(3,148)	7,652	1,063	6,589
Purchased Professional and Technical Services	7,084	(4,000)	3,084	1,990	1,094
Cleaning, Repair and Maintenance Services	58,766	(2,049)	56,717	55,735	982
Lease Purchase Payments - Energy Savings Program	117,666	-	117,666	116,891	775
Other Purchased Property Services	23,175	1,032	24,207	16,017	8,190
Insurance	114,361	(4,196)	110,165	110,165	-
Travel	-	500	500	-	500
Miscellaneous Purchased Services	9,000	(134)	8,866	8,629	237
General Supplies	94,045	132,640	226,685	220,053	6,631
Energy (Natural Gas)	121,342	4,332	125,674	101,873	23,802
Energy (Electricity)	149,255	(32,305)	116,950	99,848	17,103
Energy (Gasoline)	3,056	-	3,056	2,645	411
Other Objects	3,540	-	3,540	1,767	1,773
Total Undist. Expend. - Custodial Services	<u>1,746,122</u>	<u>33,110</u>	<u>1,779,232</u>	<u>1,665,279</u>	<u>113,953</u>
Undist. Expend.-Care and Upkeep of Grounds					
Salaries	114,115	6,330	120,445	118,537	1,907
Cleaning, Repair, and Maintenance Services	66,740	34,798	101,538	98,508	3,030
General Supplies	21,331	(5,742)	15,589	12,962	2,627
Other Objects	200	642	842	373	469
Total Undist. Expend.-Care and Upkeep of Grounds	<u>202,386</u>	<u>36,028</u>	<u>238,414</u>	<u>230,381</u>	<u>8,033</u>
Undistributed Expenditures - Security:					
Salaries	-	75,724	75,724	75,724	-
General Supplies	3,000	-	3,000	3,000	-
Total Undistributed Expenditures - Security	<u>3,000</u>	<u>75,724</u>	<u>78,724</u>	<u>78,724</u>	<u>-</u>
Total Undist. Expend.-Oper. And Maint. Of Plant Serv.					
	<u>2,344,488</u>	<u>151,189</u>	<u>2,495,677</u>	<u>2,368,930</u>	<u>126,747</u>
Undist. Expend. - Student Transportation Serv.					
Salaries of Non-Instructional Aides	16,000	3,919	19,919	12,705	7,215
Management Fee - ESC & CTSA Trans. Program	2,600	-	2,600	1,168	1,432
Contract. Serv. - Aid in Lieu Pymts-NonPub Sch	75,000	-	75,000	40,511	34,489
Contract. Serv. - Aid in Lieu Pymts- Chtrr Sch	2,000	-	2,000	-	2,000
Contr Serv (Bet. Home and Sch)-Vendors	71,212	-	71,212	61,987	9,225
Contr Serv(Oth. Than Bet Home & Sch)-Vend	148,280	-	148,280	109,820	38,460
Contract. Serv. (Sp Ed Stds)-Vendors	243,422	(3,919)	239,503	145,309	94,193
Contract. Serv. (Reg. Students)-ESCs & CTSA	107,036	51,543	158,579	142,819	15,760
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSA	621,034	(51,543)	569,491	445,530	123,961
Total Undist. Expend. - Student Transportation Serv.	<u>1,286,584</u>	<u>0</u>	<u>1,286,584</u>	<u>959,849</u>	<u>326,735</u>
Unallocated Benefits					
Social Security Contributions	296,136	-	296,136	262,497	33,639
Other Retirement Contributions - PERS	241,994	-	241,994	218,807	23,187
Other Retirement Contributions - Regular	45,039	-	45,039	32,454	12,585
Unemployment Compensation	20,000	-	20,000	-	20,000
Workmen's Compensation	189,061	-	189,061	149,982	39,079
Health Benefits	3,724,442	(341,432)	3,383,010	2,850,383	532,627
Tuition Reimbursement	52,300	(850)	51,450	30,000	21,450
Other Employee Benefits	104,548	9,016	113,564	107,523	6,041
Unused Sick Payments to Terminated/Retired Staff	40,000	(5,020)	34,980	31,118	3,862
Total Unallocated Benefits	<u>4,713,520</u>	<u>(338,286)</u>	<u>4,375,234</u>	<u>3,682,763</u>	<u>692,471</u>
On-Behalf Contributions					
On-behalf TPAF Pension and Annuity Fund (non-budgeted)	-	-	-	1,969,201	(1,969,201)
On-behalf TPAF NCGI Premium (non-budgeted)	-	-	-	35,296	(35,296)
On-behalf TPAF Post Retirement Medical (non-budgeted)	-	-	-	743,631	(743,631)
On-behalf TPAF Long-Term Disability Insurance	-	-	-	1,495	(1,495)
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	728,005	(728,005)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,477,628</u>	<u>(3,477,628)</u>
Total Personal Services - Employee Benefits	<u>4,713,520</u>	<u>(338,286)</u>	<u>4,375,234</u>	<u>7,160,391</u>	<u>(2,785,157)</u>

**BUTLER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Exhibit C-1
Page 6 of 6**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Food Services					
Other Purchased Services (400-500 series)	-	4	4	4	-
Total Undistributed Expenditures - Food Services	<u>-</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>-</u>
Total Undistributed Expenditures	<u>16,325,288</u>	<u>94,736</u>	<u>16,420,024</u>	<u>17,309,253</u>	<u>(889,230)</u>
Total General Current Expense	<u>25,925,298</u>	<u>(7,476)</u>	<u>25,917,822</u>	<u>26,250,972</u>	<u>(333,151)</u>
Capital Outlay:					
Equipment					
Special Education - Instruction					
Preschool Disabilities - Full Time	3,500	-	3,500	1,468	2,032
Undist. Expend. - Support Services - Extraordinary Services	5,000	-	5,000	638	4,362
Undist. Expend. - Administration Info Tech.	-	6,986	6,986	6,986	-
Undist. Expend. - Required Maint for School Fac.	90,000	(6,986)	83,014	83,014	-
Undist. Expend. - Custodial Services	-	7,476	7,476	7,476	-
Total Equipment	<u>98,500</u>	<u>7,476</u>	<u>105,976</u>	<u>99,582</u>	<u>6,394</u>
Facilities Acquisition and Const. Serv.					
Construction Services	250,000	-	250,000	102,419	147,581
Assessment for Debt Service on SDA Funding	27,599	-	27,599	27,599	-
Total Facilities Acquisition and Const. Serv.	<u>277,599</u>	<u>-</u>	<u>277,599</u>	<u>130,018</u>	<u>147,581</u>
Total Capital Outlay	<u>376,099</u>	<u>7,476</u>	<u>383,575</u>	<u>229,600</u>	<u>153,975</u>
Transfer to Charter School	<u>25,519</u>	<u>-</u>	<u>25,519</u>	<u>25,519</u>	<u>-</u>
Total Expenditures	<u>26,326,916</u>	<u>-</u>	<u>26,326,916</u>	<u>26,506,091</u>	<u>(179,176)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,567,706)</u>	<u>-</u>	<u>(1,567,706)</u>	<u>1,940,512</u>	<u>3,508,218</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(1,567,706)</u>	<u>-</u>	<u>(1,567,706)</u>	<u>1,940,512</u>	<u>3,508,218</u>
Fund Balance, July 1	<u>5,047,831</u>	<u>-</u>	<u>5,047,831</u>	<u>5,047,831</u>	<u>-</u>
Fund Balance, June 30	<u>3,480,125</u>	<u>-</u>	<u>3,480,125</u>	<u>6,988,343</u>	<u>3,508,218</u>
Recapitulation of excess (deficiency) of revenues under expenditures:					
Adjustment for Prior Year Encumbrances	(22,989)	-	(22,989)	(22,989)	-
Budgeted Fund Balance	(1,295,217)	-	(1,295,217)	461,124	1,756,341
Withdrawal from Capital Reserve	(250,000)	-	(250,000)	(250,000)	-
Increase in Maintenance Reserve:					
Principal	-	-	-	750,000	750,000
Increase in Capital Reserve:					
Principal	-	-	-	1,000,000	1,000,000
Interest	500	-	500	2,377	1,877
	<u>(1,567,706)</u>	<u>-</u>	<u>(1,567,706)</u>	<u>1,940,512</u>	<u>3,508,218</u>
Recapitulation:					
Committed Fund Balance:					
Year End Encumbrances				67,975	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				296,329	
Restricted Fund Balance:					
Excess Surplus Designated for Subsequent Year's Expenditures				1,305,544	
Excess Surplus				1,606,904	
Maintenance Reserve				900,000	
Capital Reserve				2,204,501	
Unassigned Fund Balance				<u>607,091</u>	
				<u>6,988,343</u>	
Reconciliation to Governmental Fund Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				<u>(209,159)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>6,779,184</u>	

Exhibit C-2

BUTLER BOROUGH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources	1,500	17,142	18,642	16,449	(2,193)
Federal Sources	412,357	30,312	442,669	417,972	(24,697)
Total Revenues	413,857	47,454	461,311	434,421	(26,890)
Expenditures					
Instruction					
Salaries	110,982	(25,652)	85,330	85,330	-
Other Purchased Services	273,726	(2,739)	270,987	270,987	-
General Supplies	1,500	17,142	18,642	16,449	2,193
Total Instruction	386,208	(11,249)	374,959	372,766	2,193
Support Services					
Employee Benefits	-	22,675	22,675	7,516	15,159
Purchased Professional and Technical Services	27,649	36,028	63,677	54,139	9,538
Total Support Services	27,649	58,703	86,352	61,655	24,697
Total Outflows	413,857	47,454	461,311	434,421	26,890
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

**BUTLER BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET COMPARISON SCHEDULES
BUDGET - TO - GAAP RECONCILIATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/Inflows of Resources				
Actual amounts (budgetary basis) "revenue"				
from the budgetary comparison schedule	[C-1]	28,446,604	[C-2]	434,421
Difference - budget to GAAP:				
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):				
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.				
		(209,159)		-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.				
		191,759		-
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>28,429,204</u>	[B-2]	<u>434,421</u>
Uses/Outflows of Resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	26,506,091	[C-2]	434,421
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>26,506,091</u>	[B-2]	<u>434,421</u>

**REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

BUTLER BOROUGH SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of District's Proportionate Share of Net Pension Liability - PERS
*Last 10 Fiscal Years**

Fiscal Year Ending June 30,	District's Proportion Share of the Net Pension Liability (Asset)		District's Proportion Share of the Net Pension Liability (Asset)		District's Covered Payroll -PERS Employee's	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll		Plan Fiduciary Net Position as a percentage of the total Pension Liability
2015	0.0228514430%	\$ 4,278,415	\$ 4,278,415	\$ 1,514,085	282.57%	52.08%		
2016	0.0226746294%	5,090,000	5,090,000	1,444,760	352.31%	47.93%		
2017	0.0216409378%	6,409,425	6,409,425	1,453,331	441.02%	40.14%		
2018	0.0202815608%	4,721,223	4,721,223	1,503,305	314.06%	48.10%		
2019	0.0209932488%	4,133,466	4,133,466	1,600,226	258.31%	53.60%		
2020	0.0224128489%	4,038,455	4,038,455	1,696,932	237.99%	56.27%		

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

BUTLER BOROUGH SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of District's Contributions - PERS
*Last 10 Fiscal Years**

Fiscal Year Ending June 30,	Contractually Required Contribution		Contributions in Relation to the Contractually Required Contributions		Contribution Deficiency (Excess)	District's PERS Covered- Employee Payroll	Contributions as a Percentage of PERS Covered- Employee Payroll
	Contractually Required Contribution	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)			
2015	188,384	188,384	\$	-	\$1,514,085	12.44%	
2016	194,941	194,941	-	-	1,444,760	13.49%	
2017	193,834	193,834	-	-	1,453,331	13.34%	
2018	191,841	191,841	-	-	1,503,305	12.76%	
2019	209,585	209,585	-	-	1,600,226	13.10%	
2020	218,807	218,807	-	-	1,696,932	12.89%	

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

BUTLER BOROUGH SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of District's Proportionate Share of Net Pension Liability - TPAF
*Last 10 Fiscal Years**

Fiscal Year Ending June 30,	District's Proportion Share of the Net Pension Liability (Asset)		District's Proportion Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability Associated with the District (Asset)		District's Covered Payroll -TPAF Employee's	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
	2015	0.0890492229%	\$	\$	47,593,911	\$	8,888,153	0.00%
2016	0.0883680460%	-	-	55,852,379	-	8,945,080	0.00%	28.71%
2017	0.0873242514%	-	-	68,694,816	-	9,151,255	0.00%	28.75%
2018	0.0891590278%	-	-	60,114,231	-	9,483,587	0.00%	25.41%
2019	0.0853054179%	-	-	54,269,475	-	9,865,467	0.00%	26.49%
2020	0.0880896398%	-	-	54,061,443	-	10,166,129	0.00%	26.95%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

BUTLER BOROUGH SCHOOL DISTRICT
Note to Required Schedules of Supplementary Information - Part III
For the fiscal year ended June 30, 2020

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.87%) to the current measurement date (3.50%), resulting in a change in the discount rate from 5.66% to 6.28%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.78%) to the current measurement date (3.50%), resulting in a change in the discount rate from 4.86% to 5.60%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

BUTLER BOROUGH SCHOOL DISTRICT
Schedule of Required Supplementary Information
Schedule of Changes in the District's Proportionate Share of the State OPEB Liability
Last 10 Fiscal Years*

	2020	2019	2018
Total OPEB Liability			
Service Costs	\$ 1,353,664	\$ 1,513,699	\$ 1,825,447
Interest on Total OPEB Liability	1,699,438	1,853,600	1,604,147
Difference Between Expected and Actual Experience	(7,386,211)	(4,996,663)	-
Changes in Assumptions	569,887	(4,948,617)	(6,504,664)
Gross Benefit Payments	(1,173,289)	(1,153,102)	(1,176,973)
Contribution from the Member	34,780	39,853	43,339
Net Changes in total Share of OPEB Liability	(4,901,731)	(7,691,230)	(4,208,704)
Total OPEB Liability - Beginning	43,123,324	50,814,554	55,023,258
Total OPEB Liability - Ending	\$ 38,221,593	\$ 43,123,324	\$ 50,814,554
District's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	38,221,593	43,123,324	50,814,554
Total OPEB Liability - Ending	\$ 38,221,593	\$ 43,123,324	\$ 50,814,554
District's Covered Employee Payroll	\$ 11,863,061	\$ 11,465,693	\$ 10,986,892
Districts' Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%	0%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Change in benefit terms None

Change in assumptions Assumptions used in calculating the OPEB liability are presented
in Note 8.

* GASB requires that ten years of information be presented. However, since fiscal year 2018 was the first year of GASB 75 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

Supplementary Schedules

SPECIAL REVENUE FUND

**BUTLER BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Total Brought Forward From (Ex. E-1a)	Title I Part - A Improving Basic Programs	Title II Part - A Teacher/Parent Training & Recruiting	Title III English Language Acquisition	Title IV Part - A Student Support and Academic Enrichment	Total 2020
Revenues:						
Federal sources	276,480	111,567	16,711	18,176	13,287	436,221
Local sources	16,449	-	-	-	-	16,449
Total Revenues	292,929	111,567	16,711	18,176	13,287	452,670
Expenditures:						
Instruction:						
Salaries	-	70,057	-	16,257	-	86,314
Other Purchased Services	270,987	-	-	-	-	270,987
General Supplies	16,449	-	-	-	-	16,449
Total Instruction	287,436	70,057	-	16,257	-	373,750
Support Services:						
Personnel Services - Salaries	-	16,985	-	-	2,787	19,772
Employee Benefits	-	-	-	1,919	-	1,919
Purchased Prof. - & Tech. Services	5,493	24,525	16,711	-	10,500	57,229
Total Support Services	5,493	41,510	16,711	1,919	13,287	78,920
Total Expenditures	292,929	111,567	16,711	18,176	13,287	452,670
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

**BUTLER BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>I.D.E.A.</u>			<u>Total</u>
	<u>Basic</u>	<u>Preschool</u>	<u>Donations</u>	<u>Carried Forward To (Ex. E-1)</u>
Revenues:				
Federal sources	270,987	5,493	-	276,480
Local sources	-	-	16,449	16,449
Total Revenues	270,987	5,493	16,449	292,929
Expenditures:				
Instruction:				
Salaries	-	-	-	-
Other Purchased Services	270,987	-	-	270,987
General Supplies	-	-	16,449	16,449
Total Instruction	270,987	-	16,449	287,436
Support Services:				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
Purchased Prof. - & Tech. Services	-	5,493	-	5,493
Total Support Services	-	5,493	-	5,493
Total Expenditures	270,987	5,493	16,449	292,929
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-

CAPITAL PROJECTS FUND

**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, 2020**

Fund Balance - Beginning	<u><u>12,581</u></u>
Fund Balance - Ending	<u><u>12,581</u></u>

**BUTLER BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
AND PROJECT STATUS - BUDGETARY BASIS
RENOVATION OF HIGH SCHOOL AUDITORIUM, ADS BOILER REPLACEMENT AND DISTRICT-WIDE
ASBESTOS ABATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transferred - Capital Reserve Fund	1,768,028	-	1,768,028	1,768,028
Total Revenues	<u>1,768,028</u>	<u>-</u>	<u>1,768,028</u>	<u>1,768,028</u>
Expenditures and Other Financing Uses				
Constructions Services	1,755,447		1,755,447	1,768,028
Total Expenditures	<u>1,755,447</u>	<u>-</u>	<u>1,755,447</u>	<u>1,768,028</u>
Excess/(Deficiency) of Revenues over/(under) Expenditures	<u>12,581</u>	<u>-</u>	<u>12,581</u>	<u>-</u>

Additional project information:

Project Number #0630-020-17-2000

Grant Date N/A
 Bond Authorization Date N/A
 Original Authorized Cost 1,475,000
 Additional Authorized Cost -
 Revised Authorized Cost 1,475,000

Percentage Increase over Original
 Authorized Cost 0.00%
 Percentage completion 119.01%
 Original target completion date 02/27/2015
 Revised target completion date 09/04/2016

BUTLER BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Project Description	State Plan Number	Appropriation	Expenditures		Unexpended Balance
			Prior Years	Current Year	
Renovation of H.S. Auditorium, ADS Boiler and District-wide Asbestos Abatement		\$ 1,768,028	\$ 1,755,447	\$ -	\$ 12,581
		<u>\$ 1,768,028</u>	<u>\$ 1,755,447</u>	<u>\$ -</u>	<u>\$ 12,581</u>

PROPRIETARY FUNDS

**BUTLER BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

	Food Service Program
Assets:	
Current Assets:	
Cash and Cash Equivalents	37,673
Accounts Receivable:	
State - Lunch	71
Federal - Lunch	4,510
Federal - Breakfast	2,851
	45,106
Total Current Assets	
	45,106
Non-current Assets:	
Capital Assets:	
Equipment	195,863
Less: Accumulated Depreciation	(90,180)
	105,683
Total Capital Assets (Net of Accumulated Depreciation)	105,683
Total Assets	150,789
 Net Position	
Investment in Capital Assets Net of Related Debt	105,683
Unreserved (Deficit)	45,106
	150,789
Total Net Position	150,789

**BUTLER BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Food Service Program
Operating Revenues:	
Charges for services:	
Daily Sales Reimbursable Programs	117,417
Daily Sales - Non-reimbursable Programs	91,177
Miscellaneous	2,710
Total Operating Revenues	211,305
Operating Expenses:	
Salaries	112,682
Cost of Sales- Reimbursable	138,604
Cost of Sales - Non-reimbursable	56,172
Employee Benefits	15,260
Supplies and Materials	12,836
Depreciation	8,269
Management Fees	17,325
Repairs	9,483
Insurance	13,971
Miscellaneous	10,059
Total Operating Expenses	394,662
Operating Income/(Loss)	(183,357)
Non-operating Income/(Loss):	
State Sources:	
State School Lunch Program	3,193
Federal Sources:	
National School Lunch Program	103,701
Breakfast Program	24,615
Food Distribution Program	30,988
Interest Revenue	175
Total Non-operating Revenues/(Expenses)	162,671
Change in Net Position	(20,686)
Total Net Position - Beginning	171,475
Net Position - Ending	150,789

**BUTLER BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Food Service Program
Cash Flow from Operating Activities:	
Receipts from Customers	204,634
Payments to Employees for Services	(112,682)
Payments to Suppliers for Goods and Services	(269,169)
Net Cash Provided by/(Used for) Operating Activities	(177,217)
Cash Flows from Non-Capital Financing Activities:	
State Sources	3,395
Federal Sources	161,750
Net Cash Provided by/(Used for) Non-capital Financing Activities	165,145
Cash Flows from Investing Activities:	
Interest on Cash Equivalents	175
Purchase of Capital Assets	(20,229)
Net cash provided by (used for) investing activities	(20,054)
Net Increase/(Decrease) in Cash and Cash Equivalents	(32,126)
Cash and Cash Equivalents, July 1	69,799
Cash and Cash Equivalents, June 30	37,673
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:	
Operating Income (Loss)	(183,357)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:	
Depreciation	8,269
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	6,913
Increase/(Decrease) in Prepaid Sales	(6,671)
Total Adjustments	6,140
Net Cash Provided by/(Used for) Operating Activities	(177,217)

Noncash Noncapital Financing Activities:

During the year, the district received \$30,988 of food commodities from the U.S. Department of Agriculture.

FIDUCIARY FUND

**BUTLER BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

	Scholarship Funds			Unemployment Compensation Insurance	Agency Fund
	High School Scholarship	M. Williams Memorial Fund	C. Payne Scholarship		
Assets:					
Cash and Cash Equivalents	115,759	176	241,279	140,216	514,669
Total Assets	115,759	176	241,279	140,216	514,669
Liabilities:					
Payroll Deductions and Withholdings	-	-	-	-	15,616
Accrued Salaries and Wages	-	-	-	-	366,661
Flexible Spending	-	-	-	-	19,568
Payable to Student Groups	-	-	-	-	112,824
Total Liabilities	-	-	-	-	514,669
Net Position:					
Reserved for Unemployment Claims				140,216	
Reserved for Other Purposes	115,759	176	241,279		

BUTLER BOROUGH SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Scholarship Funds</u>			<u>Unemployment</u>
	<u>High School</u> <u>Scholarship</u>	<u>M. Williams</u> <u>Memorial Fund</u>	<u>C. Payne</u> <u>Scholarship</u>	<u>Compensation</u> <u>Insurance Trust</u>
Additions:				
Contributions:				
Donations	27,000	87	-	-
Plan Member	-	-	-	276
Total Contributions	<u>27,000</u>	<u>87</u>	<u>-</u>	<u>276</u>
Investment Earnings:				
Interest	337	0	488	21,898
Net Investment Earnings	<u>337</u>	<u>0</u>	<u>488</u>	<u>21,898</u>
Total Additions	<u>27,337</u>	<u>87</u>	<u>488</u>	<u>22,174</u>
Deductions:				
Scholarships	24,120	-	1,200	-
Unemployment Compensation				
Assessments	-	-	-	17,598
Total Deductions	<u>24,120</u>	<u>-</u>	<u>1,200</u>	<u>17,598</u>
Change in Net Position	<u>3,217</u>	<u>87</u>	<u>(712)</u>	<u>4,577</u>
Net Position, July 1	<u>112,543</u>	<u>88</u>	<u>241,991</u>	<u>135,639</u>
Net Position, June 30	<u>115,759</u>	<u>176</u>	<u>241,279</u>	<u>140,216</u>

**BUTLER BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Balance</u> <u>July 1, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2020</u>
High School Activities Fund	51,307	73,276	74,145	50,438
High School Athletic Fund	1,789	34,480	35,531	738
Richard Butler School	48,069	69,711	61,248	56,532
Aaron Decker Elementary School	2,799	11,151	8,833	5,116
Total All Schools	<u>103,963</u>	<u>188,618</u>	<u>179,757</u>	<u>112,824</u>

**BUTLER BOROUGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Balance July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2020</u>
Assets:				
Cash	494,594	15,812,870	15,905,618	401,845
Total Assets	<u>494,594</u>	<u>15,812,870</u>	<u>15,905,618</u>	<u>401,845</u>
Liabilities				
Payroll Deductions and Withholdings	124,220	7,034,900	7,143,512	15,607
Net Payroll	-	8,376,419	8,376,419	-
Accrued Salaries and Wages	348,993	366,661	348,993	366,661
Flexible Spending	21,376	34,881	36,689	19,568
Interfund Payable - General Fund	5	9	5	9
Total Liabilities	<u>494,594</u>	<u>15,812,870</u>	<u>15,905,618</u>	<u>401,845</u>

LONG-TERM DEBT

**BUTLER BOROUGH SCHOOL DISTRICT
GENERAL LONG TERM DEBT
STATEMENT OF SERIAL BONDS
FOR THE YEAR ENDED JUNE 30, 2020**

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance July 1, 2019	Retired	Balance June 30, 2020
School Bonds of 2009	7/1/2009	3,046,000	7/1/2020	255,000	4.000%	1,630,000	250,000	1,380,000
			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%			
Refunding School Bonds of 2012	2/1/2012	2,920,000	2/1/2021	300,000	2.000%	1,465,000	300,000	1,165,000
			2/1/2022	295,000	2.150%			
			2/1/2023	290,000	2.250%			
			2/1/2024	280,000	2.375%			
						<u>3,095,000</u>	<u>550,000</u>	<u>2,545,000</u>

**BUTLER BOROUGH SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE YEAR ENDED JUNE 30, 2020**

	Interest Rate Payables	Amount of Original Issue	Balance July 1, 2019	Retired	Balance June 30, 2020
10 Copiers/Printers	0.00%	303,622	286,160	61,320	224,840
ESIP - Boilers and Lighting	2.99%	1,797,859	1,641,468	58,721	1,582,747
			<u>1,927,628</u>	<u>120,041</u>	<u>1,807,587</u>

**BUTLER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance Positive (Negative Final to Actual)
Revenues:				
Local Sources:				
Local Tax Levy	572,956	572,956	572,956	-
Total Revenues - Local Sources	572,956	572,956	572,956	-
State Sources:				
Debt Service Aid Type II	68,063	68,063	68,063	-
Total State Sources	68,063	68,063	68,063	-
Total Revenues	641,019	641,019	641,019	-
Expenditures:				
Regular Debt Service:				
Redemption of Principal	550,000	550,000	550,000	-
Interest	91,019	91,019	91,019	-
Total Regular Debt Service	641,019	641,019	641,019	-
Total Expenditures	641,019	641,019	641,019	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balances, July 1	1	1	1	-
Fund Balances, June 30	1	1	1	-
<u>Recapitulation of excess (deficiency) of revenues under expenditures:</u>				
Budgeted Fund Balance	-	-	-	-
Recapitulation:				
Unassigned Fund Balance	1	1	1	-

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

- J-1 Net Assets/Position by Component
- J-2 Changes in Net Assets/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

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
- J-8 Principal Property Taxpayers
- J-9 Property Tax Levies and Collections

Debt Capacity

- 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

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 Facility
- J-20 Insurance Schedule

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.	J-1 to J-5
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.	J-6 to J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.	

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
				(Restated)						
Governmental activities										
Invested in capital assets, net of related debt	7,131,488	6,881,350	7,041,531	6,997,877	7,427,697	7,629,704	8,647,927	9,734,107	9,538,988	9,725,791
Restricted	1,174,857	854,862	871,634	1,940,355	2,525,794	3,869,156	4,108,685	3,464,083	4,065,467	5,444,108
Unrestricted	5,399	1,167,925	661,333	(160,911)	(4,339,569)	(4,654,203)	(4,947,342)	(4,910,576)	(4,654,054)	(4,145,595)
Total governmental activities net position	8,311,744	8,904,136	8,574,498	8,777,321	5,613,922	6,844,657	7,809,270	8,287,614	8,950,401	11,024,304
Business-type activities										
Invested in capital assets, net of related debt	23,238	40,602	36,364	32,434	25,038	62,719	56,987	102,208	93,722	105,683
Unrestricted	1,683	24,034	49,804	69,210	64,820	40,757	35,892	61,586	77,752	45,106
Total business-type activities net position	24,922	64,636	86,168	101,644	89,858	103,476	92,879	163,794	171,475	150,789
District-wide										
Invested in capital assets, net of related debt	7,154,727	6,921,952	7,077,895	7,030,311	7,452,735	7,692,423	8,704,914	9,836,315	9,632,710	9,831,474
Restricted	1,174,857	854,862	871,634	1,940,355	2,525,794	3,869,156	4,108,685	3,464,083	4,065,467	5,444,108
Unrestricted	7,082	1,191,959	711,137	(91,701)	(4,274,749)	(4,613,446)	(4,911,451)	(4,848,990)	(4,576,302)	(4,100,489)
Total district net position	8,336,666	8,968,772	8,660,666	8,878,965	5,703,780	6,948,133	7,902,149	8,451,408	9,121,876	11,175,092

Source: CAFR Schedule A-1

* 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
(accrual basis of accounting)
UNAUDITED

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Regular	8,513,283	8,103,959	8,654,822	8,714,393	10,237,446	10,621,685	9,488,375	11,968,329	10,686,595	10,239,596
Special education	1,981,418	1,958,308	2,059,457	2,285,302	2,699,171	2,788,315	2,513,847	3,442,786	3,476,656	3,074,054
Other special education	180,200	233,048	344,344	257,338	346,791	432,774	388,247	524,529	475,311	504,429
Other instruction	499,713	512,650	627,753	590,624	509,382	512,281	505,271	593,022	538,110	523,412
Support Services:										
Tuition	1,635,041	1,662,708	1,602,025	1,852,073	1,478,736	1,865,381	1,947,125	2,257,462	2,445,545	1,939,930
Student & instruction related services	2,913,323	3,351,044	4,142,056	3,817,929	4,268,361	4,176,856	3,712,441	4,748,555	4,696,394	4,337,117
General administrative services	687,278	581,001	614,691	602,223	578,490	656,095	514,674	765,324	854,661	689,134
School administrative services	1,035,799	1,016,618	1,041,046	1,121,338	1,288,715	1,416,874	1,284,824	1,702,815	1,585,752	1,427,611
Central Services and Admin. Info. Tech.	592,060	644,271	600,847	490,286	512,707	609,799	668,895	746,583	747,136	811,662
Plant operations and maintenance	2,081,170	2,235,827	2,304,891	2,430,032	2,750,268	2,776,095	2,301,084	3,060,034	2,842,464	3,063,012
Pupil transportation	776,673	800,265	958,715	918,917	879,835	956,432	858,588	1,085,852	1,117,749	959,849
Special Schools	-	2,980	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Capital Outlay - Non-depreciable	34,580	-	25,599	27,599	27,599	27,599	137,099	27,599	99,862	29,705
Charter Schools	20,958	-	-	12,315	12,653	24,343	24,343	24,342	25,568	25,519
Interest on Long term debt	285,587	194,450	188,732	201,986	12,543	12,543	12,543	12,543	98,852	84,385
Unallocated Benefits	101,774	95,110	24,259	22,300	-	-	-	-	-	-
Unallocated depreciation and Amortization	518,927	416,443	424,698	458,884	632,751	655,199	705,993	719,342	663,060	634,225
Total governmental activities expenses	21,857,782	21,808,681	23,613,935	23,781,239	26,257,748	27,532,271	25,033,347	31,679,117	30,353,715	28,323,643
Business-type activities:										
Food service	418,290	383,394	380,391	424,353	405,373	456,714	459,843	437,276	475,041	394,662
Butler School District Educational Foundation	-	1,683	-	-	-	-	-	-	-	-
Total business-type activities expense	418,290	385,078	380,391	424,353	405,373	456,714	459,843	437,276	475,041	394,662
Total district expenses	22,276,072	22,193,759	23,994,326	24,205,592	26,663,121	27,988,984	25,493,190	32,116,393	30,828,756	28,718,305
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	531,794	533,962	534,544	554,880	590,136	324,129	346,500	20,250	-	-
Support Services (Unallocated Benefits)	-	-	-	-	22,300	107,871	-	-	-	-
Operating grants and contributions	4,401,601	4,012,409	3,885,909	4,003,753	4,568,198	4,544,995	5,286,618	4,686,108	5,206,716	5,036,895
Total governmental activities program revenues	4,953,066	4,546,371	4,420,453	4,558,633	5,180,634	4,976,995	5,633,118	4,706,358	5,206,716	5,036,895
Business-type activities:										
Charges for services:										
Food service	306,365	301,180	279,322	291,232	255,452	260,849	277,123	280,584	294,692	211,305
Operating grants and contributions	95,928	101,134	120,139	145,774	145,788	209,250	171,999	176,521	187,837	162,496
Total business type activities program revenues	402,294	402,313	399,461	437,006	401,240	470,099	449,122	457,105	482,529	373,801
Total district program revenues	5,355,360	4,948,684	4,819,914	4,995,639	5,581,873	5,447,095	6,082,240	5,163,463	5,689,245	5,410,696
Net (Expense)/Revenue										
Governmental activities	(16,904,716)	(17,262,310)	(19,193,482)	(19,222,606)	(21,077,114)	(22,555,276)	(25,033,347)	(26,972,759)	(25,147,000)	(23,286,748)
Business-type activities	(15,996)	17,235	19,070	12,653	(4,133)	13,386	(10,721)	19,829	7,488	(20,861)
Total district-wide net expense	(16,920,713)	(17,245,075)	(19,174,412)	(19,209,953)	(21,081,247)	(22,541,890)	(25,044,069)	(26,952,930)	(25,139,512)	(23,307,609)

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	13,384,947	13,608,854	13,881,031	14,428,710	14,865,069	15,575,616	16,015,246	16,628,085	16,960,647	17,402,431
Taxes levied for debt service	434,979	520,956	525,106	501,816	514,730	528,701	534,584	542,505	541,394	572,966
Unrestricted grants and contributions	3,127,184	3,762,996	4,283,115	4,098,058	6,379,696	7,223,432	9,120,521	10,109,899	8,195,605	7,060,205
Miscellaneous income	123,092	434,390	267,899	399,534	666,749	459,262	257,918	272,822	262,624	325,059
Transfers	(16,286)	(21,696)	(2,357)	(2,689)	(4,107)	-	-	-	-	-
Total governmental activities	17,053,916	18,305,500	18,954,794	19,425,429	22,422,137	23,786,011	25,928,269	27,553,311	25,960,270	25,360,651
Business-type activities:										
Investment earnings	89	79	104	135	185	232	124	133	192	175
Transfers	16,286	21,696	2,358	2,689	4,107	-	-	-	-	-
Total business-type activities	16,376	21,775	2,462	2,824	4,293	232	124	133	192	175
Total district-wide	17,070,291	18,327,275	18,957,256	19,428,253	22,426,429	23,786,243	25,928,393	27,553,444	25,960,463	25,360,826
Change in Net Position										
Governmental activities	149,199	1,043,190	(238,688)	202,823	1,345,023	1,230,735	894,921	580,552	813,271	2,073,903
Business-type activities	379	39,010	21,532	15,477	159	13,618	(10,597)	19,963	7,681	(20,686)
Total district	149,579	1,082,200	(217,156)	218,300	1,345,182	1,244,353	884,324	600,515	820,951	2,053,217

Source: CAFR Schedule A-2

* 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)
UNAUDITED

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Committed								950,508	22,989	67,975
Restricted	86,952	759,221	1,329,365	1,803,598	2,231,795	3,341,057	3,153,362	2,253,198	4,013,556	6,016,948
Assigned	832,066	1,085,892	250,575	125,740	293,997	430,010	84,597	221,252	189,328	296,329
Unassigned	509,764	508,168	483,314	441,061	576,549	358,977	508,147	523,418	630,199	397,932
Total general fund	1,428,782	2,353,282	2,063,254	2,370,399	3,102,342	4,130,044	3,746,106	3,948,376	4,856,072	6,779,184
All Other Governmental Funds										
Restricted										
Debt service fund	-	-	-	1	1	1	2	1	1	1
Capital projects fund	-	-	-	-	-	98,088	870,724	39,124	12,581	12,581
Unreserved, reported in:										
Capital projects fund	255,780	95,548	13,233	-	-	-	-	-	-	-
Debt service fund	59	93	28,460	11,016	-	-	-	-	-	-
Total all other governmental funds	255,839	95,641	41,693	11,017	1	98,089	870,726	39,125	12,582	12,582

Source: CAFR Schedule B-1

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

UNAUDITED

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	13,819,926	14,129,810	14,406,137	14,930,526	15,379,799	16,104,317	16,549,830	17,170,590	17,502,041	17,975,387
Miscellaneous	4,119,476	3,921,410	3,755,956	4,036,394	4,478,522	4,409,496	5,085,530	4,556,066	5,086,704	4,962,230
State sources	3,162,239	3,710,723	4,219,403	4,090,072	4,805,574	4,681,743	4,980,861	5,299,274	5,998,830	6,101,613
Federal sources	370,162	577,662	461,564	374,879	27,298	424,312	439,497	457,195	435,875	447,165
Total revenue	21,471,803	22,339,605	22,843,060	23,431,871	24,691,193	25,619,867	27,055,718	27,483,125	29,023,450	29,486,396
Expenditures										
Instruction										
Regular Instruction	5,846,475	5,635,075	5,895,412	6,008,752	6,354,346	6,273,278	6,557,416	6,404,909	6,455,058	6,544,951
Special education instruction	1,386,915	1,391,364	1,358,088	1,513,035	1,550,000	1,539,372	1,686,283	1,840,243	2,078,382	1,930,312
Other special instruction	125,417	166,341	228,441	171,122	210,802	232,125	235,173	275,414	281,156	315,810
Other instruction	384,841	402,678	496,044	466,960	509,382	512,281	534,331	593,022	538,110	523,412
Support Services:										
Tuition	1,635,041	1,662,708	1,602,025	1,852,073	1,478,736	1,865,381	1,947,125	2,257,462	2,445,545	1,939,930
Student & instruction related services	2,141,805	2,562,647	3,126,511	2,852,319	2,813,040	2,613,936	2,791,682	2,992,736	3,016,339	2,900,977
General administrative services	576,857	476,764	506,790	521,116	454,081	496,024	514,571	538,983	693,511	525,453
School Administrative services	725,798	726,923	720,880	786,124	803,953	834,149	861,949	920,473	971,693	945,889
Central Services	423,952	463,258	494,148	424,627	418,364	488,419	526,250	582,828	504,238	551,239
Plant operations and maintenance	1,698,834	1,864,152	1,888,418	2,028,164	2,047,873	1,970,642	1,976,699	2,019,951	2,092,336	2,368,930
Pupil transportation	776,673	800,265	958,715	918,917	879,835	956,432	858,588	1,085,852	1,117,749	959,849
Unallocated employee benefits	4,759,184	4,509,803	5,099,626	4,931,441	5,286,363	5,771,754	6,361,591	6,672,382	7,174,675	7,160,391
Special Schools	-	2,980	-	-	-	-	-	-	-	-
Food Services	-	-	-	-	-	-	-	-	-	4
Charter Schools	20,958	-	-	12,315	12,653	24,343	24,342	24,342	25,568	25,519
Capital outlay	525,311	313,267	240,573	210,568	783,181	329,267	1,197,956	3,099,195	451,251	229,600
Debt Service:										
Principal	190,000	345,000	410,000	410,000	430,000	445,000	465,000	485,000	496,000	550,000
Interest and Other Charges	288,536	230,383	159,007	165,611	153,549	141,674	128,636	117,524	104,309	91,019
Total expenditures	21,506,596	21,553,608	23,184,678	23,273,144	24,186,158	24,494,077	26,667,591	29,910,315	28,445,920	27,563,284
Excess (Deficiency) of revenues over (under) expenditures	(34,793)	785,997	(341,618)	158,727	505,035	1,125,790	388,127	(2,427,190)	577,530	1,923,112
Other Financing sources (uses)										
Capital leases (non-budgeted)	-	-	-	120,431	220,000	-	-	1,797,859	303,622	-
Transfers in	59	34	-	1	-	-	-	-	-	-
Transfers out	(16,345)	(21,730)	(2,357)	(2,690)	(4,107)	-	-	-	-	-
Contracts Payable Canceled	-	-	-	-	-	-	573	-	-	-
Total other financing sources (uses)	(16,286)	(21,696)	(2,357)	117,742	215,893	-	573	1,797,859	303,622	-
Net change in fund balances	(51,079)	764,301	(343,975)	276,469	720,927	1,125,790	388,700	(629,331)	881,152	1,923,112
Debt service as a percentage of noncapital expenditures	2.281%	2.709%	2.480%	2.496%	2.493%	2.428%	2.331%	2.247%	2.144%	2.345%

Source: CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

BUTLER BOARD OF EDUCATION
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
UNAUDITED

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Rentals	Other Restricted Misc.	Misc.	Total
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
2014	384	3,627,485			257,581	3,885,450
2015	519	4,162,861			118,014	4,281,394
2016	846	4,143,547		73,792	189,612	4,407,796
2017	1,135	4,882,729		53,838	143,318	5,081,020
2018	10,560	4,277,894	99,160	52,933	110,168	4,550,716
2019	9,013	4,800,667	141,450	5,617	106,543	5,063,290
2020	2,377	4,620,722	137,750	2,936	181,996	4,945,781

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 ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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	978,937,894
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	986,516,067
2013	7,102,700	605,379,000	700	97,695,600	20,911,700	17,678,000	748,767,700	706,473	749,474,173	1.958	954,429,183
2014	7,453,600	605,039,200	700	97,747,500	20,911,700	17,678,000	748,830,700	728,750	749,559,450	2.022	1,008,440,633
2015	6,774,700	608,681,800	700	97,210,900	20,911,700	17,678,000	751,257,800	728,750	751,986,550	2.094	952,893,262
2016	7,948,200	613,005,300	700	97,889,800	20,911,700	17,678,000	757,433,700	728,750	758,162,450	2.154	942,459,075
2017	7,304,100	613,623,900	700	98,402,500	20,911,700	17,678,000	757,920,900	728,750	758,649,650	2.223	977,430,941
2018	6,346,600	615,128,200	700	100,103,800	20,802,300	17,678,000	760,059,600	728,750	760,788,350	2.279	988,333,492
2019	6,045,700	619,663,600	700	102,769,400	20,802,300	17,678,000	766,959,700	728,750	767,688,450	2.311	1,024,023,880
2020	6,367,400	614,361,300	700	103,110,900	20,802,300	17,678,000	762,320,600	728,750	763,049,350	2.364	1,023,980,814

Source: Morris County, Abstract of Ratables 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.

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

BUTLER BOARD OF EDUCATION
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)
Unaudited

Fiscal Year Ended June 30,	Butler Board of Education			Borough of Butler	Morris County ^c	Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct			
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
2013	1.889	0.069	1.958	0.900	0.333	3.191
2014	1.954	0.068	2.022	0.914	0.329	3.265
2015	2.024	0.070	2.094	0.934	0.341	3.369
2016	2.083	0.070	2.154	0.944	0.326	3.424
2017	2.152	0.071	2.223	0.967	0.325	3.515
2018	2.208	0.071	2.279	0.990	0.338	3.607
2019	2.238	0.073	2.311	1.002	0.341	3.654
2020	2.326	0.038	2.364	1.021	0.351	3.736

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.
- c** Includes library tax

BUTLER BOARD OF EDUCATION
Principal Property Tax Payers,
Current Year and Nine Years Ago
Unaudited

Taxpayer	2020			2011		
	Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Inland Western Butler Kinnelon LLC	12,805,000	1	1.68%	12,805,000	1	1.69%
Butler Gardens LLC	10,340,000	2	1.36%	11,440,000	2	1.51%
SL 10 Park Place LLC	8,324,900	3	1.09%			
Butler Plaza Lot One LLC	7,776,200	4	1.02%			
Butler Bowl, Inc.	3,939,100	5	0.52%	3,939,100	6	0.52%
Butler Printing & Lamination	3,596,400	6	0.47%	3,596,400	7	0.47%
ZZ Group LLC	3,181,500	7	0.42%			
1301 Realty Enterprises, LLC	3,163,400	8	0.41%	4,816,100	5	0.64%
254 East 56th Associates LLC	2,705,800	9	0.35%			
1301 Realty Enterprises, LLC	2,546,100	10	0.33%	2,760,700	10	0.36%
Butler Center Associates				8,414,100	3	1.11%
Randell Corporation				5,310,500	4	0.70%
1341 Route 23, Inc				3,181,500	8	0.42%
MNB Realty CO, LLC				2,807,200	9	0.37%
Total	\$ 58,378,400		7.65%	\$ 59,070,600		7.79%

Source: Municipal Tax Assessor's Office.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	-
2014	14,930,527	14,930,527	100.00%	-
2015	15,379,799	15,379,799	100.00%	-
2016	16,104,316	16,104,316	100.00%	-
2017	16,549,830	16,549,830	100.00%	-
2018	17,170,590	17,170,590	100.00%	-
2019	17,502,041	17,502,041	100.00%	-
2020	17,975,387	17,975,387	100.00%	-

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

a 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
Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases				
2011	6,333,000	-		6,333,000	1.0706%	821.83
2012	6,236,000	-		6,236,000	1.0135%	808.51
2013	5,826,000	-		5,826,000	0.9332%	754.17
2014	5,416,000	113,302		5,529,302	0.8487%	715.30
2015	4,986,000	91,192		5,077,192	0.7437%	656.99
2016	4,541,000	67,952		4,608,952	0.6565%	598.41
2017	4,076,000	43,523		4,119,523	0.5729%	536.47
2018	3,591,000	1,750,424		5,341,424	0.7154%	699.78
2019	3,095,000	1,641,468		4,736,468	0.6088%	618.82
2020	2,545,000	1,582,747		4,127,747	Not Available	Not Available

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.

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

General Bonded Debt Outstanding					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2011	6,333,000		6,333,000	0.84%	822
2012	6,236,000		6,236,000	0.83%	809
2013	5,826,000		5,826,000	0.78%	754
2014	5,416,000		5,416,000	0.72%	701
2015	4,986,000		4,986,000	0.66%	645
2016	4,541,000		4,541,000	0.60%	590
2017	4,076,000		4,076,000	0.54%	531
2018	3,591,000		3,591,000	0.47%	470
2019	3,095,000		3,095,000	0.40%	404
2020	2,545,000		2,545,000	Not Available	Not Available

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
--

BUTLER BOARD OF EDUCATION
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Butler	4,604,565	100.000%	4,604,565
Other debt			
Morris County	363,797,009	1.064%	<u>3,870,436</u>
Subtotal, overlapping debt			8,475,001
Borough of Butler School District Direct Debt			<u>2,545,000</u>
Total direct and overlapping debt			<u>\$ 11,020,001</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, 2019.

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

Legal Debt Margin Calculation for Fiscal Year 2019

Equalized valuation basis	
2017	976,702,191
2018	982,369,911
2019	1,023,295,130
[A]	<u>2,982,367,232</u>

[A/3]	\$ 994,122,411
[B]	39,764,896
[C]	2,545,000
[B-C]	<u>\$ 37,219,896</u>

Average equalized valuation of taxable property **[A/3]** \$ 994,122,411

Debt limit (4% of average equalization value) **[B]** 39,764,896

Total Net Debt Applicable to Limit **[C]** 2,545,000

Legal debt margin **[B-C]** \$ 37,219,896

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 41,396,644	\$ 40,535,982	\$ 39,727,786	\$ 38,903,891	\$ 39,296,470	\$ 38,847,988	\$ 38,697,806	\$ 38,274,627	\$ 38,680,966	\$ 39,764,896
Total net debt applicable to limit	6,333,000	6,236,000	5,826,000	5,416,000	4,986,000	4,541,000	4,076,000	3,591,000	3,095,000	2,545,000
Legal debt margin	<u>35,063,644</u>	<u>34,299,982</u>	<u>33,901,786</u>	<u>33,487,891</u>	<u>34,310,470</u>	<u>34,306,988</u>	<u>34,621,806</u>	<u>34,683,627</u>	<u>35,585,966</u>	<u>37,219,896</u>
Total net debt applicable to the limit as a percentage of debt limit	15.30%	15.38%	14.66%	13.92%	12.69%	11.69%	10.53%	9.38%	8.00%	6.40%

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
Unaudited

<u>Year Ended June 30</u>	<u>School District Population ^a</u>	<u>Personal Income in (thousands of dollars) ^b</u>	<u>Per Capita Income ^c</u>	<u>Unemployment Rate ^d</u>
2010	7,665	567,133,350	73,990	8.6%
2011	7,706	591,512,560	76,760	9.3%
2012	7,713	615,304,575	79,775	7.8%
2013	7,725	624,295,875	80,815	6.9%
2014	7,730	651,468,940	84,278	5.7%
2015	7,728	682,652,880	88,335	4.7%
2016	7,702	702,021,896	91,148	4.3%
2017	7,679	719,007,807	93,633	3.8%
2018	7,633	746,652,427	97,819	3.5%
2019	7,654	777,998,484	101,646	2.8%

Source:

^a U.S. Bureau of the Census, Population Division, (Estimates April 1, 2010 - July 1, 2019)

^b Personal income of the District is Based on the County Information.

^c U.S. Department of Commerce, County Information 2010-2019.

^d N.J. Department of Labor.

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

	2019		2010	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
Employer	Rank (Optional)	Rank (Optional)	Rank (Optional)	Rank (Optional)

No data is available to complete this schedule.

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

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction										
Regular	73.3	70.2	74.5	89	91.6	92	90.8	89.4	89.4	77.4
Special education	24.4	31.6	32.2	28.2	27.2	26.5	30.4	32.3	32.3	32.3
B.S. / Bilingual	3.5	1.8	2.8	2.4	4.1	2.8	3	3.0	3.0	3.0
Other Instruction	1.1	6.5	8.6	1.8	0.9	1.2	1.2	1.3	1.3	1.3
Support Services:										
Student & instruction related services	36.5	47.4	53.9	62.3	64.3	55	57.6	63.9	48.0	39.0
General administrative services	2.1	2.1	2.2	1.94	1.9	1.8	1.8	1.8	1.8	1.8
School administrative services	9.1	9.2	9.2	9.3	9.3	10	10	10.4	10.4	11.4
Central Services	4.5	4.5	4.1	1.5	1	1.2	0.8	0.8	0.8	0.8
Administrative Information Technology	0.5	0.4	0.7	0.7	0.7	0.9	1	1.0	1.0	1.0
Plant operations and maintenance	18.3	20.7	21.5	20.5	21	24	23.2	22.6	22.6	22.6
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Total	173.3	194.4	209.7	217.6	222.0	215.4	219.8	226.5	210.6	190.6

Source: District Budget Records

BUTLER BOARD OF EDUCATION
Operating Statistics
 Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2010-2011	1,131.2	20,502,749	18,125	4.08%	94.90	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	9.60	1,122.0	1,076.4	-0.81%	95.94%
2012-2013	1,147.9	22,375,098	19,492	5.83%	114.66	10.40	10.03	9.22	1,147.9	1,100.9	2.31%	95.91%
2013-2014	1,123.9	22,486,965	20,008	2.65%	119.64	10.17	10.83	7.97	1,123.9	1,080.5	-2.09%	96.14%
2014-2015	1,144.7	22,819,428	19,935	-0.37%	123.00	9.07	11.03	9.76	1,144.7	1,101.5	1.85%	96.22%
2015-2016	1,156.9	23,578,136	20,380	2.24%	125.00	8.80	10.05	9.90	1,156.9	1,111.8	1.07%	96.10%
2016-2017	1,191.7	24,875,999	20,874	2.42%	122.35	8.60	10.50	10.30	1,191.7	1,140.1	3.01%	95.67%
2017-2018	1,161.2	26,208,596	22,571	8.13%	123.35	9.01	9.59	9.32	1,161.2	1,112.7	-2.56%	95.83%
2018-2019	1,149.0	27,394,360	23,842	5.63%	126.00	8.90	11.51	10.80	1,149.0	1,117.5	0.28%	95.97%
2019-2020	1,159.0	26,692,666	23,031	-3.40%	123.96	8.10	11.04	10.20	1,134.3	1,102.2	-2.59%	97.17%

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.

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

<u>District Building</u>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Elementary</u>										
Aaron Decker (1966)	48,700	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	340
Capacity (students)	382	368	390	393	381	386	379	383	406	390
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	54,710
Square Feet	330	330	330	330	330	330	330	330	330	330
Capacity (students)	260	280	299	282	298	272	280	289	278	295
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	134,530
Square Feet	541	541	541	541	541	541	541	541	541	541
Capacity (students)	547	530	516	509	527.5	533	533	490	505	474
Enrollment										

Number of Schools at June 30, 2020
 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
Unaudited

*School Facilities	Project # (s)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Butler High School	N/A	203,468	173,639	110,793	179,938	213,055	173,417	156,259	151,976	124,313	62,724
Aaron Decker	N/A	98,202	83,514	55,077	60,413	93,615	69,382	70,511	55,336	33,649	30,910
Richard Butler	N/A	91,310	58,566	41,637	64,159	83,460	89,693	81,429	63,196	49,370	21,897
District	N/A									2,370	
Total School Facilities		392,980	315,719	207,507	304,510	390,130	332,491	308,199	270,508	209,702	115,531

(*) 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, 2020
Unaudited**

	<u>Limit</u>	<u>Deductible</u>
Property - Blanket Building & Contents	\$56,040,332	\$2,500
General Liability (each occurrence)	5,000,000	1,000
Crime Coverage - Employee theft	500,000	1,000
Crime Coverage - Forgery or Alteration	50,000	1,000
Faithful Performance of Duty Coverage For Government Employees	500,000	1,000
Commercial Automobile Liability Auto Physical Damage	5,000,000	1,000
Boiler and Machinery	Included	1,000
School Board Legal Liability Limit of Liability	1,000,000	5,000
Employment Practices Liability	5,000,000	1,000
Enviromental Impairment Liability Each Occurance	1,000,000	10,000
Aggregate	25,000,000	
Excess Liability Policy Each Occurance	5,000,000	
NJUEP Excess Liability Each Occurance	15,000,000	
Cyber Liability	Included in SAIF Program	
Public Official Bonds Treasurer - Jim Kozimor	250,000	
Business Administrator - Board Secretary Dr. Patrick Tierney	205,000	

Source: District Records

SINGLE AUDIT SECTION



WIELKOTZ & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

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Matthew B. Wielkocz, CPA, PSA
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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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 29, 2021.

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.

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

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

Wielkotz & Company, LLC

Wielkotz & Company, LLC
Certified Public Accountants

Newton, New Jersey

January 29, 2021



WIELKOTZ & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE AND NEW JERSEY'S OMB CIRCULAR 15-08**

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

Report on Compliance for Each Major 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 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 state programs for the fiscal year ended June 30, 2020. The Borough of Butler Board of Education's major 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 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 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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost*



Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and N.J. OMB Circular 15-08. Those standards, the Uniform Guidance and N.J. OMB Circular 15-08 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 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 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 state programs for the year ended June 30, 2020.

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 types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, 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 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 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 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 N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Thomas M. Ferry

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

Wielkocz & Company, LLC

Wielkocz & Company, LLC
Certified Public Accountants

Newton, New Jersey

January 29, 2021

BUTLER BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ending June 30, 2020

Schedule A
K-3

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From/To	June 30, 2019			Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2020		MEMO Cumulative Total Expenditures	
						(Accounts Receivable)	Unearned Revenue	Cash Received			(Accounts Receivable)	Unearned Revenue		
U.S. Department of Agriculture														
Passed - through State Department of Education:														
Enterprise Fund:														
U.S.D.A. Commodities Program	10.550	201NJ304N1099	N/A	30,988	7/1/19-6/30/20	-	337	30,988	(31,325)	-	-	-	*	31,325
National School Lunch Program	10.555	191NJ304N1099	N/A	131,803	7/1/18-6/30/19	(8,156)	-	8,156	-	-	-	-	*	131,803
National School Lunch Program	10.555	201NJ304N1099	N/A	103,701	7/1/19-6/30/20	-	-	99,190	(103,701)	-	(4,510)	-	*	103,701
National School Breakfast Program	10.553	191NJ304N1099	N/A	22,053	7/1/18-6/30/19	(1,652)	-	1,652	-	-	-	-	*	22,053
National School Breakfast Program	10.553	201NJ304N1099	N/A	24,615	7/1/19-6/30/20	-	-	21,763	(24,615)	-	(2,851)	-	*	24,615
Total Enterprise Fund						(9,808)	337	161,750	(159,640)	-	(7,361)	-	*	313,497
U.S. Department of Education														
Passed - through State Department of Education:														
General Fund:														
Medicaid Assistance Program	93.778	2005NJ5MAP	N/A	74,611	7/1/19-6/30/20	-	-	47,441	(47,441)	-	-	-	*	74,611
Total General Fund						-	-	47,441	(47,441)	-	-	-	*	74,611
U.S. Department of Education														
Passed - through State Department of Education:														
Special Revenue Fund:														
Title I - Part A - Improving Basic Programs	84.010	S010A180030	ESEA0630-19	92,944	9/1/18-8/31/19	(21,466)	-	21,466	-	-	-	-	*	92,944
Title I - Part A - Improving Basic Programs	84.010	S010A190030	ESEA0630-20	87,042	9/1/19-8/31/20	-	-	72,833	(87,042)	(24,525)	(38,734)	-	*	87,042
						(21,466)	-	94,299	(87,042)	(24,525)	(38,734)	-	*	179,986
Title II - Part A - Teacher & Principal Training/Recruiting	84.367	S367A180029	ESEA0630-19	17,649	9/1/18-8/31/19	(6,203)	-	6,203	-	-	-	-	*	17,649
Title II - Part A - Teacher & Principal Training/Recruiting	84.367	S367A190029	ESEA0630-20	16,711	9/1/19-9/31/20	-	-	16,711	(16,711)	-	-	-	*	16,711
						(6,203)	-	22,914	(16,711)	-	-	-	*	34,360
Title III - English Language Acquisition	84.365A	S365A180030	ESEA0630-19	18,038	9/1/18-8/31/19	(11,488)	-	11,488	-	-	-	-	*	18,038
Title III - English Language Acquisition	84.365A	S365A190030	ESEA0630-20	18,176	9/1/19-9/31/20	-	-	8,601	(18,176)	-	(9,575)	-	*	18,176
						(11,488)	-	20,089	(18,176)	-	(9,575)	-	*	36,214
Title IV - Part A - Student Support and Academic Enrichment	84.424A	S424A190031	ESEA0630-20	13,287	9/1/19-9/31/20	-	-	2,710	(10,000)	(3,287)	(10,577)	-	*	10,000
						-	-	2,710	(10,000)	(3,287)	(10,577)	-	*	10,000
I.D.E.A. Part B, Basic Regular	84.027	H027A180100	IDEA0630-19	264,949	9/1/18-8/31/19	(34,950)	-	34,950	-	-	-	-	*	264,949
I.D.E.A. Part B, Basic Regular	84.027	H027A190100	IDEA0630-20	270,987	9/1/19-9/31/20	-	-	270,987	(270,987)	-	-	-	*	270,987
I.D.E.A. Part B, Preschool	84.173	H173A180114	IDEA0630-19	8,777	9/1/18-8/31/19	(927)	-	927	-	-	-	-	*	8,777
I.D.E.A. Part B, Preschool	84.173	H173A190114	IDEA0630-20	8,480	9/1/19-9/31/20	-	-	4,858	(5,493)	-	(635)	-	*	8,480
						(35,877)	-	311,722	(276,480)	-	(635)	-	*	553,193
Total Special Revenue Fund						(75,034)	-	451,734	(408,409)	(27,812)	(59,521)	-	*	813,753
Total Federal Financial Awards						(84,842)	337	660,925	(615,490)	(27,812)	(66,882)	-	*	1,201,861

Note: This Schedule was not subject to an Audit in accordance with Federal OMB'S Uniform Guidance.

BUTLER BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ending June 30, 2020

Schedule B
K-4

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From / To	June 30, 2019			June 30, 2020		MEMO	
				Unearned Revenue (Accts Receivable)	Cash Received	Budgetary Expenditures	Unearned Revenue (Accts Receivable)	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:										
General Fund:										
Equalization Aid	495-034-5120-078	1,350,253	7/1/19-6/30/20	-	1,221,986	(1,350,253)	-	(128,267) *	1,350,253	
School Choice Aid	495-034-5120-068	13,291	7/1/19-6/30/20	-	12,028	(13,291)	-	(1,263) *	13,291	
Transportation Aid	495-034-5120-014	215,738		-	195,244	(215,738)	-	(20,494) *	215,738	
Special Education Categorical Aid	495-034-5120-089	583,508	7/1/19-6/30/20	-	528,078	(583,508)	-	(55,430) *	583,508	
Security Aid	495-034-5120-084	39,010	7/1/19-6/30/20	-	35,305	(39,010)	-	(3,705) *	39,010	
Subtotal State Aid - Public Cluster				-	1,992,641	(2,201,800)	-	(209,159)	2,201,800	
Extraordinary Special Education Aid	100-034-5120-473	534,855	7/1/18-6/30/19	(534,855)	534,855	-	-	- *	534,855	
Extraordinary Special Education Aid	100-034-5120-473	371,522	7/1/19-6/30/20	-	-	(371,522)	(371,522)	- *	371,522	
On-Behalf TPAF Pension	495-034-5094-006	1,969,201	7/1/19-6/30/20	-	1,969,201	(1,969,201)	-	- *	1,969,201	
On-Behalf TPAF NCGI Premium	495-034-5094-007	35,296	7/1/19-6/30/20	-	35,296	(35,296)	-	- *	35,296	
On-Behalf TPAF Post Retirement Medical	495-034-5094-001	743,631	7/1/19-6/30/20	-	743,631	(743,631)	-	- *	743,631	
On-Behalf TPAF Long-Term Disability Ins.	495-034-5094-004	1,495	7/1/19-6/30/20	-	1,495	(1,495)	-	- *	1,495	
Non-Public Transportation Aid	495-034-5120-014	17,980	7/1/18-6/30/19	(17,980)	17,980	-	-	- *	17,980	
Reimbursed T.P.A.F. - Social Security	495-034-5094-003	711,555	7/1/18-6/30/19	(36,707)	36,707	-	-	- *	711,555	
Reimbursed T.P.A.F. - Social Security	495-034-5094-003	728,005	7/1/19-6/30/20	-	728,005	(728,005)	-	- *	728,005	
Total General Fund				(589,542)	6,059,811	(6,050,950)	(371,522)	(209,159) *	7,315,340	
Debt Service Fund:										
Debt Service Aid	495-034-5120-125	68,063	7/1/19-6/30/20	29,940	38,123	(68,063)	-	- *	68,063	
Total Debt Service Fund				29,940	38,123	(68,063)	-	- *	68,063	
State Department of Agriculture										
Enterprise Fund:										
State School Lunch Program	100-010-3350-023	4,388	7/1/18-6/30/19	(274)	274	-	-	- *	4,388	
State School Lunch Program	100-010-3350-023	3,193	7/1/19-6/30/20	-	3,121	(3,193)	(71)	- *	3,193	
Total Enterprise Fund				(274)	3,395	(3,193)	(71)	- *	7,581	
Total State Financial Assistance				(559,876)	6,101,329	(6,122,206)	(371,593)	(209,159) *	7,390,984	
Less: On-Behalf Pension and Annuity Aid										
On-Behalf TPAF Pension	495-034-5094-006	1,969,201	7/1/19-6/30/20	-	1,969,201	(1,969,201)	-	-	1,969,201	
On-Behalf TPAF NCGI Premium	495-034-5094-007	35,296	7/1/19-6/30/20	-	35,296	(35,296)	-	-	35,296	
On-Behalf TPAF Post Retirement Medical	495-034-5094-001	743,631	7/1/19-6/30/20	-	743,631	(743,631)	-	-	743,631	
On-Behalf TPAF Long-Term Disability Ins.	495-034-5094-004	1,495	7/1/19-6/30/20	-	1,495	(1,495)	-	-	1,495	
				-	2,749,623	(2,749,623)	-	-	2,749,623	
Total for State Major Program Determinations				(559,876)	3,351,706	(3,372,583)	(371,593)	(209,159) *	4,641,361	

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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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. 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, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payments 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 \$17,400 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 BASIC FINANCIAL STATEMENTS (continued)

Additionally, as discussed further in Notes 8 and 9, 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 2020 fiscal year was \$2,749,623.

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	\$47,441	\$6,033,550	\$6,080,992
Special Revenue Fund	399,724		399,724
Debt Service Fund		68,063	68,063
Food Service Fund	<u>159,303</u>	<u>3,193</u>	<u>162,496</u>
Total Financial Awards	<u>\$606,468</u>	<u>\$6,104,806</u>	<u>\$6,711,275</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 the Food Distribution 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, 2020.

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 15-08 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.

NOTE 6. INDIRECT COST RATE

The Borough of Butler School District has elected not to use the 10 percent de minimis Indirect Cost Rate as allowed under the Uniform Guidance.

BOROUGH OF BUTLER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness(es) identified? yes X no
2) Significant deficiencies identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

N/A

**BOROUGH OF BUTLER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section I - Summary of Auditor's Results

State Awards Section

Dollar threshold used to distinguish between type A
and type B programs: _____ \$750,000 _____

Auditee qualified as low-risk auditee? _____ _____ yes _____ _____ no

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

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

Any audit findings disclosed that are required to be reported
in accordance with NJ OMB's Circular 15-08? _____ yes _____ _____ no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
_____ 20-495-034-5094-003 _____	_____ Reimbursed TPAF Social Security _____ _____ Contributions _____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**BOROUGH OF BUTLER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section II - Schedule of Financial Statement Findings

NONE

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

No matters were reported.

**BOROUGH OF BUTLER SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Status of Prior Year Findings

The prior year audit finding was corrected.