

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the**

Borough of Butler School District

Board of Education

Butler, New Jersey

For the Fiscal Year Ended June 30, 2021



Prepared by

Borough of Butler School District
Board of Education
Finance Office

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE BOROUGH OF BUTLER SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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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

Pamela Vargas

Business Administrator/Board Secretary

February 8, 2022

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, 2021, 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 2020 -2021 fiscal year with an average daily enrollment of 1,122.4 students. This enrollment is a 8.10% 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 2020 - 2021 school year.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2020-21	1,122.4	-8.10%
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%)

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 Peguannock Township. As of the 2021 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 2021 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.

3) MAJOR INITIATIVES (Capital Improvements): District: In 2020-2021, the district installed a lift system in the Butler High School. Additionally, several classrooms' floors were renovated, a retaining wall was repaired, and one HVAC unit was 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. These updates include new security systems upgrades.

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 2022 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 2020-2021 school year, our high school students also worked in a blended and flipped learning modality, using NearPod, STMath, EnVision, SchoolWide, NEWSELA, and other software, as well as SAT preparation software, to provide standards based curriculum regardless of setting during the pandemic. In addition, Butler incorporated targeted interventions within the specific instructional areas in Math and Language Arts/Literacy through Rtl and Summer Intervention Programs. We have introduced new coursework in the areas of STEM, including computer sciences, drama, and public speaking. In addition, during the 2020-2021 school year, the district introduced over 20 semester based elective courses at Butler High School to increase student choice and autonomy while providing semester length coursework to help students transition to college schedules.

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. During the 2021-2022 school year, RBS instituted the teaming philosophy to create "smaller schools within the school." following middle level education philosophy and strengthening mentoring, academic interventions, and instruction possibilities. The curriculum is based upon the New Jersey Student Learning Standards, and it 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 both a Reading Specialist and a Math Intervention Specialist to our staff 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 canceled 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 2020 - 2021.

9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Wielkotz 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.

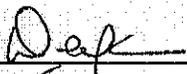
The District's ongoing upgrades to all of its buildings ensures that its physical plant is able to accommodate the District's current and anticipated future student population needs and meet all current building safety standards and building codes. The District deems the current available capital reserve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

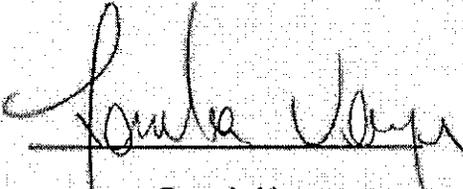
10) AWARDS: Butler High School was recognized by U.S. News and World Report as a "Top High School". Richard Butler Middle School was also recognized by U.S. News and World Report as a "Top Middle School." ADS was recognized as a National School of Character, and the District received a Climate and Culture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

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,

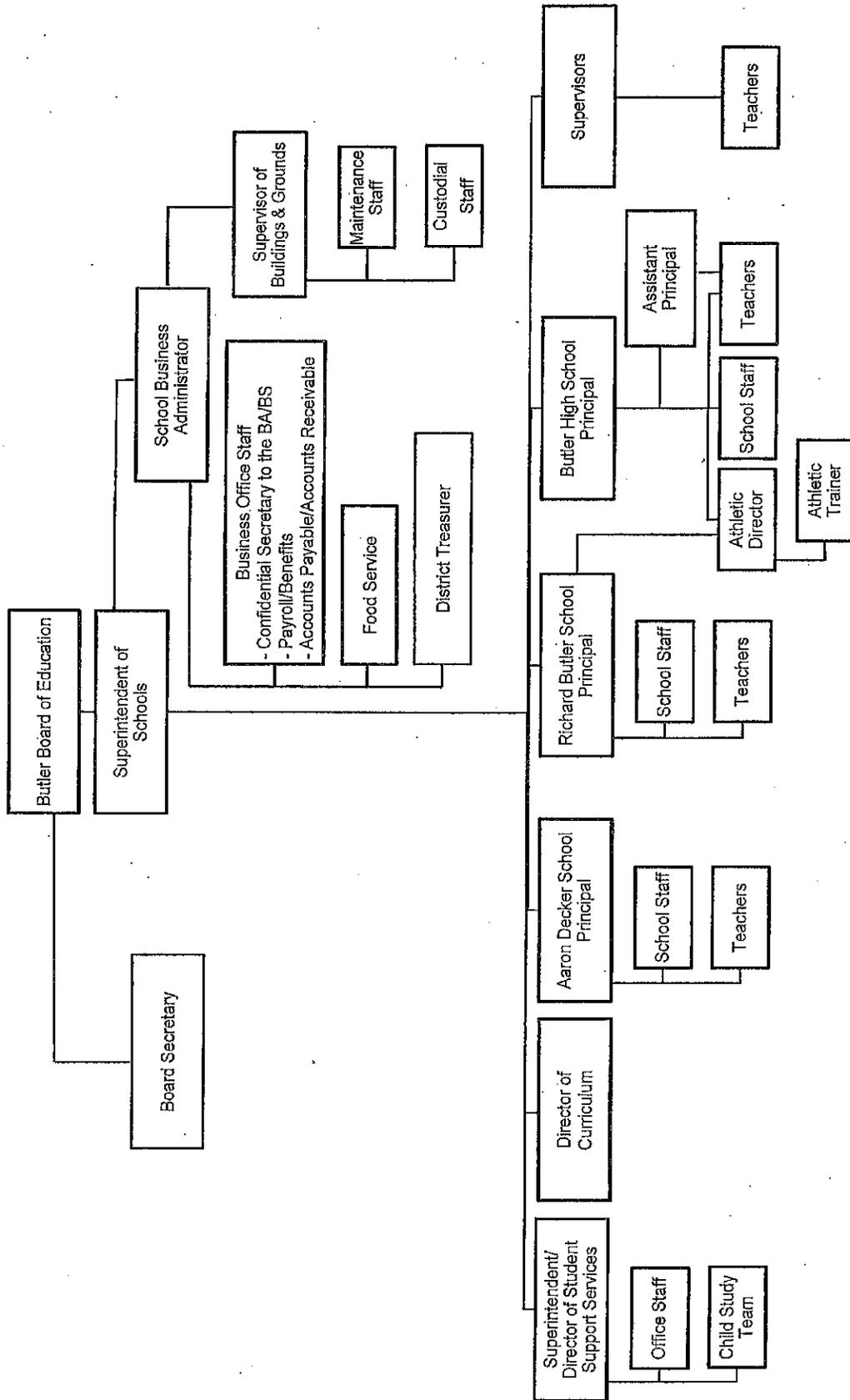


Daniel Johnson
Superintendent



Pamela Vargas
Business Administrator

BUTLER SCHOOL DISTRICT ORGANIZATIONAL CHART



Revised 2018

1/4/18

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

**ROSTER OF OFFICIALS
JUNE 30, 2021**

Members of the Board of Education

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

Tracy Luciani – President	January 2024
Alison Allison	January 2025
Angela Drucker	January 2025
Jamie Tacinelli	January 2023
Karen Smith – Vice President	January 2023
Chris Ziegler	January 2023
Heather Oguss	January 2025
Jane Tadros	January 2024
Jason Karpowich	January 2024
Lauren Grecco (Bloomingdale Representative)	January 2022

Other Officials

Dr. Daniel Johnson	Superintendent
Pamela Vargas	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, 2021

Architect

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

Audit Firm

Wielkotz & Company, LLC
100 Enterprise Dr.
Rockaway, NJ 07866

Attorney

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 PC
100 Southgate Parkwey, 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. WIELKOTZ, CPA, RMA, PSA
MATTHEW B. WIELKOTZ, CPA, PSA
PAUL J. CUVA, CPA, RMA, PSA
JAMES J. CERULLO, CPA, RMA, PSA
THOMAS M. FERRY, CPA, RMA, PSA

HEADQUARTERS
401 WANAQUE AVENUE
POMPTON LAKES, NEW JERSEY 07442
(973)-835-7900
OFFICE@W-CPA.COM

ROCKAWAY OFFICE
100 ENTERPRISE DRIVE
SUITE 301
ROCKAWAY, NEW JERSEY 07866
(973)-835-7900

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, 2021, 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, 2021, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the basic financial statements, in fiscal year 2021, the Board adopted Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. As a result, prior year balances were restated (Note 17) to reflect the implementation of this Statement. Our opinions are not modified with respect to this matter.



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

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, 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



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

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2022 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

Wielkotz & Company, LLC

Wielkotz & Company, LLC
Certified Public Accountants

Rockaway, New Jersey

February 8, 2022



**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

**BUTLER BOROUGH PUBLIC SCHOOL DISTRICT
BUTLER BOROUGH**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2021. 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 2020-2021 fiscal year are as follows:

- ◆ The School District had \$30,499,955 in expenses (see A-2 District-wide Statement of Activities, Governmental Activities); \$5,345,707 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 \$18,313,945 and \$9,762,115, respectively, were adequate to provide for these programs.
- ◆ The General Fund had \$29,478,673 in revenues and \$26,525,245 in expenditures. The General Fund's fund balance increased by \$2,513,517 over 2020. This increase was attributed to a decrease in spending overall in 2020-21. (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 2021 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 \$14,996,460 and \$11,175,092 as of June 30, 2021 and 2020, 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, 2021 and 2020.

Table 1
Net Position
June 30, 2021 and 2020

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Assets:						
Current and Other Assets	10,335,289	6,812,207	154,452	45,106	10,489,741	6,857,313
Capital Assets, net	<u>13,818,968</u>	<u>14,078,378</u>	<u>100,509</u>	<u>105,683</u>	<u>13,919,477</u>	<u>14,184,061</u>
Total Assets	<u>24,154,257</u>	<u>20,890,586</u>	<u>254,961</u>	<u>150,789</u>	<u>24,409,218</u>	<u>21,041,374</u>
Deferred Outflows of Resources:						
Deferred Outflows of Resources Relate to PERS	851,163	1,083,863	-	-	851,163	1,083,863
Deferred Amount on Refunding	<u>37,628</u>	<u>50,171</u>	<u>-</u>	<u>-</u>	<u>37,628</u>	<u>50,171</u>
Liabilities:						
Current Liabilities	1,419,543	979,097	-	-	1,419,543	979,097
Noncurrent liabilities	<u>7,233,573</u>	<u>8,331,157</u>	<u>-</u>	<u>-</u>	<u>7,233,573</u>	<u>8,331,157</u>
Total Liabilities	<u>8,653,116</u>	<u>9,310,254</u>	<u>-</u>	<u>-</u>	<u>8,653,116</u>	<u>9,310,254</u>
Deferred Inflows of Resources:						
Deferred Inflows of Resources Related to PERS	<u>1,648,433</u>	<u>1,690,062</u>	<u>-</u>	<u>-</u>	<u>1,648,433</u>	<u>1,690,062</u>
Net Investment in Capital Assets:						
Net of Debt	10,141,894	9,725,791	100,509	105,683	10,242,403	9,831,474
Restricted	9,897,915	5,444,108	-	-	9,897,915	5,444,108
Unrestricted	<u>(5,298,310)</u>	<u>(4,145,595)</u>	<u>154,452</u>	<u>45,106</u>	<u>(5,143,858)</u>	<u>(4,100,489)</u>
Total Net Position	<u>14,741,499</u>	<u>11,024,304</u>	<u>254,961</u>	<u>150,789</u>	<u>14,996,460</u>	<u>11,175,092</u>

The District's combined net position increased by \$3,821,367 during the year ended June 30, 2021. This was an increase of 34.20% from the prior year.

Table 2 shows changes in net position for fiscal years ended June 30, 2021 and 2020.

Table 2
Changes in Net Position
June 30, 2021 and 2020

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program Revenues:						
Charges for Services	94,284	-	3,580	211,305	97,864	211,305
Operating Grants and Contributions	5,251,423	5,036,895	371,822	162,496	5,623,245	5,199,391
General Revenues:						
Property Taxes	18,313,945	17,975,387	-	-	18,313,945	17,975,387
Federal and State Aid not Restricted	9,695,036	6,992,142	-	-	9,695,036	6,992,142
State Aid – Restricted for Debt Service	67,076	68,063	-	-	67,079	68,063
Miscellaneous Income	185,139	325,059	109	175	185,248	325,234
Total Revenues and Transfers	<u>33,606,906</u>	<u>30,397,546</u>	<u>375,511</u>	<u>373,976</u>	<u>33,982,417</u>	<u>30,771,521</u>
Functions/Programs:						
Governmental Activities						
Instruction:						
Regular	11,724,865	10,239,595	-	-	11,724,865	10,239,595
Special Education	3,394,784	3,074,055	-	-	3,394,784	3,074,055
Other Special Education	445,970	504,429	-	-	445,970	504,429
Other Instruction	525,295	523,412	-	-	525,295	523,412
Support Services:						
Tuition	1,339,092	1,939,930	-	-	1,339,092	1,939,930
Student & Instruction Related Services	5,197,571	4,337,117	-	-	5,197,571	4,337,117
General Administrative Services	692,338	669,134	-	-	692,338	669,134
School Administrative Services	1,593,389	1,427,611	-	-	1,593,389	1,427,611
Central Services & Administrative Inform. Tech	944,363	811,662	-	-	944,363	811,662
Plant Operations and Maintenance	2,997,945	3,063,012	-	-	2,997,945	3,063,012
Pupil Transportation	780,225	959,849	-	-	780,225	959,849
Capital Outlay – Non-depreciable	27,599	29,705	-	-	27,599	29,705
Interest on Long Term Debt	67,737	84,385	-	-	67,737	84,385
Unallocated Depreciation	711,110	634,225	-	-	711,110	634,225
Food Service	-	4	271,339	394,662	271,339	394,665
Transfer to Carter School	57,673	25,519	-	-	57,673	25,519
Total Expenses and Transfers	<u>30,499,955</u>	<u>28,323,643</u>	<u>271,339</u>	<u>394,662</u>	<u>30,771,294</u>	<u>28,718,305</u>
Increase/Decrease in Net Position	<u>3,106,951</u>	<u>2,073,903</u>	<u>104,172</u>	<u>(20,686)</u>	<u>3,211,123</u>	<u>2,053,217</u>
Net Position – Beginning (as previously reported)	11,024,304	8,950,401	150,789	171,475	11,175,093	9,121,876
Net Position Restatement (Note 17)	610,244	-	-	-	610,244	-
Net Position – Beginning (restated)	<u>11,634,548</u>	<u>8,950,401</u>	<u>150,789</u>	<u>171,475</u>	<u>11,785,337</u>	<u>9,121,876</u>
Net Position – Ending	<u>14,741,499</u>	<u>11,024,304</u>	<u>254,961</u>	<u>150,788</u>	<u>14,996,460</u>	<u>11,175,092</u>

Governmental Activities

The District's total governmental activities' revenues, which include State and Federal Grants, were \$33,606,906 for the year ended June 30, 2021, an increase of \$3,209,360 or 10.56% over the previous year. A significant amount of this increase 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 \$912,394. Property taxes of \$18,313,945 represent 54.49% of revenues. Another significant portion of revenues came from State, Federal and Tuition from Other LEAs; total State, Federal, Tuition from other LEAs was \$15,107,822. Another source of revenues is miscellaneous income, which includes items such as rentals, prior year refunds, interest, etc. which amounts to \$185,139 or about 0.55% of total revenues.

The total cost of all governmental program and services was \$30,499,955. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$16,090,913 or 52.76% of total expenses. Support services totaled \$13,544,922.91 or 44.41% 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 \$864,119 or 2.83% of total expenses.

Total governmental activities revenues surpassed expenses, increasing net position \$3,106,951 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 \$104,172.
- ◆ Charges for services represent \$3,580 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 \$371,931.

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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 2020 follows, as well as a description of the various expenditure areas.

Table 3

	<u>Total Cost of Services 2021</u>	<u>Net Cost of Services 2021</u>	<u>Total Cost of Services 2020</u>	<u>Net Cost of Services 2020</u>
Instruction	\$16,090,913	\$12,954,720	\$14,341,491	\$11,395,407
Support services				
Pupils and instructional staff	6,536,663	5,390,188	6,277,047	5,360,134
General administration, school administration, business	3,230,090	2,791,832	2,908,407	2,458,645
Operation and maintenance of facilities	2,997,945	2,373,164	3,063,012	2,338,875
Pupil transportation	780,225	780,225	959,849	959,849
Interest on Long Term Debt	67,737	67,737	84,385	84,385
Food Service	-	-	4	4
Transfer to Charter School	57,673	57,673	25,519	25,519
Unallocated Depreciation and Amortization	711,110	711,110	634,225	634,225
Capital Outlay - Non-depreciable	<u>27,599</u>	<u>27,599</u>	<u>29,705</u>	<u>29,705</u>
Total governmental expenses	<u><u>\$30,499,955</u></u>	<u><u>\$25,154,248</u></u>	<u><u>\$28,323,643</u></u>	<u><u>\$23,286,748</u></u>

The total cost for 2021 increased by \$2,176,312 from 2020, or 7.68%. 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 2021 is an increase of \$1,867,500 over 2020, or 8.02%. 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 \$30,930,458 and expenditures of \$28,434,554.

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, 2021, 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 2020</u>	<u>Percent Increase/ (Decrease) from 2020</u>
Local Sources	\$23,187,910	74.97%	\$250,293	1.09%
State Sources	7,015,748	22.68%	914,135	14.98%
Federal Sources	<u>726,800</u>	<u>2.35%</u>	<u>279,635</u>	62.53%
Total	<u>\$30,930,458</u>	<u>100.00%</u>	<u>\$1,444,062</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, 2021.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2020</u>	<u>Percent Increase/ (Decrease) From 2020</u>
Current:				
Instruction	\$9,562,739	33.63%	\$248,254	2.67%
Undistributed expenditures	17,647,790	62.06%	295,129	1.70%
Capital Outlay	535,808	1.88%	306,208	133.37%
Transfer to Charter School	57,673	0.20%	32,154	126.00%
Debt Service	630,544	2.22%	(10,475)	(1.63)%
Total	\$28,434,554	100.00%	\$871,270	

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 2021, 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 \$4,907,356 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 \$494,657 over the budgeted amount. This was mainly attributable to a significant increase in Extraordinary Aid from the state.
- ◆ The actual expenditures appear to be \$284,178 higher than expected. Once again, after the removal of the TPAF reported numbers, expenditures are \$4,128,521 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 \$508,209. 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, 2021 the School district had \$1,990,000 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, 2021

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and Cash Equivalents	5,610,497	97,266	5,707,763
Receivables, net	1,057,458	52,188	1,109,646
Inventory	-	4,998	4,998
Restricted Assets:			
Capital Reserve Account - Cash	2,767,334	-	2,767,334
Maintenance reserve account - Cash	900,000	-	900,000
Capital Assets:			
Other Capital Assets, net	13,818,968	100,509	13,919,477
Total Assets	<u>24,154,257</u>	<u>254,961</u>	<u>24,409,218</u>
Deferred Outflows of Resources:			
Deferred Outflows of Resources Related to PERS	851,163	-	851,163
Deferred Amount on Refunding	37,628	-	37,628
Total Deferred Outflows	<u>888,791</u>	<u>-</u>	<u>888,791</u>
Liabilities:			
Accounts Payable:			
Other	434,274	-	434,274
Related to Pensions	268,510	-	268,510
Accrued Interest on Bonds	30,548	-	30,548
Unearned Revenue	3,100	-	3,100
Noncurrent Liabilities:			
Due Within One Year	683,111	-	683,111
Due Beyond One Year	7,233,573	-	7,233,573
Total Liabilities	<u>8,653,116</u>	<u>-</u>	<u>8,653,116</u>
Deferred Inflows of Resources:			
Deferred Inflows of Resources Related to PERS	<u>1,648,433</u>	<u>-</u>	<u>1,648,433</u>
Net Position:			
Net Investment in Capital Assets	10,141,894	100,509	10,242,403
Restricted for:			
Debt Service	1	-	1
Capital projects	2,767,635	-	2,767,635
Maintenance	900,000	-	900,000
Unemployment Compensation	152,196	-	152,196
Scholarships	352,736	-	352,736
Student activities	111,960	-	111,960
Excess Surplus	2,881,671	-	2,881,671
Other Purposes	2,731,716	-	2,731,716
Unrestricted	<u>(5,298,310)</u>	<u>154,452</u>	<u>(5,143,858)</u>
Total Net Position	<u><u>14,741,499</u></u>	<u><u>254,961</u></u>	<u><u>14,996,460</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 YEAR ENDED JUNE 30, 2021**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Indirect Expenses Allocation	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	6,859,727	4,865,138	2,483,721	(9,241,143)	-	(9,241,143)
Special Education	1,926,411	1,468,373	577,178	(2,817,606)	-	(2,817,606)
Other Special Instruction	251,306	194,664	75,295	(370,675)	-	(370,675)
Other instruction	525,295	-	-	(525,295)	-	(525,295)
Support services:						
Tuition	1,339,092	-	-	(1,339,092)	-	(1,339,092)
Student & Instruction Related Services	3,342,128	1,855,443	1,052,191	(4,051,096)	-	(4,051,096)
General Administrative Services	510,989	181,349	153,099	(539,239)	-	(539,239)
School Administrative Service	951,756	641,633	285,158	(1,308,231)	-	(1,308,231)
Central Services and Admin. Info. Tech.	590,332	354,031	-	(944,363)	-	(944,363)
Plant Operations and Maintenance	2,085,295	912,650	624,781	(2,373,164)	-	(2,373,164)
Pupil Transportation	780,225	-	-	(780,225)	-	(780,225)
Capital Outlay - Non Depreciable	27,599	-	-	(27,599)	-	(27,599)
Interest on Long-Term Debt	-	67,737	-	(67,737)	-	(67,737)
Transfer to Charter School	57,673	-	-	(57,673)	-	(57,673)
Unallocated Depreciation and Amortization	12,543	698,567	-	(711,110)	-	(711,110)
Total Governmental Activities	19,260,371	11,239,584	5,251,423	(25,154,248)	-	(25,154,248)
Business-type Activities:						
Food Service	271,339	-	371,822	-	104,063	104,063
Total Business-type Activities	271,339	-	371,822	-	104,063	104,063
Total Primary Government	19,531,710		5,623,245	(25,154,248)	104,063	(25,050,185)
General Revenues:						
Taxes:						
Property Taxes, levied for general purposes, net				17,750,480	-	17,750,480
Taxes Levied for Debt Service				563,465	-	563,465
Federal and State Aid - Restricted				9,695,036	-	9,695,036
State Aid - Restricted for Debt Service				67,079	-	67,079
Interest and Investment Earnings - Unrestricted				14,724	109	14,833
Interest and Investment Earnings - Restricted				276	-	276
Miscellaneous Income				170,139	-	170,139
Total General Revenues				28,261,199	109	28,261,308
Change in Net Position				3,106,951	104,172	3,211,123
Net Position, July 1				11,024,304	150,789	11,175,093
Prior Period Adjustments				610,244	-	610,244
Net Position, July 1 (Restated)				11,634,548	150,789	11,785,337
Net Position - Ending				14,741,499	254,961	14,996,460

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, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	5,145,499	464,696	301	1	5,610,497
Due from Other Funds	104,244	-	-	-	104,244
Receivable from State Government	336,424	-	-	-	336,424
Receivable from Federal Government	8,364	112,112	-	-	120,476
Receivables from Other Governments	545,168	-	-	-	545,168
Receivables other	55,390	-	-	-	55,390
Restricted Cash and Cash Equivalents	3,667,334	-	-	-	3,667,334
Total Assets	9,862,423	576,808	301	1	10,439,533
Liabilities and Fund Balances:					
Liabilities:					
Interfund Loans Payable	-	104,244	-	-	104,244
Accounts payable	-	4,768	-	-	4,768
Payroll Deductions and Withholdings Payable	429,506	-	-	-	429,506
Unearned Revenue Local Grants	-	3,100	-	-	3,100
Total Liabilities	429,506	112,112	-	-	541,618
Fund Balances:					
Restricted for:					
Debt Service	-	-	-	1	1
Capital Projects	-	-	301	-	301
Excess Surplus	2,881,671	-	-	-	2,881,671
Excess Surplus Designated for					
for Subsequent Year's Expenditures	1,606,904	-	-	-	1,606,904
Maintenance Reserve Account	900,000	-	-	-	900,000
Capital Reserve Account	2,767,334	-	-	-	2,767,334
Unemployment Compensations	152,196	-	-	-	152,196
Scholarships	-	352,736	-	-	352,736
Student Activities	-	111,960	-	-	111,960
Assigned to:					
Designated for Subsequent					
Year's Expenditures	74,344	-	-	-	74,344
Year End Encumbrances	246,891	-	-	-	246,891
Unassigned:					
General Fund	803,577	-	-	-	803,577
Total Fund Balances	9,432,917	464,696	301	1	9,897,915
Total Liabilities and Fund Balances	9,862,423	576,808	301	1	
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. (30,548)					
Accounts payable for subsequent pension payment is not a payable in the funds (268,510)					
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 851,163					
Deferred Inflows of Resources Related to PERS Pension Liability (1,648,433)					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$25,462,346 and the accumulated depreciation is \$11,643,378. 13,818,968					
Deferred interest costs are not reported as expenditures in the governmental fund in the year of the expenditure. 37,628					
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. (7,916,684)					
Net position of governmental activities <u>14,741,499</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, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:					
Local sources:					
Local Tax Levy	17,750,480	-	-	563,465	18,313,945
Tuition - Other LEA's Within the State	4,524,466	-	-	-	4,524,466
Rentals	46,000	-	-	-	46,000
Interest Earned on Capital Reserve Funds	2,744	-	-	-	2,744
Refund of Prior Year's Expenditures	2,215	-	-	-	2,215
Other Restricted Miscellaneous Revenues	276 *	-	-	-	276
Other Miscellaneous Revenues	11,980	-	-	-	11,980
Unrestricted Miscellaneous Income	121,924	164,360 **	-	-	286,284
Total - Local Sources	22,460,085	164,360	-	563,465	23,187,910
State sources	6,948,669	-	-	67,079	7,015,748
Federal sources	69,919	656,881	-	-	726,800
Total revenues	29,478,673	821,241	-	630,544	30,930,458
Expenditures:					
Current:					
Regular Instruction	6,247,982	611,745	-	-	6,859,727
Special Education Instruction	1,926,411	-	-	-	1,926,411
Other Special Instruction	251,306	-	-	-	251,306
Other Instruction	525,295	-	-	-	525,295
Support Services and Undistributed Costs:					
Tuition	1,339,092	-	-	-	1,339,092
Student & Instruction Related Services	3,127,299	214,829 ***	-	-	3,342,128
General Administrative Services	510,989	-	-	-	510,989
School Administrative Services	951,756	-	-	-	951,756
Central Services and Admin. Infor. Tech.	590,332	-	-	-	590,332
Plant Operations and Maintenance	2,085,295	-	-	-	2,085,295
Pupil Transportation	780,225	-	-	-	780,225
Unallocated Employee Benefits	8,047,973	-	-	-	8,047,973
Capital Outlay	83,617	-	452,191	-	535,808
Transfer to charter school	57,673	-	-	-	57,673
Debt Service:					
Principal	-	-	-	555,000	555,000
Interest and Other Charges	-	-	-	75,544	75,544
Total Expenditures	26,525,245	826,574	452,191	630,544	28,434,554
Excess (Deficiency) of Revenues					
Over Expenditures	2,953,428	(5,333)	(452,191)	-	2,495,904
OTHER FINANCING SOURCES (USES)					
Capital Reserve Transfer to Capital Projects	(452,492)	-	452,492	-	-
Capital Projects Transfer to Capital Reserve	12,581	-	(12,581)	-	-
Total Other Financing Sources and Uses	(439,911)	-	439,911	-	-
Net Change in Fund Balances	2,513,517	(5,333)	(12,280)	-	2,495,904
Fund Balance - July 1	6,779,184	-	12,581	1	6,791,766
Prior Period Adjustments	140,216 ****	470,029 *****	-	-	610,245
Fund Balance - July 1 (Restated)	6,919,400	470,029	12,581	1	7,402,011
Fund Balance—June 30	9,432,917	464,696	301	1	9,897,915

* Includes interest earnings on the Unemployment Compensation Bank Account.

** Special Revenue Fund now includes revenues from student activities.

*** Special Revenue Fund now includes expenditures from student activities.

**** Unemployment Fund Net Position as of June 30, 2020.

***** Student Activity Fund Net Position as of June 30, 2020.

**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, 2021**

Total net change in fund balances - governmental funds (from B-2) 2,495,904

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	(767,619)	
Depreciable Capital Outlays	<u>508,209</u>	
		<u>(259,410)</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	555,000
Principal Payments on Capital Leases	120,513

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	244,819	
Less: Pension Expense	<u>(70,185)</u>	
Increase/(Decrease) in Pension Expense		174,634

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	912,394
Increase in On-behalf TPAF Pension Expense	(912,394)

Per GASB No. 75 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	1,764,054
Increase in On-behalf State Aid TPAF Post Retirement Medical Expense	(1,764,054)

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

7,807

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>25,046</u>
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Change in net position of governmental activities 3,106,951

**BUTLER BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021**

	<u>Business-type Activities - Enterprise Funds</u>
	<u>Food Service</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	97,266
Intergovernmental Receivables:	
Federal	50,643
State	1,545
Inventories	4,998
Total Current Assets	<u>154,452</u>
Noncurrent Assets:	
Furniture, Machinery & Equipment	199,528
Less Accumulated Depreciation	<u>(99,019)</u>
Total Noncurrent Assets	<u>100,509</u>
Total Assets	<u><u>254,961</u></u>
NET POSITION:	
Restricted for:	
Net Investment in Capital Assets	100,509
Unrestricted	<u>154,452</u>
Total Net Position	<u><u>254,961</u></u>

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

BUTLER BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Fund
	Food Service
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable lunch programs	635
Daily Sales - Non-reimbursable lunch programs	650
Miscellaneous	2,295
	3,580
Total Operating Revenues	3,580
Operating Expenses:	
Cost of Sales- Reimbursable	114,460
Cost of Sales - Non-reimbursable	14,825
Salaries	77,281
Employee Benefits	10,635
Purchased professional services	6,857
Management Fees	20,000
Insurance	10,578
Repairs	4,032
Depreciation	8,839
Miscellaneous	3,832
	271,339
Total Operating Expenses	271,339
Operating Income/(Loss)	(267,759)
Nonoperating Revenues/(Expenses):	
State Sources:	
State School Lunch Program	10,724
Federal Sources:	
National School Lunch Program	209,962
Breakfast Program	122,910
Food Distribution Program	28,226
Interest and Investment Revenue	109
	371,931
Total Nonoperating Revenues/(Expenses)	371,931
Change in net position	104,172
Total Net Position- Beginning	150,789
Total Net Position - Ending	254,961

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, 2021**

	Business-type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Cash Receipts from Customers	3,580
Cash Payments to Employees for Services	(77,281)
Cash Payments to Suppliers for Goods and Services	(190,217)
Net Cash Provided by/(Used for) Operating Activities	(263,918)
Cash Flows from Non-capital Financing Activities:	
State Sources	9,250
Federal Sources	317,816
Net Cash Provided by/(Used for) Non-capital Financing Activities	327,066
Cash Flows from Investing Activities:	
Interest and Dividends	109
Purchase of Capital Assets	(3,665)
Net cash provided by (used for) investing activities	(3,556)
Net Increase/(Decrease) in Cash and Cash Equivalents	59,592
Balances—Beginning	37,674
Balances—Ending	97,266
Reconciliation of Operating Income/(Loss) to Net Cash Provided by (Used) Operating Activities:	
Operating Income/(Loss)	(267,759)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	8,839
(Increase)/Decrease in Inventories	(4,998)
Total Adjustments	3,841
Net Cash Provided by/(Used for) Operating Activities	(263,918)

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, 2021**

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 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 through a Board of Education. The board is comprised of ten members elected to three-year terms. The, 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, 2021**

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, 2021**

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, 2021**

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. The District does not have any activities that are required to be included in the Fiduciary 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, 2021**

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, 2021**

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 2019-2020 and 2020-2021 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, 2021**

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, 2021**

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, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021, 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>	Governmental Activities <u>Estimated Lives</u>	Business-Type Activity <u>Estimated Lives</u>
Sites and Improvements	20 years	N/A
Building and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2021**

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, 2021**

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, 2021**

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, 2021 audited excess surplus that was appropriated in the 2021-2022 original budget certified for taxes.

Excess Surplus - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2021 audited excess surplus that is required to be appropriated in the 2021-2022 original budget certified for taxes.

Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2021

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 2021-2022 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, 2021**

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, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Y. New Accounting Standards (continued)

During fiscal year 2021, the District adopted the following GASB Statement:

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.

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

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. 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 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.

Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Y. New Accounting Standards (continued)

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. 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.

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.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Y. New Accounting Standards (continued)

(other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

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 District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2021, \$-0- of the District's bank balance of \$9,791,483.44 was exposed to custodial credit risk.

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.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2021**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

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, 2021 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	\$336,424	\$1,545	\$337,969
Federal Aid	120,476	50,643	171,119
Other Governments	545,168		545,168
Interfunds	104,244		
Other	<u>55,390</u>	_____	<u>55,390</u>
Gross Receivables	<u>1,161,702</u>	<u>52,188</u>	<u>1,109,646</u>
Less: Allowances for Uncollectables	_____	_____	_____
Total Receivables, Net	<u>\$1,161,702</u>	<u>\$52,188</u>	<u>\$1,109,646</u>

NOTE 4. INTERFUND BALANCES AND ACTIVITY

Balance due to/from other funds at June 30, 2021 consists of the following:

Due to General Fund from the Special Revenue Fund for short term loans. \$104,244

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

Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2021

NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

Governmental Activities:	<u>Balance</u> <u>6/30/20</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Balance</u> <u>6/30/21</u>
Capital Assets, Not Being Depreciated					
Construction in Progress	<u>1,301,900</u>	<u> </u>	<u> </u>	<u>(1,301,900)</u>	<u> </u>
Total Capital Assets, Not Being Depreciated	<u>1,301,900</u>	<u> </u>	<u> </u>	<u>(1,301,900)</u>	<u> </u>
Building & Improvements	18,286,651	452,191		<u>1,301,900</u>	20,040,742
Site Improvements	3,793,795				3,793,795
Machinery & Equipment	<u>1,870,320</u>	<u>56,018</u>	<u>(298,529)</u>	<u> </u>	<u>1,627,809</u>
Totals at Historical Cost	<u>23,950,766</u>	<u>508,209</u>	<u>(298,529)</u>	<u>1,301,900</u>	<u>25,462,346</u>
Governmental Activities Capital Assets	<u>25,252,666</u>	<u>508</u>	<u> </u>	<u> </u>	<u>25,462,346</u>
Less: Accumulated Depreciation:					
Site Improvements	(1,945,052)	(183,366)			(2,128,418)
Building & Improvements	(7,985,154)	(428,800)			(8,413,954)
Machinery & Equipment	<u>(1,244,082)</u>	<u>(155,453)</u>	<u>(298,529)</u>	<u> </u>	<u>(1,101,006)</u>
Total Accumulated Depreciation	<u>(11,174,288)</u>	<u>(767,619)</u>	<u>(298,529)</u>	<u> </u>	<u>(11,643,378)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>12,776,478</u>	<u>(259,410)</u>	<u> </u>	<u>1,301,900</u>	<u>13,818,968</u>
Governmental Activities Capital Assets, Net	<u>14,078,378</u>	<u>(259,410)</u>	<u> </u>	<u> </u>	<u>13,818,968</u>
Business Type Activity					
Equipment	199,528				199,528
Less Accumulated Depreciation:					
Equipment	<u>(90,180)</u>	<u>(8,839)</u>	<u> </u>	<u> </u>	<u>(99,019)</u>
Business-Type Activity Capital Assets, Net	<u>109,348</u>	<u>(8,839)</u>	<u> </u>	<u> </u>	<u>100,509</u>

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2021**

NOTE 5. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Instruction:

Regular Education	\$5,353
Special Education	7,096
Student & Instruction Related Services	28,862
School Administrative Services	306
Plant Operations and Maintenance	27,435
Unallocated	<u>698,567</u>
Total Depreciation Expense	<u>\$767,619</u>

NOTE 6. LONG-TERM OBLIGATION ACTIVITY

Changes in long-term obligations for the fiscal year ended June 30, 2021 were as follows:

	<u>Balance June 30, 2020</u>	<u>Retired</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>	<u>Long-Term Portion</u>
Capital Leases	\$1,807,587	\$(120,513)	\$1,687,074	\$123,111	\$1,563,963
Compensated Absences Payable	615,628	(25,046)	590,582		590,582
Net Pension Liability - PERS	4,038,455	(389,427)	3,649,028		3,649,028
School Bonds of 2009	1,380,000	(255,000)	1,125,000	265,000	860,000
Refunding School Bonds of 2012	<u>1,165,000</u>	<u>(300,000)</u>	<u>865,000</u>	<u>295,000</u>	<u>570,000</u>
	<u>\$9,006,670</u>	<u>(\$1,089,986)</u>	<u>\$7,916,684</u>	<u>\$683,111</u>	<u>\$7,233,573</u>

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, 2021**

NOTE 6. LONG-TERM OBLIGATION ACTIVITY (continued)

A. Bonds Payable (continued)

Outstanding Bonds Payable at June 30, 2021, 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, 2021</u>
School Bonds of 2009 (Various School Renovations)	\$3,046,000	7/01/2009	2.00-4.00%	7/01/2024	\$1,125,000
Refunding Bonds of 2012 (Refunding School Bonds of 2004)	\$2,920,000	2/01/2012	2.00-2.56%	2/01/2024	<u>865,000</u>
					<u>\$1,990,000</u>

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$1,990,000</u>	<u>\$131,569</u>	<u>\$2,121,569</u>

B. Bonds Authorized but not Issued

As of June 30, 2021, 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, 2021

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 2036 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, 2021:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	\$168,206
2023	167,390
2024	147,776
2025	109,362
2026	111,885
2027-2031	599,282
2032-2036	671,368
2037	<u>141,272</u>
Total Minimum lease payables	2,116,541
Less: Amount representing interest	<u>(429,467)</u>
Present Value of Net Minimum Lease Payments	<u>\$1,687,074</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, 2021**

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, 2021**

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:

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, 2021**

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>
6/30/21	\$244,819	\$23,613
6/30/20	218,807	32,454
6/30/19	209,585	38,756

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>
6/30/21	\$2,712,242	\$866,146	\$51,604	\$1,363
6/30/20	1,969,201	743,631	35,296	1,495
6/30/19	1,732,510	802,314	36,266	1,664

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, 2021**

NOTE 8. PENSION PLANS (continued)

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$781,344 during the year ended June 30, 2021 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, 2021, the District had a liability of \$3,649,028 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the District's proportion was 0.0223765344 percent, which was a decrease of 0.0000363145 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$70,185. At June 30, 2021, 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	\$66,443	\$12,905
Changes of assumptions	118,379	1,527,882
Net difference between projected and actual earnings on pension plan investments	124,727	
Changes in proportion	273,104	107,646
District contributions subsequent to the measurement date	<u>268,510</u>	<u> </u>
Total	<u>\$851,163</u>	<u>\$1,648,433</u>

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2021**

NOTE 8. PENSION PLANS (continued)

Public Employees Retirement System (PERS) (continued)

The \$268,510 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, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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:	
2021	(\$457,886)
2022	(417,453)
2023	(238,564)
2024	(96,471)
2025	(20,865)

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 5.16, 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years for 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2020 and June 30, 2019 are as follows:

	2020	2019
Collective deferred outflows of resources	\$2,347,583,337	\$3,149,522,616
Collective deferred inflows of resources	7,849,949,467	7,645,087,574
Collective net pension liability	16,435,616,426	18,018,482,972
District's Proportion	0.0223765344%	0.0224128489%

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2021**

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, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. 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, 2019 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-2020.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2021**

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, 2020) 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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2021**

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 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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, 2020, 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, 2020</u>		
	<u>1%</u> Decrease	At Current Discount Rate	<u>1%</u> Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
District's proportionate share of the pension liability	\$4,629,638	\$3,649,028	\$2,869,994

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, 2021**

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, 2021 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>59,118,503</u>
	<u>\$59,118,503</u>

The net pension liability was measured as of June 30, 2020, 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, 2020. 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, 2020, the proportion of the TPAF net pension liability associated with the District was 0.0897791700%.

For the year ended June 30, 2021, the District recognized on-behalf pension expense and revenue of \$3,676,240 for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, 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, 2021**

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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2020) 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, 2021**

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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 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 78% 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, 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, 2021**

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 2020, the State paid PRM benefits for 143,053 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 2020, the State contributed \$1.578 billion to pay for “pay-as-you-go” PRM benefit costs incurred by covered retirees. The State’s “pay-as-you-go” contributions have decreased with Fiscal Year 2019 amounts. Reductions are attributable to various cost savings initiatives implemented by the State, including new medicare advantage contracts. The Fiscal Year 2021 Appropriations Act includes \$1.775 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 obligor for benefit payments. The Fiscal Year 2020 total State OPEB liability to provide these benefits is \$65.5 billion, a decrease of \$10.5 billion or 13.8 percent from the \$76.0 billion liability recorded in Fiscal Year 2019.

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, 2021**

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/GASB-notices-OPEB.shtml>.

The portion of the OPEB Liability that was associated with the District recognized at June 30, 2021 was as follows:

OPEB Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	62,043,555
	\$62,043,555

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, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. 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, 2021**

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

Total Nonemployer OPEB Liability (continued)

Inflation rate	2.50%	
	TPAF/ABP	PERS
Salary increases:		
Through 2026	1.55 - 4.45% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 4.45% 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-2020. 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-2020. 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-2020.

The actuarial assumptions used in the June 30, 2019 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 5.6% 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 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% 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 was 2.21%. 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, 2021**

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 \$2,630,200 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, 2021**

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 for the current and previous two years:

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2021**

NOTE 11. RISK MANAGEMENT, (continued)

<u>Fiscal year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	268	21,089	9,377	152,196
2019-2020	276	21,898	17,598	140,216
2018-2019	243	21,810	16,738	135,639

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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning balance, July 1, 2020	\$2,204,501
Interest earnings	2,744
Deposit:	
Transfer from Capital Projects	12,581
Board Resolution	1,000,000
Less: Budget Withdrawal	<u>(452,492)</u>
Ending balance, June 30, 2021	<u>\$2,767,334</u>

The balance in the capital reserve account at June 30, 2021 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.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2021**

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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning balance	<u>\$900,000</u>
Ending balance, June 30, 2021	<u>\$900,000</u>

NOTE 14. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$9,432,917 General Fund fund balance at June 30, 2021, \$246,891 is reserved for encumbrances; \$4,488,575 is reserved as excess surplus in accordance with *N.J.S.A.* 18A:7F-7, \$1,606,904 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2022; \$2,767,334 has been reserved in the Capital Reserve Account; \$900,000 has been reserved in the Maintenance Reserve Account; \$152,196 has been reserved in the Unemployment Compensation Account; \$74,344 has been appropriated and included as anticipated revenue for the year ending June 30, 2022; and \$803,577 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, 2021 is \$4,488,575. Of this amount, \$2,881,671 is the result of current year operation, and \$1,606,904 is the result of prior year operations.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2021**

NOTE 16. INVENTORY

Inventory in the Food Service Fund at June 30, 2021 consisted of the following:

Food	\$2,776
Supplies	<u>2,222</u>
	<u>\$4,998</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.

NOTE 17. RESTATEMENT

Net position for June 30, 2020 was restated to reflect the reclassification of the Unemployment Trust Fund net position from the Fiduciary Fund to the General Fund and reclassification of the Student Activity Fund to the Special Revenue Fund as per Governmental Accounting Standards Board ("GASB") number 84. This resulted in restatement of net position and/or fund balance as of June 30, 2020 as follows:

	<u>Governmental Activities</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Fiduciary Fund</u>
Net Position/Fund Balance at June 30, 2020	\$6,791,766	\$6,779,184	\$ -0-	\$497,430
Prior Period Adjustment for Implementation of GASB #84	<u>610,245</u>	<u>140,216</u>	<u>470,029</u>	<u>(497,430)</u>
Net Position/Fund Balance at June 30, 2020 - Restated	<u>\$7,402,011</u>	<u>\$6,919,400</u>	<u>\$470,029</u>	<u>\$0</u>

NOTE 18. 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.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2021**

NOTE 19. OTHER MATTERS

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. 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. During the year, the District has received grants from the federal government for increase expenditures related to the COVID-19 pandemic. The Board will continue to monitor the situation closely.

NOTE 20. SUBSEQUENT EVENTS:

The District has evaluated subsequent events through February 8, 2022, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

**BUTLER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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	17,750,480	-	17,750,480	17,750,480	-
Tuition - Other LEAs Within the State	4,195,676	-	4,195,676	4,524,466	328,790
Interest Earned on Capital Reserve Funds	-	-	-	2,744	2,744
Rentals and Royalties	41,000	-	41,000	46,000	5,000
Refund of Prior Year's Expenditures	30,000	-	30,000	2,215	(27,785)
Other Restricted Miscellaneous Revenues	-	-	-	11,980	11,980
Unrestricted Miscellaneous Revenue	47,078	-	47,078	122,200	75,122
Total - Local Sources	<u>22,064,234</u>	<u>-</u>	<u>22,064,234</u>	<u>22,460,085</u>	<u>395,851</u>
State Sources:					
School Choice Aid	13,652	-	13,652	13,652	-
Categorical Transportation Aid	215,738	-	215,738	215,738	-
Extraordinary Aid	225,000	-	225,000	320,246	95,246
Categorical Special Education Aid	583,508	-	583,508	583,508	-
Equalization Aid	1,348,928	-	1,348,928	1,348,928	-
Categorical Security Aid	39,010	-	39,010	39,010	-
Non Public Transportation Aid	-	-	-	14,790	14,790
On-behalf TPAF Pension and Annuity Fund (non-budgeted)	-	-	-	2,712,242	2,712,242
On-behalf TPAF NCGI Premium (non-budgeted)	-	-	-	51,604	51,604
On-behalf TPAF Post Retirement Medical (non-budgeted)	-	-	-	866,146	866,146
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)	-	-	-	1,363	1,363
TPAF Social Security (Reimbursed - non-budgeted)	-	-	-	781,344	781,344
Total State Sources	<u>2,425,836</u>	<u>-</u>	<u>2,425,836</u>	<u>6,948,571</u>	<u>4,522,735</u>
Federal Sources:					
Medicaid Reimbursement	81,149	-	81,149	69,919	(11,230)
Total Federal Sources	<u>81,149</u>	<u>-</u>	<u>81,149</u>	<u>69,919</u>	<u>(11,230)</u>
Total Revenues	<u>24,571,219</u>	<u>-</u>	<u>24,571,219</u>	<u>\$ 29,478,575</u>	<u>4,907,356</u>
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	338,317	-	338,317	325,257	13,060
Grades 1-5 - Salaries of Teachers	1,827,743	(10,009)	1,817,734	1,794,948	22,786
Grades 6-8 - Salaries of Teachers	1,120,760	(25,863)	1,094,897	1,080,152	14,745
Grades 9-12 - Salaries of Teachers	2,917,571	(33,554)	2,884,017	2,703,856	180,161
Regular Programs - Home Instruction:					
Salaries of Teachers	23,000	-	23,000	3,675	19,325
Purchased Professional-Educational Services	33,500	-	33,500	1,404	32,096
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	176,947	(42,209)	134,738	100,525	34,213
Purchased Professional-Educational Services	50,422	(4,635)	45,787	28,174	17,613
Purchased Technical Services	5,125	-	5,125	300	4,825
Other Purchased Services (400-500 series)	60,922	3,975	64,897	60,066	4,831
General Supplies	190,044	47,891	237,935	137,641	100,294
Textbooks	6,746	2,453	9,199	5,346	3,853
Other Objects	9,000	-	9,000	6,638	2,362
Total Regular Programs - Instruction	<u>6,760,097</u>	<u>(61,951)</u>	<u>6,698,146</u>	<u>6,247,982</u>	<u>450,164</u>
Learning and/or Language Disabilities:					
Salaries of Teachers	399,229	50,061	449,290	447,971	1,319
Other Salaries for Instruction	15,853	-	15,853	-	15,853
General Supplies	2,200	378	2,578	2,115	463
Total Learning and/or Language Disabilities	<u>417,282</u>	<u>50,439</u>	<u>467,721</u>	<u>450,086</u>	<u>17,635</u>
Multiple Disabilities:					
Salaries of Teachers	305,381	(10,705)	294,676	294,676	-
Other Salaries for Instruction	45,320	-	45,320	-	45,320
Purchased Professional-Educational Services	2,000	(706)	1,294	-	1,294
General Supplies	3,400	38,810	42,210	41,713	497
Total Multiple Disabilities	<u>356,101</u>	<u>27,399</u>	<u>383,500</u>	<u>336,389</u>	<u>47,111</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,130,996	(108,545)	1,022,451	990,077	32,374
Other Salaries for Instruction	62,416	-	62,416	-	62,416
General Supplies	6,000	-	6,000	3,377	2,623
Total Resource Room/Resource Center	<u>1,199,412</u>	<u>(108,545)</u>	<u>1,090,867</u>	<u>993,454</u>	<u>97,413</u>

**BUTLER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit C-1
Page 2 of 6

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool Disabilities - Full- Time					
Salaries of Teachers	173,955	(36,837)	137,118	120,018	17,100
Other Salaries for Instruction	16,603	-	16,603	16,603	-
Purchased Professional-Educational Services	2,000	-	2,000	-	2,000
General Supplies	3,500	-	3,500	516	2,984
Total Preschool Disabilities - Full- Time	<u>196,058</u>	<u>(36,837)</u>	<u>159,221</u>	<u>137,137</u>	<u>22,084</u>
Home Instruction:					
Salaries of Teachers	23,000	-	23,000	9,345	13,655
Purchased Professional - Educational Services	6,000	-	6,000	-	6,000
Total Home Instruction	<u>29,000</u>	<u>-</u>	<u>29,000</u>	<u>9,345</u>	<u>19,655</u>
Total Special Education - Instruction	<u>2,197,853</u>	<u>(67,544)</u>	<u>2,130,309</u>	<u>1,926,411</u>	<u>203,898</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	196,641	-	196,641	150,887	45,754
General Supplies	500	(437)	63	-	63
Total Basic Skills/Remedial - Instruction	<u>197,141</u>	<u>(437)</u>	<u>196,704</u>	<u>150,887</u>	<u>45,817</u>
Bilingual Education - Instruction					
Salaries of Teachers	154,662	-	154,662	99,382	55,280
General Supplies	600	437	1,037	1,037	-
Total Bilingual Education - Instruction	<u>155,262</u>	<u>437</u>	<u>155,699</u>	<u>100,419</u>	<u>55,280</u>
School-Spon. Co/Extra Curr. Actvts. -Inst					
Salaries	73,504	(5,010)	68,494	53,785	14,709
Purchased Services (300-500 Series)	6,672	(3,980)	2,692	-	2,692
Supplies and Materials	5,883	257	6,140	2,612	3,528
Other Objects	195	55	250	225	25
Transfers to Cover Deficit (Agency Funds)	-	5,500	5,500	5,500	-
Total School-Spon. Co/Extra Curr. Actvts.- Inst	<u>86,254</u>	<u>(3,178)</u>	<u>83,076</u>	<u>62,122</u>	<u>20,954</u>
School-Sponsored Athletics - Instruction					
Salaries	283,732	1,595	285,327	285,327	-
Purchased Services (300-500 Series)	48,638	(3,517)	45,121	29,991	15,130
Supplies and Materials	47,584	12,101	59,685	54,062	5,623
Other Objects	15,217	-	15,217	8,132	7,085
Transfers to Cover Deficit (Agency Funds)	37,000	-	37,000	20,000	17,000
Total School-Sponsored Athletics - Instruction	<u>432,171</u>	<u>10,179</u>	<u>442,350</u>	<u>397,512</u>	<u>44,838</u>
Summer School - Instruction:					
Salaries of Teachers	29,250	25,121	54,371	54,371	-
Other Salaries of Instruction	25,000	(13,710)	11,290	11,290	-
Purchased Professional & Technical Services	9,503	(9,503)	-	-	-
Total Other Instructional Programs - Instruction	<u>63,753</u>	<u>1,908</u>	<u>65,661</u>	<u>65,661</u>	<u>-</u>
Total Summer School	<u>63,753</u>	<u>1,908</u>	<u>65,661</u>	<u>65,661</u>	<u>-</u>
Total Instruction	<u>9,892,531</u>	<u>(120,586)</u>	<u>9,771,945</u>	<u>8,950,994</u>	<u>820,951</u>
Undistributed Expenditures - Instruction (Tuition)					
Tuition to County Voc. School Dist.- Regular	469,400	-	469,400	441,451	27,949
Tuition to CSSD & Reg. Day Schools	315,043	-	315,043	269,162	45,881
Tuition to Priv.Sch. For the Disabled W/I State	1,449,930	(224,960)	1,224,970	628,479	596,491
Total Undistributed Expenditures - Instruction (Tuition)	<u>2,234,373</u>	<u>(224,960)</u>	<u>2,009,413</u>	<u>1,339,092</u>	<u>670,321</u>
Undist. Expend.-Attendance and Social Work					
Salaries	23,115	525	23,640	23,640	-
Supplies and Materials	1,000	-	1,000	68	932
Total Undist. Expend.-Attendance and Social Work	<u>24,115</u>	<u>525</u>	<u>24,640</u>	<u>23,708</u>	<u>932</u>
Undist. Expenditures - Health Services					
Salaries	264,142	(494)	263,648	242,831	20,817
Purchased Professional and Technical Services	34,260	(542)	33,718	12,821	20,897
Other Purchased Services (400-500 series)	250	-	250	-	250
Supplies and Materials	13,923	1,037	14,960	13,253	1,707
Other Objects	605	-	605	8	597
Total Undist. Expenditures - Health Services	<u>313,180</u>	<u>1</u>	<u>313,181</u>	<u>268,913</u>	<u>44,268</u>
Undist. Expend.-Speech, OT, PT and Related Services					
Salaries	273,046	45,262	318,308	318,305	3
Purchased Professional - Educational Services	270,655	22,676	293,331	224,640	68,691
Supplies and Materials	1,966	1,061	3,027	2,449	578
Total Undist. Expend.-Speech, OT, PT and Related Services	<u>545,667</u>	<u>68,999</u>	<u>614,666</u>	<u>545,394</u>	<u>69,272</u>
Undist Expend-Oth Supp Serv Std-Extra Serv					

**BUTLER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Exhibit C-1
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	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Salaries	668,536	(96,236)	572,300	361,837	210,463
Purchased Professional- Educational Services	55,900	18,540	74,440	34,601	39,839
Supplies and Materials	5,500	8,896	14,396	11,169	3,227
Total Undist Expend-Oth Supp Serv Std-Extra Serv	<u>729,936</u>	<u>(68,800)</u>	<u>661,136</u>	<u>407,607</u>	<u>253,529</u>
Undist. Expenditures - Guidance					
Salaries of Other Professional Staff	462,140	7,569	469,709	469,709	-
Salaries of Secretarial and Clerical Assistants	42,307	(418)	41,889	41,889	-
Purchased Professional- Educational Services		193,500	193,500	193,500	-
Other Purchased Prof. And Tech. Services	91,482	(2,101)	89,381	68,336	21,045
Other Purchased Services (400-500 series)	3,868	-	3,868	1,680	2,188
Supplies and Materials	6,850	(170)	6,680	6,445	235
Other Objects	385	(55)	330	-	330
Total Undist. Expenditures - Guidance	<u>607,032</u>	<u>198,325</u>	<u>805,357</u>	<u>781,559</u>	<u>23,798</u>
Undist. Expenditures- Child Study Teams					
Salaries of Other Professional Staff	398,733	(7,161)	391,572	375,600	15,972
Salaries of Secretarial and Clerical Assistants	79,216	141	79,357	79,357	-
Purchased Professional- Educational Services	3,000	(2,405)	595	-	595
Other Purchased Prof. And Tech. Services	44,900	9,425	54,325	30,325	24,000
Miscellaneous Purchased Services	900	-	900	-	900
Supplies and Materials	4,540	-	4,540	1,924	2,616
Total Undist. Expenditures - Child Study Teams	<u>531,289</u>	<u>-</u>	<u>531,289</u>	<u>487,206</u>	<u>44,083</u>
Undist. Expend.-Improv. Of Inst. Serv.					
Salaries of Supervisors of Instruction	248,157	-	248,157	248,131	26
Salaries of Other Professional Staff	15,000	-	15,000	-	15,000
Salaries of Secretarial and Clerical Assistants	9,081	206	9,287	9,287	-
Unused Vacation Payment to Terminated/Retired Staff	10,800	-	10,800	-	10,800
Other Purch Services (400-500)	-	460	460	460	-
Supplies and Materials	44,324	138,342	182,666	170,167	12,499
Other Objects	2,070	-	2,070	1,640	430
Total Undist. Expend.-Improv. Of Inst. Serv.	<u>329,432</u>	<u>139,008</u>	<u>468,440</u>	<u>429,685</u>	<u>38,755</u>
Undist. Expend.-Edu. Media Serv./Library					
Salaries	131,605	-	131,605	90,501	41,104
Purchased Professional and Technical Services	12,191	(1,465)	10,726	1,053	9,673
Supplies and Materials	10,006	(2,321)	7,685	3,636	4,049
Total Undist. Expend.-Edu. Media Serv./Library	<u>153,802</u>	<u>(3,786)</u>	<u>150,016</u>	<u>95,190</u>	<u>54,826</u>
Undist. Expend.-Instr. Staff Training Serv.					
Salaries of Supervisors of Instruction	87,301	-	87,301	87,257	44
Salaries of Other Professional Staff	17,450	-	17,450	-	17,450
Purchased Professional - Educational Service	3,397	(270)	3,127	-	3,127
Other Purchased Services (400-500 series)	13,170	-	13,170	780	12,390
Total Undist. Expend.-Instr. Staff Training Serv.	<u>121,318</u>	<u>(270)</u>	<u>121,048</u>	<u>88,037</u>	<u>33,011</u>
Undist. Expend.-Support Serv.-Gen. Admin.					
Salaries	254,319	2,832	257,151	233,152	23,999
Legal Services	90,000	46,000	136,000	42,482	93,518
Audit Fees	51,550	(4,050)	47,500	23,500	24,000
Other Professional Services	22,684	25,763	48,447	9,498	38,949
Purchased Technical Services	11,010	426	11,436	11,436	-
Communications/Telephone	81,111	23,475	104,586	78,176	26,410
BOE Other Purchased Services	4,000	-	4,000	-	4,000
Miscellaneous Purchased Services (400-500)[Other than 530 & 585]	128,000	-	128,000	96,552	31,448
General Supplies	4,420	(949)	3,471	2,541	930
Judgments Against the School District	46,045	(23,475)	22,570	-	22,570
Miscellaneous Expenditures	2,500	845	3,345	3,345	-
BOE Membership Dues and Fees	11,675	(383)	11,292	10,307	985
Total Undist. Expend.-Support Serv.-Gen. Admin.	<u>707,314</u>	<u>70,484</u>	<u>777,798</u>	<u>510,989</u>	<u>266,809</u>
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Asst. Principals/Prog Dir	657,089	(934)	656,155	641,502	14,653
Salaries of Other Professional Staff	65,572	-	65,572	65,572	-
Salaries of Secretarial and Clerical Assistants	198,058	64	198,122	196,284	1,838
Unused Vacation Payment to Terminated/Retired Staff	7,200	17,599	24,799	23,046	1,753
Purchased Professional and Technical Services	-	68,221	68,221	-	68,221
Other Purchased Services (400-500 series)	12,400	550	12,950	7,391	5,559
Supplies and Materials	4,065	8,387	12,452	12,407	45
Other Objects	5,525	744	6,269	5,554	715
Total Undist. Expend. - Support Serv. - School Admin.	<u>949,909</u>	<u>94,631</u>	<u>1,044,540</u>	<u>951,756</u>	<u>92,784</u>

**BUTLER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Exhibit C-1
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	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Central Services					
Salaries	284,296	14,452	298,748	284,755	13,993
Unusued Vacation Payment to Terminated/Retired Staff	-	11,425	11,425	11,425	-
Purchased Professional Services	1,000	-	1,000	1,000	-
Purchased Technical Services	36,791	(2,342)	34,449	34,449	-
Misc. Purchased Services (400-500 series)[O/T 594]	9,732	27	9,759	8,238	1,521
Supplies and Material	7,100	(2,035)	5,065	3,499	1,566
Other Objects	2,075	(102)	1,973	1,173	800
Total Undist. Expend. - Central Services	<u>340,994</u>	<u>21,425</u>	<u>362,419</u>	<u>344,539</u>	<u>17,880</u>
Undist. Expend. - Admin. Info Technology					
Salaries	162,977	9,172	172,149	170,405	1,744
Purchased Technical Services	41,570	(13,952)	27,618	24,329	3,289
Other Purchased Services (400-500 series)	800	-	800	-	800
Supplies and Material	11,500	54,771	66,271	51,059	15,212
Total Undist. Expend. - Admin. Info Technology	<u>216,847</u>	<u>49,991</u>	<u>266,838</u>	<u>245,793</u>	<u>21,045</u>
Undist. Expend.-Required Maint For Sch Fac.					
Salaries	168,367	11,191	179,558	179,558	-
Cleaning, Repair and Maintenance Services	156,847	(752)	156,095	118,339	37,756
General Supplies	79,566	(8,229)	71,337	65,997	5,340
Total Undist. Expend.-Required Maint For Sch Fac.	<u>404,780</u>	<u>2,210</u>	<u>406,990</u>	<u>363,894</u>	<u>43,096</u>
Undist. Expend. - Custodial Services					
Salaries	1,046,449	(43,353)	1,003,096	901,785	101,311
Salaries of Non-Instructional Aides	36,723	-	36,723	13,646	23,077
Unused Vac. Payments to Terminated/Retired Staff	10,800	2,929	13,729	7,741	5,988
Purchased Professional and Technical Services	7,784	-	7,784	6,590	1,194
Cleaning, Repair and Maintenance Services	58,766	45,203	103,969	43,190	60,779
Lease Purchase Payments - Energy Savings Program	116,379	-	116,379	104,366	12,013
Other Purchased Property Services	24,975	-	24,975	7,901	17,074
Insurance	113,300	14,040	127,340	127,340	-
Travel	-	855	855	855	-
Miscellaneous Purchased Services	9,895	(500)	9,395	7,934	1,461
General Supplies	96,142	2,798	98,940	93,049	5,891
Energy (Natural Gas)	138,900	-	138,900	102,304	36,596
Energy (Electricity)	169,591	(152)	169,439	104,782	64,657
Energy (Gasoline)	3,050	152	3,202	3,202	-
Other Objects	3,540	(36)	3,504	3,087	417
Total Undist. Expend. - Custodial Services	<u>1,836,294</u>	<u>21,936</u>	<u>1,858,230</u>	<u>1,527,772</u>	<u>330,458</u>
Undist Expend.-Care and Upkeep of Grounds					
Salaries	119,153	36	119,189	119,189	-
Cleaning, Repair, and Maintenance Services	62,780	20,455	83,235	61,563	21,672
General Supplies	21,331	(455)	20,876	12,797	8,079
Other Objects	200	-	200	80	120
Total Undist. Expend.-Care and Upkeep of Grounds	<u>203,464</u>	<u>20,036</u>	<u>223,500</u>	<u>193,629</u>	<u>29,871</u>
Undistributed Expenditures - Security:					
General Supplies	3,000	-	3,000	-	3,000
Total Undistributed Expenditures - Security	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total Undist. Expend.-Oper. And Maint. Of Plant Serv.	<u>2,447,538</u>	<u>44,182</u>	<u>2,491,720</u>	<u>2,085,295</u>	<u>406,425</u>
Undist. Expend. - Student Transportation Serv.					
Salaries of Non-Instructional Aides	16,000	-	16,000	2,864	13,136
Management Fee - ESC & CTSA Trans. Program	2,810	-	2,810	1,047	1,763
Contract. Serv. - Aid in Lieu Pymts-NonPub Sch	75,000	(1,000)	74,000	37,661	36,339
Contract. Serv. - Aid in Lieu Pymts- Chrtr Sch	2,000	1,000	3,000	711	2,289
Contr Serv (Bet. Home and Sch)-Vendors	72,242	-	72,242	47,903	24,339
Contr Serv(Oth. Than Bet Home & Sch)-Vend	147,963	(6,435)	141,528	65,519	76,009
Contract. Serv. (Sp Ed Stds)-Vendors	258,941	-	258,941	145,487	113,454
Contract. Serv. (Reg. Students)-ESCs & CTSA	171,026	-	171,026	117,412	53,614
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSA	497,068	-	497,068	361,621	135,447
Total Undist. Expend. - Student Transportation Serv.	<u>1,243,050</u>	<u>(6,435)</u>	<u>1,236,615</u>	<u>780,225</u>	<u>456,390</u>

**BUTLER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Exhibit C-1
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	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Unallocated Benefits					
Social Security Contributions	296,136	(2,821)	293,315	211,886	81,429
Other Retirement Contributions - PERS	241,994	2,825	244,819	244,819	-
Other Retirement Contributions - Regular	45,039	-	45,039	23,613	21,426
Workmen's Compensation	189,061	(44,040)	145,021	93,232	51,789
Health Benefits	3,750,007	(361,325)	3,388,682	2,868,234	520,448
Tuition Reimbursement	52,300	-	52,300	44,002	8,298
Other Employee Benefits	130,891	15,101	145,992	139,824	6,168
Unused Sick Payments to Terminated/Retired Staff	40,000	(1,533)	38,467	9,664	28,803
Total Unallocated Benefits	<u>4,745,428</u>	<u>(391,793)</u>	<u>4,353,635</u>	<u>3,635,274</u>	<u>718,361</u>
On-Behalf Contributions					
On-behalf TPAF Pension and Annuity Fund (non-budgeted)	-	-	-	2,712,242	(2,712,242)
On-behalf TPAF NCGI Premium (non-budgeted)	-	-	-	51,604	(51,604)
On-behalf TPAF Post Retirement Medical (non-budgeted)	-	-	-	866,146	(866,146)
On-behalf TPAF Long-Term Disability Insurance	-	-	-	1,363	(1,363)
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	781,344	(781,344)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,412,699</u>	<u>(4,412,699)</u>
Total Personal Services - Employee Benefits	<u>4,745,428</u>	<u>(391,793)</u>	<u>4,353,635</u>	<u>8,047,973</u>	<u>(3,694,338)</u>
Total Undistributed Expenditures	<u>16,241,224</u>	<u>(8,473)</u>	<u>16,232,751</u>	<u>17,432,961</u>	<u>(1,200,210)</u>
Total General Current Expense	<u>26,133,755</u>	<u>(129,059)</u>	<u>26,004,696</u>	<u>26,383,955</u>	<u>(379,259)</u>
Capital Outlay:					
Equipment					
Special Education - Instruction					
Preschool Disabilities - Full Time	3,500	-	3,500	-	3,500
Undist. Expend. - central	50,000	(50,000)	-	-	-
Undist. Expend. - Administration Info Tech.	-	28,990	28,990	28,990	-
Undist. Expend. - Required Maint for School Fac.	-	118,609	118,609	27,028	91,581
Total Equipment	<u>53,500</u>	<u>97,599</u>	<u>151,099</u>	<u>56,018</u>	<u>95,081</u>
Facilities Acquisition and Const. Serv.					
Assessment for Debt Service on SDA Funding	27,599	-	27,599	27,599	-
Total Facilities Acquisition and Const. Serv.	<u>27,599</u>	<u>-</u>	<u>27,599</u>	<u>27,599</u>	<u>-</u>
Total Capital Outlay	<u>81,099</u>	<u>97,599</u>	<u>178,698</u>	<u>83,617</u>	<u>95,081</u>
Transfer to Charter School	26,213	31,460	57,673	57,673	-
Total Expenditures	<u>26,241,067</u>	<u>-</u>	<u>26,241,067</u>	<u>26,525,245</u>	<u>(284,178)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,669,848)</u>	<u>-</u>	<u>(1,669,848)</u>	<u>2,953,330</u>	<u>4,623,178</u>
Other Financing Sources/(Uses):					
Capital Projects Transfer to Capital Reserve				12,581	12,581
Capital Reserve Transfer to Capital Projects	(705,000)	-	(705,000)	(452,492)	252,508
Total Other Financing Sources/(Uses):	<u>(705,000)</u>	<u>-</u>	<u>(705,000)</u>	<u>(439,911)</u>	<u>265,089</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(2,374,848)</u>	<u>-</u>	<u>(2,374,848)</u>	<u>2,513,419</u>	<u>4,888,267</u>
Fund Balance, July 1	6,988,343	-	6,988,343	6,988,343	-
Prior Period Adjustment				140,216	**
Fund Balance, July 1 (Restated)	<u>6,988,343</u>	<u>-</u>	<u>6,988,343</u>	<u>7,128,559</u>	<u>-</u>
Fund Balance, June 30	<u>4,613,495</u>	<u>-</u>	<u>4,613,495</u>	<u>9,641,978</u>	<u>4,888,267</u>
Recapitulation of excess (deficiency) of revenues under expenditures:					
Adjustment for Prior Year Encumbrances	(67,975)	-	(67,975)	(67,975)	-
Budgeted Fund Balance	(1,601,873)	-	(1,601,873)	1,126,159	2,728,032
Withdrawal from Capital Reserve	(575,000)	-	(575,000)	452,491	1,027,491
Withdrawal from Maintenance Reserve	(130,000)	-	(130,000)		130,000
Increase in Capital Reserve:					
Principal	-	-	-	1,000,000	1,000,000
Interest	-	-	-	2,744	2,744
	<u>(2,374,848)</u>	<u>-</u>	<u>(2,374,848)</u>	<u>2,513,419</u>	<u>4,888,267</u>

**BUTLER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation:					
Assigned:					
Year End Encumbrances				246,891	
Designated for Subsequent Year's Expenditures				74,344	
Restricted:					
Excess Surplus:					
Prior Year - Designated for Subsequent Year's Expenditures				1,606,904	
Current Year				2,881,671	
Maintenance Reserve				900,000	
Capital Reserve				2,767,334	
Unemployment Compensation				152,196	
Unassigned				1,012,638	
				9,641,978	
Reconciliation to Governmental Fund Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				(209,061)	
Fund Balance per Governmental Funds (GAAP)				9,432,917	

* Includes interest earnings on the Unemployment Compensation Bank Account

** Represents Unemployment Fund Net Position as of June 30, 2020.

Exhibit C-2

BUTLER BOROUGH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources	39,905		39,905	164,360	124,455 Note 1
Federal Sources	404,321	234,312	638,633	638,633	-
Total Revenues	404,321	274,217	678,538	802,993	124,455
Expenditures					
Instruction					
Salaries	81,539	(5,011)	76,528	76,528	-
Other Purchased Services	270,987	8,387	279,374	279,374	-
General Supplies	1,551	254,292	255,843	255,843	-
Total Instruction	354,077	257,668	611,745	611,745	-
Support Services					
Employee Benefits	15,053	7,340	22,393	22,393	-
Purchased Professional and Technical Services	35,191	9,209	44,400	44,400	-
Scholarships Awarded				34,650	(34,650) Note 1
Student Activities				95,138	(95,138) Note 1
Total Support Services	50,244	16,549	66,793	196,581	(129,788)
Total Expenditures	404,321	274,217	678,538	808,326	(129,788)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(5,333)	(5,333)
Fund Balance, July 1				470,028.00	
Prior Period Adjustment				470,028.00	
Fund Balance, July 1 (Restated)				464,695.00	
Fund Balance, June 30				464,695.00	
Recapitulation:					
Restricted				352,736.00	
Scholarships				111,960.00	
Student Activities				464,696.00	
Total Fund Balance				464,696.00	

Note 1 - Not Required to budget for these funds.

**BUTLER BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET COMPARISON SCHEDULES
BUDGET - TO - GAAP RECONCILIATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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]	29,478,575	[C-2]		802,993
Difference - budget to GAAP:					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.					
Add: Prior Year Encumbrances					18,248
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.		(209,061)			-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		209,159			-
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>29,478,673</u>	[B-2]		<u>821,241</u>
Uses/Outflows of Resources					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	26,525,245	[C-2]		808,326
Differences - budget to GAAP.					
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:					
Add: Prior Year Encumbrances					18,248
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>26,525,245</u>	[B-2]		<u>826,574</u>

**REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

Exhibit L-1

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 June30,	District's Proportion Share of the Net		District's Proportion Share of the Net		District's Covered Payroll -PERS Employee's	District's Proportion Share of the Net		Plan Fiduciary Net Position as a percentage of the total Pension Liability
	Pension Liability (Asset)	Pension Liability (Asset)	Pension Liability (Asset)	Pension Liability (Asset)		Pension Liability (Asset) as a percentage of its Covered Payroll	Pension Liability (Asset) as a percentage of its Covered Payroll	
2015	0.0228514430%	\$ 4,278,415	\$	1,514,085	282.57%	52.08%		
2016	0.0226746294%	5,090,000		1,444,760	352.31%	47.93%		
2017	0.0216409378%	6,409,425		1,453,331	441.02%	59.86%		
2018	0.0202815608%	4,721,223		1,503,305	314.06%	48.10%		
2019	0.0209932488%	4,133,466		1,600,226	258.31%	53.60%		
2020	0.0224128489%	4,038,455		1,696,932	237.99%	56.27%		
2021	0.0223765344%	3,649,028		1,639,124	222.62%	58.32%		

* 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.

Exhibit L-2

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

Fiscal Year Ending June 30,	Contributions in Relation to the		Contribution Deficiency (Excess)	District's PERS Covered- Employee Payroll	Contributions as a Percentage of PERS Covered- Employee Payroll
	Contractually Required Contribution	Contractually Required Contributions			
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%
2021	244,819	244,819	-	1,639,124	14.94%

* 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%	34.07%
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%
2021	0.0897791700%	-	-	59,118,503	-	10,797,870	0.00%	24.60%

* 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, 2021

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 to the current measurement date resulting in a change in the discount rate from 6.28% to 7.00%. 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 (3.50%) to the current measurement date (2.21%), resulting in a change in the discount rate from 5.60% to 5.40%. 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**

	2021	2020	2019	2018
Total OPEB Liability				
Service Costs	1,446,129	\$ 1,353,664	\$ 1,513,699	\$ 1,825,447
Interest on Total OPEB Liability	1,370,199	1,699,438	1,853,600	1,604,147
Difference Between Expected and Actual Experience	10,719,797	(7,386,211)	(4,996,663)	-
Changes in Assumptions	11,333,225	569,887	(4,948,617)	(6,504,664)
Gross Benefit Payments	(1,080,127)	(1,173,289)	(1,153,102)	(1,176,973)
Contribution from the Member	32,739	34,780	39,853	43,339
Net Changes in total Share of OPEB Liability	<u>23,821,962</u>	<u>(4,901,731)</u>	<u>(7,691,230)</u>	<u>(4,208,704)</u>
Total OPEB Liability - Beginning	<u>38,221,593</u>	<u>43,123,324</u>	<u>50,814,554</u>	<u>55,023,258</u>
Total OPEB Liability - Ending	<u>\$ 62,043,555</u>	<u>\$ 38,221,593</u>	<u>\$ 43,123,324</u>	<u>\$ 50,814,554</u>
District's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	62,043,555	38,221,593	43,123,324	50,814,554
Total OPEB Liability - Ending	<u>\$ 62,043,555</u>	<u>\$ 38,221,593</u>	<u>\$ 43,123,324</u>	<u>\$ 50,814,554</u>
District's Covered Employee Payroll	\$ 12,436,994	\$ 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%	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 9.

* 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.

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, 2021

	Total Brought Forward From (Ex. E-1a)	Title I Part - A Improving Basic Programs	Title II Part - A Teacher/Parent Training & Recruiting	Title III Immigrant	Title III English Language Acquisition	Title IV Part - A Student Support and Academic Enrichment	CARES E.S.E.R.I	Total 2021
Revenues:								
Federal sources	428,943	87,318	18,719	4,963	11,603	13,287	73,800	638,633
Local sources	164,360	-	-	-	-	-	-	164,360
Total Revenues	593,303	87,318	18,719	4,963	11,603	13,287	73,800	802,993
Expenditures:								
Instruction:								
Salaries	-	67,431	-	-	9,097	-	-	76,528
Other Purchased Services	279,374	-	-	-	-	-	-	279,374
General Supplies	177,079	-	-	4,963	-	-	73,800	255,842
Total Instruction	456,453	67,431	-	4,963	9,097	-	73,800	611,744
Support Services:								
Employee Benefits	-	19,887	-	-	2,506	-	-	22,393
Purchased Prof. - & Tech. Services	12,394	-	18,719	-	-	13,287	-	44,400
Scholarships Awarded	34,650	-	-	-	-	-	-	34,650
Student Activities	95,138	-	-	-	-	-	-	95,138
Total Support Services	142,182	19,887	18,719	-	2,506	13,287	-	196,581
Total Expenditures	598,635	87,318	18,719	4,963	11,603	13,287	73,800	808,325
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,332)	-	-	-	-	-	-	(5,332)
Fund Balance, July 1 Prior Period Adjustment	470,028	-	-	-	-	-	-	470,028
Fund Balance, July 1 (Restated)	470,028	-	-	-	-	-	-	470,028
Fund Balance, June 30	464,696	-	-	-	-	-	-	464,696

BUTLER BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Total Brought Forward From (Ex. E-1b)	I.D.E.A.		C.R.F. Digital Divide	C.R.F. School Aid	ADS Donation	HS Target Grant	Total Carried Forward To (Ex. E-1)
	Basic	Preschool						
Revenues:								
Federal sources	279,374	12,394	82,981	54,194	-	-	-	428,943
Local sources	-	-	-	-	1,036	-	2,110	164,360
Total Revenues	279,374	12,394	82,981	54,194	1,036	-	2,110	593,303
Expenditures:								
Instruction:								
Salaries	-	-	-	-	-	-	-	-
Other Purchased Services	279,374	-	-	-	-	-	-	279,374
General Supplies	-	-	82,981	54,194	1,036	-	2,110	177,079
Total Instruction	279,374	-	82,981	54,194	1,036	-	2,110	456,453
Support Services:								
Employee Benefits	-	-	-	-	-	-	-	-
Purchased Prof. - & Tech. Services	-	12,394	-	-	-	-	-	12,394
Scholarships Awarded	34,650	-	-	-	-	-	-	34,650
Student Activities	95,138	-	-	-	-	-	-	95,138
Total Support Services	129,788	12,394	-	-	-	-	-	142,182
Total Expenditures	279,374	12,394	82,981	54,194	1,036	-	2,110	598,635
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,332)	-	-	-	-	-	-	(5,332)
Fund Balance, July 1 Prior Period Adjustment	470,028	-	-	-	-	-	-	470,028
Fund Balance, July 1 (Restated)	470,028	-	-	-	-	-	-	470,028
Fund Balance, June 30	464,696	-	-	-	-	-	-	464,696

**BUTLER BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	RBS Donation	Scholarship Fund	Student Activity/ Athletics Fund	Total Carried Forward To (Ex. E-1a)
REVENUES:				
Federal sources	-	-	-	-
Local sources	36,758	30,172	94,284	161,214
Total Revenues	36,758	30,172	94,284	161,214
EXPENDITURES:				
Instruction:				
Salaries	-	-	-	-
Other Purchased Services	-	-	-	-
General Supplies	36,758	-	-	36,758
Total Instruction	36,758	-	-	36,758
Support Services:				
Employee Benefits	-	-	-	-
Purchased Prof. - & Tech. Services	-	-	-	-
Scholarships Awarded	-	34,650	-	34,650
Student Activities	-	-	95,138	95,138
Total Support Services	-	34,650	95,138	129,788
Total Expenditures	36,758	34,650	95,138	166,546
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(4,478)	(854)	(5,332)
Fund Balance, July 1 Prior Period Adjustment	-	357,214 *	112,814 **	470,028
Fund Balance, July 1 (Restated)	-	357,214	112,814	470,028
Fund Balance, June 30	-	352,736	111,960	464,696

** Represents scholarship fund Net Position as of June 30, 2020.

** Represents the student activity fund ending balance as of June 30, 2020 for payable to student groups

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, 2021**

Fund Balance - Beginning		12,581
Increased by:		
Transferred from Capital Reserve		452,492
		465,073
Decreased by:		
Construction Services	452,191	
Cancelled to Capital Reserve Account	12,581	
	464,772	464,772
 Fund Balance - Ending		 301

**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, 2021**

	<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
Canceled to Capitl Reserve		12,581	12,581	
Total Expenditures	<u>1,755,447</u>	<u>12,581</u>	<u>1,768,028</u>	<u>1,768,028</u>
Excess/(Deficiency) of Revenues over/(under) Expenditures	<u>12,581</u>	<u>(12,581)</u>	<u>-</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	119.87%			
Original target completion date	02/27/2015			
Revised target completion date	09/04/2016			

**BUTLER BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
AND PROJECT STATUS - BUDGETARY BASIS
DISTRICT-WIDE IMPROVEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources			
Transferred - Capital Reserve Fund	452,492	452,492	452,492
Total Revenues	<u>452,492</u>	<u>452,492</u>	<u>452,492</u>
Expenditures and Other Financing Uses			
Constructions Services	452,191	452,191	452,492
Total Expenditures	<u>452,191</u>	<u>452,191</u>	<u>452,492</u>
Excess/(Deficiency) of Revenues over/(under) Expenditures	<u>301</u>	<u>301</u>	<u>-</u>
Additional project information:			
Project Number	N/A		
Grant Date	N/A		
Bond Authorization Date	N/A		
Original Authorized Cost	452,492		
Additional Authorized Cost	-		
Revised Authorized Cost	452,492		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage completion	99.93%		
Original target completion date	6/30/21		
Revised target completion date	6/30/21		

**BUTLER BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Project Description	Appropriation	Expenditures		Cancelled	Unexpended Balance
		Prior Years	Current Year		
Renovation of H.S. Auditorium, ADS Boiler and Distrit-wide Asbestos Abatement	1,768,028	1,755,447		(12,581)	-
Distrit-wide Improvements	452,492	-	452,191	-	301
	<u>2,220,520</u>	<u>1,755,447</u>	<u>452,191</u>	<u>(12,581)</u>	<u>301</u>

PROPRIETARY FUNDS

**BUTLER BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021**

	Food Service Program
Assets:	
Current Assets:	
Cash and Cash Equivalents	97,266
Accounts Receivable:	
State - Lunch	1,545
Federal - Lunch	36,952
Federal - Breakfast	13,691
Inventories	4,998
 Total Current Assets	 154,452
Non-current Assets:	
Capital Assets:	
Equipment	199,528
Less: Accumulated Depreciation	(99,019)
 Total Capital Assets (Net of Accumulated Depreciation)	 100,509
 Total Assets	 254,961
 Net Position	
Investment in Capital Assets Net of Related Debt	100,509
Unreserved (Deficit)	154,452
 Total Net Position	 254,961

**BUTLER BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Food Service Program
Operating Revenues:	
Charges for services:	
Daily Sales Reimbursable Programs	635
Daily Sales - Non-reimbursable Programs	650
Miscellaneous	2,295
Total Operating Revenues	3,580
Operating Expenses:	
Salaries	77,281
Cost of Sales- Reimbursable	114,460
Cost of Sales - Non-reimbursable	14,825
Employee Benefits	10,635
Depreciation	8,839
Purchased Services	6,857
Management Fees	20,000
Repairs	4,032
Insurance	10,578
Miscellaneous	3,832
Total Operating Expenses	271,339
Operating Income/(Loss)	(267,759)
Non-operating Income/(Loss):	
State Sources:	
State School Lunch Program	10,724
Federal Sources:	
National School Lunch Program	209,962
Breakfast Program	122,910
Food Distribution Program	28,226
Interest Revenue	109
Total Non-operating Revenues/(Expenses)	371,931
Change in Net Position	104,172
Total Net Position - Beginning	150,789
Net Position - Ending	254,961

**BUTLER BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Food Service Program
Cash Flow from Operating Activities:	
Receipts from Customers	3,580
Payments to Employees for Services	(77,281)
Payments to Suppliers for Goods and Services	(190,217)
Net Cash Provided by/(Used for) Operating Activities	(263,918)
Cash Flows from Non-Capital Financing Activities:	
State Sources	9,250
Federal Sources	317,816
Net Cash Provided by/(Used for) Non-capital Financing Activities	327,066
Cash Flows from Investing Activities:	
Interest on Cash Equivalents	109
Purchase of Capital Assets	(3,665)
Net cash provided by (used for) investing activities	(3,556)
Net Increase/(Decrease) in Cash and Cash Equivalents	59,592
Cash and Cash Equivalents, July 1	37,674
Cash and Cash Equivalents, June 30	97,266
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for)	
Operating Activities:	
Operating Income (Loss)	(267,759)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:	
Depreciation	8,839
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	(4,998)
Total Adjustments	3,841
Net Cash Provided by/(Used for) Operating Activities	(263,918)

Noncash Noncapital Financing Activities:

During the year, the district received \$28,226 of food commodities from the U.S. Department of Agriculture.

LONG-TERM DEBT

**BUTLER BOROUGH SCHOOL DISTRICT
GENERAL LONG TERM DEBT
STATEMENT OF SERIAL BONDS
FOR THE YEAR ENDED JUNE 30, 2021**

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance July 1, 2020	Retired	Balance June 30, 2021
School Bonds of 2009	7/1/2009	3,046,000	7/1/2021	265,000	4.000%	1,380,000	255,000	1,125,000
			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	2/1/2022	295,000	2.150%	1,165,000	300,000	865,000
			2/1/2023	290,000	2.250%			
			2/1/2024	280,000	2.375%			
						<u>2,545,000</u>	<u>555,000</u>	<u>1,990,000</u>

**BUTLER BOROUGH SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Interest Rate Payables</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2020</u>	<u>Retired</u>	<u>Balance June 30, 2021</u>
10 Copiers/Printers	0.00%	303,622	224,840	61,320	163,520
ESIP - Boilers and Lighting	2.99%	1,797,859	<u>1,582,747</u>	<u>59,193</u>	<u>1,523,554</u>
			<u>1,807,587</u>	<u>120,513</u>	<u>1,687,074</u>

**BUTLER BOROUGH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance Positive (Negative Final to Actual)
Revenues:				
Local Sources:				
Local Tax Levy	563,465	563,465	563,465	-
Total Revenues - Local Sources	563,465	563,465	563,465	-
State Sources:				
Debt Service Aid Type II	67,079	67,079	67,079	-
Total State Sources	67,079	67,079	67,079	-
Total Revenues	630,544	630,544	630,544	-
Expenditures:				
Regular Debt Service:				
Redemption of Principal	555,000	555,000	555,000	-
Interest	75,544	75,544	75,544	-
Total Regular Debt Service	630,544	630,544	630,544	-
Total Expenditures	630,544	630,544	630,544	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balances, July 1	1	1	1	-
Fund Balances, June 30	1	1	1	-
Recapitulation:				
Unassigned Fund Balance			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
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Demographic and Economic Information

- J-14 Demographic and Economic Statistics
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Operating Information

- J-16 Full-time Equivalent District Employees by Function/Program
- J-17 Operating Statistics
- J-18 School Building Information*
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- J-20 Insurance Schedule

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

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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

	(Restated)									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Invested in capital assets, net of related debt	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	10,141,894
Restricted	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	9,897,915
Unrestricted	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)	(5,298,310)
Total governmental activities net position	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	14,741,499
Business-type activities										
Invested in capital assets, net of related debt	40,602	36,364	32,434	25,038	62,719	56,987	102,208	93,722	105,683	100,509
Unrestricted	24,034	49,804	69,210	64,820	40,757	35,892	61,586	77,752	45,106	154,452
Total business-type activities net position	64,636	86,168	101,644	89,858	103,476	92,879	163,794	171,475	150,789	254,961
District-wide										
Invested in capital assets, net of related debt	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	10,242,403
Restricted	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	9,897,915
Unrestricted	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)	(5,143,858)
Total district net position	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	14,996,460

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction										
Regular	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	11,724,865
Special education	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	3,394,784
Other special education	233,048	344,344	257,338	346,791	432,774	388,247	524,529	475,311	504,429	445,970
Other instruction	512,650	627,753	590,624	509,382	512,281	505,271	593,022	538,110	523,412	525,295
Support Services:										
Tuition	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	1,339,092
Student & instruction related services	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	5,197,571
General administrative services	581,001	614,691	602,223	578,490	656,095	514,674	765,324	854,661	669,134	692,338
School administrative services	1,016,618	1,041,046	1,121,338	1,288,715	1,416,874	1,254,824	1,702,815	1,585,752	1,427,611	1,593,389
Central Services and Admin. Info. Tech.	644,271	600,847	490,286	512,707	609,799	668,895	746,583	747,136	811,662	944,363
Plant operations and maintenance	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	2,997,945
Pupil transportation	800,265	958,715	918,917	879,835	956,432	858,588	1,085,852	1,117,749	959,849	780,225
Special Schools	2,980	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Capital Outlay - Non-depreciable	-	25,599	27,599	27,599	27,599	137,099	27,599	99,862	29,705	27,599
Charter Schools	-	-	12,315	12,653	24,343	24,342	24,342	25,568	25,519	57,673
Interest on Long term debt	194,450	188,732	201,986	12,543	12,543	12,543	12,543	98,852	84,385	67,737
Unallocated Benefits	95,110	24,259	22,300	22,300	-	-	-	-	-	-
Unallocated depreciation and Amortization	416,443	424,698	458,884	632,751	655,199	705,993	719,342	663,060	634,225	711,110
Total governmental activities expenses	21,808,681	23,613,936	23,781,289	26,257,748	27,532,271	25,033,347	31,679,117	30,353,715	28,323,643	30,499,955
Business-type activities:										
Food service	383,394	380,391	424,353	405,373	456,714	459,843	437,276	475,041	394,662	271,339
Butler School District Educational Foundation	1,683	-	-	-	-	-	-	-	-	-
Total business-type activities expense	385,078	380,391	424,353	405,373	456,714	459,843	437,276	475,041	394,662	271,339
Total district expenses	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	30,771,294
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction	533,962	534,544	554,880	590,136	324,129	346,500	20,250	-	-	-
Support Services	-	-	-	22,300	107,871	-	-	-	-	94,284
Operating grants and contributions	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	5,251,423
Total governmental activities program revenues	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	5,345,707
Business-type activities:										
Charges for services										
Food service	301,180	279,322	291,232	255,452	260,849	277,123	280,584	294,692	211,305	3,580
Operating grants and contributions	101,134	120,139	145,774	145,788	209,250	171,999	176,521	187,837	162,496	371,822
Total business type activities program revenues	402,313	399,461	437,006	401,240	470,099	449,122	457,105	482,529	373,801	375,402
Total district program revenues	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	5,721,109
Net (Expense)/Revenue										
Governmental activities	(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)	(25,154,248)
Business-type activities	17,235	19,070	12,653	(4,133)	13,386	(10,721)	19,829	7,488	(20,861)	104,063
Total district-wide net expense	(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)	(25,050,185)

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	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	17,750,480
Taxes levied for debt service	520,956	525,106	501,816	514,730	528,701	534,584	542,505	541,394	572,956	563,465
Unrestricted grants and contributions	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	9,685,036
Miscellaneous income	434,390	267,899	399,534	666,749	458,262	257,918	272,822	262,624	325,059	252,218
Transfers	(21,696)	(2,357)	(2,689)	(4,107)	-	-	-	-	-	-
Total governmental activities	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	28,261,199
Business-type activities:										
Investment earnings	79	104	135	185	232	124	133	192	175	109
Transfers	21,696	2,358	2,689	4,107	-	-	-	-	-	-
Total business-type activities	21,775	2,462	2,824	4,293	232	124	133	192	175	109
Total district-wide	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	28,261,308
Change in Net Position										
Governmental activities	1,043,190	(238,688)	202,823	1,345,023	1,230,735	894,921	580,552	813,271	2,073,903	3,106,951
Business-type activities	39,010	21,532	15,477	159	13,618	(10,597)	19,963	7,681	(20,686)	104,172
Total district	1,082,200	(217,156)	218,300	1,345,182	1,244,353	884,324	600,515	820,951	2,053,217	3,211,123

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Committed							950,508	22,989	67,975	-
Restricted	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	8,308,105
Assigned	1,085,892	250,575	125,740	293,997	430,010	84,597	221,252	189,328	296,329	321,235
Unassigned	508,168	483,314	441,061	576,549	358,977	508,147	523,418	630,199	397,932	803,577
Total general fund	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	9,432,917
All Other Governmental Funds										
Restricted										
Special revenue fund	-	-	-	-	-	-	-	-	-	464,696
Debt service fund	-	-	1	1	1	2	1	1	1	1
Capital projects fund	-	-	-	-	98,088	870,724	39,124	12,581	12,581	301
Unreserved, reported in:										
Capital projects fund	95,548	13,233	-	-	-	-	-	-	-	-
Debt service fund	93	28,460	11,016	-	-	-	-	-	-	-
Total all other governmental funds	95,641	41,693	11,017	1	98,089	870,726	39,125	12,582	12,582	464,998

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax levy	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	18,313,945
Miscellaneous	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	4,873,965
State sources	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	7,015,748
Federal sources	577,662	461,564	374,879	27,298	424,312	439,497	457,195	435,875	447,165	726,800
Total revenue	22,339,605	22,843,060	23,431,871	24,691,193	25,619,867	27,065,718	27,483,125	29,023,450	29,486,396	30,930,458
Expenditures										
Instruction										
Regular instruction	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	6,859,727
Special education instruction	1,391,364	1,359,088	1,513,035	1,550,000	1,539,372	1,686,283	1,840,243	2,078,382	1,930,312	1,925,411
Other special instruction	166,341	228,441	171,122	210,802	232,125	235,173	275,414	281,156	315,810	251,306
Other instruction	402,678	496,044	466,960	509,382	512,281	534,331	593,022	538,110	523,412	525,295
Support Services:										
Tuition	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	1,339,092
Student & instruction related services	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	3,342,128
General administrative services	476,764	506,790	521,116	454,081	496,024	514,571	538,983	693,511	525,453	510,989
School Administrative services	726,923	720,880	786,124	803,953	834,149	861,949	920,473	971,693	945,889	951,756
Central Services	463,258	494,148	424,627	418,364	488,419	526,250	582,828	504,238	551,239	590,332
Plant operations and maintenance	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	2,085,295
Pupil transportation	800,265	958,715	918,917	879,835	956,432	858,588	1,085,852	1,117,749	959,849	780,225
Unallocated employee benefits	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	8,047,973
Special Schools	2,980	-	-	-	-	-	-	-	-	-
Food Services	-	-	-	-	-	-	-	-	-	4
Charter Schools	-	-	12,315	12,653	24,343	24,342	24,342	25,568	25,519	57,673
Capital outlay	313,267	240,573	210,568	783,181	329,267	1,197,956	3,099,195	451,251	229,600	535,808
Debt Service:										
Principal	345,000	410,000	410,000	430,000	445,000	485,000	485,000	496,000	550,000	555,000
Interest and Other Charges	230,383	159,007	165,611	153,549	141,674	128,636	117,524	104,309	91,019	75,544
Total expenditures	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	28,434,554
Excess (Deficiency) of revenues over (under) expenditures	785,997	(341,618)	158,727	505,035	1,125,790	388,127	(2,427,190)	577,530	1,923,112	2,495,904
Other Financing sources (uses)										
Capital leases (non-budgeted)	-	-	120,431	220,000	-	-	1,797,859	303,622	-	-
Transfers in	34	-	1	-	-	-	-	-	-	-
Transfers out	(21,730)	(2,357)	(2,690)	(4,107)	-	-	-	-	-	-
Contracts Payable Canceled	-	-	-	-	-	573	-	-	-	-
Total other financing sources (uses)	(21,696)	(2,357)	117,742	215,893	-	573	1,797,859	303,622	-	-
Net change in fund balances	764,301	(345,975)	276,469	720,927	1,125,790	388,700	(629,331)	881,152	1,923,112	2,495,904
Debt service as a percentage of noncapital expenditures	2.709%	2.480%	2.496%	2.493%	2.428%	2.331%	2.247%	2.144%	2.345%	2.260%

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
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
2021	2,744	4,524,466	46,000	276	136,119	4,709,605

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)
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
2021	5,965,300	617,592,500	700	103,082,800	20,802,300	17,678,000	765,121,600	728,750	765,850,350	2.445	1,040,603,212

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			
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
2021	2.364	0.081	2.445	1.035	0.354	3.834

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	2021			2012		
	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	1.67%	12,805,000	1	1.70%
Butler Gardens LLC	10,340,000	2	1.35%	10,375,000	2	1.37%
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	0.51%	3,939,100	7	0.52%
Butler Printing & Lamination	3,596,400	6	0.47%	3,596,400	8	0.48%
ZZ Group LLC	3,181,500	7	0.42%			
1301 Realty Enterprises, LLC	3,163,400	8	0.41%			
254 East 56th Associates LLC	2,705,800	9	0.35%			
1301 Realty Enterprises, LLC	2,546,100	10	0.33%			
Butler Center Associates				7,576,800	4	1.00%
Randell Corporation				8,324,900	3	1.10%
1341 Route 23, Inc				5,310,500	5	0.70%
MNB Realty CO, LLC				3,181,500	9	0.42%
Bromat Enterprises				3,948,100	6	0.52%
Total	\$ 58,378,400		7.62%	\$ 62,006,400	10	8.20%

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	
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%	-
2021	18,313,945	18,313,945	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				
2012	6,236,000	-		6,236,000	1.0118%	807.98
2013	5,826,000	-		5,826,000	0.9301%	753.59
2014	5,416,000	113,302		5,529,302	0.8480%	714.75
2015	4,986,000	91,192		5,077,192	0.7433%	656.31
2016	4,541,000	67,952		4,608,952	0.6553%	597.94
2017	4,076,000	43,523		4,119,523	0.5730%	535.98
2018	3,591,000	1,750,424		5,341,424	0.7191%	699.32
2019	3,095,000	1,641,468		4,736,468	0.6242%	618.82
2020	2,545,000	1,582,747		4,127,747	0.5282%	539.93
2021	1,990,000	1,523,554		3,513,554	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
2012	6,236,000		6,236,000	0.83%	808
2013	5,826,000		5,826,000	0.78%	754
2014	5,416,000		5,416,000	0.72%	700
2015	4,986,000		4,986,000	0.66%	645
2016	4,541,000		4,541,000	0.60%	589
2017	4,076,000		4,076,000	0.54%	530
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	0.33%	333
2021	1,990,000		1,990,000	0.26%	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, 2021
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	3,806,289	100.000%	3,806,289
Other debt			
Morris County	250,902,245	1.056%	2,649,779
Subtotal, overlapping debt			6,456,068
Borough of Butler School District Direct Debt			<u>1,990,000</u>
Total direct and overlapping debt			<u>\$ 8,446,068</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 2020

Equalized valuation basis	
2018	982,369,911
2019	1,023,295,130
2020	1,029,884,626
[A]	<u>3,035,549,667</u>
Average equalized valuation of taxable property	[A/3] \$ 1,011,849,889
Debt limit (4% of average equalization value)	[B] 40,473,996
Total Net Debt Applicable to Limit	[C] 1,990,000
Legal debt margin	[B-C] \$ <u>38,483,996</u>

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 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	40,473,996
Total net debt applicable to limit	5,826,000	5,416,000	5,416,000	4,986,000	4,541,000	4,076,000	3,591,000	3,095,000	2,545,000	1,990,000
Legal debt margin	<u>34,709,982</u>	<u>34,311,786</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>	<u>38,483,996</u>
Total net debt applicable to the limit as a percentage of debt limit	14.37%	13.63%	13.92%	12.69%	11.69%	10.53%	9.38%	8.00%	6.40%	4.92%

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>
2011	7,711	592,844,813	76,883	9.3%
2012	7,718	616,328,608	79,856	7.8%
2013	7,731	626,412,006	81,026	6.9%
2014	7,736	652,044,232	84,287	5.7%
2015	7,736	683,073,328	88,298	4.7%
2016	7,708	703,370,416	91,252	4.3%
2017	7,686	718,979,184	93,544	3.8%
2018	7,638	742,749,672	97,244	3.5%
2019	7,654	758,817,560	99,140	2.8%
2020	7,645	781,525,415	102,227	7.9%

Source:

^a U.S. Bureau of the Census, Population Division, (Estimates April 1, 2011 - July 1, 2020)

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

^c U.S. Department of Commerce, County Information 2011-2020.

^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	Rank (Optional)	Percentage of Total Employment
Employer			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>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>	<u>2021</u>
Instruction										
Regular	70.2	74.5	89	91.6	92	90.8	89.4	89.4	77.4	81.4
Special education	31.6	32.2	28.2	27.2	26.5	30.4	32.3	32.3	32.3	32.3
B.S. / Bilingual	1.8	2.8	2.4	4.1	2.8	3	3.0	3.0	3.0	3.0
Other Instruction	6.5	8.6	1.8	0.9	1.2	1.2	1.3	1.3	1.3	1.3
Support Services:										
Student & instruction related services	47.4	53.9	62.3	64.3	55	57.6	63.9	48.0	39.0	39.0
General administrative services	2.1	2.2	1.94	1.9	1.8	1.8	1.8	1.8	1.8	1.8
School administrative services	9.2	9.2	9.3	9.3	10	10	10.4	10.4	11.4	11.4
Central Services	4.5	4.1	1.5	1	1.2	0.8	0.8	0.8	0.8	0.8
Administrative Information Technology	0.4	0.7	0.7	0.7	0.9	1	1.0	1.0	1.0	1.0
Plant operations and maintenance	20.7	21.5	20.5	21	24	23.2	22.6	22.6	22.6	22.6
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Total	194.4	209.7	217.6	222.0	215.4	219.8	226.5	210.6	190.6	194.6

Source: District Budget Records

BUTLER BOARD OF EDUCATION
Operating Statistics
Last Ten Fiscal Years
Unaudited

Pupil/Teacher Ratio

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				
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	-8.10%	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%
2020-2021	1,120.0	27,268,202	24,347	5.71%	127.96	8.10	11.04	10.20	1,122.4	1,087.9	-1.05%	96.93%

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>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<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)	368	390	393	381	386	379	383	406	390	394
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)	280	299	282	298	272	280	289	278	295	317
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)	530	516	509	527.5	533	533	490	505	474	454
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)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Butler High School	N/A	199,638	203,468	173,639	110,793	179,938	213,055	173,417	156,259	151,976	124,313
Aaron Decker	N/A	94,080	98,202	83,514	55,077	60,413	93,615	69,382	70,511	55,336	33,649
Richard Butler	N/A	70,176	91,310	58,566	41,637	64,159	83,460	89,693	81,429	63,196	49,370
District	N/A										2,370
Total School Facilities		<u>363,894</u>	<u>392,980</u>	<u>315,719</u>	<u>207,507</u>	<u>304,510</u>	<u>390,130</u>	<u>332,491</u>	<u>308,199</u>	<u>270,508</u>	<u>209,702</u>

(*) 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, 2021
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 Pamela Vargas	205,000	

Source: District Records

SINGLE AUDIT SECTION



WIELKOTZ & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA
MATTHEW B. WIELKOTZ, CPA, PSA
PAUL J. CUVA, CPA, RMA, PSA
JAMES J. CERULLO, CPA, RMA, PSA
THOMAS M. FERRY, CPA, RMA, PSA

HEADQUARTERS
401 WANAQUE AVENUE
POMPTON LAKES, NEW JERSEY 07442
(973)-835-7900
OFFICE@W-CPA.COM

ROCKAWAY OFFICE
100 ENTERPRISE DRIVE
SUITE 301
ROCKAWAY, NEW JERSEY 07866
(973)-835-7900

**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, 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated February 8, 2022.

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

Rockaway, New Jersey

February 8, 2022





WIELKOTZ & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA
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THOMAS M. FERRY, CPA, RMA, PSA

HEADQUARTERS
401 WANAQUE AVENUE
POMPTON LAKES, NEW JERSEY 07442
(973)-835-7900
OFFICE@W-CPA.COM

ROCKAWAY OFFICE
100 ENTERPRISE DRIVE
SUITE 301
ROCKAWAY, NEW JERSEY 07866
(973)-835-7900

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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 Federal and State Program

We have audited the Board of Education of the Borough of Butler School District in the County of Morris, New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Butler Board of Education’s major federal and state programs for the fiscal year ended June 30, 2021. The Borough of Butler Board of Education’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying federal and state of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Butler Board of Education’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and 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 federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Butler Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Butler Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2021.

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 federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major 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 federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the uniform guidance and 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

Wielkottz & Company, LLC

Wielkottz & Company, LLC
Certified Public Accountants

Rockaway, New Jersey

February 8, 2022



BUTLER BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ending June 30, 2021

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, 2020		June 30, 2021		MEMO Cumulative Total Expenditures
						(Accounts Receivable)	Unearned Revenue	(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	211N304N1099	N/A	28,226	7/1/20-6/30/21	-	-	-	5,180	28,226
National School Lunch Program	10.555	201N304N1099	N/A	103,701	7/1/19-6/30/20	(4,510)	-	-	-	103,701
National School Lunch Program	10.555	211N304N1099	N/A	194,698	7/1/20-6/30/21	-	-	(21,688)	-	194,698
National School Lunch Program	10.555	211N304N1099	N/A	15,264	7/1/20-6/30/21	-	-	(15,264)	-	15,264
National School Breakfast Program	10.553	201N304N1099	N/A	24,615	7/1/19-6/30/20	(2,851)	-	-	-	24,615
National School Breakfast Program	10.553	211N304N1099	N/A	122,910	7/1/20-6/30/21	(7,361)	-	(13,691)	-	122,910
Total Enterprise Fund								(50,643)	5,180	489,413
U.S. Department of Education										
Passed - through State Department										
of Education:										
General Fund:										
Medicaid Assistance Program	93.778	2005NJ5MAP	N/A	69,919	7/1/20-6/30/21	-	-	-	-	69,919
Total General Fund										69,919
U.S. Department of Education										
Passed - through State Department										
of Education:										
Special Revenue Fund:										
Title I - Part A - Improving Basic Programs	84.010	S010A190030	ESEA0630-20	87,042	9/1/19-8/31/20	(38,734)	-	-	-	87,042
Title I - Part A - Improving Basic Programs	84.010	S010A200030	ESEA0630-21	87,318	9/1/20-8/31/21	(38,734)	-	(38,530)	-	87,318
Total Title I - Part A - Improving Basic Programs										174,360
Title II - Part A - Teacher & Principal Training/Recruiting	84.367	S367A200029	ESEA0630-21	18,719	7/1/20-9/30/21	-	-	(65.5)	-	18,719
Total Title II - Part A - Teacher & Principal Training/Recruiting										18,719
Title III - English Language Acquisition	84.365A	S365A190030	ESEA0630-20	18,176	7/1/19-9/30/20	(9,575)	-	-	-	18,176
Title III - Immigrant	84.365A	S365A190030	ESEA0630-20	2,961	7/1/19-9/30/20	-	-	(2,961)	-	2,961
Title III - English Language Acquisition	84.365A	S365A200030	ESEA0630-21	18,568	7/1/20-9/30/21	-	-	(5,215)	-	18,568
Title III - Immigrant	84.365A	S365A200030	ESEA0630-21	2,002	7/1/20-9/30/21	(9,575)	-	(2,002)	-	2,002
Total Title III - English Language Acquisition										39,705
Title IV - Part A - Student Support and Academic Enrichment	84.424A	S424A190031	ESEA0630-20	13,287	7/1/19-9/30/20	(10,577)	-	-	-	13,287
Title IV - Part A - Student Support and Academic Enrichment	84.424A	S424A200031	ESEA0630-21	13,287	7/1/20-9/30/21	-	-	(6,532)	-	13,287
Total Title IV - Part A - Student Support and Academic Enrichment										26,574
ID.E.A. Part B, Basic Regular	84.027	H027A200100	IDEA0630-21	279,374	7/1/20-9/30/21	-	-	(61,030)	-	279,374
ID.E.A. Part B, Preschool	84.173	H173A190114	IDEA0630-20	8,480	7/1/19-9/30/20	(635)	-	-	-	8,480
ID.E.A. Part B, Preschool	84.173	H173A200114	IDEA0630-21	12,394	7/1/20-9/30/21	-	-	(150)	-	12,394
Total ID.E.A. Part B, Preschool										571,235
C.A.R.E.S. - E.S.S.E.R. I - Digital Divide Grant	84.425D	S425D200027	n/a	82,981	7/1/20-10/31/20	-	-	-	-	82,981
C.A.R.E.S. - E.S.S.E.R. I	84.425D	S425D200027	n/a	73,800	3/13/20-9/30/22	-	-	-	-	73,800
Total C.A.R.E.S. - E.S.S.E.R. I										156,781
Corona Virus Relief Funds	21.019	SLT0228	n/a	54,194	3/13/20-12/31/2021	-	-	-	-	54,194
Total Special Revenue Fund										54,194
Total Federal Financial Awards										1,058,279
Total Federal Financial Awards										1,617,611

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, 2021

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From / To	June 30, 2020		June 30, 2021		MEMO
				Cash Received	Budgetary Expenditures	Unearned Revenue (Accts Receivable)	Budgetary Receivable	
State Department of Education:								
General Fund:								
Equalization Aid	495-034-5120-078	1,348,928	7/1/20-6/30/21	1,220,791	(1,348,928)	-	128,137	1,348,928
School Choice Aid	495-034-5120-068	13,652	7/1/20-6/30/21	12,355	(13,652)	-	1,297	13,652
Transportation Aid	495-034-5120-014	215,738	7/1/20-6/30/21	195,245	(215,738)	-	20,493	215,738
Special Education Categorical Aid	495-034-5120-089	583,508	7/1/20-6/30/21	528,080	(583,508)	-	55,428	583,508
Security Aid	495-034-5120-084	39,010	7/1/20-6/30/21	35,304	(39,010)	-	3,706	39,010
Subtotal State Aid - Public Cluster				1,991,775	(2,200,836)	-	209,061	2,200,836
Extraordinary Special Education Aid	100-034-5120-473	408,735	7/1/19-6/30/20	408,735	(371,522)	-	-	408,735
Extraordinary Special Education Aid	100-034-5120-473	283,033	7/1/20-6/30/21	-	(283,033)	(283,033)	-	283,033
On-Behalf TPAF Pension	495-034-5094-006	2,712,242	7/1/20-6/30/21	2,712,242	(2,712,242)	-	-	2,712,242
On-Behalf TPAF NCGI Premium	495-034-5094-004	51,604	7/1/20-6/30/21	51,604	(51,604)	-	-	51,604
On-Behalf TPAF Post Retirement Medical	495-034-5094-001	866,146	7/1/20-6/30/21	866,146	(866,146)	-	-	866,146
On-Behalf TPAF Long-Term Disability Ins.	495-034-5094-004	1,363	7/1/20-6/30/21	1,363	(1,363)	-	-	1,363
Non-Public Transportation Aid	495-034-5120-014	14,790	7/1/20-6/30/21	-	(14,790)	(14,790)	-	14,790
Reimbursed T.P.A.F. - Social Security	495-034-5094-003	781,344	7/1/20-6/30/21	742,743	(781,344)	(38,601)	-	781,344
Total General Fund				6,774,608	(6,948,571)	(336,424)	209,061	7,320,093
Debt Service Fund:								
Debt Service Aid	495-034-5120-75	67,079	7/1/20-6/30/21	67,079	(67,079)	-	-	67,079
Total Debt Service Fund				67,079	(67,079)	-	-	67,079
State Department of Agriculture								
Enterprise Fund:								
State School Lunch Program	100-010-3350-023	3,193	7/1/19-6/30/20	71	(71)	-	-	3,193
State School Lunch Program	100-010-3350-023	10,724	7/1/20-6/30/21	9,179	(10,724)	(1,545)	-	10,724
Total Enterprise Fund				9,250	(10,724)	(1,545)	-	13,917
Total State Financial Assistance				6,850,937	(7,026,374)	(337,969)	209,061	7,401,089
Less: On-Behalf Pension and Annuity Aid								
On-Behalf TPAF Pension	495-034-5094-006	2,712,242	7/1/20-6/30/21	2,712,242	(2,712,242)	-	-	2,712,242
On-Behalf TPAF NCGI Premium	495-034-5094-004	51,604	7/1/20-6/30/21	51,604	(51,604)	-	-	51,604
On-Behalf TPAF Post Retirement Medical	495-034-5094-001	866,146	7/1/20-6/30/21	866,146	(866,146)	-	-	866,146
On-Behalf TPAF Long-Term Disability Ins.	495-034-5094-004	1,363	7/1/20-6/30/21	1,363	(1,363)	-	-	1,363
Total for State Major Program Determinations				3,219,582	(3,395,019)	(337,969)	209,061	3,769,734

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 \$98 for the general fund and \$18,248 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 2021 fiscal year was \$3,631,355.

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	69,919	6,948,669	7,018,588
Special Revenue Fund	656,881		656,881
Debt Service Fund		67,079	67,079
Food Service Fund	<u>361,098</u>	<u>10,724</u>	<u>371,822</u>
Total Financial Awards	<u>\$1,087,898</u>	<u>\$ 7,026,472</u>	<u>\$8,114,370</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, 2021.

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, 2021**

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

Internal Control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section.516(a)? yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
		<u>Special Education Cluster:</u>
<u>84.027</u>	<u>H027A200100</u>	<u>I.D.E.A. Basic</u>
<u>84.173</u>	<u>H173A200114</u>	<u>I.D.E.A. Preschool</u>
		<u>Child Nutrition Cluster:</u>
<u>10.553</u>	<u>211NJ304N1099</u>	<u>School Breakfast Program</u>
<u>10.555</u>	<u>211NJ304N1099</u>	<u>National School Lunch Program</u>

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

Auditee qualified as low-risk audited? yes X no

**BOROUGH OF BUTLER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2021

Status of Prior Year Findings

There were not prior year findings to correct.