

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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT  
of the**

**Borough of Butler School District**

**Board of Education**

**Butler, New Jersey**

**For the Fiscal Year Ended June 30, 2022**



Prepared by

Borough of Butler School District  
Board of Education  
Finance Office

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
OF THE BOROUGH OF BUTLER SCHOOL DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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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 1, 2023

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 annual comprehensive financial report of the Butler Borough School District (District) for the fiscal year ended June 30, 2022, 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 annual comprehensive 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

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 2021 -2022 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 \$1,600,000 to its Capital Reserve Fund.

**3) MAJOR INITIATIVES (Capital Improvements): District:** In 2021-2022, the district installed various HVAC units at the Aaron Decker School. Additionally, several classrooms' floors were renovated, and a new playground was installed at the elementary school. The district started the process of purchasing new furniture at Butler High School. Several updates to the security system in this building were also updated or replaced. At the Richard Butler School, two major capital improvements were made. The district was able to replace the roof and have a partial window replacement. At the district level, we continue to enhance our security systems by using Raptor technology. In addition, the door access scanners were updated at the elementary and middle schools. This also included camera upgrades to our security system.

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

Butler High School continues to focus on initiatives that will move our academic program forward. The largest of these initiatives has been the construction of a Robotics Lab and the creation of a Robotics program that will reach full actualization during the 2023-2024 school year. This is the culmination of the STEM Initiative started five years ago in the Butler School District, with coding and STE(A)M education starting at the kindergarten level and progressing to the high school. In addition, we have overhauled our elective process, adding in new electives, and making all elective semester courses to allow students to participate in a greater number of choices, while also helping to transition them to a college course schedule. All students in the Class of 2023 are on course to satisfy the state graduation requirements as outlined by the NJDOE.

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. Additionally, an academic assistance period is built into the school day. In addition to the core academic courses, the students at Richard Butler School have trimester courses to enrich their education. Art, World Language, and Academic Technology are the course offerings. Students are also provided an opportunity to participate in an Instrumental Music program during the school day. Students in this program participate in grade level ensembles each day and attend small group 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 as students participate in Academic Technology during one trimester. The McGoldrick Think Center serves 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 through the delivery of a character education program during advisory sessions. These sessions are led by classroom teachers, and are offered twice a month to support students as they learn empathy, kindness, and resilience. 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 with extra-curricular activities such as student government, yearbook, chess club, TREPS, book club, drama club, 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. As part of the daily schedule, ADS has built in a HALO period. "HALO" (which stands for Helping All Learners Optimally) is a time that is devoted to providing additional time for students to master/reinforce or enhance/enrich their skills through personalized, targeted learning goals generally through small-group instruction. Additionally, the inclusion of this period allows students to be pulled for supplemental services (Reading or Math Intervention, ESL, Gifted and Talented etc.) with minimal interruption to core class time. 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 literacy coach to help K-4 teachers to integrate workshop model lessons that allow for choice and differentiation/intervention during the class time. This year, we also introduced asynchronous PD sessions for staff focused on a variety of topics such as classroom management strategies and assessment strategies. Teachers can participate in these courses at their own pace and at times that fit their schedules. 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 2021- 2022.

**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.

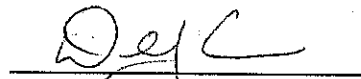
The District's ongoing upgrades to all of its buildings ensures that its physical plant is able to accommodate the District's current and anticipated future student population needs and meet all current building safety standards and building codes. The District deems the current available capital reserve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

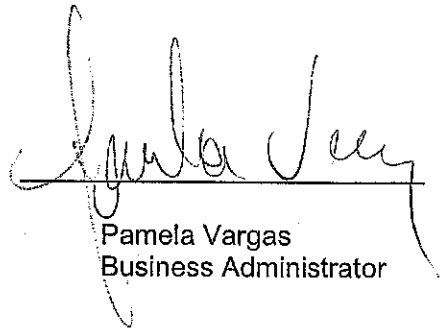
**10) AWARDS:** Butler High School was recognized by U.S. News and World Report as a "Top High School". Richard Butler Middle School was also recognized by U.S. News and World Report as a "Top Middle School" as well as a NAMM Best Schools for Music Education. ADS was recognized as a National School of 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,

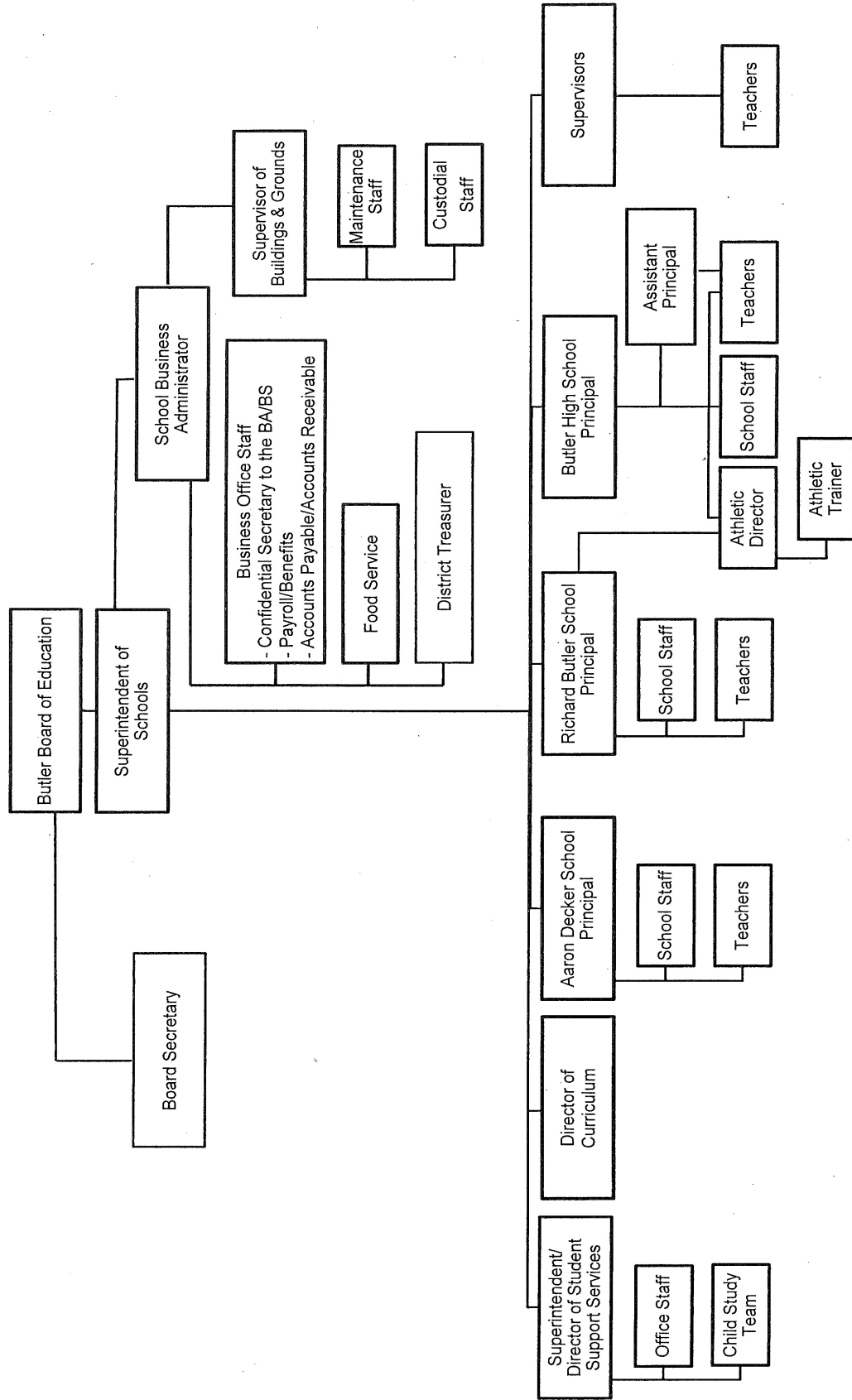


Dr. Daniel R. Johnson  
Superintendent



Pamela Vargas  
Business Administrator

# BUTLER SCHOOL DISTRICT ORGANIZATIONAL CHART



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

**JUNE 30, 2022**

**ROSTER OF OFFICIALS**

**Members of the Board of Education**

**Term Expires (at Organizational  
Meeting - first week in January)**

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

**Other Officials**

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



**BUTLER BOARD OF EDUCATION**  
**Consultants and Advisors**  
**June 30, 2022**

**Architect**

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

**Audit Firm**

Wielkocz & Company, LLC  
401 Wanaque Avenue  
Pompton Lakes, NJ 07442

**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 Parkway, PO Box 1997  
Morristown, NJ 07962-1997

**Insurance Agent**

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

**Official Depositories**

Lakeland Bank

State of New Jersey Cash Management Fund

Sterling National Bank

**FINANCIAL SECTION**



# WIELKOTZ & COMPANY L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA  
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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 and each major fund of the Borough of Butler Board of Education, in the County of Morris, State of New Jersey, as of June 30, 2022, 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.

#### *Basis for Opinion*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Butler Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Butler Board of Education's ability to continue as a going concern for the next twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey and Government Auditing Standards, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with generally accepted auditing standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.



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Members of the Board of Education  
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- Obtain an understanding of internal control relevant to the audit 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 Butler Board of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Butler Board of Education's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### *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 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.



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*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 nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 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.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2023 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.

*Steven D. Wielkotz*

Steven D. Wielkotz, C.P.A.  
Licensed Public School Accountant  
No. 816

*Wielkotz & Company, LLC*

WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

February 1, 2023



**REQUIRED SUPPLEMENTARY  
INFORMATION - PART I**



**BUTLER BOROUGH PUBLIC SCHOOL DISTRICT  
BUTLER BOROUGH**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2022. 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 2021-2022 fiscal year are as follows:

- ◆ The School District had \$29,059,628 in expenses (see A-2 District-wide Statement of Activities, Governmental Activities); \$5,716,902 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 \$18,657,639 and \$7,106,974, respectively, were adequate to provide for these programs.
- ◆ The General Fund had \$30,969,257 in revenues and \$30,753,137 in expenditures. The General Fund's fund balance increased by \$216,120 over 2021. This increase was attributed to a decrease in spending overall in 2021-22. (see B-2 Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds)

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

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 2022 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 \$17,889,938 and \$14,996,460 as of June 30, 2022 and 2021, 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, 2022 and 2021.

**Table 1**  
**Net Position**  
**June 30, 2022 and 2021**

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Assets:</b>						
Current and Other Assets	10,473,030	10,335,289	374,368	154,451	10,847,399	10,489,740
Capital Assets, net	<u>14,962,233</u>	<u>13,818,968</u>	<u>83,089</u>	<u>100,509</u>	<u>15,045,322</u>	<u>13,919,477</u>
 Total Assets	 <u>25,435,264</u>	 <u>24,154,257</u>	 <u>457,457</u>	 <u>254,960</u>	 <u>25,892,721</u>	 <u>24,409,217</u>
<b>Deferred Outflows of Resources:</b>						
Deferred Outflows of Resources Relate to PERS	631,793	851,163	-	-	631,793	851,163
Deferred Amount on Refunding	<u>25,085</u>	<u>37,628</u>	<u>-</u>	<u>-</u>	<u>25,085</u>	<u>37,628</u>
<b>Liabilities:</b>						
Current Liabilities	1,359,542	1,419,543	-	-	1,359,542	1,419,543
Noncurrent liabilities	<u>5,567,248</u>	<u>7,233,573</u>	<u>-</u>	<u>-</u>	<u>5,567,248</u>	<u>7,233,573</u>
 Total Liabilities	 <u>6,926,790</u>	 <u>8,653,116</u>	 <u>-</u>	 <u>-</u>	 <u>6,926,790</u>	 <u>8,653,116</u>
<b>Deferred Inflows of Resources:</b>						
Deferred Inflows of Resources Related to PERS	<u>1,732,871</u>	<u>1,648,433</u>	<u>-</u>	<u>-</u>	<u>1,732,871</u>	<u>1,648,433</u>
<b>Net Investment in Capital Assets:</b>						
Net of Debt	11,968,270	10,141,894	83,089	100,509	12,051,359	10,242,403
Restricted	10,120,453	9,897,915	-	-	10,120,453	9,897,915
Unrestricted	<u>(4,656,242)</u>	<u>(5,298,310)</u>	<u>374,368</u>	<u>154,451</u>	<u>(4,281,874)</u>	<u>(5,143,859)</u>
 Total Net Position	 <u>17,432,481</u>	 <u>14,741,499</u>	 <u>457,457</u>	 <u>254,960</u>	 <u>17,889,938</u>	 <u>14,996,459</u>

The District's combined net position increased by \$2,893,479 during the year ended June 30, 2022. This was an increase of 19.29% from the prior year.

Table 2 shows changes in net position for fiscal years ended June 30, 2022 and 2021.

**Table 2**  
**Changes in Net Position**  
**June 30, 2022 and 2021**

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	179,462	94,284	45,747	3,580	225,209	97,864
Operating Grants and Contributions	5,537,440	5,251,423	760,073	371,822	6,297,513	5,623,245
<b>General Revenues:</b>						
Property Taxes	18,657,639	18,313,945	-	-	18,657,639	18,313,945
Federal and State Aid not Restricted	7,039,983	9,695,036	-	-	7,039,983	9,695,036
State Aid – Restricted for Debt Service	66,991	67,076	-	-	66,991	67,079
Miscellaneous Income	<u>242,068</u>	<u>185,139</u>	<u>291</u>	<u>109</u>	<u>242,359</u>	<u>185,248</u>
Total Revenues and Transfers	<u>31,723,583</u>	<u>33,606,906</u>	<u>806,111</u>	<u>375,511</u>	<u>32,529,693</u>	<u>33,982,417</u>
<b>Functions/Programs:</b>						
<b>Governmental Activities</b>						
Instruction:						
Regular	11,169,231	11,724,865	-	-	11,169,231	11,724,865
Special Education	3,040,390	3,394,784	-	-	3,040,390	3,394,784
Other Special Education	339,119	445,970	-	-	339,119	445,970
Other Instruction	589,612	525,295	-	-	589,612	525,295
<b>Support Services:</b>						
Tuition	1,150,953	1,339,092	-	-	1,150,953	1,339,092
Student & Instruction Related Services	4,560,655	5,197,571	-	-	4,560,655	5,197,571
General Administrative Services	622,114	692,338	-	-	622,114	692,338
School Administrative Services	1,383,887	1,593,389	-	-	1,383,887	1,593,389
Central Services & Administrative Inform. Tech	825,602	944,363	-	-	825,602	944,363
Plant Operations and Maintenance	3,340,549	2,997,945	-	-	3,340,549	2,997,945
Pupil Transportation	1,238,687	780,225	-	-	1,238,687	780,225
Capital Outlay – Non-depreciable	48,193	27,599	-	-	48,193	27,599
Interest on Long Term Debt	51,249	67,737	-	-	51,249	67,737
Unallocated Depreciation	638,800	711,110	-	-	638,800	711,110
Food Service	-	-	591,123	271,339	591,123	271,339
Transfer to Carter School	<u>60,588</u>	<u>57,673</u>	<u>-</u>	<u>-</u>	<u>60,588</u>	<u>57,673</u>
Total Expenses and Transfers	<u>29,059,628</u>	<u>30,499,955</u>	<u>591,123</u>	<u>271,339</u>	<u>29,650,752</u>	<u>30,771,294</u>
Increase/Decrease in Net Position	<u>2,663,954</u>	<u>3,106,951</u>	<u>214,987</u>	<u>104,172</u>	<u>2,878,942</u>	<u>3,211,123</u>
Net Position – Beginning (as previously reported)	14,741,498	11,024,303	254,960	150,788	14,996,459	11,175,092
Net Position Restatement (Note 17)	<u>27,028</u>	<u>610,244</u>	<u>(12,490)</u>	<u>-</u>	<u>14,538</u>	<u>610,244</u>
Net Position – Beginning (restated)	<u>14,768,526</u>	<u>11,634,547</u>	<u>242,470</u>	<u>150,788</u>	<u>15,010,996</u>	<u>11,785,336</u>
Net Position – Ending	<u>17,432,481</u>	<u>14,741,498</u>	<u>457,457</u>	<u>254,960</u>	<u>17,889,938</u>	<u>14,996,459</u>

## **Governmental Activities**

The District's total governmental activities' revenues, which include State and Federal Grants, were \$31,723,583 for the year ended June 30, 2022, a decrease of \$1,883,323 or 5.60% under the previous year. A significant amount of this decrease is attributable to the adjustment to the on-behalf TPAF contribution to recognize the actuarially determined amount that should have been contributed by the State on-behalf of the District. This adjustment which impacts both the revenue and expenses of the governmental activities was \$1,277,560. Property taxes of \$18,657,639 represent 58.81% of revenues. Another significant portion of revenues came from State, Federal and Tuition from Other LEAs; total State, Federal, Tuition from other LEAs was \$12,823,876. Another source of revenues is miscellaneous income, which includes items such as rentals, prior year refunds, interest, etc. which amounts to \$242,068.

The total cost of all governmental program and services was \$29,059,628. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$15,138,352 or 52.09% of total expenses. Support services totaled \$13,122,446 or 45.16% 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 \$798,830 or 2.75% of total expenses.

Total governmental activities revenues surpassed expenses, increasing net position \$2,663,954 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 revenues were greater than its expenses resulting in an increase in net position of \$214,987.
- ◆ Charges for services represent \$45,747 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 \$760,364.

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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 2021 follows, as well as a description of the various expenditure areas.

**Table 3**

	<u>Total Cost of Services 2022</u>	<u>Net Cost of Services 2022</u>	<u>Total Cost of Services 2021</u>	<u>Net Cost of Services 2021</u>
<b>Instruction</b>	\$15,138,352	\$11,586,338	\$16,090,913	\$12,954,720
<b>Support services</b>				
Pupils and instructional staff	5,711,608	4,646,469	6,536,663	5,390,188
General administration, school administration, business	2,831,603	2,444,860	3,230,090	2,791,832
Operation and maintenance of facilities	3,340,549	2,627,543	2,997,945	2,373,164
Pupil transportation	1,238,687	1,238,687	780,225	780,225
Interest on Long Term Debt	51,249	51,249	67,737	67,737
Food Service	-	-	-	-
Transfer to Charter School	60,588	60,588	57,673	57,673
Unallocated Depreciation and Amortization	638,800	638,800	711,110	711,110
Capital Outlay - Non-depreciable	<u>48,193</u>	<u>48,193</u>	<u>29,599</u>	<u>29,599</u>
Total governmental expenses	<u>\$29,059,628</u>	<u>\$23,342,727</u>	<u>\$30,499,955</u>	<u>\$25,154,248</u>

The total cost for 2022 decreased by \$1,440,327 from 2021, or 4.72%. This increase is mainly attributed to the decrease in indirect expenses allocated for employee benefits related to GASB No. 68.

The total net cost for 2022 is a decrease of \$1,811,521 over 2021, or 7.20%. This value is again mainly attributed to the decrease 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 \$33,001,143 and expenditures of \$32,778,605.

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, 2022, 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 2021</u>	<u>Percent Increase/ (Decrease) from 2020</u>
Local Sources	\$23,424,368	70.98%	\$236,458	1.02%
State Sources	8,462,510	25.64%	1,446,762	20.62%
Federal Sources	<u>1,114,265</u>	<u>3.38%</u>	<u>387,465</u>	53.31%
Total	<u>\$33,001,143</u>	<u>100.00%</u>	<u>\$2,070,685</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, 2022.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2021</u>	<u>Percent Increase/ (Decrease) From 2020</u>
Current:				
Instruction	\$10,852,124	33.11%	\$1,289,385.30	13.48%
Undistributed expenditures	19,657,683	59.97%	2,009,893.46	11.39%
Capital Outlay	1,589,065	4.85%	1,053,257.21	196.57%
Transfer to Charter School	60,588	0.18%	2,915.00	5.05%
Debt Service	619,144	1.89%	(11,400.24)	-1.81%
<b>Total</b>	<u><u>\$32,778,605</u></u>	<u><u>100.00%</u></u>	<u><u>\$4,344,051</u></u>	

### General Fund Budgeting Highlights

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

During the course of the fiscal year 2022, 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 \$5,765,471 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 \$242,572 over the budgeted amount. This was mainly attributable to a significant increase in Extraordinary Aid from the state.

- ◆ The actual expenditures appear to be \$1,847,019 higher than expected. Once again, after the removal of the TPAF reported numbers, expenditures are \$3,675,880 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 \$1,804,399. 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, 2022 the School district had \$1,430,000 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](mailto:ptierney@butlerboe.org).

# **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**BUTLER BOROUGH SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
Cash and Cash Equivalents	5,485,426	303,186	5,788,612
Receivables, net	1,248,355	54,830	1,303,185
Inventory	-	16,352	16,352
Restricted Assets:			
Capital Reserve Account - Cash	2,805,171	-	2,805,171
Maintenance reserve account - Cash	934,079	-	934,079
Capital Assets:			
Construction in Progress	135,772	-	135,772
Other Capital Assets, net	14,826,461	83,089	14,909,550
Total Assets	<u>25,435,264</u>	<u>457,457</u>	<u>25,892,721</u>
<b>Deferred Outflows of Resources:</b>			
Deferred Outflows of Resources Related to PERS	631,793	-	631,793
Deferred Amount on Refunding	25,085	-	25,085
Total Deferred Outflows	<u>656,878</u>	<u>-</u>	<u>656,878</u>
<b>Liabilities:</b>			
Accounts Payable:			
Other	345,128	-	345,128
Related to Pensions	295,162	-	295,162
Accrued Interest on Bonds	22,653	-	22,653
Unearned Revenue	7,450	-	7,450
Noncurrent Liabilities:			
Due Within One Year	689,150	-	689,150
Due Beyond One Year	5,567,248	-	5,567,248
Total Liabilities	<u>6,926,790</u>	<u>-</u>	<u>6,926,790</u>
<b>Deferred Inflows of Resources:</b>			
Deferred Inflows of Resources Related to PERS	<u>1,732,871</u>	<u>-</u>	<u>1,732,871</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	11,968,270	83,089	12,051,359
Restricted for:			
Debt Service	1	-	1
Capital projects	2,805,472	-	2,805,472
Maintenance	934,079	-	934,079
Unemployment Compensation	175,125	-	175,125
Scholarships	347,868	-	347,868
Student activities	123,246	-	123,246
Excess Surplus	1,692,369	-	1,692,369
Other Purposes	4,042,294	-	4,042,294
Unrestricted	<u>(4,656,242)</u>	<u>374,368</u>	<u>(4,281,874)</u>
Total Net Position	<u>17,432,481</u>	<u>457,457</u>	<u>17,889,938</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, 2022**

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
<b>Governmental Activities:</b>						
Instruction:						
Regular	7,748,147	3,421,084	2,961,438	(8,207,793)	-	(8,207,793)
Special Education	2,024,603	1,015,786	531,217	(2,509,173)	-	(2,509,173)
Other Special Instruction	226,235	112,884	59,360	(279,759)	-	(279,759)
Other instruction	589,612	-	-	(589,612)	-	(589,612)
Support services:						
Tuition	1,150,953	-	-	(1,150,953)	-	(1,150,953)
Student & Instruction Related Services	3,358,237	1,202,417	885,677	(3,495,516)	-	(3,495,516)
General Administrative Services	495,868	126,245	130,106	(492,007)	-	(492,007)
School Administrative Service	978,107	405,781	256,636	(1,127,251)	-	(1,127,251)
Central Services and Admin. Info. Tech.	596,449	229,153	-	(825,602)	-	(825,602)
Plant Operations and Maintenance	2,717,448	623,101	713,006	(2,627,543)	-	(2,627,543)
Pupil Transportation	1,238,687	-	-	(1,238,687)	-	(1,238,687)
Capital Outlay - Non Depreciable	48,193	-	-	(48,193)	-	(48,193)
Interest on Long-Term Debt	-	51,249	-	(51,249)	-	(51,249)
Transfer to Charter School	60,588	-	-	(60,588)	-	(60,588)
Unallocated Depreciation and Amortization	12,543	626,257	-	(638,800)	-	(638,800)
Total Governmental Activities	21,245,671	7,813,957	5,537,440	(23,342,727)	-	(23,342,727)
<b>Business-type Activities:</b>						
Food Service	591,123		760,073	-	214,696	214,696
Total Business-type Activities	591,123		760,073	-	214,696	214,696
<b>Total Primary Government</b>	<b>21,836,794</b>		<b>6,297,513</b>	<b>(23,342,727)</b>	<b>214,696</b>	<b>(23,128,031)</b>
<b>General Revenues:</b>						
<b>Taxes:</b>						
				18,105,486	-	18,105,486
Property Taxes, levied for general purposes, net				552,153	-	552,153
Taxes Levied for Debt Service				7,039,983	-	7,039,983
Federal and State Aid - Restricted				66,991	-	66,991
State Aid - Restricted for Debt Service				2,837	291	3,128
Interest and Investment Earnings - Unrestricted				20,258	-	20,258
Interest and Investment Earnings - Restricted				218,973	-	218,973
Miscellaneous Income				26,006,681	291	26,006,972
Total General Revenues				2,663,954	214,987	2,878,942
Change in Net Position				14,741,498	254,960	14,996,459
Net Position, July 1				27,028	(12,490)	14,538
Prior Period Adjustments				14,768,526	242,470	15,010,996
Net Position, July 1 (Restated)				17,432,481	457,457	17,889,938
Net Position - Ending						

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, 2022**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Assets:</b>					
Cash and Cash Equivalents	5,014,010	471,114	301	1	5,485,426
Due from Other Funds	406,258	-	-	-	406,258
Receivable from State Government	286,064	148,180	-	-	434,244
Receivable from Federal Government	13,360	265,528	-	-	278,888
Receivables from Other Governments	494,833	-	-	-	494,833
Receivables other	40,390	-	-	-	40,390
Restricted Cash and Cash Equivalents	3,739,249	-	-	-	3,739,249
<b>Total Assets</b>	<b>9,994,164</b>	<b>884,822</b>	<b>301</b>	<b>1</b>	<b>10,879,289</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Interfund Loans Payable	-	406,258	-	-	406,258
Payroll Deductions and Withholdings Payable	345,128	-	-	-	345,128
Unearned Revenue Federal	-	4,606	-	-	4,606
Unearned Revenue Local Grants	-	2,843	-	-	2,843
<b>Total Liabilities</b>	<b>345,128</b>	<b>413,708</b>	<b>-</b>	<b>-</b>	<b>758,836</b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Debt Service	-	-	-	1	1
Capital Projects	-	-	301	-	301
Excess Surplus	1,692,369	-	-	-	1,692,369
Excess Surplus Designated for					
for Subsequent Year's Expenditures	2,881,671	-	-	-	2,881,671
Maintenance Reserve Account	934,079	-	-	-	934,079
Capital Reserve Account	2,805,171	-	-	-	2,805,171
Unemployment Compensations	175,125	-	-	-	175,125
Scholarships	-	347,868	-	-	347,868
Student Activities	-	123,246	-	-	123,246
<b>Assigned to:</b>					
Year End Encumbrances	374,503	-	-	-	374,503
<b>Unassigned:</b>					
General Fund	786,121	-	-	-	786,121
<b>Total Fund Balances</b>	<b>9,649,037</b>	<b>471,114</b>	<b>301</b>	<b>1</b>	<b>10,120,453</b>
<b>Total Liabilities and Fund Balances</b>	<b>9,994,164</b>	<b>884,822</b>	<b>301</b>	<b>1</b>	
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. (22,653)					
Accounts payable for subsequent pension payment is not a payable in the funds (295,162)					
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 631,793					
Deferred Inflows of Resources Related to PERS Pension Liability (1,732,871)					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$27,293,773 and the accumulated depreciation is \$12,331,540. 14,962,233					
Deferred interest costs are not reported as expenditures in the governmental fund in the year of the expenditure. 25,085					
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (6,256,397)					
<b>Net position of governmental activities 17,432,481</b>					

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

**BUTLER BOROUGH SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues:</b>					
Local sources:					
Local Tax Levy	18,105,486	-	-	552,153	18,657,639
Tuition - Other LEA's Within the State	4,304,577	-	-	-	4,304,577
Transport. Fees from Other LEAs Within State	100,009	-	-	-	100,009
Rentals	46,450	-	-	-	46,450
Interest Earned on Capital Reserve Funds	2,837	-	-	-	2,837
Other Restricted Miscellaneous Revenues	20,258 *	-	-	-	20,258
Unrestricted Miscellaneous Income	72,097	220,501 **	-	-	292,598
Total - Local Sources	22,651,714	220,501	-	552,153	23,424,368
State sources	8,269,993	125,527	-	66,991	8,462,510
Federal sources	47,550	1,066,715	-	-	1,114,265
Total revenues	30,969,257	1,412,742	-	619,144	33,001,143
<b>Expenditures:</b>					
Current:					
Regular Instruction	6,846,670	1,165,005	-	-	8,011,674
Special Education Instruction	2,024,603	-	-	-	2,024,603
Other Special Instruction	226,235	-	-	-	226,235
Other Instruction	589,612	-	-	-	589,612
Support Services and Undistributed Costs:					
Tuition	1,150,953	-	-	-	1,150,953
Student & Instruction Related Services	3,116,918	241,319 ***	-	-	3,358,237
General Administrative Services	495,868	-	-	-	495,868
School Administrative Services	978,107	-	-	-	978,107
Central Services and Admin. Infor. Tech.	596,449	-	-	-	596,449
Plant Operations and Maintenance	2,717,448	-	-	-	2,717,448
Pupil Transportation	1,238,687	-	-	-	1,238,687
Unallocated Employee Benefits	9,121,934	-	-	-	9,121,934
Capital Outlay	1,589,065	-	-	-	1,589,065
Transfer to charter school	60,588	-	-	-	60,588
Debt Service:					
Principal	-	-	-	560,000	560,000
Interest and Other Charges	-	-	-	59,144	59,144
Total Expenditures	30,753,137	1,406,324	-	619,144	32,778,605
Excess (Deficiency) of Revenues					
Over Expenditures	216,120	6,418	-	0	222,538
Net Change in Fund Balances	216,120	6,418	-	0	222,538
Fund Balance - July 1	9,432,917	464,696	301	1	9,897,915
Fund Balance—June 30	9,649,037	471,114	301	1	10,120,453

\* 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.

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



**BUTLER BOROUGH SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Total net change in fund balances - governmental funds (from B-2)** 222,538

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	(688,162)	
	Depreciable Capital Outlays	<u>1,804,399</u>	
			<u>1,116,237</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	560,000
	Principal Payments on Financed Purchases	123,111

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	268,510	
	Less: Pension Expense	<u>(333,928)</u>	
	(Increase)/Decrease in Pension Expense		602,438

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.

	Decrease in On-behalf State Aid TPAF Pension	(2,760,746)
	Decrease in On-behalf TPAF Pension Expense	2,760,746

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	1,483,186
	Increase in On-behalf State Aid TPAF Post Retirement Medical Expense	(1,483,186)

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

7,895

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>44,279</u>
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**Change in net position of governmental activities** 2,663,954

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

**BUTLER BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2022**

	Business-type Activities - Enterprise Funds
	Food Service
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	303,186
Intergovernmental Receivables:	
Federal	53,761
State	1,069
Inventories	16,352
Total Current Assets	374,368
Noncurrent Assets:	
Furniture, Machinery & Equipment	180,203
Less Accumulated Depreciation	(97,114)
Total Noncurrent Assets	83,089
Total Assets	457,457
<b>NET POSITION:</b>	
Invested in capital assets, net of related debt	83,089
Unrestricted	374,368
Total Net Position	457,457

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, 2022**

	<b>Business-type Activities - Enterprise Fund</b>
	<b>Food Service</b>
<b>Operating Revenues:</b>	
Charges for Services:	
Daily Sales - Reimbursable lunch programs	25,609
Daily Sales - Non-reimbursable lunch programs	17,974
Miscellaneous	2,164
Total Operating Revenues	45,747
 <b>Operating Expenses:</b>	
Salaries	184,464
Support Services - Employee Benefits	26,027
Purchased Professional/Technical Services	20,200
Other Purchased Services	30,760
Supplies and Materials	32,228
Depreciation	8,449
Cost of Sales- Reimbursable	284,002
Miscellaneous	4,994
Total Operating Expenses	591,123.42
Operating Income/(Loss)	(545,377)
 <b>Nonoperating Revenues/(Expenses):</b>	
State Sources:	
State School Lunch Program	14,194
Federal Sources:	
National School Lunch Program	603,255
Breakfast Program	95,053
Food Distribution Program	47,571
Interest and Investment Revenue	291
Total Nonoperating Revenues/(Expenses)	760,364
Change in net position	214,987
Total Net Assets - Balance, beginning of year as previously reported	254,960
Prior Period Adjustment for Capital Assets	(12,490)
Total Net Position- Beginning (restated)	242,470
Total Net Position - Ending	457,457

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, 2022**

	<b>Business-type Activities - Enterprise Funds</b>
	<b>Food Service</b>
<b>Cash Flows from Operating Activities:</b>	
Cash Receipts from Customers	45,747
Cash Payments to Employees for Services	(184,464)
Cash Payments to Suppliers for Goods and Services	(409,564)
Net Cash Provided by/(Used for) Operating Activities	(548,282)
<b>Cash Flows from Non-capital Financing Activities:</b>	
State Sources	14,670
Federal Sources	742,760
Net Cash Provided by/(Used for) Non-capital Financing Activities	757,430
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Purchases of capital assets	3,520
Net cash provided by (used for) capital and related financing activities	3,520
<b>Cash Flows from Investing Activities:</b>	
Interest and Dividends	291
Purchase of Capital Assets	-
Net cash provided by (used for) investing activities	291
Net Increase/(Decrease) in Cash and Cash Equivalents	205,920
Balances—Beginning	97,266
Balances—Ending	303,186
<b>Reconciliation of Operating Income/(Loss) to Net Cash Provided by (Used) Operating Activities:</b>	
Operating Income/(Loss)	(545,377)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	8,449
(Increase)/Decrease in Inventories	(11,354)
Total Adjustments	(2,905)
Net Cash Provided by/(Used for) Operating Activities	(548,282)

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, 2022**

**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, 2022**

**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, 2022**

**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, 2022**

**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.

**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.

**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.

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Measurement Focus (continued)**

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.

***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 11<sup>th</sup> day of the 11<sup>th</sup> 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.

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

**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 2020-2021 and 2021-2022 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.

**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.

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Budgets/Budgetary Control**

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.

**G. Cash, Cash Equivalents and Investments**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value. New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

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.

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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.

**K. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2022, 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.

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**M. Capital Assets**

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

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

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

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

**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.

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**N. Compensated Absences**

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.

**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.

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Q. Accounting and Financial Reporting for Pensions (continued)**

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.

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.



**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 2022-2023 original budget certified for taxes.

*Excess Surplus* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2022 audited excess surplus that is required to be appropriated in the 2023-2024 original budget certified for taxes.

*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.)

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

*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 2022-2023 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, 2022**

**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, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Y. New Accounting Standards (continued)**

During fiscal year 2022, the District adopted the following GASB Statement:

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 implementation of this statement had no material impact on the financial statements.

**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, 2022, \$-0- of the District's bank balance of \$9,819,193.96 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, 2022**

**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, 2022 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	\$434,244	\$1,069	\$435,313
Federal Aid	278,888	53,761	332,649
Other Governments	494,833	-	494,833
Interfunds	406,258	-	-
Other	<u>40,390</u>	<u>-</u>	<u>40,390</u>
Gross Receivables	<u>1,654,613</u>	<u>54,830</u>	<u>1,303,185</u>
Less: Allowances for Uncollectables	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Receivables, Net	<u>\$1,654,613</u>	<u>\$54,830</u>	<u>\$1,303,185</u>

**NOTE 4. INTERFUND BALANCES AND ACTIVITY**

Balance due to/from other funds at June 30, 2022 consists of the following:

Due to General Fund from the Special Revenue Fund for short term loans. \$406,258

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, 2022**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

Governmental Activities:	<u>Balance</u> <u>6/30/21</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Balance</u> <u>6/30/22</u>
Capital Assets, Not Being Depreciated					
Construction in Progress	-	<u>135,772</u>	-	-	<u>135,772</u>
Total Capital Assets, Not Being Depreciated	-	<u>135,772</u>	-	-	<u>135,772</u>
Building & Improvements	20,040,742	935,127	-	-	20,975,869
Site Improvements	3,793,795	179,894	-	-	3,973,689
Machinery & Equipment	<u>1,627,809</u>	<u>553,605</u>	-	<u>27,028</u>	<u>2,208,442</u>
Totals at Historical Cost	<u>25,462,346</u>	<u>1,668,626</u>	<u>0</u>	<u>27,028</u>	<u>27,158,000</u>
Governmental Activities Capital Assets	<u>25,462,346</u>	<u>1,804,399</u>	-	<u>27,028</u>	<u>27,293,773</u>
Less: Accumulated Depreciation:					
Site Improvements	(2,128,418)	(428,798)	-	-	(2,557,216)
Building & Improvements	(8,413,954)	(182,526)	-	-	(8,596,480)
Machinery & Equipment	<u>(1,101,006)</u>	<u>(76,837)</u>	-	-	<u>(1,177,843)</u>
Total Accumulated Depreciation	<u>(11,643,378)</u>	<u>(688,162)</u>	-	-	<u>(12,331,540)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>13,818,968</u>	<u>980,465</u>	-	<u>27,028</u>	<u>14,826,461</u>
<b>Governmental Activities Capital Assets, Net</b>	<u><u>13,818,968</u></u>	<u><u>1,116,237</u></u>	<u>-</u>	<u><u>27,028</u></u>	<u><u>14,962,233</u></u>
Business Type Activity					
Equipment	199,528	3,520	-	(22,845)	180,203
Less Accumulated Depreciation: Equipment	<u>(99,019)</u>	<u>(8,449)</u>	-	<u>10,354</u>	<u>(97,113)</u>
<b>Business-Type Activity Capital Assets, Net</b>	<u><u>100,509</u></u>	<u><u>(4,929)</u></u>	<u>-</u>	<u><u>(12,490)</u></u>	<u><u>83,089</u></u>

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 5. CAPITAL ASSETS (continued)**

Depreciation expense was charged to functions as follows:

Instruction:

Regular Education	\$ 4,799
Special Education	6,361
Student & Instruction Related Services	25,875
School Administrative Services	274
Plant Operations and Maintenance	25,595
Unallocated	<u>626,257</u>
Total Depreciation Expense	<u>\$688,162</u>

**NOTE 6. LONG-TERM OBLIGATION ACTIVITY**

Changes in long-term obligations for the fiscal year ended June 30, 2022 were as follows:

	<u>Balance June 30, 2021</u>	<u>Retired</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>	<u>Long-Term Portion</u>
Financed Purchases Payable	\$1,687,074	\$(123,111)	\$1,563,963	\$124,150	\$1,439,814
Compensated Absences Payable	590,582	(44,279)	546,303	-	546,303
Net Pension Liability - PERS	3,649,028	(932,898)	2,716,130	-	2,716,130
School Bonds of 2009	1,125,000	(265,000)	860,000	275,000	585,000
Refunding School Bonds of 2012	<u>865,000</u>	<u>(295,000)</u>	<u>570,000</u>	<u>290,000</u>	<u>280,000</u>
	<u>\$7,916,684</u>	<u>(\$1,660,288)</u>	<u>\$6,256,396</u>	<u>\$689,150</u>	<u>\$5,567,247</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, 2022**

**NOTE 6. LONG-TERM OBLIGATION ACTIVITY (continued)**

**A. Bonds Payable (continued)**

Outstanding Bonds Payable at June 30, 2022, 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, 2022</u>
School Bonds of 2009 (Various School Renovations)	\$3,046,000	7/01/2009	2.00-4.00%	7/01/2024	\$860,000
Refunding Bonds of 2012 (Refunding School Bonds of 2004)	\$2,920,000	2/01/2012	2.00-2.56%	2/01/2024	<u>570,000</u>
					<u><u>\$1,430,000</u></u>

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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><u>\$1,430,000</u></u>	<u><u>\$72,425</u></u>	<u><u>\$1,502,425</u></u>

**B. Bonds Authorized but not Issued**

As of June 30, 2022, 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, 2022**

**NOTE 7. FINANCED PURCHASES PAYABLE**

The District has financed purchases agreements for ten copiers for a term of five years ending February 2024. Additionally, in 2018-2019, the District financed boilers and lighting upgrades through a financed purchases 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 payments under these financed purchases and the present value of the net minimum payments at June 30, 2022:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2023	\$167,390
2024	147,776
2025	109,362
2026	111,884
2027	114,464
2028-2032	613,068
2033-2037	<u>684,389</u>
Total Minimum Payments	1,948,335
Less: Amount representing interest	<u>(384,371)</u>
Present Value of Net Minimum Payments	<u><u>\$1,563,963</u></u>

The General Fund will be used to liquidate the Financed Purchases.

**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](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, 2022**

**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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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, 2022**

**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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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, 2022**

**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 TPAF, 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>
6/30/22	\$268,510	\$22,049
6/30/21	244,819	23,613
6/30/20	218,807	32,454

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>
44741	\$3,763,139	\$891,626	\$53,093	\$1,464
44376	2,712,242	866,146	51,604	1,363
44011	1,969,201	743,631	35,296	1,495

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, 2022**

**NOTE 8. PENSION PLANS (continued)**

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$813,577 during the year ended June 30, 2022 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, 2022, the District had a liability of \$2,716,130 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the District's proportion was 0.0229276987 percent, which was an increase of 0.0005511643 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$(333,928). At June 30, 2022, 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	\$42,837	\$19,444
Changes of assumptions	14,146	966,960
Net difference between projected and actual earnings on pension plan investments	-	715,500
Changes in proportion	279,648	30,967
District contributions subsequent to the measurement date	<u>295,162</u>	<u>          </u>
Total	<u>\$631,793</u>	<u>\$1,732,871</u>

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 8. PENSION PLANS (continued)**

**Public Employees Retirement System (PERS) (continued)**

The \$295,162 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, 2022, 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, 2022. 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:	
2022	(\$640,888)
2023	(457,593)
2024	(312,000)
2025	(234,531)
2026	91

**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 5.13, 5.16, 5.21, 5.63, 5.48 and 5.57 years for 2021, 2020, 2019, 2018, 2017 and 2016 amounts, respectively.

**Additional Information**

Local Group Collective balances at June 30, 2021 and June 30, 2020 are as follows:

	June 30, 2021	June 30, 2020
Collective deferred outflows of resources	\$1,164,738,169	\$2,347,583,337
Collective deferred inflows of resources	8,339,123,762	7,849,949,467
Collective net pension liability	11,846,499,172	16,435,616,426
District's Proportion	0.0229276987%	0.0223765344%

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**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, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which rolled forward to June 30, 2021. 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, 2020 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-2021.

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**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, 2021) 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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%



**Borough of Butler School District  
 Notes to the Basic Financial Statements  
 for the fiscal year ended June 30, 2022**

**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, 2021. 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 100% 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, 2021, 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:

	June 30, 2021		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
District's proportionate share of the pension liability	\$3,738,247	\$2,716,130	\$1,902,244

**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](http://www.state.nj.us/treasury/pensions).

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**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>44,856,195</u>
	<u>\$44,856,195</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021. 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, 2021, the proportion of the TPAF net pension liability associated with the District was 0.0933042526%.

For the year ended June 30, 2022, the District recognized on-behalf pension expense and revenue of \$1,055,486 for contributions provided by the State in the District-Wide Financial Statements.

**Actuarial Assumptions**

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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, 2022**

**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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2021) 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, 2022**

**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, 2021 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%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 based on 100% of the actuarially determined contributions for the State. 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.

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**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**

**State Health Benefit State Retired Employees Plan**

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a "pay-as-you-go" basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Required OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as "the employers") for which the State is legally obligated to pay for benefits. The State Required OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premium or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L. 1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

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

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan is administered on a “pay-as-you-go” basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No.75. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: TPAF, PERS, PFRS, or ABP.

Pursuant to P.L. 2011, c.78, future retirees eligible for postemployment medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. The State, as a nonemployer contributing entity, reported a Fiscal Year 2021 total OPEB liability of \$60,007,650,970 for this special funding situation.

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**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**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, 2022 was as follows:

OPEB Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	53,400,691
	\$53,400,691

*Actual Assumptions and Other Imputes*

The total OPEB liability in the June 30, 2021 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, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. 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, 2022**

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

**Total Nonemployer OPEB Liability (continued)**

Inflation rate	2.50%	
	<b>TPAF/ABP</b>	<b>PERS</b>
Salary increases:		
Through 2026	1.55 - 4.45% based on service years	2.00 - 6.00% based on service years
Thereafter	2.75 - 5.65% 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-2021. 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-2021. 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-2021.

The actuarial assumptions used in the June 30, 2020 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 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.



**Borough of Butler School District**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2022**

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

**(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.

**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, 2022, the board of education/board of trustees recognized on-behalf OPEB expense of \$2,374,812 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.	

**Borough of Butler School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**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.

**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, 2022**

**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>
2021-2022	\$242	\$23,120	\$433	\$175,125
2020-2021	268	21,089	9,377	152,196
2019-2020	276	21,898	17,598	140,216

**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, 2021 to June 30, 2022 fiscal year is as follows:

Beginning balance, July 1, 2021	\$2,767,334
Interest earnings	2,837
Deposit:	
Board Resolution	1,600,000
Less: Budget Withdrawal	<u>(1,565,000)</u>
Ending balance, June 30, 2022	<u>\$2,805,171</u>

The balance in the capital reserve account at June 30, 2022 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, 2022**

**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	\$900,000
Less: Budget Withdrawal	(65,921)
Deposit: Board Resolution	<u>100,000</u>
Ending balance, June 30, 2021	<u>\$934,079</u>

**NOTE 14. FUND BALANCE APPROPRIATED**

**General Fund [Exhibit B-1]** - Of the \$9,649,037 General Fund fund balance at June 30, 2022, \$374,503 is reserved for encumbrances; \$4,574,040 is reserved as excess surplus in accordance with *N.J.S.A.* 18A:7F-7, \$2,881,671 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2023; \$2,805,171 has been reserved in the Capital Reserve Account; \$934,079 has been reserved in the Maintenance Reserve Account; \$175,125 has been reserved in the Unemployment Compensation Account; \$0.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2023; and \$786,121 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, 2022 is \$4,574,040. Of this amount, \$1,629,369 is the result of current year operation, and \$2,881,671 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, 2022**

**NOTE 16. INVENTORY**

Inventory in the Food Service Fund at June 30, 2022 consisted of the following:

Commodities	\$4,618
Food	8,041
Supplies	<u>3,693</u>
	<u>\$16,352</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, 2021 was restated to reflect adjustments to capital assets not previously accounted for. The resulting restatements of net position are as follows:

	<u>Governmental Activities</u>	<u>Business Type-Activities</u>	<u>Food Service</u>
Net Position at June 30, 2021	\$14,741,498	\$254,960	\$254,960
Prior Period Adjustment for Capital Assets	<u>27,028</u>	<u>(12,490)</u>	<u>(12,490)</u>
Net Position at June 30, 2022 - Restated	<u>\$14,768,526</u>	<u>\$242,470</u>	<u>\$242,470</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, 2022**

**NOTE 19. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through February 1, 2023, 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, 2022**

**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>
<b>Revenues:</b>					
Local Sources:					
Local Tax Levy	18,105,486	-	18,105,486	18,105,486	0
Tuition - Other LEAs Within the State	4,200,000	-	4,200,000	4,304,577	104,577
Transportation Fees from Other LEAs Within the State	-	-	-	100,009	100,009
Rentals and Royalties	41,000	-	41,000	46,450	5,450
Unrestricted Miscellaneous Revenue	48,627	-	48,627	72,097	23,470
Interest Earned on Capital Reserve Funds	1,000	-	1,000	2,837	1,837
Other Restricted Miscellaneous Revenues	30,000	-	30,000	20,258	(9,742)
<b>Total - Local Sources</b>	<u>22,426,113</u>	<u>-</u>	<u>22,426,113</u>	<u>22,651,714</u>	<u>225,601</u>
State Sources:					
School Choice Aid	13,592	-	13,592	13,592	-
Categorical Transportation Aid	215,738	-	215,738	215,738	-
Extraordinary Aid	225,000	-	225,000	230,990	5,990
Categorical Special Education Aid	674,281	-	674,281	674,281	-
Equalization Aid	1,525,936	-	1,525,936	1,525,936	-
Categorical Security Aid	39,010	-	39,010	39,010	-
Unrestricted Grants-in-Aid	-	67,565	67,565	67,565	-
Non Public Transportation Aid	-	-	-	15,660	15,660
On-behalf TPAF Pension and Annuity Fund (non-budgeted)	-	-	-	3,763,139	3,763,139
On-behalf TPAF NCGI Premium (non-budgeted)	-	-	-	53,093	53,093
On-behalf TPAF Post Retirement Medical (non-budgeted)	-	-	-	891,626	891,626
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)	-	-	-	1,464	1,464
TPAF Social Security (Reimbursed - non-budgeted)	-	-	-	813,577	813,577
<b>Total State Sources</b>	<u>2,693,557</u>	<u>67,565</u>	<u>2,761,122</u>	<u>8,305,671</u>	<u>5,544,549</u>
Federal Sources:					
Medicaid Reimbursement	52,229	-	52,229	47,550	(4,679)
<b>Total Federal Sources</b>	<u>52,229</u>	<u>-</u>	<u>52,229</u>	<u>47,550</u>	<u>(4,679)</u>
<b>Total Revenues</b>	<u>25,171,899</u>	<u>67,565</u>	<u>25,239,464</u>	<u>31,004,935</u>	<u>5,765,471</u>
<b>Expenditures:</b>					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	332,283	5,469	337,752	335,252	2,501
Grades 1-5 - Salaries of Teachers	1,923,687	(70,675)	1,853,012	1,853,010	2
Grades 6-8 - Salaries of Teachers	1,288,768	13,554	1,302,322	1,302,321	2
Grades 9-12 - Salaries of Teachers	2,884,129	(22,896)	2,861,233	2,861,233	0
Regular Programs - Home Instruction:					
Salaries of Teachers	23,000	26,369	49,369	49,368	1
Purchased Professional-Educational Services	33,500	(23,980)	9,520	7,999	1,521
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	171,217	(40,181)	131,036	125,460	5,576
Purchased Professional-Educational Services	62,616	-	62,616	17,413	45,203
Purchased Technical Services	70,125	(25,297)	44,828	41,573	3,255
Other Purchased Services (400-500 series)	66,052	-	66,052	60,943	5,109
General Supplies	204,736	51,052	255,788	175,689	80,099
Textbooks	19,921	(11,903)	8,019	8,018	0
Other Objects	9,000	130	9,130	8,393	737
<b>Total Regular Programs - Instruction</b>	<u>7,089,034</u>	<u>(98,358)</u>	<u>6,990,676</u>	<u>6,846,670</u>	<u>144,007</u>
Learning and/or Language Disabilities:					
Salaries of Teachers	419,214	70,824	490,038	489,600	438
General Supplies	2,200	-	2,200	1,587	613
<b>Total Learning and/or Language Disabilities</b>	<u>421,414</u>	<u>70,824</u>	<u>492,238</u>	<u>491,187</u>	<u>1,051</u>
Multiple Disabilities:					
Salaries of Teachers	304,792	70,962	375,754	375,753	1
Other Salaries for Instruction	92,485	(13,573)	78,912	-	78,912
Purchased Professional-Educational Services	2,000	-	2,000	-	2,000
General Supplies	3,400	-	3,400	1,875	1,525
<b>Total Multiple Disabilities</b>	<u>402,677</u>	<u>57,389</u>	<u>460,066</u>	<u>377,628</u>	<u>82,438</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,076,227	(22,203)	1,054,024	1,020,227	33,797
Other Salaries for Instruction	62,416	(1,656)	60,760	-	60,760
General Supplies	6,000	-	6,000	2,677	3,323
<b>Total Resource Room/Resource Center</b>	<u>1,144,643</u>	<u>(23,859)</u>	<u>1,120,784</u>	<u>1,022,904</u>	<u>97,880</u>

**BUTLER BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Preschool Disabilities - Full- Time					
Salaries of Teachers	174,938	-	174,938	91,486	83,452
Other Salaries for Instruction	16,329	750	17,079	17,079	-
Purchased Professional-Educational Services	2,000	-	2,000	-	2,000
General Supplies	3,500	-	3,500	333	3,167
Total Preschool Disabilities - Full- Time	<u>196,767</u>	<u>750</u>	<u>197,517</u>	<u>108,898</u>	<u>88,619</u>
Home Instruction:					
Salaries of Teachers	23,000	2,459	25,459	23,986	1,473
Purchased Professional - Educational Services	6,000	(2,459)	3,541	-	3,541
Total Home Instruction	<u>29,000</u>	<u>-</u>	<u>29,000</u>	<u>23,986</u>	<u>5,014</u>
Total Special Education - Instruction	<u>2,194,501</u>	<u>105,105</u>	<u>2,299,606</u>	<u>2,024,603</u>	<u>275,002</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	153,229	(13,259)	139,970	137,740	2,230
General Supplies	500	(0)	500	-	500
Total Basic Skills/Remedial - Instruction	<u>153,729</u>	<u>(13,260)</u>	<u>140,469</u>	<u>137,740</u>	<u>2,729</u>
Bilingual Education - Instruction					
Salaries of Teachers	182,190	-	182,190	88,222	93,968
General Supplies	600	-	600	273	327
Total Bilingual Education - Instruction	<u>182,790</u>	<u>-</u>	<u>182,790</u>	<u>88,495</u>	<u>94,295</u>
School-Spon. Co/Extra Curr. Actvts. -Inst					
Salaries	76,280	883	77,163	57,021	20,142
Purchased Services (300-500 Series)	6,672	(883)	5,789	-	5,789
Supplies and Materials	5,883	512	6,395	3,612	2,783
Other Objects	195	184	379	379	-
Total School-Spon. Co/Extra Curr. Actvts.- Inst	<u>89,030</u>	<u>696</u>	<u>89,726</u>	<u>61,012</u>	<u>28,714</u>
School-Sponsored Athletics - Instruction					
Salaries	296,140	14,471	310,611	310,610	1
Purchased Services (300-500 Series)	42,045	(11,266)	30,779	23,926	6,853
Supplies and Materials	52,996	(3,311)	49,685	41,710	7,975
Other Objects	15,217	-	15,217	11,808	3,409
Transfers to Cover Deficit (Agency Funds)	37,000	-	37,000	35,000	2,000
Total School-Sponsored Athletics - Instruction	<u>443,398</u>	<u>(106)</u>	<u>443,292</u>	<u>423,054</u>	<u>20,238</u>
Summer School - Instruction:					
Salaries of Teachers	82,000	16,402	98,402	98,402	-
Other Salaries of Instruction	25,000	(17,856)	7,144	7,144	-
Purchased Professional & Technical Services	9,503	(540)	8,963	-	8,963
General Supplies	750	(750)	-	-	-
Total Summer School - Instruction	<u>117,253</u>	<u>(2,744)</u>	<u>114,509</u>	<u>105,546</u>	<u>8,963</u>
Total Summer School	<u>117,253</u>	<u>(2,744)</u>	<u>114,509</u>	<u>105,546</u>	<u>8,963</u>
Total Instruction	<u>10,269,735</u>	<u>(8,667)</u>	<u>10,261,068</u>	<u>9,687,120</u>	<u>573,949</u>
Undistributed Expenditures - Instruction (Tuition)					
Tuition to County Voc. School Dist.- Regular	459,564	-	459,564	425,277	34,287
Tuition to CSSD & Reg. Day Schools	346,548	16,389	362,937	238,727	124,210
Tuition to Priv.Sch. For the Disabled W/I State	1,142,091	(13,943)	1,128,148	486,949	641,199
Total Undistributed Expenditures - Instruction (Tuition)	<u>1,948,203</u>	<u>2,446</u>	<u>1,950,649</u>	<u>1,150,953</u>	<u>799,696</u>
Undist. Expend.-Attendance and Social Work					
Salaries	23,717	813	24,530	24,530	-
Supplies and Materials	1,000	-	1,000	645	355
Total Undist. Expend.-Attendance and Social Work	<u>24,717</u>	<u>813</u>	<u>25,530</u>	<u>25,175</u>	<u>355</u>
Undist. Expenditures - Health Services					
Salaries	266,277	-	266,277	262,503	3,774
Purchased Professional and Technical Services	36,000	(2,909)	33,091	16,090	17,001
Other Purchased Services (400-500 series)	250	-	250	-	250
Supplies and Materials	13,704	-	13,704	10,876	2,828
Other Objects	860	-	860	255	605
Total Undist. Expenditures - Health Services	<u>317,091</u>	<u>(2,909)</u>	<u>314,182</u>	<u>289,725</u>	<u>24,457</u>
Undist. Expend.-Speech, OT, PT and Related Services					
Salaries	354,905	(2,101)	352,804	352,804	-
Purchased Professional - Educational Services	202,760	53,789	256,549	215,731	40,818
Supplies and Materials	1,966	-	1,966	1,740	226
Total Undist. Expend.-Speech, OT, PT and Related Services	<u>559,631</u>	<u>51,688</u>	<u>611,319</u>	<u>570,275</u>	<u>41,044</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, 2022**

**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	611,148	(277,974)	333,174	325,227	7,947
Purchased Professional- Educational Services	38,900	154,725	193,625	182,726	10,899
Supplies and Materials	9,000	(1,717)	7,283	6,403	880
<b>Total Undist Expend-Oth Supp Serv Std-Extra Serv</b>	<b>659,048</b>	<b>(124,966)</b>	<b>534,082</b>	<b>514,356</b>	<b>19,726</b>
<b>Undist. Expenditures - Guidance</b>					
Salaries of Other Professional Staff	475,726	(12,337)	463,389	463,362	27
Salaries of Secretarial and Clerical Assistants	43,479	-	43,479	43,479	0
Purchased Professional- Educational Services	193,500	(16,247)	177,253	175,435	1,818
Other Purchased Prof. And Tech. Services	70,691	(1,072)	69,619	67,054	2,566
Other Purchased Services (400-500 series)	4,172	-	4,172	840	3,332
Supplies and Materials	6,850	968	7,818	7,525	293
Other Objects	385	-	385	40	345
<b>Total Undist. Expenditures - Guidance</b>	<b>794,803</b>	<b>(28,688)</b>	<b>766,115</b>	<b>757,734</b>	<b>8,381</b>
<b>Undist. Expenditures- Child Study Teams</b>					
Salaries of Other Professional Staff	388,074	(1,861)	386,213	360,437	25,776
Salaries of Secretarial and Clerical Assistants	76,481	5,744	82,225	82,225	-
Purchased Professional- Educational Services	3,500	-	3,500	600	2,900
Other Purchased Prof. And Tech. Services	26,950	(225)	26,725	9,512	17,213
Other Purchased Services (400-500 series)	1,124	-	1,124	328	796
Supplies and Materials	3,180	-	3,180	1,287	1,893
<b>Total Undist. Expenditures - Child Study Teams</b>	<b>499,309</b>	<b>3,658</b>	<b>502,967</b>	<b>454,389</b>	<b>48,578</b>
<b>Undist. Expend.-Improv. Of Inst. Serv.</b>					
Salaries of Supervisors of Instruction	439,701	(153,853)	285,848	228,795	57,053
Salaries of Other Professional Staff	20,000	-	20,000	-	20,000
Salaries of Secretarial and Clerical Assistants	33,134	(23,497)	9,637	9,637	-
Unused Vacation Payment to Terminated/Retired Staff	10,800	18,918	29,718	29,718	-
Other Purch Services (400-500)	-	450	450	450	-
Supplies and Materials	20,000	(2,697)	17,303	7,267	10,036
Other Objects	2,070	-	2,070	820	1,250
<b>Total Undist. Expend.-Improv. Of Inst. Serv.</b>	<b>525,705</b>	<b>(160,680)</b>	<b>365,025</b>	<b>276,686</b>	<b>88,339</b>
<b>Undist. Expend.-Edu. Media Serv./Library</b>					
Salaries	131,268	11,291	142,559	118,477	24,082
Purchased Professional and Technical Services	13,074	3,280	16,354	7,727	8,627
Supplies and Materials	10,006	6,552	16,558	13,944	2,613
<b>Total Undist. Expend.-Edu. Media Serv./Library</b>	<b>154,348</b>	<b>21,123</b>	<b>175,471</b>	<b>140,148</b>	<b>35,323</b>
<b>Undist. Expend.-Instr. Staff Training Serv.</b>					
Salaries of Supervisors of Instruction	89,704	-	89,704	85,915	3,789
Salaries of Other Professional Staff	7,000	-	7,000	550	6,450
Purchased Professional - Educational Service	3,397	-	3,397	-	3,397
Other Purchased Services (400-500 series)	15,220	-	15,220	1,964	13,256
<b>Total Undist. Expend.-Instr. Staff Training Serv.</b>	<b>115,321</b>	<b>-</b>	<b>115,321</b>	<b>88,429</b>	<b>26,892</b>
<b>Undist. Expend.-Support Serv.-Gen. Admin.</b>					
Salaries	247,381	6,692	254,073	253,012	1,061
Legal Services	90,000	(15,150)	74,850	48,004	26,846
Audit Fees	52,050	-	52,050	28,000	24,050
Other Purchased Professional Services	22,684	22,441	45,125	45,125	-
Purchased Technical Services	14,400	(4,594)	9,806	9,806	-
Communications/Telephone	44,026	15,435	59,461	45,008	14,453
BOE Other Purchased Services	6,000	-	6,000	-	6,000
Miscellaneous Purchased Services (400-500 series)	57,000	1,000	58,000	47,385	10,615
General Supplies	4,370	1,755	6,125	5,285	840
Judgments Against the School District	46,045	(20,887)	25,158	-	25,158
Miscellaneous Expenditures	3,400	38	3,438	3,438	-
BOE Membership Dues and Fees	11,675	(38)	11,637	10,806	831
<b>Total Undist. Expend.-Support Serv.-Gen. Admin.</b>	<b>599,031</b>	<b>6,692</b>	<b>605,723</b>	<b>495,868</b>	<b>109,855</b>
<b>Undist. Expend. - Support Serv. - School Admin.</b>					
Salaries of Principals/Asst. Principals/Prog Dir	687,908	(11,427)	676,481	676,481	-
Salaries of Other Professional Staff	67,441	(6,669)	60,772	60,772	-
Salaries of Secretarial and Clerical Assistants	162,396	36,006	198,402	198,327	75
Unused Vacation Payment to Terminated/Retired Staff	7,200	16,582	23,782	22,422	1,360
Other Purchased Services (400-500 series)	12,600	1,944	14,544	9,954	4,590
Supplies and Materials	4,065	1,729	5,794	5,747	47
Other Objects	6,650	-	6,650	4,404	2,246
<b>Total Undist. Expend. - Support Serv. - School Admin.</b>	<b>948,260</b>	<b>38,165</b>	<b>986,425</b>	<b>978,107</b>	<b>8,319</b>

**BUTLER BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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	315,210	(18,000)	297,210	250,933	46,277
Purchased Professional Services	1,500	-	1,500	1,000	500
Purchased Technical Services	36,791	16,000	52,791	35,659	17,132
Misc. Purchased Services (400-500 series)	7,400	3,103	10,503	8,008	2,496
Supplies and Material	8,666	497	9,163	9,143	21
Miscellaneous Expenditures	5,875	(1,600)	4,275	4,275	-
Total Undist. Expend. - Central Services	<u>375,442</u>	<u>-</u>	<u>375,442</u>	<u>309,017</u>	<u>66,425</u>
Undist. Expend. - Admin. Info Technology					
Salaries	220,538	(9,524)	211,014	208,318	2,696
Purchased Technical Services	48,202	25,719	73,922	69,987	3,935
Other Purchased Services (400-500 series)	800	-	800	-	800
Supplies and Material	11,500	(1,173)	10,327	9,127	1,200
Total Undist. Expend. - Admin. Info Technology	<u>281,040</u>	<u>15,022</u>	<u>296,063</u>	<u>287,432</u>	<u>8,631</u>
Undist. Expend.-Required Maint For Sch Fac.					
Salaries	170,909	17,169	188,078	180,369	7,709
Cleaning, Repair and Maintenance Services	194,508	112,499	307,007	301,431	5,576
Lead Testing of Drinking Water	5,000	-	5,000	4,975	25
General Supplies	79,566	-	79,566	59,406	20,160
Total Undist. Expend.-Required Maint For Sch Fac.	<u>449,983</u>	<u>129,667</u>	<u>579,650</u>	<u>546,180</u>	<u>33,470</u>
Undist. Expend. - Custodial Services					
Salaries	1,062,248	(73,920)	988,328	966,852	21,475
Salaries of Non-Instructional Aides	23,588	5,977	29,565	29,470	95
Unused Vac. Payments to Terminated/Retired Staff	10,800	-	10,800	7,093	3,707
Purchased Professional and Technical Services	7,784	(4,894)	2,890	2,890	-
Cleaning, Repair and Maintenance Services	109,423	(157)	109,266	105,345	3,921
Lease Purchase Payments - Energy Savings Program	106,887	-	106,887	106,886	1
Other Purchased Property Services	39,749	(3,628)	36,121	21,982	14,138
Insurance	196,000	4,064	200,064	200,064	-
Miscellaneous Purchased Services	10,620	247	10,867	10,023	845
General Supplies	94,045	75,674	169,719	164,224	5,495
Energy (Natural Gas)	158,900	126,907	285,807	193,577	92,230
Energy (Electricity)	169,591	(49,599)	119,992	104,300	15,692
Energy (Gasoline)	3,050	1,425	4,475	4,198	277
Other Objects	3,568	-	3,568	3,096	472
Total Undist. Expend. - Custodial Services	<u>1,996,253</u>	<u>82,095</u>	<u>2,078,347</u>	<u>1,920,002</u>	<u>158,345</u>
Undist Expend.-Care and Upkeep of Grounds					
Salaries	120,872	27,343	148,215	146,626	1,589
Cleaning, Repair, and Maintenance Services	109,710	(576)	109,134	84,855	24,279
General Supplies	19,331	-	19,331	8,832	10,499
Other Objects	200	-	200	60	140
Total Undist. Expend.-Care and Upkeep of Grounds	<u>250,113</u>	<u>26,767</u>	<u>276,880</u>	<u>240,374</u>	<u>36,506</u>
Undistributed Expenditures - Security:					
Purchased Professional and Technical Services	-	3,680	3,680	3,680	-
General Supplies	3,000	10,464	13,464	7,212	6,252
Total Undistributed Expenditures - Security	<u>3,000</u>	<u>14,144</u>	<u>17,144</u>	<u>10,892</u>	<u>6,252</u>
Total Undist. Expend.-Oper. And Maint. Of Plant Serv.	<u>2,699,349</u>	<u>252,673</u>	<u>2,952,022</u>	<u>2,717,448</u>	<u>234,574</u>
Undist. Expend. - Student Transportation Serv.					
Salaries of Non-Instructional Aides	16,000	3,567	19,567	19,567	0
Management Fee - ESC & CTSA Trans. Program	2,810	-	2,810	1,311	1,499
Contract. Serv. - Aid in Lieu Pymts-NonPub Sch	88,339	(30,426)	57,913	50,539	7,374
Contract. Serv. - Aid in Lieu Pymts- Chrtr Sch	5,289	(1,484)	3,805	1,000	2,805
Contr Serv (Bet. Home and Sch)-Vendors	73,471	130	73,601	73,601	-
Contr Serv(Oth. Than Bet Home & Sch)-Vend	149,359	2,522	151,881	140,613	11,268
Contract. Serv. (Sp Ed Stds)-Vendors	332,960	(137,480)	195,480	195,480	0
Contract. Serv. (Reg. Students)-ESCs & CTSA	278,989	36,627	315,616	126,513	189,102
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSA	362,695	325,756	688,451	630,063	58,388
Total Undist. Expend. - Student Transportation Serv.	<u>1,309,912</u>	<u>199,211</u>	<u>1,509,123</u>	<u>1,238,687</u>	<u>270,436</u>

**BUTLER BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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>
<b>Unallocated Benefits</b>					
Social Security Contributions	296,136	(17,346)	278,790	275,893	2,897
TPAF Contributions - ERIP	-	42,427	42,427	42,427	-
Other Retirement Contributions - PERS	260,000	8,510	268,510	268,510	-
Other Retirement Contributions - Regular	45,039	-	45,039	22,049	22,990
Workmen's Compensation	108,000	(8,510)	99,490	97,323	2,167
Health Benefits	3,688,738	(343,260)	3,345,478	2,692,460	653,018
Tuition Reimbursement	57,300	-	57,300	43,287	14,013
Other Employee Benefits	149,982	8,321	158,303	152,019	6,284
Unused Sick Payments to Terminated/Retired Staff	60,000	(1,358)	58,642	5,068	53,575
<b>Total Unallocated Benefits</b>	<u>4,665,195</u>	<u>(311,216)</u>	<u>4,353,979</u>	<u>3,599,035</u>	<u>754,944</u>
<b>On-Behalf Contributions</b>					
On-behalf TPAF Pension and Annuity Fund (non-budgeted)	-	-	-	3,763,139	(3,763,139)
On-behalf TPAF NCGI Premium (non-budgeted)	-	-	-	53,093	(53,093)
On-behalf TPAF Post Retirement Medical (non-budgeted)	-	-	-	891,626	(891,626)
On-behalf TPAF Long-Term Disability Insurance	-	-	-	1,464	(1,464)
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	813,577	(813,577)
<b>Total On-Behalf Contributions</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,522,899</u>	<u>(5,522,899)</u>
<b>Total Personal Services - Employee Benefits</b>	<u>4,665,195</u>	<u>(311,216)</u>	<u>4,353,979</u>	<u>9,121,934</u>	<u>(4,767,955)</u>
<b>Total Undistributed Expenditures</b>	<u>16,476,405</u>	<u>(36,967)</u>	<u>16,439,438</u>	<u>19,416,364</u>	<u>(2,976,926)</u>
<b>Total General Current Expense</b>	<u>26,746,140</u>	<u>(45,634)</u>	<u>26,700,507</u>	<u>29,103,484</u>	<u>(2,402,977)</u>
<b>Capital Outlay:</b>					
<b>Equipment</b>					
Regular Programs - Instruction:					
Grades 9-12	-	53,500	53,500	53,007	493
Special Education - Instruction					
Preschool Disabilities - Full Time	3,500	-	3,500	-	3,500
Undist. Expend. - Administration Info Tech.	228,488	-	228,488	88,988	139,500
Undist. Expend. - Required Maint for School Fac.	122,723	(14,492)	108,231	108,231	-
Undist. Expend. - Custodial Services	60,000	30,000	90,000	27,600	62,400
Undist. Expend. - Security	-	67,565	67,565	67,565	-
<b>Total Equipment</b>	<u>414,711</u>	<u>136,573</u>	<u>551,284</u>	<u>345,391</u>	<u>205,892</u>
<b>Facilities Acquisition and Const. Serv.</b>					
Architectural/Engineering Services	1,026,000	(18,778)	1,007,222	688,297	318,925
Other Purchased Professional and Technical Services	30,000	1,141	31,141	-	31,141
Construction Services	509,000	18,778	527,778	527,778	-
Assessment for Debt Service on SDA Funding	27,599	-	27,599	27,599	-
<b>Total Facilities Acquisition and Const. Serv.</b>	<u>1,592,599</u>	<u>1,141</u>	<u>1,593,740</u>	<u>1,243,674</u>	<u>350,066</u>
<b>Total Capital Outlay</b>	<u>2,007,310</u>	<u>137,714</u>	<u>2,145,024</u>	<u>1,589,065</u>	<u>555,958</u>
<b>Transfer to Charter School</b>	<u>60,588</u>	<u>-</u>	<u>60,588</u>	<u>60,588</u>	<u>-</u>
<b>Total Expenditures</b>	<u>28,814,038</u>	<u>92,080</u>	<u>28,906,118</u>	<u>30,753,137</u>	<u>(1,847,019)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(3,642,139)</u>	<u>(24,515)</u>	<u>(3,666,654)</u>	<u>251,798</u>	<u>3,918,452</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>(3,642,139)</u>	<u>(24,515)</u>	<u>(3,666,654)</u>	<u>251,798</u>	<u>3,918,452</u>
<b>Fund Balance, July 1</b>	<u>9,641,978</u>	<u>-</u>	<u>9,641,978</u>	<u>9,641,978</u>	<u>-</u>
<b>Fund Balance, June 30</b>	<u>5,999,839</u>	<u>(24,515)</u>	<u>5,975,324</u>	<u>9,893,776</u>	<u>3,918,452</u>
<b>Recapitulation of excess (deficiency) of revenues under expenditures:</b>					
Adjustment for Prior Year Encumbrances	(246,891)	-	(246,891)	(246,891)	-
Budgeted Fund Balance	(1,681,248)	(24,515)	(1,705,763)	426,622	2,132,385
Withdrawal from Capital Reserve	(1,565,000)	-	(1,565,000)	(1,565,000)	-
Withdrawal from Maintenance Reserve	(150,000)	-	(150,000)	(65,921)	84,079
Increase in Maintenance Reserve:					
Principal	-	-	-	100,000	100,000
Increase in Capital Reserve:					
Principal	-	-	-	1,600,000	1,600,000
Interest	1,000	-	1,000	2,837	1,837
	<u>(3,642,139)</u>	<u>(24,515)</u>	<u>(3,666,654)</u>	<u>251,646</u>	<u>3,918,301</u>

**BUTLER BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
<b>Recapitulation:</b>					
Assigned:					
Year End Encumbrances				374,503	
Restricted:					
Excess Surplus:					
Prior Year - Designated for Subsequent Year's Expenditures				2,881,671	
Current Year				1,692,369	
Maintenance Reserve				934,079	
Capital Reserve				2,805,171	
Unemployment Compensation				175,125	
Unassigned				1,030,860	
				9,893,776	
Reconciliation to Governmental Fund Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				(244,739)	
Fund Balance per Governmental Funds (GAAP)				9,649,037	

\* Includes interest earnings on the Unemployment Compensation Bank Account

**BUTLER BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenues:</b>					
Local Sources	3,051	12,278	15,329	220,501	205,172 Note 1
State Sources	-	222,124	222,124	125,527	(96,598)
Federal Sources	422,820	1,253,490	1,676,310	1,071,321	(604,989)
<b>Total Revenues</b>	<b>425,871</b>	<b>1,487,892</b>	<b>1,913,763</b>	<b>1,417,348</b>	<b>(496,415)</b>
<b>Expenditures</b>					
Instruction					
Salaries	102,333	351,227	453,560	439,560	14,000
Salaries of Teachers	-	52,592	52,592	52,592	-
Employee Benefits	-	856,517	856,517	265,528	590,989
Purchased Property Services	-	28,928	28,928	28,928	-
Other Purchased Services	279,374	(9,305)	270,069	270,069	-
Miscellaneous Purchased Services	-	193,196	193,196	96,599	96,598
General Supplies	3,051	15,007	18,058	16,335	1,723
Total Instruction	384,758	1,488,162	1,872,920	1,169,611	703,309
Support Services					
Purchased Professional and Technical Services	41,113	(4,750)	36,363	36,363	-
Purchased Educational Services	-	4,480	4,480	4,480	-
Scholarships Awarded	-	-	-	32,300	(32,300) Note 1
Student Activities	-	-	-	168,176	(168,176) Note 1
Total Support Services	41,113	(270)	40,843	241,319	(200,476)
<b>Total Expenditures</b>	<b>425,871</b>	<b>1,487,892</b>	<b>1,913,763</b>	<b>1,410,930</b>	<b>502,833</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	6,418	6,418
Fund Balance, July 1				464,696	
Fund Balance, June 30				471,114	
Recapitulation:					
Restricted					
Scholarships				347,868	
Student Activities				123,246	
Total Fund Balance				471,114	

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, 2022**

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

		<u>General Fund</u>			<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources</b>					
Actual amounts (budgetary basis) "revenue"					
from the budgetary comparison schedule	[C-1]	31,004,935	[C-2]		1,417,348
Difference - budget to GAAP:					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.					
Less: Current Year Encumbrances		-			(4,606)
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.		(244,739)			-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		209,061			-
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	30,969,257	[B-2]		1,412,742
<b>Uses/Outflows of Resources</b>					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	30,753,137	[C-2]		1,410,930
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:					
Less: Current Year Encumbrances		-			(4,606)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	30,753,137	[B-2]		1,406,324



**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 June 30,	District's Proportion Share of the Net Pension Liability (Asset)		District's Proportion Share of the Net Pension Liability (Asset)		District's Covered Payroll -PERS Employee's	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll		Plan Fiduciary Net Position as a percentage of the total Pension Liability
	Pension Liability (Asset)	Proportion Share of the Net Pension Liability (Asset)	Pension Liability (Asset)	Proportion Share of the Net Pension Liability (Asset)		Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	
2015	0.0228514430%	\$ 4,278,415	\$	4,278,415	1,514,085	282.57%	52.08%	
2016	0.0226746294%	5,090,000		5,090,000	1,444,760	352.31%	47.93%	
2017	0.0216409378%	6,409,425		6,409,425	1,453,331	441.02%	59.86%	
2018	0.0202815608%	4,721,223		4,721,223	1,503,305	314.06%	48.10%	
2019	0.0209932488%	4,133,466		4,133,466	1,600,226	258.31%	53.60%	
2020	0.0224128489%	4,038,455		4,038,455	1,696,932	237.99%	56.27%	
2021	0.0223765344%	3,649,028		3,649,028	1,639,124	222.62%	58.32%	
2022	0.0229276987%	2,716,130		2,716,130	1,803,293	150.62%	70.33%	

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

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

Fiscal Year Ending June 30,	Contractually Required Contribution		Contributions in Relation to the Contractually Required Contributions		Contribution Deficiency (Excess)	District's PERS Covered- Employee Payroll	Contributions as a Percentage of PERS Covered- Employee Payroll
	Contractually Required Contribution	Contractually Required Contributions	Contractually Required Contributions	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%
2022	268,510	268,510		-	-	1,803,293	14.89%

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

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

Fiscal Year Ending June 30,	District's Proportion Share of the Net Pension Liability (Asset)		District's Proportion Share of the Net Pension Liability (Asset)		State's Proportionate Share of the Net Pension Liability Associated with the District (Asset)		District's 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
	Proportion Share of the Net Pension Liability (Asset)	District's Proportion Share of the Net Pension Liability (Asset)	Proportion Share of the Net Pension Liability (Asset)	District's Proportion Share of the Net Pension Liability (Asset)	Share of the Net Pension Liability Associated with the District (Asset)	District's Covered Payroll -TPAF Employee'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%	33.64%		
2016	0.0883680460%	-	55,852,379	8,945,080	8,945,080	0.00%	28.71%		
2017	0.0873242514%	-	68,694,816	9,151,255	9,151,255	0.00%	28.75%		
2018	0.0891590278%	-	60,114,231	9,483,587	9,483,587	0.00%	34.07%		
2019	0.0853054179%	-	54,269,475	9,865,467	9,865,467	0.00%	26.49%		
2020	0.0880896398%	-	54,061,443	10,166,129	10,166,129	0.00%	26.95%		
2021	0.0897791700%	-	59,118,503	10,797,870	10,797,870	0.00%	24.60%		
2022	0.0933042526%	-	44,856,195	11,002,106	11,002,106	0.00%	35.52%		

\* 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, 2022**

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

None

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

None

Change in assumptions

None



**Other Supplementary Information**

**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, 2022**

	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	Total 2022
<b>Revenues:</b>						
Federal sources	85,190	17,365	2,729	12,188	10,000	1,264,517
State sources	-	-	-	-	-	28,928
Local sources	-	-	-	-	-	220,501
<b>Total Revenues</b>	<b>85,190</b>	<b>17,365</b>	<b>2,729</b>	<b>12,188</b>	<b>10,000</b>	<b>1,513,946</b>
<b>Expenditures:</b>						
Instruction:						
Salaries	85,190	-	-	12,188	-	492,152
Employee Benefits	-	-	-	-	-	265,528
Purchased Property Services	-	-	-	-	-	28,928
Other Purchased Services	-	-	-	-	-	463,265
General Supplies	-	-	2,729	-	-	16,335
<b>Total Instruction</b>	<b>85,190</b>	<b>-</b>	<b>2,729</b>	<b>12,188</b>	<b>-</b>	<b>1,266,209</b>
Support Services:						
Purchased Prof. - & Tech. Services	-	17,365	-	-	10,000	36,363
Purchased Educational Services	-	-	-	-	-	4,480
Scholarships Awarded	-	-	-	-	-	32,300
Student Activities	-	-	-	-	-	168,176
<b>Total Support Services</b>	<b>-</b>	<b>17,365</b>	<b>-</b>	<b>-</b>	<b>10,000</b>	<b>241,319</b>
<b>Total Expenditures</b>	<b>85,190</b>	<b>17,365</b>	<b>2,729</b>	<b>12,188</b>	<b>10,000</b>	<b>1,507,528</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,418	-	-	-	-	6,418
Fund Balance, July 1	464,696	-	-	-	-	464,696
Fund Balance, June 30	471,114	-	-	-	-	471,114

**BUTLER BOROUGH SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Total Brought Forward From (Ex. E-1b)	I.D.E.A.			A.R.P.			Total Carried Forward To (Ex. E-1)
		Basic	Preschool	A.R.P. Basic	Preschool	E.S.S.E.R. II	Learning Acceleration	
<b>Revenues:</b>								
Federal sources	535,378	270,069	8,998	52,592	4,480	251,506	14,022	1,137,045
State sources	28,928	-	-	-	-	-	-	28,928
Local sources	220,501	-	-	-	-	-	-	220,501
<b>Total Revenues</b>	<b>784,807</b>	<b>270,069</b>	<b>8,998</b>	<b>52,592</b>	<b>4,480</b>	<b>251,506</b>	<b>14,022</b>	<b>1,386,474</b>
<b>Expenditures:</b>								
Instruction:								
Salaries	342,182	-	-	52,592	-	-	-	394,774
Employee Benefits	-	-	-	-	-	251,506	14,022	265,528
Purchased Property Services	28,928	-	-	-	-	-	-	28,928
Other Purchased Services	193,196	270,069	-	-	-	-	-	463,265
General Supplies	13,606	-	-	-	-	-	-	13,606
<b>Total Instruction</b>	<b>577,912</b>	<b>270,069</b>	<b>-</b>	<b>52,592</b>	<b>-</b>	<b>251,506</b>	<b>14,022</b>	<b>1,166,102</b>
Support Services:								
Purchased Prof. - & Tech. Services	-	-	8,998	-	-	-	-	8,998
Purchased Educational Services	-	-	-	-	4,480	-	-	4,480
Scholarships Awarded	32,300	-	-	-	-	-	-	32,300
Student Activities	168,176	-	-	-	-	-	-	168,176
<b>Total Support Services</b>	<b>200,476</b>	<b>-</b>	<b>8,998</b>	<b>-</b>	<b>4,480</b>	<b>-</b>	<b>-</b>	<b>213,954</b>
<b>Total Expenditures</b>	<b>778,389</b>	<b>270,069</b>	<b>8,998</b>	<b>52,592</b>	<b>4,480</b>	<b>251,506</b>	<b>14,022</b>	<b>1,380,056</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,418	-	-	-	-	-	-	6,418
Fund Balance, July 1	464,696	-	-	-	-	-	-	464,696
Fund Balance, June 30	471,114	-	-	-	-	-	-	471,114

**BUTLER BOROUGH SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Total Brought Forward From (Ex. E-1c)	E.S.S.E.R. II	C.R.R.S.A. Learning Acceleration	Mental Health	SDA Emergent Need	Add'l or Comp Ed and Related Services	Total Carried Forward To (Ex. E-1a)
<b>Revenues:</b>							
Federal sources	-	286,182.00	25,000	31,000	-	193,196	535,378
State sources	-	-	-	-	28,928	-	28,928
Local sources	220,500.74	-	-	-	-	-	220,501
<b>Total Revenues</b>	<b>220,500.74</b>	<b>286,182.00</b>	<b>25,000</b>	<b>31,000</b>	<b>28,928</b>	<b>193,196</b>	<b>784,807</b>
<b>Expenditures:</b>							
Instruction:							
Salaries	-	286,182.00	25,000	31,000	-	-	342,182
Employee Benefits	-	-	-	-	-	-	-
Purchased Property Services	-	-	-	-	28,928	-	28,928
Other Purchased Services	-	-	-	-	-	193,196	193,196
General Supplies	13,606.44	-	-	-	-	-	13,606
<b>Total Instruction</b>	<b>13,606.44</b>	<b>286,182.00</b>	<b>25,000</b>	<b>31,000</b>	<b>28,928</b>	<b>193,196</b>	<b>577,912</b>
Support Services:							
Purchased Prof. - & Tech. Services	-	-	-	-	-	-	-
Purchased Educational Services	-	-	-	-	-	-	-
Scholarships Awarded	32,300.00	-	-	-	-	-	32,300
Student Activities	168,176.40	-	-	-	-	-	168,176
<b>Total Support Services</b>	<b>200,476.40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200,476.40</b>
<b>Total Expenditures</b>	<b>214,082.84</b>	<b>286,182.00</b>	<b>25,000</b>	<b>31,000</b>	<b>28,928</b>	<b>193,196</b>	<b>778,389</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,418	-	-	-	-	-	6,418
Fund Balance, July 1	464,695.98	-	-	-	-	-	464,696
Fund Balance, June 30	471,114	-	-	-	-	-	471,114

**BUTLER BOROUGH SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	N.J.S.I.G. Safety Grant	BHS Play Unified	Donations	Student Activities/ Athletics Fund	Scholarship Fund	Total Carried Forward To (Ex. E-1b)
<b>Revenues:</b>						
Federal sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Local sources	3,100	8,277	2,229	179,462	27,432	220,501
Total Revenues	3,100	8,277	2,229	179,462	27,432	220,501
<b>Expenditures:</b>						
Instruction:						
Salaries	-	-	-	-	-	-
Employee Benefits	-	-	-	-	-	-
Purchased Property Services	-	-	-	-	-	-
Other Purchased Services	-	-	-	-	-	-
General Supplies	3,100	8,277	2,229	-	-	13,606
Total Instruction	3,100	8,277	2,229	-	-	13,606
Support Services:						
Purchased Prof. - & Tech. Services	-	-	-	-	-	-
Purchased Educational Services	-	-	-	-	-	-
Scholarships Awarded	-	-	-	-	32,300	32,300
Student Activities	-	-	-	168,176	-	168,176
Total Support Services	-	-	-	168,176	32,300	200,476
Total Expenditures	3,100	8,277	2,229	168,176	32,300	214,083
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	11,286	(4,868)	6,418
Fund Balance, July 1	-	-	-	111,960	352,736	464,696
Fund Balance, June 30	-	-	-	123,246	347,867.90	471,114

**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, 2022**

Fund Balance - Beginning	<u>301</u>
Fund Balance - Ending	<u>301</u>

**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, 2022**

	<u>Prior Years</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>			
Transferred - Capital Reserve Fund	452,492	452,492	452,492
Total Revenues	<u>452,492</u>	<u>452,492</u>	<u>452,492</u>
<b>Expenditures and Other Financing Uses</b>			
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>
<b>Additional project information:</b>			
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		

Exhibit F-2

BUTLER BOROUGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Project Description	Appropriation	Expenditures		Unexpended Balance
		Prior Years		
District-wide Improvements	452,492	452,191		301
	<u>452,492</u>	<u>452,191</u>		<u>301</u>



**PROPRIETARY FUNDS**

**BUTLER BOROUGH SCHOOL DISTRICT  
ENTERPRISE FUND  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2022**

	<b>Food Service Program</b>
<b>Assets:</b>	
Current Assets:	
Cash and Cash Equivalents	303,186
Accounts Receivable:	
State - Lunch	1,069
Federal - Lunch	46,446
Federal - Breakfast	7,315
Inventories	16,352
 Total Current Assets	 374,368
Non-current Assets:	
Capital Assets:	
Equipment	180,203
Less: Accumulated Depreciation	(97,114)
 Total Capital Assets (Net of Accumulated Depreciation)	 83,089
 Total Assets	 457,457
<u><b>LIABILITIES</b></u>	
CURRENT LIABILITIES:	
Accounts Payable	-
Interfund Payable:	
General Fund	-
Unearned Revenue	
Prepaid Sales	
Federal Food Distribution Program	-
 TOTAL LIABILITIES	 -
 <b>Net Position</b>	
Investment in Capital Assets Net of Related Debt	83,089
Unreserved (Deficit)	374,368
 Total Net Position	 457,457

**BUTLER BOROUGH SCHOOL DISTRICT  
ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<b>Food Service Program</b>
<b>Operating Revenues:</b>	
Charges for services:	
Daily Sales Reimbursable Programs	25,609
Daily Sales - Non-reimbursable Programs	17,974
Miscellaneous	2,164
Total Operating Revenues	45,747
<b>Operating Expenses:</b>	
Salaries	184,464
Employee Benefits	26,027
Management Fees	20,200
Other Purchased Services	30,760
Supplies and Materials	32,228
Depreciation	8,449
Cost of Sales- Reimbursable	284,002
Miscellaneous	4,994
Total Operating Expenses	591,123
<b>Operating Income/(Loss)</b>	<b>(545,377)</b>
<b>Non-operating Income/(Loss):</b>	
State Sources:	
State School Lunch Program	14,194
Federal Sources:	
National School Lunch Program	603,255
Breakfast Program	95,053
Food Distribution Program	47,571
Interest Revenue	291
Total Non-operating Revenues/(Expenses)	760,364
Change in Net Position	214,987
Net Position - Beginning as previously reported	254,960
Prior Period Adjustment for transfer of net book value of assets from General Fund	(12,490)
Total Net Position - Beginning (restated)	242,470
Net Position - Ending	457,457

**BUTLER BOROUGH SCHOOL DISTRICT  
ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<b>Food Service Program</b>
<b>Cash Flow from Operating Activities:</b>	
Receipts from Customers	45,747
Payments to Employees for Services	(184,464)
Payments to Suppliers for Goods and Services	(409,564)
Net Cash Provided by/(Used for) Operating Activities	(548,282)
<b>Cash Flows from Non-Capital Financing Activities:</b>	
State Sources	14,670
Federal Sources	742,760
Net Cash Provided by/(Used for) Non-capital Financing Activities	757,430
<b>Cash Flows from Investing Activities:</b>	
Interest on Cash Equivalents	291
Purchase of Capital Assets	(3,520)
Net cash provided by (used for) investing activities	(3,228)
Net Increase/(Decrease) in Cash and Cash Equivalents	205,920
Cash and Cash Equivalents, July 1	97,266
Cash and Cash Equivalents, June 30	303,186
<b>Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for)</b>	
<b>Operating Activities:</b>	
Operating Income (Loss)	(545,377)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:	
Depreciation	8,449
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	(11,354)
Total Adjustments	(2,905)
Net Cash Provided by/(Used for) Operating Activities	(548,282)

**Noncash Noncapital Financing Activities:**

During the year, the district received \$47,571 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, 2022**

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance July 1, 2021	Retired	Balance June 30, 2022
School Bonds of 2009	7/1/2009	3,046,000	7/1/2022	275,000	4.000%	1,125,000	265,000	860,000
			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	2/1/2023	290,000	2.250%	865,000	295,000	570,000
			2/1/2024	280,000	2.375%			
						1,990,000	560,000	1,430,000

**BUTLER BOROUGH SCHOOL DISTRICT  
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASE AGREEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Interest Rate Payables</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2021</u>	<u>Retired</u>	<u>Balance June 30, 2022</u>
10 Copiers/Printers	0.00%	303,622	163,520	61,320	102,200
ESIP - Boilers and Lighting	2.99%	1,797,859	<u>1,523,554</u>	<u>61,791</u>	<u>1,461,763</u>
			<u>1,687,074</u>	<u>123,111</u>	<u>1,563,963</u>

**BUTLER BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative Final to Actual)</b>
<b>Revenues:</b>				
Local Sources:				
Local Tax Levy	552,153	552,153	552,153	-
Total Revenues - Local Sources	<u>552,153</u>	<u>552,153</u>	<u>552,153</u>	<u>-</u>
State Sources:				
Debt Service Aid Type II	66,991	66,991	66,991	-
Total State Sources	<u>66,991</u>	<u>66,991</u>	<u>66,991</u>	<u>-</u>
Total Revenues	<u>619,144</u>	<u>619,144</u>	<u>619,144</u>	<u>-</u>
<b>Expenditures:</b>				
Regular Debt Service:				
Redemption of Principal	560,000	560,000	560,000	-
Interest on Bonds	59,144	59,144	59,144	0
Total Regular Debt Service	<u>619,144</u>	<u>619,144</u>	<u>619,144</u>	<u>0</u>
Total Expenditures	<u>619,144</u>	<u>619,144</u>	<u>619,144</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	0	0
Fund Balances, July 1	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balances, June 30	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>
<b>Recapitulation:</b>				
Unassigned Fund Balance			<u>1</u>	



**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
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### **Revenue Capacity**

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

### **Debt Capacity**

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### **Demographic and Economic Information**

- J-14 Demographic and Economic Statistics
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- J-16 Full-time Equivalent District Employees by Function/Program
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- J-18 School Building Information\*
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# STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

## J SERIES

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.	<b>J-1 to J-5</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.	<b>J-6 to J-9</b>
<b>Debt Capacity</b> 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.	<b>J-10 to J-13</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	<b>J-14 to J-15</b>
<b>Operating Information</b> 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.	<b>J-16 to J-20</b>
<b>Sources:</b> 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**

	2013	2014	(Restated) 2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	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	11,968,270
Restricted	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	10,120,453
Unrestricted	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)	(4,656,242)
Total governmental activities net position	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	17,432,481
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	36,364	32,434	25,038	62,719	56,987	102,208	93,722	105,683	100,509	83,089
Unrestricted	49,804	69,210	64,820	40,757	35,892	61,586	77,752	45,106	154,452	374,368
Total business-type activities net position	86,168	101,644	89,858	103,476	92,879	163,794	171,475	150,789	254,961	457,457
<b>District-wide</b>										
Invested in capital assets, net of related debt	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	12,051,359
Restricted	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	10,120,453
Unrestricted	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)	(4,281,874)
Total district net position	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	17,889,938

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**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	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	11,169,231
Special education	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	3,040,389
Other special education	344,344	257,338	346,791	432,774	388,247	524,529	475,311	504,429	445,970	339,119
Other instruction	627,753	590,624	509,382	512,281	505,271	593,022	538,110	523,412	525,295	589,612
Support Services:										
Tuition	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	1,150,953
Student & instruction related services	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	4,560,654
General administrative services	614,691	602,223	578,490	656,095	514,674	765,324	854,661	669,134	692,338	622,113
School administrative services	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	1,363,888
Central Services and Admin. Info. Tech.	600,847	490,286	512,707	609,799	668,895	746,583	747,136	811,662	944,363	825,602
Plant operations and maintenance	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	3,340,549
Pupil transportation	958,715	918,917	879,835	956,432	858,588	1,085,852	1,117,749	959,849	780,225	1,238,687
Food Service	-	-	-	-	-	-	-	-	-	-
Capital Outlay - Non-depreciable	25,599	27,599	27,599	27,599	137,099	27,599	99,862	29,705	27,599	48,193
Charter Schools	-	12,315	12,653	24,342	24,342	24,342	25,568	25,519	57,673	60,588
Interest on Long term debt	188,732	201,986	12,543	12,543	12,543	12,543	98,852	84,385	67,737	51,249
Unallocated Benefits	24,259	-	22,300	-	-	-	-	-	-	-
Unallocated depreciation and Amortization	424,898	458,884	632,751	655,199	705,983	719,342	663,060	634,225	711,110	638,800
Total governmental activities expenses	23,813,935	23,781,239	26,257,748	27,532,271	25,033,347	31,679,117	30,353,715	28,323,643	30,499,956	29,089,627
Business-type activities:										
Food service	380,391	424,353	405,373	456,714	459,843	437,276	475,041	394,662	271,339	591,123
Butler School District Educational Foundation	-	-	-	-	-	-	-	-	-	-
Total business-type activities expense	380,391	424,353	405,373	456,714	459,843	437,276	475,041	394,662	271,339	591,123
Total district expenses	23,994,326	24,205,592	26,663,121	27,988,984	25,493,190	32,116,393	30,828,756	28,718,305	30,771,295	29,680,750
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	534,544	554,880	590,136	324,129	346,500	20,250	-	-	-	-
Support Services (Student Inst & Related Svcs)	-	-	-	-	-	-	-	-	94,284	179,462
Support Services (Unallocated Benefits)	-	-	22,300	107,871	-	-	-	-	-	-
Operating grants and contributions	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	5,537,440
Total governmental activities program revenues	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	5,716,902
Business-type activities:										
Charges for services										
Food service	279,322	291,232	255,452	260,849	277,123	280,584	294,692	211,305	3,580	45,747
Operating grants and contributions	120,139	145,774	145,788	209,250	171,999	176,521	187,837	162,496	371,822	760,073
Total business type activities program revenues	399,461	437,006	401,240	470,099	449,122	457,105	482,529	373,801	375,402	805,820
Total district program revenues	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	6,522,722
<b>Net (Expense)/Revenue</b>										
Governmental activities	(19,193,482)	(19,222,606)	(21,077,114)	(22,555,276)	(25,033,347)	(26,972,759)	(25,147,000)	(23,286,748)	(25,154,249)	(23,342,725)
Business-type activities	19,070	12,653	(4,133)	13,386	(10,721)	19,829	7,488	(20,861)	104,063	214,697
Total district-wide net expense	(19,174,412)	(19,209,953)	(21,081,247)	(22,541,890)	(25,044,069)	(26,952,930)	(25,139,512)	(23,307,609)	(25,050,186)	(23,128,029)

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	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	18,105,486
Taxes levied for debt service	525,106	501,816	514,730	528,701	534,584	542,505	541,394	572,956	563,465	552,153
Unrestricted grants and contributions	4,283,115	4,088,068	6,379,696	7,223,432	9,120,521	10,109,899	8,195,605	7,060,205	9,695,036	7,106,974
Miscellaneous income	267,899	399,534	666,749	458,262	257,918	272,822	262,624	325,059	252,218	242,068
Transfers	(2,357)	(2,689)	(4,107)							
Total governmental activities	18,954,794	19,428,429	22,422,137	23,786,011	25,928,269	27,553,311	25,960,270	25,360,651	28,261,199	26,006,679
Business-type activities:										
Investment earnings	104	135	185	232	124	133	192	175	109	291
Transfers	2,358	2,689	4,107	-	-	-	-	-	-	-
Total business-type activities	2,462	2,824	4,293	232	124	133	192	175	109	291
Total district-wide	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	26,006,970
<b>Change in Net Position</b>										
Governmental activities	(238,688)	202,823	1,345,023	1,230,735	894,921	580,552	813,271	2,073,903	3,106,950	2,663,954
Business-type activities	21,532	15,477	159	13,618	(10,587)	19,963	7,681	(20,686)	104,172	214,987
Total district	(217,156)	218,300	1,345,182	1,244,353	884,334	600,515	820,951	2,053,217	3,211,122	2,878,941

Source: CAFR Schedule A-2

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

**UNAUDITED**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Fund</b>										
Committed	-	-	-	-	-	950,508	22,989	67,975	-	-
Restricted	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	8,488,414
Assigned	250,575	125,740	293,997	430,010	84,597	221,252	189,328	296,329	321,235	374,503
Unassigned	483,314	441,061	576,549	358,977	508,147	523,418	630,199	397,932	803,577	786,121
<b>Total general fund</b>	<b>2,063,254</b>	<b>2,370,399</b>	<b>3,102,342</b>	<b>4,130,044</b>	<b>3,746,106</b>	<b>2,997,868</b>	<b>4,833,083</b>	<b>6,711,209</b>	<b>9,432,917</b>	<b>9,649,037</b>
<b>All Other Governmental Funds</b>										
Restricted										
Special Revenue Fund	-	-	-	-	-	-	-	-	464,696	471,114
Debt Service Fund	-	1	1	1	2	1	1	1	1	1
Capital projects fund	-	-	-	98,088	870,724	39,124	12,581	12,581	301	301
Unreserved, reported in:										
Capital projects fund	13,233	-	-	-	-	-	-	-	-	-
Debt service fund	28,460	11,016	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>41,693</b>	<b>11,017</b>	<b>1</b>	<b>98,089</b>	<b>870,726</b>	<b>39,125</b>	<b>12,582</b>	<b>12,582</b>	<b>464,998</b>	<b>471,416</b>

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**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Tax levy	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	18,657,639
Miscellaneous	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	4,766,729
State sources	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	8,462,510
Federal sources	461,564	374,879	27,298	424,312	439,497	457,195	435,875	447,165	726,800	1,114,265
Total revenue	22,843,060	23,431,871	24,691,193	25,619,867	27,055,718	27,483,125	29,023,450	29,486,396	30,930,458	33,001,143
<b>Expenditures</b>										
Instruction										
Regular instruction	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	8,011,674
Special education instruction	1,358,088	1,513,035	1,550,000	1,539,372	1,686,283	1,840,243	2,078,382	1,930,312	1,926,411	2,024,603
Other special instruction	228,441	171,122	210,802	232,125	235,173	275,414	281,156	315,810	251,306	226,235
Other instruction	496,044	466,960	509,382	512,281	534,331	593,022	538,110	523,412	525,295	589,612
Support Services:										
Tuition	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	1,150,953
Student & instruction related services	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	3,358,237
General administrative services	506,790	521,116	454,081	496,024	514,571	538,983	693,511	525,453	510,989	495,868
School Administrative services	720,880	786,124	803,953	834,149	861,949	920,473	971,693	945,889	951,756	978,107
Central Services	494,148	424,627	418,364	488,419	526,250	582,828	504,238	551,239	590,332	596,449
Plant operations and maintenance	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	2,717,448
Pupil transportation	958,715	918,917	879,835	956,432	858,588	1,085,852	1,117,749	959,849	780,225	1,238,687
Unallocated employee benefits	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	9,121,934
Food Services	-	12,315	12,653	24,343	24,342	24,342	25,568	25,519	57,673	60,588
Charter Schools	-	210,568	783,181	329,267	1,197,956	3,099,195	451,251	229,600	535,808	1,589,065
Capital outlay	240,573	-	-	-	-	-	-	-	-	-
Debt Service:										
Principal	410,000	410,000	430,000	445,000	465,000	485,000	496,000	550,000	555,000	560,000
Interest and Other Charges	159,007	165,611	153,549	141,674	128,636	117,524	104,309	91,019	75,544	59,144
Total expenditures	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	32,778,604
Excess (Deficiency) of revenues over (under) expenditures	(341,618)	158,727	505,035	1,125,790	388,127	(2,427,190)	577,530	1,923,112	2,495,904	222,539
<b>Other Financing sources (uses)</b>										
Financed Purchases (non-budgeted)	-	120,431	220,000	-	-	1,797,859	303,622	-	-	-
Transfers in	-	1	-	-	-	-	-	-	-	-
Transfers out	(2,357)	(2,690)	(4,107)	-	-	-	-	-	-	-
Contracts Payable Canceled	-	-	-	-	573	-	-	-	-	-
Total other financing sources (uses)	(2,357)	117,742	215,893	-	573	1,797,859	303,622	-	-	-
Net change in fund balances	(343,975)	276,469	720,927	1,125,790	388,700	(629,331)	881,152	1,923,112	2,495,904	222,539
Debt service as a percentage of noncapital expenditures	2.460%	2.496%	2.493%	2.428%	2.331%	2.247%	2.144%	2.345%	2.260%	1.985%

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
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
2022	2,989	4,304,577	46,450	20,106	172,106	4,546,228

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	Net Valuation Taxable	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
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	982,369,911
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	1,023,295,130
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
2022	8,621,000	855,744,000	800	158,050,900	35,234,800	32,036,100	1,089,687,600	615,350	1,090,302,950	1.744	1,120,938,428

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

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

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

**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 <sup>c</sup>	Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct			
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	2.291	0.073	2.364	1.021	0.351	3.736
2021	2.373	0.072	2.445	1.035	0.354	3.834
2022	1.672	0.072	1.744	0.76	0.263	2.767

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

Exhibit J-8

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

Taxpayer	2022			2013		
	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	20,366,400	1	1.87%	12,805,000	1	1.71%
Butler Gardens LLC	17,556,000	2	1.61%	10,375,000	2	1.38%
SL 10 Park Place LLC	13,311,100	3	1.22%			
Butler Plaza Lot One LLC	8,145,800	4	0.75%			
Butler Bowl, Inc.	7,966,300	5	0.73%	3,939,100	6	0.52%
Butler Printing & Lamination	7,434,100	6	0.68%	3,596,400	7	0.48%
ZZ Group LLC	6,374,400	7	0.58%			
1301 Realty Enterprises, LLC	5,937,400	8	0.54%	7,576,800	4	1.01%
Bromat Enterprises Inc	4,501,900	9	0.41%	2,949,100	9	0.39%
H.O.R. & M.G.R. LLC	4,045,500	10	0.37%			
Butler Center Associates				8,324,900	3	1.11%
Randell Corporation				5,310,500	5	0.71%
1341 Route 23, Inc				3,181,500	8	0.42%
MNB Realty CO, LLC				2,349,900	10	0.31%
<b>Total</b>	<b>\$ 95,638,900</b>		<b>8.77%</b>	<b>\$ 60,408,200</b>		<b>8.04%</b>

Source: Municipal Tax Assessor's Office.

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

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy<sup>a</sup></u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
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	17,750,480	17,750,480	100.00%	-
2022	18,105,486	18,105,486	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			Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases	Total District		
2013	5,826,000	-	5,826,000	0.9308%	754.17
2014	5,416,000	113,302	5,529,302	0.8487%	715.30
2015	4,986,000	91,192	5,077,192	0.7441%	656.99
2016	4,541,000	67,952	4,608,952	0.6558%	598.41
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	1,687,074	3,677,074	not available	453.06
2022	1,430,000	1,563,963	2,993,963	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**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	5,826,000		5,826,000	0.78%	754
2014	5,416,000		5,416,000	0.72%	701
2015	4,986,000		4,986,000	0.66%	645
2016	4,541,000		4,541,000	0.60%	590
2017	4,076,000		4,076,000	0.54%	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	***	245
2022	1,430,000		1,430,000	***	***

**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 BOROUGH BOARD OF EDUCATION**  
**Direct and Overlapping Governmental Activities Debt**  
**Year Ended June 30, 2022**

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Borough of Butler	2,461,499	100.000%	2,461,499
<b>Other debt</b>			
Morris County	235,030,042	1.119%	2,629,295
Subtotal, overlapping debt			5,090,794
<b>Butler Borough School District Direct Debt</b>			<u>1,430,000</u>
<b>Total direct and overlapping debt</b>			<u>\$ 6,520,794</u>

**Sources:** Assessed value data used to estimate applicable percentages provided by the Morris County Board of Taxation.  
 Debt outstanding data provided by each governmental unit.

(1) Debt information as of December 31, 2021



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

**Legal Debt Margin Calculation for Fiscal Year 2022**

Equalized valuation basis	
2019	1,023,295,130
2020	1,029,884,626
2021	1,106,466,522
<b>[A]</b>	<u>3,159,646,278</u>

Average equalized valuation of taxable property	<b>[A/3]</b>	\$ 1,053,215,426
Debt limit (4% of average equalization value)	<b>[B]</b>	42,128,617
Total Net Debt Applicable to Limit	<b>[C]</b>	1,990,000
Legal debt margin	<b>[B-C]</b>	<u>\$ 40,138,617</u>

	Fiscal Year.									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 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	42,128,617
Total net debt applicable to limit	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	1,430,000
Legal debt margin	<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>	<u>40,688,617</u>
Total net debt applicable to the limit as a percentage of debt limit	13.63%	13.92%	12.69%	11.69%	10.53%	9.38%	8.00%	6.40%	4.92%	3.39%

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 <sup>a</sup></u>	<u>Personal Income in (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2012	7,713	615,929,328	79,856	7.8%
2013	7,725	625,925,850	81,026	6.9%
2014	7,730	651,538,510	84,287	5.7%
2015	7,728	682,366,944	88,298	4.7%
2016	7,702	702,822,904	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%
2021	8,116	***	***	5.3%

**Source:**

<sup>a</sup> U.S. Bureau of the Census, Population Division, (Estimates April 1, 2012 - July 1, 2021)

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

<sup>c</sup> U.S. Department of Commerce, County Information 2012-2021.

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

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

Employer	2022		2013		
	Employees	Rank (Optional)	Percentage of Total Employment	Rank (Optional)	Percentage of Total Employment

No data is available to complete this schedule.

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

<u>Function/Program</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>	<u>2022</u>
Instruction										
Regular	74.5	89	91.6	92	90.8	89.4	89.4	77.4	81.4	81.4
Special education	32.2	28.2	27.2	26.5	30.4	32.3	32.3	32.3	32.3	32.3
B.S. / Bilingual	2.8	2.4	4.1	2.8	3	3.0	3.0	3.0	3.0	3.0
Other Instruction	8.6	1.8	0.9	1.2	1.2	1.3	1.3	1.3	1.3	1.3
Support Services:										
Student & instruction related services	53.9	62.3	64.3	55	57.6	63.9	48.0	39.0	39.0	39.0
General administrative services	2.2	1.94	1.9	1.8	1.8	1.8	1.8	1.8	1.8	1.8
School administrative services	9.2	9.3	9.3	10	10	10.4	10.4	11.4	11.4	11.4
Central Services	4.1	1.5	1	1.2	0.8	0.8	0.8	0.8	0.8	0.8
Administrative Information Technology	0.7	0.7	0.7	0.9	1	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	21.5	20.5	21	24	23.2	22.6	22.6	22.6	22.6	22.6
<b>Total</b>	<b>209.7</b>	<b>217.6</b>	<b>222.0</b>	<b>215.4</b>	<b>219.8</b>	<b>226.5</b>	<b>210.6</b>	<b>190.6</b>	<b>194.6</b>	<b>194.6</b>

**Source:** District Budget Records

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

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2012-2013	1,148	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	1,124	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	1,145	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	1,157	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	1,192	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	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	27,394,360	23,842	5.63%	126.00	8.90	11.51	10.80	1,164.4	1,117.5	0.28%	95.97%
2019-2020	1,159	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	27,268,202	24,347	5.71%	127.96	8.10	11.04	10.20	1,122.4	1,087.9	-1.05%	96.92%
2021-2022	1,140	30,570,395	26,816	10.14%	127.96	8.10	11.04	10.20	1,125.6	1,073.8	0.28%	95.40%

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>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Elementary</u>										
Aaron Decker (1966)										
Square Feet	48,700	48,700	48,700	48,700	48,700	48,700	48,700	48,700	48,700	48,700
Capacity (students)	340	340	340	340	340	340	340	340	340	340
Enrollment	390	393	381	386	379	383	406	390	394	378
<u>Middle School</u>										
Richard Butler (1954)										
Square Feet	54,710	54,710	54,710	54,710	54,710	54,710	54,710	54,710	54,710	54,710
Capacity (students)	330	330	330	330	330	330	330	330	330	330
Enrollment	299	282	298	272	280	289	278	295	317	299
<u>High School</u>										
Butler (1906)										
Square Feet	134,530	134,530	134,530	134,530	134,530	134,530	134,530	134,530	134,530	134,530
Capacity (students)	541	541	541	541	541	541	541	541	541	541
Enrollment	516	509	527.5	533	533	490	505	474	454	438

Number of Schools at June 30, 2022

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.

**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)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Butler High School	N/A	227,926	199,638	203,468	173,639	110,793	179,938	213,055	173,417	156,259	151,976
Aaron Decker	N/A	164,416	94,080	98,202	83,514	55,077	60,413	93,615	69,382	70,511	55,336
Richard Butler	N/A	145,375	70,176	91,310	58,566	41,637	64,159	83,460	89,693	81,429	63,196
District	N/A	8,463	-	-	-	-	-	-	-	-	-
<b>Total School Facilities</b>		<u>546,180</u>	<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>

(\*) 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, 2022  
Unaudited

	Limit	Deductible
Property - Blanket Building & Contents	\$58,530,288	2,500.00
General Liability ( each occurrence)	10,000,000	1,000.00
Workers Comp	3,000,000	
Crime Coverage - Employee theft	500,000	1,000.00
Commercial Automobile Liability	10,000,000	1,000.00
Boiler and Machinery	Included	1,000.00
School Board Legal Liability		
Limit of Liability	10,000,000	5,000.00
Employment Practices Liability	10,000,000	1,000.00
Pollution Liability		
Each Occurance	1,000,000	50,000.00
Aggregate	10,000,000	
Excess Liability Policy		
Each Occurance	10,000,000	
NJUEP Excess Liability		
Each Occurance	10,000,000	
Excess School Leaders Professional Liability and Employment Practices Liability	4,700,000	
School Alliance Insurance Fund Liability	100,000	
Blanket Accident Insurance	25,000	-
Accident Medical Expenses Benefits	5,000,000	25,000.00
Cyber Liability	2,000,000.00	10,000.00
Public Official Bonds		
Treasurer - Jim Kozimor	250,000	
Business Administrator - Board Secretary Pamela Vargas	205,000	
Interim Business Administrator Carolyn Joseph	250,000	

Source: District Records



**SINGLE AUDIT SECTION**



# WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA  
MATTHEW B. WIELKOTZ, CPA, PSA  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable President and  
Members of the Board of Education  
Borough of Butler School District  
County of Morris, 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, 2022, 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 1, 2023.

***Internal Control Over Financial Reporting***

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



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

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

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

As part of obtaining reasonable assurance about whether the Borough of Butler Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that were required to be reported to the Board of Education of the Butler Borough School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated February 1, 2023.

### ***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.

*Steven D. Wielkotz*

Steven D. Wielkotz, C.P.A.  
Licensed Public School Accountant  
No. 816

*Wielkotz + Company, LLC*

WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

February 1, 2023





# WIELKOTZ & COMPANY LLC

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND N.J. OMB CIRCULAR 15-08**

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

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

***Opinion on 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 year ended June 30, 2022. The Borough of Butler Board of Education’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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, 2022.

**Basis for Opinion on Each Major Federal and State Program**

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 the audit 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. Our



responsibilities under those standards and the Uniform Guidance and N.J. OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Borough of Butler Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Borough of Butler Board of Education's compliance with the compliance requirements referred to above.

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Borough of Butler Board of Education's federal and state programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Borough of Butler Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and N.J. OMB Circular 15-08, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Borough of Butler Board of Education's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and N.J. OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Borough of Butler Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.



- Obtain an understanding of Borough of Butler Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of Borough of Butler Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.



Honorable President and  
Members of the Board of Education

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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.

*Steven D. Wielkocz*

Steven D. Wielkocz, C.P.A.  
Licensed Public School Accountant  
No. 816

*Wielkocz & Company, LLC*

WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

February 1, 2023



Butler Borough School District  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year Ending June 30, 2021

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, 2021		June 30, 2022		MEMO Cumulative Total Expenditures
						(Accounts Receivable)	Unearned Revenue	(Accounts Receivable)	Unearned Revenue	
<b>U.S. Department of Agriculture</b>										
<b>Passed - through State Department</b>										
<b>Enterprise Fund:</b>										
U.S.D.A. Commodities Program	10.550	21INJ304N1099	N/A	47,571	7/1/21-6/30/22	-	5,180	-	4,618	-
National School Lunch Program	10.555	20INJ304N1099	N/A	194,698	7/1/20-6/30/21	(21,688)	-	-	-	194,698
National School Lunch Program	10.555	20INJ304N1099	N/A	15,264	7/1/20-6/30/21	(15,264)	-	-	-	15,264
National School Lunch Program	10.555	21INJ304N1099	N/A	603,255	7/1/21-6/30/22	-	-	(46,446)	-	603,255
National School Breakfast Program	10.553	20INJ304N1099	N/A	122,910	7/1/20-6/30/21	(13,691)	-	-	-	122,910
National School Breakfast Program	10.553	21INJ304N1099	N/A	95,053	7/1/21-6/30/22	-	-	(7,315)	-	95,053
Total Enterprise Fund						(50,643)	5,180	(53,761)	4,618	1,031,180
<b>U.S. Department of Education</b>										
<b>Passed - through State Department</b>										
<b>General Fund:</b>										
Medicaid Assistance Program	93.778	2065N15MAP	N/A	47,550	7/1/21-6/30/22	-	-	(15,446)	-	47,550
Total General Fund						-	-	(15,446)	-	47,550
<b>U.S. Department of Education</b>										
<b>Passed - through State Department</b>										
<b>Special Revenue Fund:</b>										
Title I - Part A - Improving Basic Programs	84.010	S010A210030	ESE-A0630-21	87,318	7/1/20-9/30/21	(38,530)	-	-	-	87,318
Title I - Part A - Improving Basic Programs	84.010	S010A210030	ESE-A0630-22	85,190	7/1/21-9/30/22	(38,530)	-	-	-	85,190
Title II - Part A - Teacher & Principal Training/Recruiting	84.367	S367A200029	ESE-A0630-21	18,719	7/1/20-9/30/21	(655)	-	-	-	18,719
Title II - Part A - Teacher & Principal Training/Recruiting	84.367	S367A210029	ESE-A0630-22	16,710	7/1/21-9/30/22	-	-	(17,365)	-	16,710
Title III - English Language Acquisition	84.365A	S365A200050	ESE-A0630-21	18,568	7/1/20-9/30/21	(5,215)	-	-	-	18,568
Title III - English Language Acquisition	84.365A	S365A210050	ESE-A0630-22	12,188	7/1/21-9/30/22	-	-	(12,188)	-	12,188
Title III - Immigrant	84.365A	S365A210050	ESE-A0630-22	2,729	7/1/21-9/30/22	-	-	(2,729)	-	2,002
Title IV - Part A - Student Support and Academic Enrichment	84.424A	S424A200031	ESE-A0630-21	13,287	7/1/20-9/30/21	(6,532)	-	-	-	13,287
Title IV - Part A - Student Support and Academic Enrichment	84.424A	S424A210031	ESE-A0630-22	10,000	7/1/21-9/30/22	-	-	(10,000)	-	10,000
ID.E.A. - Part B, Basic	84.027	H027A200100	ID.E.A.0630-20	279,374	7/1/20-9/30/21	(61,030)	-	-	-	279,374
ID.E.A. - Part B, Basic	84.027	H027A210100	ID.E.A.0630-21	270,069	7/1/21-9/30/22	-	-	(270,069)	-	270,069
A.R.P. - I.D.E.A. Part B, Basic Regular	84.027X	H027X210100	ARP-ID.E.A.0630-21	52,592	7/1/21-9/30/23	-	-	(52,592)	-	-
ID.E.A. - Part B, Preschool	84.173	H173A200114	ID.E.A.0630-20	12,394	7/1/20-9/30/21	(150)	-	-	-	12,394
ID.E.A. - Part B, Preschool	84.173	H173A210114	ID.E.A.0630-21	8,998	7/1/21-9/30/22	-	-	(8,998)	-	8,998
A.R.P. - I.D.E.A. Part B, Preschool	84.173X	H173X210114	ARP-ID.E.A.0630-21	4,480	7/1/21-9/30/23	-	-	(4,480)	-	-
C.R.R.S.A. - E.S.S.E.R. II	84.425D	S425D200031	CRRSA-ESSER0630-21	286,182	3/13/20-9/30/23	-	-	(286,182)	-	286,182
C.R.R.S.A. - E.S.S.E.R. II - Learning Acceleration	84.425D	S425D200031	CRRSA-ESSER0630-21	25,000	3/13/20-9/30/23	-	-	(25,000)	-	25,000
C.R.R.S.A. - E.S.S.E.R. II - Mental Health	84.425D	S425D200031	CRRSA-ESSER0630-21	45,000	3/13/20-9/30/23	-	-	(31,000)	-	31,000
A.R.P. - E.S.S.E.R. - Accelerated Learning, Coaching and Educator Support	84.425U	S425U210042	ARP-ESSER0630-21	643,176	3/13/20-9/30/24	-	-	(251,506)	-	251,506
A.R.P. - E.S.S.E.R. - Summer Learning and Enrichment	84.425U	S425U210042	ARP-ESSER0630-21	88,341	3/13/20-9/30/24	-	-	(14,022)	-	14,022
A.R.P. - E.S.S.E.R. - Comprehensive Beyond the School Day	84.425U	S425U210042	ARP-ESSER0630-21	40,000	3/13/20-9/30/24	-	-	-	-	-
A.R.P. - E.S.S.E.R. - Mental Health Support Staffing	84.425U	S425U210042	ARP-ESSER0630-21	45,000	3/13/20-9/30/24	-	-	-	-	-
Total Special Revenue Fund						(112,112)	-	(1,071,321)	-	1,443,486
Total Federal Financial Awards						(162,755)	5,180	(1,865,527)	4,618	2,522,481

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, 2022**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From / To	June 30, 2021		June 30, 2022		MEMO
				Cash Received	Budgetary Expenditures	Unearned Revenue (Accts Receivable)	Budgetary Receivable	
<b>State Department of Education:</b>								
<b>General Fund:</b>								
Equalization Aid	495-034-5120-078	1,525,936	7/1/21-6/30/22	1,374,651	(1,525,936)	-	151,285	1,525,936
School Choice Aid	495-034-5120-068	13,592	7/1/21-6/30/22	12,245	(13,592)	-	1,347	13,592
Transportation Aid	495-034-5120-014	215,738	7/1/21-6/30/22	194,349	(215,738)	-	21,389	215,738
Special Education Categorical Aid	495-034-5120-089	674,281	7/1/21-6/30/22	607,431	(674,281)	-	66,850	674,281
Security Aid	495-034-5120-084	39,010	7/1/21-6/30/22	35,142	(39,010)	-	3,868	39,010
Subtotal State Aid - Public Cluster				2,223,818	(2,468,557)	-	244,739	2,468,557
Extraordinary Special Education Aid	100-034-5120-473	283,033	7/1/20-6/30/21	283,033	-	-	-	283,033
Extraordinary Special Education Aid	100-034-5120-473	230,990	7/1/21-6/30/22	-	(230,990)	(230,990)	-	230,990
On-Behalf TPAF Pension	495-034-5094-006	3,763,139	7/1/21-6/30/22	3,763,139	(3,763,139)	-	-	3,763,139
On-Behalf TPAF NCGI Premium	495-034-5094-004	53,093	7/1/21-6/30/22	53,093	(53,093)	-	-	53,093
On-Behalf TPAF Post Retirement Medical	495-034-5094-001	891,626	7/1/21-6/30/22	891,626	(891,626)	-	-	891,626
On-Behalf TPAF Long-Term Disability Ins.	495-034-5094-004	1,464	7/1/21-6/30/22	1,464	(1,464)	-	-	1,464
Non-Public Transportation Aid	495-034-5120-014	14,790	7/1/20-6/30/21	14,790	-	(15,660)	-	14,790
Non-Public Transportation Aid	495-034-5120-014	15,660	7/1/21-6/30/22	-	(15,660)	(15,660)	-	15,660
Reimbursed T.P.A.F. - Social Security	495-034-5094-003	781,344	7/1/20-6/30/21	38,601	(38,601)	-	-	781,344
Reimbursed T.P.A.F. - Social Security	495-034-5094-003	813,577	7/1/21-6/30/22	774,163	(813,577)	(39,414)	-	813,577
Total General Fund				8,043,727	(8,238,106)	(286,064)	244,739	9,317,273
<b>Debt Service Fund:</b>								
Debt Service Aid	495-034-5120-075	67,079	7/1/21-6/30/22	67,079	(67,079)	-	-	67,079
Total Debt Service Fund				67,079	(67,079)	-	-	67,079
<b>Special Revenue Fund:</b>								
Additional or Compensatory Special Education and Related Services	193,196	193,196	7/1/21-6/30/22	45,016	(193,196)	(148,180)	-	193,196
Schools Development - Emergent Need	28,928	28,928	7/1/21-6/30/22	28,928	(28,928)	-	-	28,928
Total Special Revenue Fund				73,944	(222,124)	(148,180)	-	
<b>State Department of Agriculture</b>								
<b>Enterprise Fund:</b>								
State School Lunch Program	100-010-3350-023	10,724	7/1/20-6/30/21	1,545	-	(1,545)	-	10,724
State School Lunch Program	100-010-3350-023	14,194	7/1/21-6/30/22	13,125	(14,194)	(1,069)	-	14,194
Total Enterprise Fund				14,670	(14,194)	(1,069)	-	24,918
Total State Financial Assistance				8,199,420	(8,541,503)	(435,313)	244,739	9,409,269
<b>Less: On-Behalf Pension and Annuity Aid</b>								
On-Behalf TPAF Pension	495-034-5094-006	3,763,139	7/1/21-6/30/22	3,763,139	(3,763,139)	-	-	3,763,139
On-Behalf TPAF NCGI Premium	495-034-5094-004	53,093	7/1/21-6/30/22	53,093	(53,093)	-	-	53,093
On-Behalf TPAF Post Retirement Medical	495-034-5094-001	891,626	7/1/21-6/30/22	891,626	(891,626)	-	-	891,626
On-Behalf TPAF Long-Term Disability Ins.	495-034-5094-004	1,464	7/1/21-6/30/22	1,464	(1,464)	-	-	1,464
Total for State Major Program Determinations				3,490,989	(3,832,181)	(435,313)	244,739	4,699,947

See accompanying notes to Schedule of Expenditures of Federal awards and State Financial Assistance.

**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 \$35,678 for the general fund and \$4,606 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 2022 fiscal year was \$5,522,899.

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$47,550	\$8,269,993	\$8,317,543
Special Revenue Fund	1,066,715	125,527	1,192,242
Debt Service Fund	-	66,991	66,991
Food Service Fund	<u>745,879</u>	<u>14,194</u>	<u>760,073</u>
Total Financial Awards	<u>\$1,860,144</u>	<u>\$8,476,705</u>	<u>\$10,336,849</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, 2022.

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, 2022**

*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>Assistance Listing#</u>	<u>FEIN#</u>	<u>Name of Federal Program or Cluster</u>
		Special Education Cluster:
84.027	H027A210100	I.D.E.A. Basic
84.027X	H027X210100	ARP - I.D.E.A. Basic
84.173	H173A210114	I.D.E.A. Preschool
84.173X	H173X210114	ARP - I.D.E.A. Preschool
		Education Stablization Fund Cluster:
84.425D	S425D210027	C.R.R.S.A. - E.S.S.E.R. II
84.425D	S425D210027	C.R.R.S.A. - E.S.S.E.R. II - Learning Acceleration
84.425D	S425D210027	C.R.R.S.A. - E.S.S.E.R. II - Mental Health
84.425U	S425U210042	A.R.P. - E.S.S.E.R.
84.425U	S425U210042	A.R.P. - E.S.S.E.R. - Accelerated Learning, Coaching and Educator Support



**BOROUGH OF BUTLER SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

*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, 2022**

**Status of Prior Year Findings**

There were not prior year findings to correct.