

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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
of the**

Borough of Butler School District

Board of Education

Butler, New Jersey

For the Fiscal Year Ended June 30, 2023



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, 2023**

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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

January 17, 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, 2023, 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 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 2022 -2023 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>
2022-23	1,282.00	
2021-22	1,140.00	
2020-21	1,122.4	-8.10%
2019-20	1,134.3	-1.03%
2018-19	1,163.4	0.19%
2017-18	1,161.2	-2.60%
2016-17	1,191.7	3.07%
2015-16	1,156.2	1.00%
2014-15	1,144.7	1.85%
2013-14	1,123.9	-2.09%

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 2022 were \$763,049,350. Residential properties account for 92.5% of the assessed valuations, and the median home value was \$355,200. The District is in a strong economic position as indicated by its AA long term rating.

The District's primary funding sources are property tax revenue, tuition received from Bloomingdale for their High School students, and state aid. As a result of a significant surplus at the end of the year due to a

significant reduction in expenses related to the COVID virus, the district was able to add approximately \$1,000,000 to its Capital Reserve Fund and \$181,641 to its Maintenance Reserve Fund.

3) MAJOR INITIATIVES (Capital Improvements): District: In 2022-2023, the district installed a lift system in the Butler High School. Additionally, several classrooms' floors were renovated, a retaining wall was repaired, and one HVAC unit was installed. There were numerous ceiling and flooring upgrades throughout the three schools. In terms of district safety and security, all three buildings had updates installed to be compliant to Alyssa's Law. These updates include new security systems upgrades.

4) MAJOR INITIATIVE (ACADEMIC): District:

Butler High School students continue to maintain high levels of performance on a variety of standardized testing – including various Advanced Placement (AP) tests, SAT (SAT I and SAT II), and ACT. District analysis indicates continued growth on a districtwide basis. All students in the class of 2023 are on course to satisfy the state graduation requirements as outlined by the NJDOE.

Our students at Butler High School continue to gain local, state, and county recognition with regard to achievement in the areas of academics, the arts, athletics, and climate/culture. During the 2022-2023 school year, our high school students also worked in a blended and flipped learning modality, using NearPod, STMath, EnVision, SchoolWide, NEWSELA, and other software, as well as SAT preparation software, to provide standards based curriculum regardless of setting during the pandemic. In addition, Butler incorporated targeted interventions within the specific instructional areas in Math and Language Arts/Literacy through Rtl and Summer Intervention Programs. We have introduced new coursework in the areas of STEM, including computer sciences, drama, and public speaking. In addition, during the 2022-2023 school year, the district introduced over 20 semester based elective courses at Butler High School to increase student choice and autonomy while providing semester length coursework to help students transition to college schedules.

Richard Butler School is a grade 5 - 8 middle school where the primary mission is to provide a safe and secure educational environment that promotes academic excellence and nurtures the social and emotional well-being of all students. Richard Butler School is committed to small class size, personalized instruction, inclusive programming, and opportunities for both group and individual student recognition. During the 2022-2023 school year, RBS instituted the teaming philosophy to create “smaller schools within the school.” following middle level education philosophy and strengthening mentoring, academic interventions, and instruction possibilities. The curriculum is based upon the New Jersey Student Learning Standards, and it enables students to achieve academic success by being self-directed, self-disciplined, and responsible learners. All through the collaborative process, the faculty continuously plans for engaging and challenging lessons for students and works to integrate the curriculum within the various subject matters to provide our students with opportunities to develop skills necessary to acquire, synthesize, and utilize information. A Response to Intervention program 5-8 is offered to supplement our Language Arts and Math classes. In addition to the core academic courses, the students at Richard Butler School have quarter courses to enrich their education. Art, Music, Study Skills, and Academic Technology are the course offerings. World Languages instruction focused on Spanish is offered in grades 6, 7, and 8. In Grade 5, Spanish is integrated into the daily curriculum. Students are also provided an opportunity to participate in an Instrumental Music program. Students in this program take lessons on a rotating schedule and perform in school concerts throughout the year along with playing in special community events. Technology continues to be an integral part of instruction at the Richard Butler School. The computer lab provides time for all students to receive a quarter course as well as serve as an open lab enabling the faculty to bring classes to integrate technology into their content areas. Every student in grades 5-8 carries a Chromebook with them throughout the day.

This has allowed teachers and students to integrate more technology into their teaching and learning on a daily basis. Along with academic development, Richard Butler School focuses on the social and emotional needs of each student. Richard Butler School has counselors available on a daily basis to help any student in crisis. Students participate in different social and emotional programs throughout the year. Richard Butler School also provides students extra-curricular activities such as student government, yearbook, chess club, TREPS, T.R.A.C.K., and interscholastic boys and girls basketball.

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

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

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

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

6) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Butler Board of Education. Annual appropriate budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project length budgets are approved for the capital improvements and are accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

The District participates in several shared services agreements in order to procure goods and services in the most cost efficient means possible to assure savings to the taxpayer: The A.C.E.S. (Alliance for Competitive Energy Service program), organized by NJSBA, NJASBO and NJASA, is utilized for the provision of natural gas; Educational Data Services, Inc., the Morris County cooperative purchasing service, is utilized for District educational, office and custodial supplies and maintenance services. The Board participates in ACT (Alliance for Competitive Telecommunications) program for discounted telecommunications services; and SAIF (School Alliance Insurance Fund) and NJSIG (New Jersey Schools Insurance Group), pooled insurance groups for property, liability and workers compensation insurance.

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

8) POLICY CHANGES: There were no significant policy changes in 2022 - 2023.

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 Uniform Guidance and N.J. Circular OMB 15-08. The auditors' report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

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

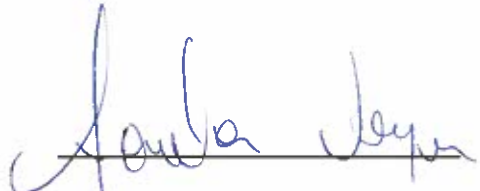
10) AWARDS: Butler High School was recognized by U.S. News and World Report as a "Top High School". Richard Butler Middle School was also recognized by U.S. News and World Report as a "Top Middle School." ADS was recognized as a National School of Character, and the District received a Climate and Culture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

11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Butler Borough School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

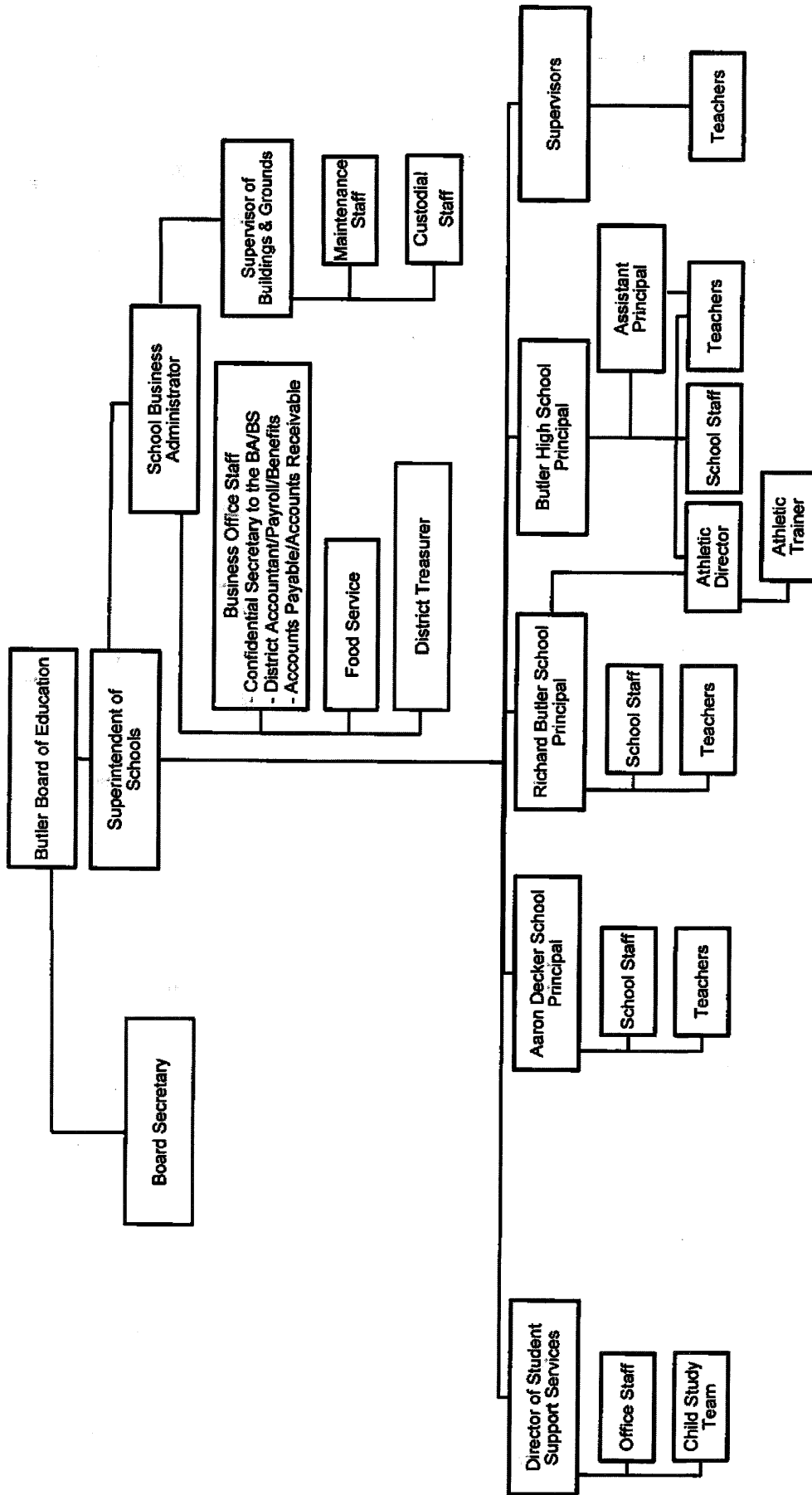


Daniel Johnson
Superintendent



Pamela Vargas
Business Administrator

BUTLER SCHOOL DISTRICT ORGANIZATIONAL CHART



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

JUNE 30, 2023

ROSTER OF OFFICIALS

Members of the Board of Education

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

Karen Smith - President	January 2025
Angela Drucker	January 2025
Jason Karpowich	January 2024
Jamie Tacinelli	January 2025
Alison Allison - Vice-President	January 2024
Chris Ziegler	January 2026
Heather Oguss	January 2025
Jane Tadros	January 2024
Michael Gogel	January 2024
Lauren Grecco (Bloomingdale Representative)	

Other Officials

Dr. Daniel Johnson	Superintendent
Pamela Vargas	Board Secretary/ School Business Administrator
James Kozimor	Treasurer of School Monies
Jeffrey Merlino, Esq.	General Counsel
Frank P. Cavallo, Jr., Esq.	Board Attorney - Special Legal Counsel

BUTLER BOARD OF EDUCATION
Consultants and Advisors
June 30, 2023

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

Schenck, Price, Smith, & King, LLP
220 Park Avenue
Florham Park, NJ 07932

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 LLC

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA
MATTHEW B. WIELKOTZ, CPA, 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, 2023, 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, 2023, 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.



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

- 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.



Honorable President and
Members of the Board of Education
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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.



Honorable President and
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2024 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

January 17, 2024



**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

**BUTLER BOROUGH PUBLIC SCHOOL DISTRICT
BUTLER BOROUGH**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023. 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 2022-2023 fiscal year are as follows:

- ◆ The School District had \$29,727,509 in expenses (see A-2 District-wide Statement of Activities, Governmental Activities); \$5,418,094 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 \$19,007,856 and \$6,046,817, respectively, were adequate to provide for these programs.
- ◆ The General Fund had \$31,475,844 in revenues and \$33,349,391 in expenditures. The General Fund's fund balance decreased by \$1,873,547 over 2021-2022. This increase was attributed to a decrease in spending overall in 2022-23. (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 2022-23 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 \$18,719,932 and \$17,889,938 as of June 30, 2023 and 2022, 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, 2023 and 2022.

**Table 1
Net Position
June 30, 2023 and 2022**

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Assets:						
Current and Other Assets	8,881,574	10,473,031	342,938	374,368	9,224,512	10,847,399
Capital Assets, net	<u>16,592,941</u>	<u>14,962,233</u>	<u>197,212</u>	<u>83,089</u>	<u>16,790,153</u>	<u>15,045,322</u>
Total Assets	<u>25,474,515</u>	<u>25,435,264</u>	<u>540,150</u>	<u>457,457</u>	<u>26,014,666</u>	<u>25,892,721</u>
Deferred Outflows of Resources:						
Deferred Outflows of Resources Relate to PERS	757,081	631,793	-	-	757,081	631,793
Deferred Amount on Refunding	<u>12,542</u>	<u>25,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,085</u>
	<u>769,623</u>	<u>656,878</u>	<u>-</u>	<u>-</u>	<u>769,623</u>	<u>656,878</u>
Liabilities:						
Current Liabilities	1,669,449	1,359,542	85,195	-	1,754,644	1,359,542
Noncurrent liabilities	<u>5,754,882</u>	<u>5,567,248</u>	<u>-</u>	<u>-</u>	<u>5,754,882</u>	<u>5,567,248</u>
Total Liabilities	<u>7,424,331</u>	<u>6,926,790</u>	<u>85,195</u>	<u>-</u>	<u>7,509,526</u>	<u>6,926,790</u>
Deferred Inflows of Resources:						
Deferred Inflows of Resources Related to PERS	<u>554,831</u>	<u>1,732,871</u>	<u>-</u>	<u>-</u>	<u>554,831</u>	<u>1,732,871</u>
Net Investment in Capital Assets:						
Net Inv. in Capital Assets	14,288,128	11,968,270	197,212	83,089	14,485,340	12,051,359
Restricted	8,233,531	10,120,453	-	-	8,233,531	10,120,453
Unrestricted	<u>(4,256,683)</u>	<u>(4,656,242)</u>	<u>257,743</u>	<u>374,368</u>	<u>(3,998,940)</u>	<u>(4,281,874)</u>
Total Net Position	<u>18,264,976</u>	<u>17,432,481</u>	<u>454,955</u>	<u>457,457</u>	<u>18,719,932</u>	<u>17,889,938</u>

The District's combined net position increased by \$829,994 during the year ended June 30, 2023. This was an increase of 4.64% from the prior year.

Table 2 shows changes in net position for fiscal years ended June 30, 2023 and 2022.

Table 2
Changes in Net Position
June 30, 2023 and 2022

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program Revenues:						
Charges for Services	233,811	179,462	255,067	45,747	488,878	225,209
Operating Grants and Contributions	5,184,283	5,537,440	320,335	760,073	5,504,619	6,297,513
General Revenues:						
Property Taxes	19,007,856	18,657,639	-	-	19,007,856	18,657,639
Federal and State Aid not Restricted	5,980,002	7,039,983	-	-	5,980,002	7,039,983
State Aid – Restricted for Debt Service	66,815	66,991	-	-	66,815	66,991
Miscellaneous Income	<u>87,237</u>	<u>242,069</u>	<u>536</u>	<u>290</u>	<u>87,773</u>	<u>242,359</u>
Total Revenues and Transfers	<u>30,560,004</u>	<u>31,723,584</u>	<u>575,938</u>	<u>806,110</u>	<u>31,135,942</u>	<u>32,529,694</u>
Functions/Programs:						
Governmental Activities						
Instruction:						
Regular	10,715,916	11,169,231	-	-	10,715,916	11,169,231
Special Education	3,176,915	3,040,390	-	-	3,176,915	3,040,390
Other Special Education	364,538	339,119	-	-	364,538	339,119
Other Instruction	550,607	589,612	-	-	550,607	589,612
Support Services:						
Tuition	1,390,727	1,150,953	-	-	1,390,727	1,150,953
Student & Instruction Related Services	4,660,745	4,560,655	-	-	4,660,745	4,560,655
General Administrative Services	647,999	622,114	-	-	647,999	622,114
School Administrative Services	1,342,192	1,383,887	-	-	1,342,192	1,383,887
Central Services & Administrative Inform. Tech	863,128	825,602	-	-	863,128	825,602
Plant Operations and Maintenance	3,082,106	3,340,549	-	-	3,082,106	3,340,549
Pupil Transportation	1,829,557	1,238,687	-	-	1,829,557	1,238,687
Capital Outlay – Non-depreciable	250,446	48,193	-	-	250,446	48,193
Interest on Long Term Debt	33,874	51,249	-	-	33,874	51,249
Unallocated Depreciation	767,786	638,800	-	-	767,786	638,800
Food Service	-	-	578,440	591,123	578,400	591,123
Transfer to Carter School	<u>50,971</u>	<u>60,588</u>	<u>-</u>	<u>-</u>	<u>50,971</u>	<u>60,588</u>
Total Expenditures and Transfers	<u>29,727,509</u>	<u>29,059,628</u>	<u>578,440</u>	<u>591,123</u>	<u>30,305,948</u>	<u>29,650,752</u>
Increase/Decrease in Net Position	<u>832,496</u>	<u>2,663,954</u>	<u>(2,502)</u>	<u>214,987</u>	<u>829,994</u>	<u>2,878,942</u>
Net Position – Beginning (as previously reported)	17,432,481	14,741,498	457,457	254,960	17,889,938	14,996,458
Net Position Restatement	<u>-</u>	<u>27,028</u>	<u>-</u>	<u>(12,490)</u>	<u>-</u>	<u>14,538</u>
Net Position – Beginning (restated)	<u>17,432,481</u>	<u>14,768,526</u>	<u>457,457</u>	<u>242,470</u>	<u>17,889,938</u>	<u>15,010,996</u>
Net Position – Ending	<u>18,264,977</u>	<u>17,432,481</u>	<u>454,955</u>	<u>457,457</u>	<u>18,719,932</u>	<u>17,889,938</u>

Governmental Activities

The District's total governmental activities' revenues, which include State and Federal Grants, were \$30,560,004 for the year ended June 30, 2023, a decrease of \$1,163,579 or 3.67% 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 \$2,648,171. Property taxes of \$19,007,856 represent 62.20% of revenues. Another significant portion of revenues came from State, Federal and Tuition from Other LEAs; total State, Federal, Tuition from other LEAs was \$11,464,911. Another source of revenues is miscellaneous income, which includes items such as rentals, prior year refunds, interest, etc. which amounts to \$87,237.

The total cost of all governmental program and services was \$29,727,509. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$14,807,976 or 49.81% of total expenses. Support services totaled \$13,816,455 or 46.48% 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 \$1,103,770 or 3.71% of total expenses.

Total governmental activities revenues surpassed expenses, increasing net position \$832,496 over the previous year.

Business-Type Activities

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

- ◆ Food service expenses were greater than its revenues resulting in a decrease in net position of \$2,502.
- ◆ Charges for services represent \$255,067 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 \$320,871.

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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 2022 follows, as well as a description of the various expenditure areas.

Table 3

	<u>Total Cost of Services 2023</u>	<u>Net Cost of Services 2023</u>	<u>Total Cost of Services 2022</u>	<u>Net Cost of Services 2022</u>
Instruction	\$14,807,976	\$11,860,393	\$15,138,352	\$11,586,338
Support services				
Pupils and instructional staff	6,051,473	4,781,954	5,711,608	4,646,469
General administration, school administration, business	2,853,319	2,464,243	2,831,603	2,444,860
Operation and maintenance of facilities	3,082,106	2,421,965	3,340,549	2,627,543
Pupil transportation	1,829,557	1,829,557	1,238,687	1,238,687
Food Service	-	-	-	-
Interest on Long Term Debt	33,874	33,874	51,249	51,249
Transfer to Charter School	50,971	50,971	60,588	60,588
Unallocated Depreciation and Amortization	767,786	767,876	638,800	638,800
Capital Outlay - Non-depreciable	<u>250,446</u>	<u>98,672</u>	<u>48,193</u>	<u>48,193</u>
Total governmental expenses	<u><u>\$29,757,509</u></u>	<u><u>\$24,309,415</u></u>	<u><u>\$29,059,629</u></u>	<u><u>\$23,342,727</u></u>

The total cost for 2023 increased by \$667,880 from 2022, or 2.30%. 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 2023 is an increase of \$966,688 over 2022, or 4.14%. 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 \$33,208,175 and expenditures of \$35,095,097.

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, 2023, 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	\$23,696,655	71.36%	\$272,287	1.16%
State Sources	8,677,102	26.13%	214,592	2.54%
Federal Sources	<u>834,419</u>	<u>2.51%</u>	<u>(387,846)</u>	-25.11%
Total	<u>\$33,208,175</u>	<u>100.00%</u>	<u>\$207,032</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, 2023.

<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	\$10,520,389	29.98%	\$(331,435.28	-3.05%
Undistributed expenditures	21,205,310	60.42%	1,547,625.68	7.87%
Capital Outlay	2,711,052	7.72%	1,121,987.46	70.61%
Transfer to Charter School	50,971	0.15%	(9,617.00)	-15.87%
Debt Service	607,075	1.73%	(12,069.00)	-1.95%
Total	<u><u>\$35,095,097</u></u>	<u><u>100.00%</u></u>	<u><u>\$2,316,492</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 2023, 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 \$5,747,238 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 \$74,057 over the budgeted amount. This was mainly attributable to a significant increase in Extraordinary Aid from the state.

- ◆ The actual expenditures appear to be \$2,959,201 higher than expected. Once again, after the removal of the TPAF reported numbers, expenditures are \$2,713,980 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 \$2,460,607. More information on capital assets may be found in Note 6 to the financial statements.

Debt Administration

At June 30, 2023 the School district had \$865,000 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 Pamela Vargas, School Business Administrator/Board Secretary at Butler Borough Board of Education, High School Annex Building, Butler, NJ 07405 or email at ptierney@butlerboe.org.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BUTLER BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and Cash Equivalents	4,481,215	308,636	4,789,850
Receivables, net	859,017	15,177	874,194
Inventory	-	19,125	19,125
Restricted Assets:			
Capital Reserve Account - Cash	2,718,463	-	2,718,463
Maintenance reserve account - Cash	822,880	-	822,880
Capital Assets:			
Other Capital Assets, net	16,592,941	197,212	16,790,153
Total Assets	<u>25,474,515</u>	<u>540,150</u>	<u>26,014,666</u>
Deferred Outflows of Resources:			
Deferred Outflows of Resources Related to PERS	757,081	-	757,081
Deferred Amount on Refunding	12,542	-	12,542
Total Deferred Outflows	<u>769,623</u>	<u>-</u>	<u>769,623</u>
Liabilities:			
Accounts Payable:			
Other	623,602	75,721.08	699,323
Related to Pensions	335,519	-	335,519
Accrued Interest on Bonds	14,452	-	14,452
Interfund Payable	41	-	41
Unearned Revenue	24,400	9,474	33,874
Noncurrent Liabilities:			
Due Within One Year	671,435	-	671,435
Due Beyond One Year	5,754,882	-	5,754,882
Total Liabilities	<u>7,424,331</u>	<u>85,195</u>	<u>7,509,526</u>
Deferred Inflows of Resources:			
Deferred Inflows of Resources Related to PERS	554,831	-	554,831
Net Position:			
Net Investment in Capital Assets	14,288,128	197,212	14,485,340
Restricted for:			
Debt Service	1	-	1
Capital projects	2,718,764	-	2,718,764
Maintenance	822,880	-	822,880
Unemployment Compensation	165,553	-	165,553
Scholarships	115,995	-	115,995
Student activities	341,744	-	341,744
Excess Surplus	1,600,000	-	1,600,000
Other Purposes	2,468,594	-	2,468,594
Unrestricted	<u>(4,256,683)</u>	<u>257,743</u>	<u>(3,998,940)</u>
Total Net Position	<u>18,264,976</u>	<u>454,955</u>	<u>18,719,932</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, 2023**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	7,534,077	3,181,840	-	2,316,849	(8,399,067)	-	(8,399,067)
Special Education	2,184,797	992,118	-	565,691	(2,611,224)	-	(2,611,224)
Other Special Instruction	251,208	113,330	-	65,043	(299,495)	-	(299,495)
Other instruction	550,607	-	-	-	(550,607)	-	(550,607)
Support services:							
Tuition	1,390,727	-	-	-	(1,390,727)	-	(1,390,727)
Student & Instruction Related Services	3,544,193	1,116,552	233,811	1,035,709	(3,391,226)	-	(3,391,226)
General Administrative Services	531,444	116,555	-	137,602	(510,397)	-	(510,397)
School Administrative Service	971,235	370,958	-	251,474	(1,090,719)	-	(1,090,719)
Central Services and Admin. Info. Tech.	641,156	221,972	-	-	(863,128)	-	(863,128)
Plant Operations and Maintenance	2,549,578	532,529	-	660,141	(2,421,965)	-	(2,421,965)
Pupil Transportation	1,829,557	-	-	-	(1,829,557)	-	(1,829,557)
Capital Outlay - Non Depreciable	250,446	-	-	151,774	(98,672)	-	(98,672)
Interest on Long-Term Debt	-	33,874	-	-	(33,874)	-	(33,874)
Transfer to Charter School	50,971	-	-	-	(50,971)	-	(50,971)
Unallocated Depreciation and Amortization	12,543	755,243	-	-	(767,786)	-	(767,786)
Total Governmental Activities	<u>22,292,537</u>	<u>7,434,971</u>	<u>233,811</u>	<u>5,184,283</u>	<u>(24,309,415)</u>	<u>-</u>	<u>(24,309,415)</u>
Business-type Activities:							
Food Service	578,440	-	255,067	320,335	-	(3,038)	(3,038)
Total Business-type Activities	<u>578,440</u>	<u>-</u>	<u>255,067</u>	<u>320,335</u>	<u>-</u>	<u>(3,038)</u>	<u>(3,038)</u>
Total Primary Government	<u>22,870,977</u>		<u>488,878</u>	<u>5,504,619</u>	<u>(24,309,415)</u>	<u>(3,038)</u>	<u>(24,312,452)</u>
General Revenues:							
Taxes:							
Property Taxes, levied for general purposes, net					18,467,596	-	18,467,596
Taxes Levied for Debt Service					540,260	-	540,260
Federal and State Aid - Restricted					5,980,002	-	5,980,002
State Aid - Restricted for Debt Service					66,815	-	66,815
Interest and Investment Earnings - Unrestricted					2,906	536	3,442
Miscellaneous Income					84,332	-	84,332
Total General Revenues					<u>25,141,910</u>	<u>536</u>	<u>25,142,446</u>
Change in Net Position					832,496	(2,502)	829,994
Net Position, July 1					17,432,480	457,457	17,889,937
Net Position - Ending					18,264,976	454,955	18,719,932

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, 2023**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and Cash Equivalents	4,023,173	457,739	301	1	4,481,215
Due from Other Funds	15,201	-	-	-	15,201
Receivable from State Government	313,395	6,660	-	-	320,055
Receivable from Federal Government	1,071	32,941	-	-	34,012
Receivables from Other Governments	436,656	-	-	-	436,656
Receivables other	68,295	-	-	-	68,295
Restricted Cash and Cash Equivalents	3,541,342	-	-	-	3,541,342
Total Assets	<u>8,399,133</u>	<u>497,340</u>	<u>301</u>	<u>1</u>	<u>8,896,775</u>
Liabilities and Fund Balances:					
Liabilities:					
Interfund Loans Payable	-	15,201	-	-	15,201
Interfund Accounts Payable	41	-	-	-	41
Payroll Deductions and Withholdings Payable	623,602	-	-	-	623,602
Unearned Revenue Federal	-	24,400	-	-	24,400
Total Liabilities	<u>623,643</u>	<u>39,601</u>	<u>-</u>	<u>-</u>	<u>663,244</u>
Fund Balances:					
Restricted for:					
Debt Service	-	-	-	1	1
Capital Projects	-	-	301	-	301
Excess Surplus	1,600,000	-	-	-	1,600,000
Excess Surplus Designated for					
for Subsequent Year's Expenditures	1,692,369	-	-	-	1,692,369
Maintenance Reserve Account	822,880	-	-	-	822,880
Capital Reserve Account	2,718,463	-	-	-	2,718,463
Unemployment Compensations	165,553	-	-	-	165,553
Scholarships	-	115,995	-	-	115,995
Student Activities	-	341,744	-	-	341,744
Assigned to:					
Year End Encumbrances	437,981	-	-	-	437,981
Unassigned:					
General Fund	338,245	-	-	-	338,245
Total Fund Balances	<u>7,775,490</u>	<u>457,739</u>	<u>301</u>	<u>1</u>	<u>8,233,531</u>
Total Liabilities and Fund Balances	<u>8,399,133</u>	<u>497,340</u>	<u>301</u>	<u>1</u>	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:					
Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds. (14,452)					
Accounts payable for subsequent pension payment is not a payable in the funds (335,519)					
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 757,081					
Deferred Inflows of Resources Related to PERS Pension Liability (554,831)					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$29,754,379 and the accumulated depreciation is \$13,161,438. 16,592,941					
Deferred interest costs are not reported as expenditures in the governmental fund in the year of the expenditure. 12,542					
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. (6,426,317)					
Net position of governmental activities <u>18,264,976</u>					

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

BUTLER BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues:					
Local sources:					
Local Tax Levy	18,467,596	-	-	540,260	19,007,856
Tuition - Other LEA's Within the State	4,292,838	-	-	-	4,292,838
Rentals	13,110	-	-	-	13,110
Interest Earned on Capital Reserve Funds	2,906	-	-	-	2,906
Unrestricted Miscellaneous Income	71,221	308,723	-	-	379,945
Total - Local Sources	<u>22,847,671</u>	<u>308,723</u>	<u>-</u>	<u>540,260</u>	<u>23,696,655</u>
State sources	8,575,582	34,705	-	66,815	8,677,102
Federal sources	52,591	781,828	-	-	834,419
Total revenues	<u>31,475,844</u>	<u>1,125,256</u>	<u>-</u>	<u>607,075</u>	<u>33,208,175</u>
Expenditures:					
Current:					
Regular Instruction	7,040,050	494,027	-	-	7,534,077
Special Education Instruction	2,184,797	-	-	-	2,184,797
Other Special Instruction	251,208	-	-	-	251,208
Other Instruction	550,607	-	-	-	550,607
Support Services and Undistributed Costs:					
Tuition	1,390,727	-	-	-	1,390,727
Student & Instruction Related Services	3,051,363	492,830	-	-	3,544,193
General Administrative Services	531,444	-	-	-	531,444
School Administrative Services	971,235	-	-	-	971,235
Central Services and Admin. Infor. Tech.	641,156	-	-	-	641,156
Plant Operations and Maintenance	2,549,578	-	-	-	2,549,578
Pupil Transportation	1,829,557	-	-	-	1,829,557
Unallocated Employee Benefits	9,747,421	-	-	-	9,747,421
Capital Outlay	2,559,278	151,774	-	-	2,711,052
Transfer to charter school	50,971	-	-	-	50,971
Debt Service:					
Principal	-	-	-	565,000	565,000
Interest and Other Charges	-	-	-	42,075	42,075
Total Expenditures	<u>33,349,391</u>	<u>1,138,631</u>	<u>-</u>	<u>607,075</u>	<u>35,095,097</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>(1,873,547)</u>	<u>(13,375)</u>	<u>-</u>	<u>-</u>	<u>(1,886,922)</u>
Net Change in Fund Balances	(1,873,547)	(13,375)	-	-	(1,886,922)
Fund Balance - July 1	<u>9,649,037</u>	<u>471,114</u>	<u>301</u>	<u>1</u>	<u>10,120,453</u>
Fund Balance—June 30	<u>7,775,490</u>	<u>457,739</u>	<u>301</u>	<u>1</u>	<u>8,233,531</u>

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

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

**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, 2023**

Total net change in fund balances - governmental funds (from B-2) (1,886,922)

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	(829,898)	
	Depreciable Capital Outlays	<u>2,460,607</u>	
			<u>1,630,709</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	565,000
	Principal Payments on Financed Purchases	124,150

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	295,162	
	Less: Pension Expense	<u>(151,638)</u>	
	(Increase)/Decrease in Pension Expense		446,800

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	(2,559,731)
	Decrease in On-behalf TPAF Pension Expense	2,559,731

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	(88,440)
	Increase in On-behalf State Aid TPAF Post Retirement Medical Expense	88,440

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

8,201

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>(42,899)</u>
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Change in net position of governmental activities 832,496

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, 2023

	Business-type Activities - Enterprise Funds
	Food Service
ASSETS	
Current Assets:	
Cash and Cash Equivalents	308,636
Intergovernmental Receivables:	
Federal	11,252
State	566
Other Accounts receivables	3,360
Inventories	19,125
Total Current Assets	342,938
Noncurrent Assets:	
Furniture, Machinery & Equipment	302,385
Less Accumulated Depreciation	(105,173)
Total Noncurrent Assets	197,212
Total Assets	540,150
LIABILITIES	
Current liabilities:	
Accounts payable	75,721
Unearned Revenue:	
Prepaid Sales	9,474
Total Current Liabilities	85,195
NET POSITION:	
Invested in capital assets, net of related debt	197,212
Unrestricted	257,743
Total Net Position	454,955

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, 2023

	Business-type Activities - Enterprise Fund
	Food Service
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable lunch programs	193,654
Daily Sales - Non-reimbursable lunch programs	18,963
Miscellaneous	42,450
Total Operating Revenues	255,067
 Operating Expenses:	
Salaries	203,353
Support Services - Employee Benefits	25,582
Purchased Professional/Technical Services	21,700
Supplies and Materials	28,559
Depreciation	8,059
Cost of Sales- Reimbursable	167,678
Cost of Sales - Non-reimbursable	70,969
Miscellaneous Expenditures	52,540
Total Operating Expenses	578,440
Operating Income/(Loss)	(323,373)
 Nonoperating Revenues/(Expenses):	
State Sources:	
State School Lunch Program	9,224
Breakfast Program	768
Federal Sources:	
National School Lunch Program	172,185
Breakfast Program	22,359
Supply-chain Assistance	64,551
Food Distribution Program	51,248
Interest and Investment Revenue	536
Total Nonoperating Revenues/(Expenses)	320,871
Change in net position	(2,502)
Total Net Position- Beginning	457,457
Total Net Position - Ending	454,955

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, 2023**

	Business-type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Cash Receipts from Customers	261,181
Cash Payments to Suppliers for Goods and Services	(294,080)
Net Cash Provided by/(Used for) Operating Activities	(236,252)
Cash Flows from Non-capital Financing Activities:	
State Sources	10,495
Federal Sources	352,853
Net Cash Provided by/(Used for) Non-capital Financing Activities	363,348
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(122,182)
Net cash provided by (used for) capital and related financing activities	(122,182)
Cash Flows from Investing Activities:	
Interest and Dividends	536
Net cash provided by (used for) investing activities	536
Net Increase/(Decrease) in Cash and Cash Equivalents	5,449
Balances—Beginning	303,186
Balances—Ending	308,636
Reconciliation of Operating Income/(Loss) to Net Cash Provided by (Used) Operating Activities:	
Operating Income/(Loss)	(323,373)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	8,059
(Increase) / Decrease in Accounts Receivable	(3,360)
(Increase) / Decrease in Inventories	(2,773)
Increase / (Decrease) in Accounts Payable	75,721
Increase / (Decrease) in Prepaid Sales	9,474
Total Adjustments	87,121
Net Cash Provided by/(Used for) Operating Activities	(236,252)

Noncash Noncapital Financing Activities:

During the year, the district received \$51,248 of food commodities from the U.S. Department of Agriculture.

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, 2023**

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. The Superintendent of Schools is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The School Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

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.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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

B. Basis of Presentation

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Currently the District does not have any fiduciary funds.

District-wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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

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:

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.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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

GOVERNMENTAL FUNDS (continued)

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from grants, temporary notes, serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, or from the general fund by way of transfers from capital outlay or the capital reserve account.

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:

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.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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

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.

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

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

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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

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

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

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

Expenses/Expenditures

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

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

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.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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

Budgets/Budgetary Control, (continued)

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

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

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.

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.

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, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Tuition Payable

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

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.

Lease Receivable

Lease receivables recorded on the government-wide financial statement, in the governmental funds, and in the proprietary fund types represents a contract that conveys control of the right to use the School District's (lessor) nonfinancial asset. At the commencement of the lease term, the lessor recognizes a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The School District was not a lessor during the fiscal year ended June 30, 2023.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023, 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.

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.

Capital Assets

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

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

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

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

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

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

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

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.

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.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting and Financial Reporting for Pensions

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

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

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

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

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting and Financial Reporting for Pensions (continued)

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

Bond Discounts/Premiums

Bond discounts/premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts/premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

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.

Financing Agreements

Capital financing agreements and other financing agreements are financed purchase contracts that transfer ownership of the underlining assets or items (i.e. expendable supplies) to the District by the end of the agreement and do not contain termination options. Capital financing agreements and other financing agreements are recognized as long-term liabilities along with the related capital asset or expenses being financed, respectively, in the district-wide and proprietary fund type financial statements.

In the fund financial statements, capital financing agreements and other financing agreements are recognized as other financing sources at the face amount of the financed purchase contract. Assets and supplies financed under these agreements are reported as capital outlay or current expenditures, respectively.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Right to Use Assets

The District has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related issue.

Fund Balances

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

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

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balances, (continued)

In the general operating fund and other governmental funds (special revenue, capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

Net Position

Net position represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. 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. Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

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

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.

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.

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

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allocation of Indirect Expenses, (continued)

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.

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.

New Accounting Standards

During fiscal year 2023, the District adopted the following GASB Statement:

GASB Statement No. 96, *Subscription-Based Information Technology*, which improves financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. The District did not have any subscription-based information technology arrangements that rose to an amount that required disclosure. The District will review new SBITA's annually to determine proper disclosure.

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement will become effective for the School District in the fiscal year ending June 30, 2025 although earlier application is encouraged. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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, 2023, \$-0- of the District's bank balance of \$8,757,071 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, 2023**

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, 2023 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 <u>Fund</u>	District Wide Financial <u>Statements</u>
State Aid	\$361,644	\$566	\$362,209
Federal Aid	34,012	11,252	45,263
Other Governments	436,656	-	436,656
Interfunds	15,201	-	-
Other	<u>26,706</u>	<u>3,360</u>	<u>30,066</u>
Gross Receivables	<u>874,218</u>	<u>15,177</u>	<u>874,194</u>
Less: Allowances for Uncollectables	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Receivables, Net	<u><u>\$874,218</u></u>	<u><u>\$15,177</u></u>	<u><u>\$874,194</u></u>

NOTE 4. INTERFUND BALANCES AND ACTIVITY

Balance due to/from other funds at June 30, 2023 consists of the following:

Due to General Fund from the Special Revenue Fund for short term loans. \$15,201

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, 2023

NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

Governmental Activities:	<u>B alance</u> <u>6/30/22</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>B alance</u> <u>6/30/23</u>
Capital Assets, Not Being Depreciated					
Construction in Progress	<u>135,772</u>	<u> </u>	<u> </u>	<u>(135,772)</u>	<u> </u>
Total Capital Assets, Not Being Depreciated	<u>135,772</u>	<u> </u>	<u> </u>	<u>(135,772)</u>	<u> </u>
Building & Improvements	20,975,869	2,279,475	-	135,772	23,391,116
Site Improvements	3,973,689	181,131	-	-	4,154,820
Machinery & Equipment	<u>2,208,442</u>	<u> </u>	<u> </u>	<u> </u>	<u>2,208,442</u>
Totals at Historical Cost	<u>27,158,000</u>	<u>2,460,606</u>	<u> 0</u>	<u>135,772</u>	<u>29,754,378</u>
Governmental Activities Capital Assets	<u>27,293,773</u>	<u>2,460,606</u>	<u> </u>	<u> </u>	<u>29,754,378</u>
Less: Accumulated Depreciation:					
Site Improvements	(2,557,216)	(191,521)	-	-	(2,748,738)
Building & Improvements	(8,596,480)	(502,002)	-	-	(9,098,482)
Machinery & Equipment	<u>(1,177,843)</u>	<u>(136,375)</u>	<u> </u>	<u> </u>	<u>(1,314,218)</u>
Total Accumulated Depreciation	<u>(12,331,540)</u>	<u>(829,898)</u>	<u> </u>	<u> </u>	<u>13,161,438</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>14,826,461</u>	<u>1,630,708</u>	<u> </u>	<u>135,772</u>	<u>16,592,941</u>
Governmental Activities Capital Assets, Net	<u>14,962,233</u>	<u>1,630,708</u>	<u> </u>	<u> </u>	<u>16,592,941</u>
Business Type Activity					
Equipment	180,203	122,182	-		302,385
Less Accumulated Depreciation:					
Equipment	<u>(97,113)</u>	<u>(8,059)</u>	<u> </u>	<u> </u>	<u>(106,598)</u>
Business-Type Activity Capital Assets, Net	<u>83,089</u>	<u>112,698</u>	<u> </u>	<u> </u>	<u>197,212</u>

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

NOTE 5. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Instruction:

Regular Education	\$ 5,787
Special Education	7,672
Student & Instruction Related Services	31,204
School Administrative Services	331
Plant Operations and Maintenance	29,661
Unallocated	<u>755,243</u>
Total Depreciation Expense	<u>\$829,898</u>

NOTE 6. LONG-TERM OBLIGATION ACTIVITY

Changes in long-term obligations for the fiscal year ended June 30, 2023 were as follows:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>	<u>Long-Term</u> <u>Portion</u>
Financed Purchases Payable	\$1,563,963	\$	\$124,150	\$1,439,813	\$106,435	\$1,333,378
Compensated Absences Payable	546,303	42,899	-	589,203	-	589,203
Net Pension Liability - PERS	2,716,130	816,171	-	3,532,301	-	3,532,301
School Bonds of 2009	860,000		275,000	585,000	285,000	300,000
Refunding School Bonds of 2012	<u>570,000</u>		<u>290,000</u>	<u>280,000</u>	<u>280,000</u>	
	<u>\$6,256,396</u>	<u>\$859,070</u>	<u>\$689,150</u>	<u>\$6,426,317</u>	<u>\$671,435</u>	<u>\$5,754,882</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, 2023**

NOTE 6. LONG-TERM OBLIGATION ACTIVITY (continued)

A. Bonds Payable (continued)

Outstanding Bonds Payable at June 30, 2023, 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	\$585,000
Refunding Bonds of 2012 (Refunding School Bonds of 2004)	\$2,920,000	2/01/2012	2.00-2.56%	2/01/2024	<u>280,000</u>
					<u>\$865,000</u>

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$565,000	\$24,350	\$589,350
2025	<u>300,000</u>	<u>6,000</u>	<u>306,000</u>
	<u>\$865,000</u>	<u>\$30,350</u>	<u>\$895,350</u>

B. Bonds Authorized but not Issued

As of June 30, 2023, 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, 2023**

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, 2023:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2024	\$147,776
2025	109,362
2026	111,884
2027	114,464
2028	117,100
2029-2033	694,265
2034-2037	<u>486,092</u>
Total Minimum Payments	1,780,944
Less: Amount representing interest	<u>(341,131)</u>
Present Value of Net Minimum Payments	<u>\$1,439,813</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.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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:

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

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

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

NOTE 8. PENSION PLANS (continued)

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

Benefits Provided

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

The following represents the membership tiers for PERS:

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

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

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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>
6/30/23	\$295,162	\$21,645
6/30/22	268,510	22,049
6/30/21	244,819	23,613

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

<u>Year Ending</u>	<u>Pension Contributions</u>	<u>Post-Retirement Medical Contributions</u>	<u>NCGI Premium</u>	<u>Long-Term Disability</u>
6/30/23	\$3,776,643	\$1,005,879	\$52,397	\$1,534
6/30/22	3,763,139	891,626	53,093	1,464
6/30/21	2,712,242	866,146	51,604	1,363

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, 2023**

NOTE 8. PENSION PLANS (continued)

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$836,728 during the year ended June 30, 2023 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, 2023, the District had a liability of \$3,532,301 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the District's proportion was 0.0234060872 percent, which was an increase of 0.00047838850 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$(151,638). At June 30, 2023, 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	\$25,495	\$22,483
Changes of assumptions	10,944	528,925
Net difference between projected and actual earnings on pension plan investments	146,199	
Changes in proportion	238,924	3,423
District contributions subsequent to the measurement date	<u>335,519</u>	<u> </u>
Total	<u>\$757,081</u>	<u>\$554,831</u>

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

NOTE 8. PENSION PLANS (continued)

Public Employees Retirement System (PERS) (continued)

The \$355,519 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, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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:	
2023	(\$302,997)
2024	(154,367)
2025	(75,282)
2026	164,236
2027	(361)

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 5.04, 5.13, 5.16, 5.21, 5.63 and 5.48 years for 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2022 and June 30, 2021 are as follows:

	June 30, 2022	June 30, 2021
Collective deferred outflows of resources	\$1,660,772,008	\$1,164,738,169
Collective deferred inflows of resources	3,236,303,935	8,339,123,762
Collective net pension liability	15,219,184,920	11,846,499,172
District's Proportion	0.0234060872%	0.0229276987%

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55% (based on years of service)
Investment Rate of Return	7.00%

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions.

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, 2023**

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, 2022) 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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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, 2022. 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, 2022, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	<u>June 30, 2022</u>		
	<u>1%</u> Decrease	At Current Discount Rate	<u>1%</u> Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
District's proportionate share of the pension liability	\$4,576,404	\$3,532,301	\$2,699,101

Pension Plan Fiduciary Net Position

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

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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, 2023 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>47,163,762</u>
	<u>\$47,163,762</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022. 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, 2022, the proportion of the TPAF net pension liability associated with the District was 0.0914125322%.

For the year ended June 30, 2023, the District recognized on-behalf pension expense and revenue of \$1,269,309 for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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, 2023**

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:	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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) 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, 2023**

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, 2022 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%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2023**

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

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs. In accordance with the

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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

provisions of GASB Statement NO. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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 GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability of the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education. Note that actual numbers will be published in the NJ State ACFR on the Office of Management and Budget's Financial Publications webpage: nj.gov/treasury/omb/fr.shtml.

The portion of the OPEB Liability that was associated with the District recognized at June 30, 2023 was as follows:

OPEB Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	46,133,627
	\$46,133,627

Actual Assumptions and Other Imputes

The total OPEB liability in the June 30, 2022 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:

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. 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:

	TPAF/ABP	PERS
Salary increases:	2.75 - 4.25%	2.75 - 6.55%
	based on service years	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, 2021 valuation were based on the results of the TPAF, PERS and PFRS actuarial experience studies prepared for July 1, 2018 to June 30, 2021.

(a) Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

(b) Discount Rate

The discount rate used to measure the total OPEB Liability was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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

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

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

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

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

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

For the year ended June 30, 2023, the board of education/board of trustees recognized on-behalf OPEB expense of \$917,439 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, 2023**

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, 2023**

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>
2022-2023	\$263	\$18,961	\$28,796	\$165,553
2021-2022	242	23,120	433	175,125
2020-2021	268	21,089	9,377	152,196

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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance, July 1, 2022	\$2,805,171
Interest earnings	2,906
Deposit:	
Board Resolution	1,000,000
Less: Budget Withdrawal	<u>(1,089,614)</u>
Ending balance, June 30, 2023	<u>\$2,718,463</u>

The balance in the capital reserve account at June 30, 2023 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, 2023**

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	\$934,079
Less: Budget Withdrawal	(299,500)
Deposit: Board Resolution	<u>188,301</u>
Ending balance, June 30, 2021	<u>\$822,880</u>

NOTE 14. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$7,775,490 General Fund fund balance at June 30, 2023, \$437,981 is reserved for encumbrances; \$3,292,369 is reserved as excess surplus in accordance with *N.J.S.A.* 18A:7F-7, \$1,692,369 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2024; \$2,718,463 has been reserved in the Capital Reserve Account; \$822,880 has been reserved in the Maintenance Reserve Account; \$165,553 has been reserved in the Unemployment Compensation Account; and \$338,245 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, 2023 is \$3,292,369. Of this amount, \$1,600,000 is the result of current year operation, and \$1,692,369 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, 2023**

NOTE 16. INVENTORY

Inventory in the Food Service Fund at June 30, 2023 consisted of the following:

Commodities	\$9,266
Food	6,427
Supplies	<u>3,432</u>
	<u>\$19,125</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. CONTINGENT LIABILITIES

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

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

NOTE 19. SUBSEQUENT EVENTS

The District has evaluated subsequent events through January 17, 2024, 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, 2023**

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	18,467,596	-	18,467,596	18,467,596	-
Tuition - Other LEAs Within the State	4,284,000	-	4,284,000	4,292,838	8,838
Rentals and Royalties	-	-	-	13,110	13,110
Unrestricted Miscellaneous Revenue	50,000	-	50,000	71,221	21,221
Interest Earned on Capital Reserve Funds	1,000	-	1,000	2,906	1,906
Other Restricted Miscellaneous Revenues	20,000	-	20,000	-	(20,000)
Total - Local Sources	<u>22,822,596</u>	<u>-</u>	<u>22,822,596</u>	<u>22,847,671</u>	<u>25,075</u>
State Sources:					
School Choice Aid	14,045	-	14,045	14,045	-
Categorical Transportation Aid	215,738	-	215,738	215,738	-
Extraordinary Aid	225,000	-	225,000	254,596	29,596
Categorical Special Education Aid	853,212	-	853,212	853,212	-
Equalization Aid	1,525,936	-	1,525,936	1,525,936	-
Categorical Security Aid	39,010	-	39,010	39,010	-
Non Public Transportation Aid	-	-	-	17,160	17,160
On-behalf TPAF Pension and Annuity Fund (non-budgeted)	-	-	-	3,776,643	3,776,643
On-behalf TPAF NCGI Premium (non-budgeted)	-	-	-	52,397	52,397
On-behalf TPAF Post Retirement Medical (non-budgeted)	-	-	-	1,005,879	1,005,879
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)	-	-	-	1,534	1,534
TPAF Social Security (Reimbursed - non-budgeted)	-	-	-	836,728	836,728
Total State Sources	<u>2,872,941</u>	<u>-</u>	<u>2,872,941</u>	<u>8,592,878</u>	<u>5,719,937</u>
Federal Sources:					
Medicaid Reimbursement	50,365	-	50,365	52,591	2,226
Total Federal Sources	<u>50,365</u>	<u>-</u>	<u>50,365</u>	<u>52,591</u>	<u>2,226</u>
Total Revenues	<u>25,745,902</u>	<u>-</u>	<u>25,745,902</u>	<u>31,493,140</u>	<u>5,747,238</u>
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	351,344	892	352,236	349,766	2,470
Grades 1-5 - Salaries of Teachers	1,954,761	146,153	2,100,914	2,004,860	96,054
Grades 6-8 - Salaries of Teachers	1,459,456	(148,162)	1,311,294	1,305,540	5,754
Grades 9-12 - Salaries of Teachers	3,021,190	(84,377)	2,936,814	2,902,661	34,152
Regular Programs - Home Instruction:					
Salaries of Teachers	23,000	2,024	25,024	11,153	13,871
Purchased Professional-Educational Services	30,000	13,005	43,005	28,635	14,371
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	169,003	(96,637)	72,366	71,278	1,088
Purchased Professional-Educational Services	65,018	(7,814)	57,204	47,292	9,912
Purchased Technical Services	69,170	-	69,170	38,757	30,413
Other Purchased Services (400-500 series)	66,052	1,149	67,201	64,768	2,432
General Supplies	284,577	(33,739)	250,839	204,356	46,483
Textbooks	13,900	(1,600)	12,300	2,150	10,150
Other Objects	9,000	1,000	10,000	8,833	1,167
Total Regular Programs - Instruction	<u>7,516,471</u>	<u>(208,105)</u>	<u>7,308,366</u>	<u>7,040,050</u>	<u>268,316</u>
Learning and/or Language Disabilities:					
Salaries of Teachers	685,448	(144,458)	540,990	414,153	126,837
Other Salaries for Instruction	18,819	2,449	21,268	21,268	-
General Supplies	2,200	861	3,061	2,668	392
Total Learning and/or Language Disabilities	<u>706,467</u>	<u>(141,148)</u>	<u>565,319</u>	<u>438,089</u>	<u>127,230</u>
Multiple Disabilities:					
Salaries of Teachers	295,995	6,760	302,755	291,223	11,531
Other Salaries for Instruction	43,819	(18,770)	25,049	6,230	18,819
Purchased Professional-Educational Services	2,000	-	2,000	-	2,000
General Supplies	3,400	-	3,400	1,337	2,063
Total Multiple Disabilities	<u>345,214</u>	<u>(12,010)</u>	<u>333,204</u>	<u>298,791</u>	<u>34,413</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,163,238	161,758	1,324,996	1,316,740	8,256
Other Salaries for Instruction	63,619	(62,879)	740	-	740
General Supplies	6,000	177	6,177	2,126	4,050
Total Resource Room/Resource Center	<u>1,232,857</u>	<u>99,055</u>	<u>1,331,912</u>	<u>1,318,867</u>	<u>13,046</u>

**BUTLER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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	98,072	-	98,072	96,415	1,657
Other Salaries for Instruction	17,569	2,449	20,018	20,018	-
Purchased Professional-Educational Services	2,000	-	2,000	-	2,000
General Supplies	3,500	-	3,500	497	3,003
Total Preschool Disabilities - Full- Time	<u>121,141</u>	<u>2,449</u>	<u>123,590</u>	<u>116,930</u>	<u>6,660</u>
Home Instruction:					
Salaries of Teachers	23,000	-	23,000	12,120	10,880
Purchased Professional - Educational Services	6,000	(1,710)	4,290	-	4,290
Total Home Instruction	<u>29,000</u>	<u>(1,710)</u>	<u>27,290</u>	<u>12,120</u>	<u>15,170</u>
Total Special Education - Instruction	<u>2,434,679</u>	<u>(53,364)</u>	<u>2,381,315</u>	<u>2,184,797</u>	<u>196,518</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	134,163	(21,992)	112,171	109,788	2,383
Total Basic Skills/Remedial - Instruction	<u>134,163</u>	<u>(21,992)</u>	<u>112,171</u>	<u>109,788</u>	<u>2,383</u>
Bilingual Education - Instruction					
Salaries of Teachers	95,121	67,441	162,562	140,820	21,742
General Supplies	600	122	722	600	122
Total Bilingual Education - Instruction	<u>95,721</u>	<u>67,563</u>	<u>163,284</u>	<u>141,419</u>	<u>21,864</u>
School-Spon. Co/Extra Curr. Actvts. -Inst					
Salaries	79,674	1,965	81,639	76,752	4,887
Purchased Services (300-500 Series)	6,672	(2,389)	4,283	1,744	2,539
Supplies and Materials	5,883	3,124	9,007	8,506	501
Other Objects	195	-	195	129	66
Total School-Spon. Co/Extra Curr. Actvts.- Inst	<u>92,424</u>	<u>2,700</u>	<u>95,124</u>	<u>87,131</u>	<u>7,993</u>
School-Sponsored Athletics - Instruction					
Salaries	301,612	2,808	304,420	303,017	1,402
Purchased Services (300-500 Series)	47,615	(2,284)	45,331	27,462	17,869
Supplies and Materials	58,354	(911)	57,443	50,439	7,005
Other Objects	15,217	-	15,217	12,174	3,044
Transfers to Cover Deficit (Agency Funds)	37,000	-	37,000	30,000	7,000
Total School-Sponsored Athletics - Instruction	<u>459,798</u>	<u>(387)</u>	<u>459,411</u>	<u>423,092</u>	<u>36,319</u>
Summer School - Instruction:					
Salaries of Teachers	69,250	-	69,250	31,968	37,282
Other Salaries of Instruction	37,000	-	37,000	8,417	28,583
Purchased Professional & Technical Services	9,503	-	9,503	-	9,503
General Supplies	750	-	750	-	750
Total Summer School - Instruction	<u>116,503</u>	<u>-</u>	<u>116,503</u>	<u>40,385</u>	<u>76,118</u>
Total Instruction	<u>10,849,760</u>	<u>(213,586)</u>	<u>10,636,174</u>	<u>10,026,661</u>	<u>609,512</u>
Undistributed Expenditures - Instruction					
Tuition to County Voc. School Dist.- Regular	443,064	-	443,064	368,285	74,779
Tuition to County Voc. School Dist.- Special	28,064	-	28,064	-	28,064
Tuition to CSSD & Reg. Day Schools	213,866	(45,166)	168,700	168,699	1
Tuition to Priv.Sch. For the Disabled W/I State	1,121,743	(79,727)	1,042,016	853,744	188,272
Total Undistributed Expenditures - Instruction (Tuition)	<u>1,806,737</u>	<u>(124,893)</u>	<u>1,681,844</u>	<u>1,390,727</u>	<u>291,116</u>
Undist. Expend.-Attendance and Social Work					
Salaries	25,494	-	25,494	25,493	1
Supplies and Materials	1,000	-	1,000	351	649
Total Undist. Expend.-Attendance and Social Work	<u>26,494</u>	<u>-</u>	<u>26,494</u>	<u>25,844</u>	<u>650</u>
Undist. Expenditures - Health Services					
Salaries	274,023	(15,430)	258,593	258,591	2
Purchased Professional and Technical Services	36,000	(7,446)	28,554	16,619	11,935
Other Purchased Services (400-500 series)	250	-	250	-	250
Supplies and Materials	13,704	911	14,615	12,270	2,345
Other Objects	605	-	605	300	305
Total Undist. Expenditures - Health Services	<u>324,582</u>	<u>(21,966)</u>	<u>302,617</u>	<u>287,780</u>	<u>14,837</u>
Undist. Expend.-Speech, OT, PT and Related Services					
Salaries	370,702	(38,256)	332,446	327,090	5,356
Purchased Professional - Educational Services	215,191	19,556	234,747	188,264	46,484
Supplies and Materials	1,966	-	1,966	1,912	54
Total Undist. Expend.-Speech, OT, PT and Related Services	<u>587,859</u>	<u>(18,700)</u>	<u>569,159</u>	<u>517,266</u>	<u>51,893</u>

**BUTLER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist Expend-Oth Supp Serv Std-Extra Serv					
Salaries	505,091	(151,725)	353,366	289,829	63,537
Purchased Professional- Educational Services	38,900	232,225	271,125	173,822	97,303
Supplies and Materials	10,800	(1,713)	9,087	5,976	3,111
Total Undist Expend-Oth Supp Serv Std-Extra Serv	<u>554,791</u>	<u>78,787</u>	<u>633,578</u>	<u>469,627</u>	<u>163,951</u>
Undist. Expenditures - Guidance					
Salaries of Other Professional Staff	487,956	55,374	543,330	543,134	197
Salaries of Secretarial and Clerical Assistants	46,524	-	46,524	46,524	-
Purchased Professional- Educational Services	185,500	(666)	184,834	129,263	55,571
Other Purchased Prof. And Tech. Services	71,009	-	71,009	54,143	16,866
Other Purchased Services (400-500 series)	4,505	-	4,505	1,060	3,445
Supplies and Materials	6,850	666	7,516	7,007	509
Other Objects	385	-	385	-	385
Total Undist. Expenditures - Guidance	<u>802,729</u>	<u>55,374</u>	<u>858,103</u>	<u>781,130</u>	<u>76,974</u>
Undist. Expenditures- Child Study Teams					
Salaries of Other Professional Staff	305,908	21,221	327,129	272,146	54,983
Salaries of Secretarial and Clerical Assistants	80,306	51,266	131,572	131,570	2
Purchased Professional- Educational Services	3,500	(80)	3,420	3,211	209
Other Purchased Prof. And Tech. Services	27,200	-	27,200	18,853	8,347
Other Purchased Services (400-500 series)	900	282	1,182	280	902
Supplies and Materials	4,513	(203)	4,310	2,109	2,201
Total Undist. Expenditures - Child Study Teams	<u>422,327</u>	<u>72,486</u>	<u>494,813</u>	<u>428,169</u>	<u>66,644</u>
Undist. Expend.-Improv. Of Inst. Serv.					
Salaries of Supervisors of Instruction	252,799	(12,803)	239,996	239,994	2
Salaries of Other Professional Staff	15,000	(900)	14,100	-	14,100
Salaries of Secretarial and Clerical Assistants	20,031	(1,669)	18,362	18,361	1
Unused Vacation Payment to Terminated/Retired Staff	10,800	9,200	20,000	-	20,000
Purchased Prof- Educational Services	-	900	900	900	-
Supplies and Materials	20,000	(12,732)	7,268	7,267	1
Other Objects	2,277	(60)	2,217	820	1,397
Total Undist. Expend.-Improv. Of Inst. Serv.	<u>320,907</u>	<u>(18,064)</u>	<u>302,843</u>	<u>267,342</u>	<u>35,501</u>
Undist. Expend.-Edu. Media Serv./Library					
Salaries	186,924	(31,734)	155,190	149,896	5,294
Purchased Professional and Technical Services	23,633	(7,256)	16,377	15,145	1,232
Supplies and Materials	10,006	(1,408)	8,598	4,400	4,198
Total Undist. Expend.-Edu. Media Serv./Library	<u>220,563</u>	<u>(40,398)</u>	<u>180,165</u>	<u>169,441</u>	<u>10,724</u>
Undist. Expend.-Instr. Staff Training Serv.					
Salaries of Supervisors of Instruction	90,884	10,902	101,786	101,785	1
Salaries of Other Professional Staff	7,000	-	7,000	1,373	5,627
Purchased Professional - Educational Service	3,397	-	3,397	-	3,397
Other Purchased Services (400-500 series)	15,220	-	15,220	1,607	13,613
Total Undist. Expend.-Instr. Staff Training Serv.	<u>116,501</u>	<u>10,902</u>	<u>127,403</u>	<u>104,764</u>	<u>22,639</u>
Undist. Expend.-Support Serv.-Gen. Admin.					
Salaries	257,654	703	258,357	258,357	-
Legal Services	70,000	(1,937)	68,063	36,776	31,287
Audit Fees	30,855	18,845	49,700	24,500	25,200
Architectural/Engineering Services	-	12,500	12,500	12,500	-
Other Purchased Professional Services	25,395	(5,805)	19,590	19,586	4
Purchased Technical Services	21,340	(6,209)	15,131	15,129	2
Communications/Telephone	63,054	(12,421)	50,633	37,707	12,926
BOE Other Purchased Services	6,000	-	6,000	2,638	3,362
Miscellaneous Purchased Services (400-500 series)	106,901	-	106,901	100,927	5,974
General Supplies	4,607	6,001	10,608	10,595	13
Miscellaneous Expenditures	3,400	-	3,400	1,397	2,003
BOE Membership Dues and Fees	11,675	(100)	11,575	11,331	244
Total Undist. Expend.-Support Serv.-Gen. Admin.	<u>600,881</u>	<u>11,577</u>	<u>612,458</u>	<u>531,444</u>	<u>81,014</u>
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Asst. Principals/Prog Dir	703,813	-	703,813	703,811	2
Salaries of Other Professional Staff	60,528	-	60,528	60,527	1
Salaries of Secretarial and Clerical Assistants	219,245	(26,125)	193,120	193,117	4
Unused Vacation Payment to Terminated/Retired Staff	2,400	-	2,400	-	2,400
Other Purchased Services (400-500 series)	6,000	2,825	8,825	6,458	2,367
Supplies and Materials	4,065	(2,573)	1,492	1,490	2
Other Objects	5,250	587	5,837	5,832	5
Total Undist. Expend. - Support Serv. - School Admin.	<u>1,001,301</u>	<u>(25,286)</u>	<u>976,015</u>	<u>971,235</u>	<u>4,781</u>

**BUTLER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Central Services					
Salaries	324,346	3,307	327,653	327,653	0
Purchased Professional Services	1,600	-	1,600	1,325	275
Purchased Technical Services	48,047	(9,907)	38,140	38,097	43
Misc. Purchased Services (400-500 series)	7,400	3,610	11,010	7,323	3,687
Supplies and Material	7,100	(125)	6,975	6,700	275
Miscellaneous Expenditures	5,875	(3,485)	2,390	2,390	-
Total Undist. Expend. - Central Services	<u>394,368</u>	<u>(6,600)</u>	<u>387,768</u>	<u>383,487</u>	<u>4,281</u>
Undist. Expend. - Admin. Info Technology					
Salaries	184,845	(1,783)	183,062	164,371	18,691
Purchased Technical Services	64,998	23,112	88,110	88,110	-
Other Purchased Services (400-500 series)	800	-	800	-	800
Supplies and Material	11,500	(6,312)	5,188	5,188	-
Total Undist. Expend. - Admin. Info Technology	<u>262,143</u>	<u>15,017</u>	<u>277,160</u>	<u>257,668</u>	<u>19,491</u>
Undist. Expend.-Required Maint For Sch Fac.					
Salaries	164,566	(41,695)	122,871	116,613	6,258
Cleaning, Repair and Maintenance Services	156,847	312,472	469,319	332,524	136,795
Lead Testing of Drinking Water	5,000	(2,619)	2,381	-	2,381
General Supplies	80,581	(3,741)	76,840	41,333	35,507
Total Undist. Expend.-Required Maint For Sch Fac.	<u>406,994</u>	<u>264,417</u>	<u>671,411</u>	<u>490,470</u>	<u>180,941</u>
Undist. Expend. - Custodial Services					
Salaries	1,067,893	(51,790)	1,016,103	945,760	70,343
Salaries of Non-Instructional Aides	41,887	2,207	44,094	34,162	9,932
Unused Vac. Payments to Terminated/Retired Staff	10,800	-	10,800	-	10,800
Purchased Professional and Technical Services	8,563	(1,650)	6,913	3,615	3,298
Cleaning, Repair and Maintenance Services	56,766	47,375	104,141	88,638	15,503
Lease Purchase Payments - Energy Savings Program	106,071	-	106,071	106,070	1
Other Purchased Property Services	24,975	-	24,975	20,648	4,327
Insurance	165,601	1,581	167,182	167,182	-
Miscellaneous Purchased Services	11,132	500	11,632	10,810	822
General Supplies	94,045	11,090	105,135	98,691	6,444
Energy (Natural Gas)	158,900	16,100	175,000	154,771	20,229
Energy (Electricity)	169,591	(28,893)	140,698	122,093	18,605
Energy (Gasoline)	3,050	-	3,050	2,967	83
Other Objects	4,425	(500)	3,925	3,084	841
Total Undist. Expend. - Custodial Services	<u>1,923,699</u>	<u>(3,980)</u>	<u>1,919,719</u>	<u>1,758,493</u>	<u>161,226</u>
Undist Expend.-Care and Upkeep of Grounds					
Salaries	113,962	59,423	173,385	157,391	15,993
Cleaning, Repair, and Maintenance Services	109,710	(3,594)	106,116	76,782	29,334
General Supplies	19,331	-	19,331	10,196	9,135
Other Objects	200	-	200	-	200
Total Undist. Expend.-Care and Upkeep of Grounds	<u>243,203</u>	<u>55,829</u>	<u>299,032</u>	<u>244,369</u>	<u>54,663</u>
Undistributed Expenditures - Security:					
Salaries	40,000	6,000	46,000	46,000	-
Purchased Professional and Technical Services	-	1,650	1,650	1,650	-
General Supplies	8,572	25	8,597	8,596	1
Total Undistributed Expenditures - Security	<u>48,572</u>	<u>7,675</u>	<u>56,247</u>	<u>56,246</u>	<u>1</u>
Total Undist. Expend.-Oper. And Maint. Of Plant Serv.	<u>2,622,468</u>	<u>323,941</u>	<u>2,946,409</u>	<u>2,549,578</u>	<u>396,831</u>
Undist. Expend. - Student Transportation Serv.					
Salaries of Non-Instructional Aides	16,000	8,702	24,702	15,802	8,900
Management Fee - ESC & CTSA Trans. Program	2,900	-	2,900	1,415	1,485
Contract. Serv. - Aid in Lieu Pymts-NonPub Sch	75,000	(12,066)	62,934	55,489	7,445
Contract. Serv. - Aid in Lieu Pymts- Chrtr Sch	3,000	66	3,066	681	2,385
Contr Serv (Bet. Home and Sch)-Vendors	75,000	134,977	209,977	205,128	4,849
Contr Serv(Oth. Than Bet Home & Sch)-Vend	160,000	75,000	235,000	207,680	27,320
Contract. Serv. (Sp Ed Stds)-Vendors	292,000	158,726	450,726	450,725	1
Contract. Serv. (Reg. Students)-ESCs & CTSA	316,000	(58,274)	257,726	253,480	4,246
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSA	688,450	71,744	760,194	639,156	121,038
Total Undist. Expend. - Student Transportation Serv.	<u>1,628,350</u>	<u>378,875</u>	<u>2,007,225</u>	<u>1,829,557</u>	<u>177,669</u>

**BUTLER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Unallocated Benefits					
Social Security Contributions	347,863	-	347,863	325,072	22,792
Other Retirement Contributions - PERS	272,548	22,614	295,162	295,162	-
Other Retirement Contributions - Regular	45,039	-	45,039	21,645	23,394
Workmen's Compensation	108,000	9,708	117,708	117,708	0
Health Benefits	3,688,880	(337,916)	3,350,964	3,042,245	308,719
Tuition Reimbursement	57,300	0	57,300	35,844	21,456
Other Employee Benefits	147,894	91,983	239,877	236,565	3,312
Unused Sick Payments to Terminated/Retired Staff	60,000	(22,152)	37,848	-	37,848
Total Unallocated Benefits	<u>4,727,524</u>	<u>(235,762)</u>	<u>4,491,762</u>	<u>4,074,240</u>	<u>417,522</u>
On-Behalf Contributions					
On-behalf TPAF Pension and Annuity Fund (non-budgeted)	-	-	-	3,776,643	(3,776,643)
On-behalf TPAF NCGI Premium (non-budgeted)	-	-	-	52,397	(52,397)
On-behalf TPAF Post Retirement Medical (non-budgeted)	-	-	-	1,005,879	(1,005,879)
On-behalf TPAF Long-Term Disability Insurance	-	-	-	1,534	(1,534)
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	836,728	(836,728)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,673,181</u>	<u>(5,673,181)</u>
Total Personal Services - Employee Benefits	<u>4,727,524</u>	<u>(235,762)</u>	<u>4,491,762</u>	<u>9,747,421</u>	<u>(5,255,659)</u>
Total Undistributed Expenditures	<u>16,420,525</u>	<u>455,291</u>	<u>16,875,816</u>	<u>20,712,480</u>	<u>(3,836,664)</u>
Total General Current Expense	<u>27,270,285</u>	<u>241,705</u>	<u>27,511,989</u>	<u>30,739,141</u>	<u>(3,227,152)</u>
Capital Outlay:					
Equipment					
Undist. Expend. - School Administration	-	57,795	57,795	57,795	-
Undist. Expend. - Administration Info Tech.	303,293	(74,612)	228,681	164,859	63,822
Undist. Expend. - Required Maint for School Fac.	-	12,150	12,150	12,150	-
Total Equipment	<u>303,293</u>	<u>(4,666)</u>	<u>298,626</u>	<u>234,804</u>	<u>63,822</u>
Facilities Acquisition and Const. Serv.					
Architectural/Engineering Services	251,036	(118,618)	132,418	132,418	-
Construction Services	-	181,080	181,080	17,400	163,680
Land and Improvements	2,171,972	-	2,171,972	2,147,057	-
Assessment for Debt Service on SDA Funding	27,599	-	27,599	27,599	-
Total Facilities Acquisition and Const. Serv.	<u>2,450,607</u>	<u>62,462</u>	<u>2,513,069</u>	<u>2,324,474</u>	<u>163,680</u>
Total Capital Outlay	<u>2,753,900</u>	<u>-</u>	<u>2,811,695</u>	<u>2,559,278</u>	<u>252,417</u>
Transfer to Charter School	<u>66,505</u>	<u>-</u>	<u>66,505</u>	<u>50,971</u>	<u>15,534</u>
Total Expenditures	<u>30,090,690</u>	<u>299,500</u>	<u>30,390,190</u>	<u>33,349,391</u>	<u>(2,959,201)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,344,788)</u>	<u>(299,500)</u>	<u>(4,644,288)</u>	<u>(1,856,251)</u>	<u>2,788,037</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(4,344,788)</u>	<u>(299,500)</u>	<u>(4,644,288)</u>	<u>(1,856,251)</u>	<u>2,788,037</u>
Fund Balance, July 1	<u>9,893,776</u>	<u>-</u>	<u>9,893,776</u>	<u>9,893,776</u>	<u>-</u>
Fund Balance, June 30	<u>5,548,988</u>	<u>(299,500)</u>	<u>5,249,488</u>	<u>8,037,525</u>	<u>2,788,037</u>
Recapitulation of excess (deficiency) of revenues under expenditures:					
Adjustment for Prior Year Encumbrances	(374,503)	-	(374,503)	(374,503)	-
Budgeted Fund Balance	(2,881,671)	-	(2,881,671)	(1,283,841)	1,597,830
Withdrawal from Capital Reserve	(1,089,614)	-	(1,089,614)	(1,089,614)	-
Withdrawal from Maintenance Reserve	-	(299,500)	(299,500)	(299,500)	-
Increase in Maintenance Reserve:					
Principal	-	-	-	188,301	188,301
Increase in Capital Reserve:					
Principal	-	-	-	1,000,000	1,000,000
Interest	1,000	-	1,000	2,906	1,906
	<u>(4,344,788)</u>	<u>(299,500)</u>	<u>(4,644,288)</u>	<u>(1,856,251)</u>	<u>2,788,037</u>

BUTLER BOROUGH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation:					
Assigned:					
Year End Encumbrances				437,981	
Restricted:					
Excess Surplus:					
Prior Year - Designated for Subsequent Year's Expenditures				1,692,369	
Current Year				1,600,000	
Maintenance Reserve				822,880	
Capital Reserve				2,718,463	
Unemployment Compensation				165,553	
Unassigned				600,280	
				8,037,525	
Reconciliation to Governmental Fund Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				(262,035)	
Fund Balance per Governmental Funds (GAAP)				7,775,490	

* 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, 2023**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources	1,500	73,413	74,913	308,723	233,811 Note 1
State Sources	-	34,705	34,705	34,705	-
Federal Sources	1,284,151	(255,638)	1,028,513	777,221	(251,291)
Total Revenues	<u>1,285,651</u>	<u>(147,521)</u>	<u>1,138,130</u>	<u>1,120,650</u>	<u>(17,481)</u>
Expenditures					
Instruction					
Salaries	393,426	(302,418)	91,008	126,041	(35,033)
Other Purchased Services	-	306,790	306,790	283,542	23,248
General Supplies	-	83,087	83,087	79,838	3,250
Total Instruction	<u>393,426</u>	<u>87,460</u>	<u>480,886</u>	<u>489,421</u>	<u>(8,535)</u>
Support Services					
Employee Benefits	-	30,000	30,000	29,999	1
Purchased Professional and Technical Services	892,225	(271,480)	620,745	209,146	411,599
Other Purchased Prof. Services	-	6,500	6,500	6,500	-
Scholarships Awarded	-	-	-	26,750	(26,750) Note 1
Student Activities	-	-	-	220,435	(220,435) Note 1
Total Support Services	<u>892,225</u>	<u>(234,980)</u>	<u>657,245</u>	<u>492,830</u>	<u>164,415</u>
Facilities Acquisition and Construction Services:					
Noninstructional Equipment	-	-	-	151,774	(151,774)
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,774</u>	<u>(151,774)</u>
Total Expenditures	<u>1,285,651</u>	<u>(147,521)</u>	<u>1,138,130</u>	<u>1,134,024</u>	<u>4,106</u>
Total Expenditures	<u>1,285,651</u>	<u>(147,521)</u>	<u>1,138,130</u>	<u>1,134,024</u>	<u>4,106</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,375)</u>	<u>(13,375)</u>
Fund Balance, July 1				<u>471,114</u>	
Fund Balance, June 30				<u>457,739</u>	
Recapitulation:					
Restricted					
Scholarships				115,995	
Student Activities				341,744	
Total Fund Balance				<u>457,739</u>	

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, 2023**

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/Inflows of Resources				
Actual amounts (budgetary basis) "revenue"				
from the budgetary comparison schedule	[C-1]	31,493,140	[C-2]	1,120,650
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
Add: Prior Year Encumbrances		-		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.		(262,035)		-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		244,739		-
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>31,475,844</u>	[B-2]	<u>1,125,256</u>
Uses/Outflows of Resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	33,349,391	[C-2]	1,134,024
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		-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>33,349,391</u>	[B-2]	<u>1,138,631</u>

**REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

Exhibit L-1

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

Fiscal Year Ending 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)		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%	
2023	0.0234060872%	3,532,301		3,532,301	1,943,605	181.74%	62.91%	

* 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%	
2023	295,162	295,162	-	-	1,943,605	15.19%	

* 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 Proportionate Share of the Net Pension Liability (Asset)		District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability Associated with the District (Asset)	District's Covered Payroll -TPAF Employee's	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
	2015	0.0890492229%	\$	\$	47,593,911	\$ 8,888,153	0.00%
2016	0.0883680460%		\$	55,852,379	8,945,080	0.00%	28.71%
2017	0.0873242514%			68,694,816	9,151,255	0.00%	28.75%
2018	0.0891590278%			60,114,231	9,483,587	0.00%	34.07%
2019	0.0853054179%			54,269,475	9,865,467	0.00%	26.49%
2020	0.0880896398%			54,061,443	10,166,129	0.00%	26.95%
2021	0.0897791700%			59,118,503	10,797,870	0.00%	24.60%
2022	0.0933042526%			44,856,195	11,002,106	0.00%	35.52%
2023	0.0914125322%			47,163,762	11,355,573	0.00%	32.29%

* 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, 2023

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

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

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Costs	\$ 2,239,458	\$ 2,603,287	\$ 1,446,129	\$ 1,353,664	\$ 1,513,699	\$ 1,825,447
Interest on Total OPEB Liability	1,222,592	1,385,270	1,370,199	1,699,438	1,853,600	1,604,147
Changes of Benefit Terms	-	(56,839)	-	-	-	-
Difference Between Expected and Actual Experience	2,818,809	(11,571,476)	10,719,797	(7,386,211)	(4,996,663)	-
Changes in Assumptions	(12,375,759)	52,684	11,333,225	569,887	(4,948,617)	(6,504,664)
Gross Benefit Payments	(1,211,014)	(1,091,205)	(1,080,127)	(1,173,289)	(1,153,102)	(1,176,973)
Contribution from the Member	38,850	35,415	32,739	34,780	39,853	43,339
Net Changes in total Share of OPEB Liability	(7,267,064)	(8,642,864)	23,821,962	(4,901,731)	(7,691,230)	(4,208,704)
Total OPEB Liability - Beginning	53,400,691	62,043,555	38,221,593	43,123,324	50,814,554	55,023,258
Total OPEB Liability - Ending	\$ 46,133,627	\$ 53,400,691	\$ 62,043,555	\$ 38,221,593	\$ 43,123,324	\$ 50,814,554
District's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	46,133,627	53,400,691	62,043,555	38,221,593	43,123,324	50,814,554
Total OPEB Liability - Ending	\$ 46,133,627	\$ 53,400,691	\$ 62,043,555	\$ 38,221,593	\$ 43,123,324	\$ 50,814,554
District's Covered Employee Payroll	\$ 13,299,178	\$ 12,805,399	\$ 12,436,994	\$ 11,863,061	\$ 11,465,693	\$ 10,986,892
Districts' Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%

Notes to Schedule:

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

Change in assumptions Assumptions used in calculating the OPEB liability are presented in Note 9.

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

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, 2023

	Title I Part - A Improving Basic Programs	Title II Part - A Teacher/Parent Training & Recruiting	Title III English Language Acquisition	Title III Immigrant	Title IV Part - A Student Support and Academic Enrichment	Total 2023
Revenues:						
Federal Sources	86,702	17,500	11,562	4,065	10,000	777,221
State Sources	-	-	-	-	-	34,705
Local Sources	-	-	-	-	-	308,723
Total Revenues	86,702	17,500	11,562	4,065	10,000	1,120,650
Expenditures:						
Instruction:						
Salaries	60,288	2,943	7,978	-	-	126,041
Other Purchased Services	-	-	-	-	-	283,542
General Supplies	-	-	-	4,065	-	79,838
Total Instruction	60,288	2,943	7,978	4,065	-	489,421
Support Services:						
Employee Benefits	26,414	-	3,584	-	-	29,999
Purchased Tech. Services	-	14,557	-	-	10,000	209,146
Purchased Educational Services	-	-	-	-	-	-
Other purchased services	6,500	-	-	-	-	6,500
Scholarships Awarded	26,750	-	-	-	-	26,750
Student Activities	-	-	-	-	-	220,435
Total Support Services	26,414	14,557	3,584	-	10,000	492,830
Facilities Acquisition and Construction Services: Non-Instructional Equipment	-	-	-	-	-	151,774
Total Facilities Acquisition and Construction Services	-	-	-	-	-	151,774
Total Expenditures	86,702	17,500	11,562	4,065	10,000	1,134,024
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	(13,375)
Fund Balance, July 1	-	-	-	-	-	471,114
Fund Balance, June 30	-	-	-	-	-	457,739

BUTLER BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Total Brought Forward From (Ex. E-1b)	A.R.P.			Beyond the School Day	Total Carried Forward To (Ex. E-1)
		E.S.S.E.R. II	Mental Health	Educator Support		
Revenues:						
Federal Sources	307,695	230,091	11,500	61,235	31,871	647,392
State Sources	34,705	-	-	-	-	34,705
Local Sources	308,723	-	-	-	-	308,723
Total Revenues	651,123	230,091	11,500	61,235	31,871	990,821
Expenditures:						
Instruction:						
Salaries	5,800	12,162	-	-	31,871	54,833
Other Purchased Services	283,542	-	-	-	-	283,542
General Supplies	75,773	-	-	-	-	75,773
Total Instruction	365,115	12,162	-	-	31,871	414,148
Support Services:						
Employee Benefits	-	-	-	-	-	-
Purchased Tech. Services	52,198	66,155	11,500	54,735	-	184,588
Purchased Educational Services	-	-	-	-	-	-
Other Purchased Services	-	-	-	6,500	-	6,500
Scholarships Awarded	26,750	-	-	-	-	26,750
Student Activities	220,435	-	-	-	-	220,435
Total Support Services	299,383	66,155	11,500	61,235	-	438,274
Facilities Acquisition and Construction Services:						
Non-Instructional Equipment	-	151,774	-	-	-	151,774
Total Facilities Acquisition and Construction Services	-	151,774	-	-	-	151,774
Total Expenditures	664,498	230,091	11,500	61,235	31,871	1,004,195
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,375)	-	-	-	-	(13,375)
Fund Balance, July 1	471,114	-	-	-	-	471,114
Fund Balance, June 30	457,739	-	-	-	-	457,739

BUTLER BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Total Brought Forward From (Ex. E-1c)	A.R.P. Homeless Youth	I.D.E.A. Basic	Preschool	C.R.R.S.A. Mental Health	S.D.A Emergent Need	Total Carried Forward To (Ex. E-1a)
Revenues:							
Federal Sources	-	4,797	278,745	10,153	14,000.00	-	307,695
State Sources	6,660	-	-	-	-	28,045	34,705
Local Sources	308,723	-	-	-	-	-	308,723
Total Revenues	315,383	4,797	278,745	10,153	14,000	28,045	651,123
Expenditures:							
Instruction:							
Salaries	5,800	-	-	-	-	-	5,800
Other Purchased Services	-	4,797	278,745	-	-	-	283,542
General Supplies	75,773	-	-	-	-	-	75,773
Total Instruction	81,573	4,797	278,745	-	-	-	365,115
Support Services:							
Employee Benefits	-	-	-	-	-	-	-
Purchased Tech. Services	-	-	-	10,153	14,000	28,045	52,198
Purchased Educational Services	-	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	-	-
Scholarships Awarded	26,750	-	-	-	-	-	26,750
Student Activities	220,435	-	-	-	-	-	220,435
Total Support Services	247,185	-	-	10,153	14,000	28,045	299,383
Facilities Acquisition and Construction Services: Non-Instructional Equipment	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-
Total Expenditures	328,758	4,797	278,745	10,153	14,000	28,045	664,498
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,375)	-	-	-	-	-	(13,375)
Fund Balance, July 1	471,114	-	-	-	-	-	471,114
Fund Balance, June 30	457,739	-	-	-	-	-	457,739

BUTLER BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Climate Awareness Education	BHS/ADS Local Grants	Special Olympics	N.J.S.I.G. Safety Grant	Student Activities/ Athletics Fund	Scholarship Fund	Total Carried Forward To (Ex. E-1b)
Revenues:							
Federal Sources	-	-	-	-	-	-	-
State Sources	6,660	-	-	-	-	-	6,660
Local Sources	-	61,200	10,513	3,200	213,185	20,626	308,723
Total Revenues	6,660	61,200	10,513	3,200	213,185	20,626	315,383
Expenditures:							
Instruction:							
Salaries	5,800.00	-	-	-	-	-	5,800
Other Purchased Services	-	-	-	-	-	-	-
General Supplies	860.00	61,200	10,513	3,200	-	-	75,773
Total Instruction	6,660	61,200	10,513	3,200	-	-	81,573
Support Services:							
Employee Benefits	-	-	-	-	-	-	-
Purchased Tech. Services	-	-	-	-	-	-	-
Purchased Educational Services	-	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	-	-
Scholarships Awarded	-	-	-	-	-	26,750	26,750
Student Activities	-	-	-	-	220,435	-	220,435
Total Support Services	-	-	-	-	220,435	26,750	247,185
Facilities Acquisition and Construction Services:							
Non-Instructional Equipment	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-
Total Expenditures	6,660	61,200	10,513	3,200	220,435	26,750	328,758
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	(7,251)	(6,124)	(13,375)
Fund Balance, July 1	-	-	-	-	123,246	347,868	471,114
Fund Balance, June 30	-	-	-	-	115,995	341,744	457,739

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, 2023**

Fund Balance - Beginning	<u><u>301</u></u>
Fund Balance - Ending	<u><u>301</u></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, 2023**

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

Exhibit F-2

BUTLER BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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>

LONG-TERM DEBT

**BUTLER BOROUGH SCHOOL DISTRICT
GENERAL LONG TERM DEBT
STATEMENT OF SERIAL BONDS
FOR THE YEAR ENDED JUNE 30, 2023**

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance July 1, 2022	Retired	Balance June 30, 2023
School Bonds of 2009	7/1/2009	3,046,000	7/1/2023 7/1/2024	285,000 300,000	4.000% 4.000%	860,000	275,000	585,000
Refunding School Bonds of 2012	2/1/2012	2,920,000	2/1/2024	280,000	2.375%	570,000	290,000	280,000
						<u>1,430,000</u>	<u>565,000</u>	<u>865,000</u>

BUTLER BOROUGH SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASE AGREEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Interest Rate Payables</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2022</u>	<u>Retired</u>	<u>Balance June 30, 2023</u>
10 Copiers/Printers	0.00%	303,622	102,200	61,320	40,880
ESIP - Boilers and Lighting	2.99%	1,797,859	<u>1,461,763</u>	<u>62,830</u>	<u>1,398,933</u>
			<u>1,563,963</u>	<u>124,150</u>	<u>1,439,813</u>

**BUTLER BOROUGH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance Positive (Negative Final to Actual)
Revenues:				
Local Sources:				
Local Tax Levy	540,260	540,260	540,260	-
Total Revenues - Local Sources	540,260	540,260	540,260	-
State Sources:				
Debt Service Aid Type II	66,815	66,815	66,815	-
Total State Sources	66,815	66,815	66,815	-
Total Revenues	607,075	607,075	607,075	-
Expenditures:				
Regular Debt Service:				
Redemption of Principal	565,000	565,000	565,000	-
Interest on Bonds	42,075	42,075	42,075	-
Total Regular Debt Service	607,075	607,075	607,075	-
Total Expenditures	607,075	607,075	607,075	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balances, July 1	1	1	1	-
Fund Balances, June 30	1	1	1	-
Recapitulation:				
Unassigned Fund Balance			1	

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

- J-14 Demographic and Economic Statistics
- J-15 Principal Employers

Operating Information

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

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

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

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

	Fiscal Year Ended, June 30,									
	2014	(Restated) 2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Invested in capital assets, net of related debt	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	14,288,128
Restricted	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	8,233,531
Unrestricted	(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)	(4,256,683)
Total governmental activities net position	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	18,264,976
Business-type activities										
Invested in capital assets, net of related debt	32,434	25,038	62,719	56,987	102,208	93,722	105,683	100,509	83,089	197,212
Unrestricted	69,210	64,820	40,757	35,892	61,586	77,752	45,106	154,452	374,368	257,743
Total business-type activities net position	101,644	89,858	103,476	92,879	163,794	171,475	150,789	254,961	457,457	454,956
District-wide										
Invested in capital assets, net of related debt	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	14,485,341
Restricted	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	8,233,531
Unrestricted	(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)	(3,998,940)
Total district net position	8,878,965	5,703,780	6,948,133	7,902,149	8,451,408	9,121,876	11,175,092	14,996,460	17,869,938	18,719,932

Source: ACFR 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

	Fiscal Year Ended, June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	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	10,715,917
Special education	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	3,176,915
Other special education	257,338	346,791	432,774	388,247	524,529	475,311	504,429	445,970	339,119	364,538
Other instruction	590,624	509,382	512,281	505,271	593,022	538,110	523,412	525,295	589,612	550,607
Support Services:										
Tuition	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	1,390,727
Student & instruction related services	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	4,660,745
General administrative services	602,223	578,490	656,095	514,674	765,324	854,661	669,134	692,338	622,113	647,999
School administrative services	1,121,338	1,288,715	1,416,874	1,254,824	1,702,815	1,585,752	1,427,611	1,593,369	1,342,193	1,342,193
Central Services and Admin. Info., Tech.	490,286	512,707	609,799	668,895	746,583	747,136	811,662	944,363	825,602	863,128
Plant operations and maintenance	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	3,082,107
Pupil transportation	918,917	879,835	956,432	858,588	1,085,852	1,117,749	959,849	780,225	1,238,687	1,829,557
Food Service	-	-	-	-	-	-	4	-	-	-
Capital Outlay - Non-depreciable	27,599	27,599	27,599	137,099	27,599	99,862	29,705	27,599	48,193	250,446
Charter Schools	12,315	12,653	24,343	24,342	24,342	25,568	25,519	57,673	60,568	50,971
Interest on Long term debt	201,986	22,300	12,543	12,543	12,543	98,852	84,385	67,737	51,249	33,874
Unallocated Benefits	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation and Amortization	458,884	632,751	655,199	705,993	719,342	663,060	634,225	711,110	638,800	767,786
Total governmental activities expenses	23,781,239	26,257,748	27,532,271	25,033,347	31,679,117	30,353,715	28,323,643	30,499,986	29,059,627	29,727,509
Business-type activities:										
Food service	424,353	405,373	456,714	459,843	437,276	475,041	394,662	271,339	591,123	578,440
Total district expenses	24,205,592	26,663,121	27,988,984	25,493,190	32,116,393	30,828,756	28,718,305	30,771,295	29,650,750	30,305,949
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	554,880	590,136	324,129	346,500	20,250	-	-	-	-	-
Support Services (Student Inst & Related Svcs)	-	-	-	-	-	-	-	94,284	179,462	233,811
Support Services (Unallocated Benefits)	-	22,300	107,871	-	-	-	-	-	-	-
Operating grants and contributions	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	5,184,283
Total governmental activities program revenues	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	5,418,094
Business-type activities:										
Charges for services:										
Food service	291,232	255,452	260,849	277,123	280,584	294,692	211,305	3,580	45,747	255,067
Operating grants and contributions	145,774	145,788	209,250	171,999	176,521	187,837	162,496	371,822	760,073	320,335
Total business-type activities program revenues	437,006	401,240	470,099	449,122	457,105	482,529	373,801	375,402	805,820	575,402
Total district program revenues	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	5,993,496
Net (Expense)/Revenue										
Governmental activities	(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)	(24,309,414)
Business-type activities	12,653	(4,133)	13,386	(10,721)	19,829	7,488	(20,861)	104,063	214,697	(3,038)
Total district-wide net expense	(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)	(24,312,452)

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

	Fiscal Year Ended, June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	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	18,467,596
Taxes levied for debt service	501,816	514,730	528,701	534,584	542,505	541,394	572,956	563,465	552,153	540,260
Unrestricted grants and contributions	4,098,058	6,379,696	7,223,432	9,120,521	10,109,899	8,195,605	7,060,205	9,695,036	7,106,974	6,046,817
Miscellaneous income	399,534	666,749	458,262	257,918	272,822	262,624	325,059	252,218	242,068	87,238
Transfers	(2,689)	(4,107)	-	-	-	-	-	-	-	-
Total governmental activities	19,425,429	22,422,137	23,786,011	25,928,269	27,553,311	25,960,270	25,360,651	28,261,199	26,006,679	25,141,910
Business-type activities:										
Investment earnings	135	185	232	124	133	192	175	109	291	536
Transfers	2,689	4,107	-	-	-	-	-	-	-	-
Total business-type activities	2,824	4,292	232	124	133	192	175	109	291	536
Total district-wide	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	25,142,446
Change in Net Position										
Governmental activities	202,823	1,345,023	1,230,735	894,921	580,552	813,271	2,073,903	3,106,950	2,663,954	832,496
Business-type activities	15,477	159	13,618	(10,597)	19,963	7,681	(20,686)	104,172	214,987	(2,502)
Total district	218,300	1,345,182	1,244,353	884,324	600,515	820,951	2,053,217	3,211,122	2,878,941	829,994

Source: ACFR Schedule A-2

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

UNAUDITED

	Fiscal Year Ended, June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Committed	-	-	-	-	950,508	22,989	67,975	-	-	-
Restricted	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	6,999,265
Assigned	125,740	293,997	430,010	84,597	221,252	189,328	296,329	321,235	374,503	437,981
Unassigned	441,061	576,549	358,977	508,147	523,418	630,199	397,932	803,577	786,121	338,245
Total general fund	2,370,399	3,102,342	4,130,044	3,746,106	2,997,868	4,833,083	6,711,209	9,432,917	9,649,037	7,775,490
All Other Governmental Funds										
Restricted										
Special Revenue Fund	-	-	-	-	-	-	-	464,696	471,114	457,739
Debt Service Fund	1	1	1	2	1	1	1	1	1	1
Capital projects fund	-	-	98,088	870,724	39,124	12,581	12,581	301	301	301
Unreserved, reported in:										
Debt service fund	11,016	-	-	-	-	-	-	-	-	-
Total all other governmental funds	11,017	1	98,089	870,726	39,125	12,582	12,582	464,998	471,416	458,041

Source: ACFR Schedule B-1

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

	Fiscal Year Ended, June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax levy	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	19,007,856
Miscellaneous	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	4,688,799
State sources	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	8,677,102
Federal sources	374,879	27,298	424,312	439,497	457,195	435,875	447,165	720,800	1,114,265	834,419
Total revenue	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	33,208,175
Expenditures										
Instruction										
Regular instruction	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	7,534,077
Special education instruction	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	2,184,797
Other special instruction	171,122	210,802	232,125	235,173	275,414	281,156	315,810	251,306	226,235	251,208
Other instruction	466,960	509,382	512,281	534,331	593,022	538,110	523,412	525,295	589,612	550,607
Support Services:										
Tuition	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	1,390,727
Student & instruction related services	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	3,544,193
General administrative services	521,116	454,081	496,024	514,571	538,983	693,511	525,453	510,989	495,868	531,444
School Administrative services	786,124	803,953	834,149	861,949	920,473	971,693	945,889	951,756	978,107	971,235
Central Services	424,627	418,364	488,419	526,250	582,828	504,238	551,239	590,332	596,449	641,156
Plant operations and maintenance	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	2,549,578
Pupil transportation	918,917	879,835	956,432	858,588	1,085,852	1,117,749	959,849	780,225	1,238,687	1,829,557
Unallocated employee benefits	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	9,747,421
Food Services	-	-	-	-	-	-	4	-	-	-
Charter Schools	12,315	12,653	24,343	24,342	24,342	25,568	25,519	57,673	60,588	50,971
Capital outlay	210,568	783,181	329,267	1,197,956	3,099,195	451,251	229,600	535,808	1,589,065	2,711,052
Debt Service:										
Principal	410,000	430,000	445,000	465,000	485,000	496,000	550,000	555,000	560,000	565,000
Interest and Other Charges	165,611	153,549	141,674	128,636	117,524	104,309	91,019	75,544	59,144	42,075
Total expenditures	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	35,095,097
Excess (Deficiency) of revenues over (under) expenditures	158,727	505,035	1,125,790	388,127	(2,427,190)	577,530	1,923,112	2,495,904	222,539	(1,886,922)
Other Financing sources (uses)										
Financed Purchases (non-budgeted)	120,431	220,000	-	-	1,797,859	303,622	-	-	-	-
Transfers in	1	-	-	-	-	-	-	-	-	-
Transfers out	(2,690)	(4,107)	-	-	-	-	-	-	-	-
Contracts Payable Canceled	-	-	-	573	-	-	-	-	-	-
Total other financing sources (uses)	117,742	215,893	-	573	1,797,859	303,622	-	-	-	-
Net change in fund balances	276,469	720,927	1,125,790	388,700	(629,331)	881,152	1,923,112	2,495,904	222,539	(1,886,922)
Debt service as a percentage of noncapital expenditures	2.496%	2.493%	2.428%	2.331%	2.247%	2.144%	2.345%	2.260%	1.985%	1.875%

Source: ACFR 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
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	2,837	4,304,577	46,450	20,258	172,106	4,546,228
2023	2,906	4,292,838	13,110	-	71,221	4,380,075

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 ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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
2023	8,869,100	931,739,000	800	167,850,400	38,093,500	34,532,400	1,181,085,200	630,805	1,181,716,005	1.663	1,218,048,926

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 ^c	Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct			
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	1.694	0.050	1.744	0.760	0.263	2.767
2023	1.618	0.045	1.663	0.727	0.264	2.654

Source: District Records and Municipal Tax Collector

Note:

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

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.
- c** Includes library tax

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

Taxpayer	2023			2014		
	Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
2271 Hamilton LLC	20,000,000	1	1.69%			
Butler Gardens LLC	18,938,200	2	1.60%	10,340,000	2	1.38%
Inland Western Butler Kinnelon LLC	16,200,000	3	1.37%	12,805,000	1	1.71%
SL 10 Park Place LLC	14,952,400	4	1.27%			
Butler Printing & Lamination	7,314,400	5	0.62%	3,596,400	8	0.48%
Butler Bowl, Inc.	6,854,000	6	0.58%	3,939,100	6	0.53%
ZZ Group LLC	5,315,200	7	0.45%			
1301 Realty Enterprises, LLC	4,352,300	8	0.37%	7,576,800	4	1.01%
South Realty LLC	3,793,100	9	0.32%			
Bromat Enterprises Inc	3,784,800	10	0.32%	2,336,200	9	0.31%
Butler Plaza Lot One LLC				5,310,500	5	0.71%
Butler Center Associates				8,414,100	3	1.12%
AMSA Associates LLC				1,899,600	10	0.25%
1341 Route 23, Inc				3,605,000	7	0.48%
MNB Realty CO, LLC						
Total	\$ 101,504,400		8.59%	\$ 59,822,700		7.98%

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^a</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
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%	-
2023	19,007,260	19,007,260	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 ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Total District		
2014	5,416,000	113,302	5,529,302	0.8480%	714.75
2015	4,986,000	91,192	5,077,192	0.7433%	656.31
2016	4,541,000	67,952	4,608,952	0.6553%	597.94
2017	4,076,000	43,523	4,119,523	0.5730%	535.98
2018	3,591,000	1,750,424	5,341,424	0.8016%	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	0.4204%	453.06
2022	1,430,000	1,563,963	2,993,963	not available	368.76
2023	865,000	1,439,813	2,304,813	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 ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	5,416,000	-	5,416,000	0.72%	700
2015	4,986,000	-	4,986,000	0.66%	645
2016	4,541,000	-	4,541,000	0.60%	589
2017	4,076,000	-	4,076,000	0.54%	530
2018	3,591,000	-	3,591,000	0.47%	470
2019	3,095,000	-	3,095,000	0.40%	404
2020	2,545,000	-	2,545,000	0.33%	333
2021	1,990,000	-	1,990,000	0.26%	245
2022	1,430,000	-	1,430,000	0.13%	176
2023	865,000	-	865,000	0.07%	***

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, 2023

<u>Governmental Unit</u>	Debt Outstanding (1)	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Borough of Butler	2,236,499	100.000%	2,236,499
Other debt			
Morris County	253,387,955	1.211%	3,068,528
Subtotal, overlapping debt			5,305,027
Butler Borough School District Direct Debt			<u>865,000</u>
Total direct and overlapping debt			<u><u>6,170,027</u></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, 2022

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

Legal Debt Margin Calculation for Fiscal Year 2023

Equalized valuation basis	
2020	1,029,884,626
2021	1,106,466,522
2022	1,192,740,368
[A]	<u>3,329,091,516</u>
[A/3]	\$ 1,109,697,172
[B]	44,387,887
[C]	865,000
[B-C]	<u>\$ 43,522,887</u>

Average equalized valuation of taxable property **[A/3]**

Debt limit (4% of average equalization value) **[B]**

Total Net Debt Applicable to Limit **[C]**

Legal debt margin **[B-C]**

	Fiscal Year,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 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	44,387,887
Total net debt applicable to limit	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	865,000
Legal debt margin	<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>40,698,617</u>	<u>43,522,887</u>
Total net debt applicable to the limit as a percentage of debt limit	13.92%	12.69%	11.69%	10.53%	9.38%	8.00%	6.40%	4.92%	3.39%	1.95%

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

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

<u>Year Ended June 30</u>	<u>School District Population ^a</u>	<u>Personal Income in (thousands of dollars) ^b</u>	<u>Per Capita Income ^c</u>	<u>Unemployment Rate ^d</u>
2013	7,731	626,412,006	81,026	6.9%
2014	7,736	652,044,232	84,287	5.7%
2015	7,736	683,073,328	88,298	4.7%
2016	7,708	703,370,416	91,252	4.3%
2017	7,686	718,979,184	93,544	3.8%
2018	7,638	666,369,672	87,244	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	874,636,972	107,767	5.3%
2022	8,119	***	***	3.1%

Source:

^a U.S. Bureau of the Census, Population Division, (Estimates April 1, 2013 - July 1, 2022)

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

^c U.S. Department of Commerce, County Information 2012-2021.

^d N.J. Department of Labor.

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

	2023		2014	
	Employees	Percentage of Total Employment	Rank (Optional)	Percentage of Total Employment
Employer				

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>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>	<u>2023</u>
Instruction										
Regular	89	91.6	92	90.8	89.4	89.4	77.4	81.4	81.4	81.4
Special education	28.2	27.2	26.5	30.4	32.3	32.3	32.3	32.3	32.3	32.3
B.S. / Bilingual	2.4	4.1	2.8	3	3.0	3.0	3.0	3.0	3.0	3.0
Other Instruction	1.8	0.9	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3
Support Services:										
Student & instruction related services	62.3	64.3	55	57.6	63.9	48.0	39.0	39.0	39.0	39.0
General administrative services	1.94	1.9	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
School administrative services	9.3	9.3	10	10	10.4	10.4	11.4	11.4	11.4	11.4
Central Services	1.5	1	1.2	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Administrative Information Technology	0.7	0.7	0.9	1	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	20.5	21	24	23.2	22.6	22.6	22.6	22.6	22.6	22.6
Total	<u>217.6</u>	<u>222.0</u>	<u>215.4</u>	<u>219.8</u>	<u>226.5</u>	<u>210.6</u>	<u>190.6</u>	<u>194.6</u>	<u>194.6</u>	<u>194.6</u>

Source: District Budget Records

BUTLER BOARD OF EDUCATION
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
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%
2022-2023	1,282	31,776,971	24,787	-7.57%	127.96	8.10	11.00	10.20	1,152.8	1,092.8	2.42%	94.79%

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>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Elementary</u>										
Aaron Decker (1966)		48,700	48,700	48,700	48,700	48,700	48,700	48,700	48,700	48,700
Square Feet	340	340	340	340	340	340	340	340	340	340
Capacity (students)	393	381	386	379	383	406	390	394	378	367
Enrollment										
<u>Middle School</u>										
Richard Butler (1954)	54,710	54,710	54,710	54,710	54,710	54,710	54,710	54,710	54,710	54,710
Square Feet	330	330	330	330	330	330	330	330	330	330
Capacity (students)	282	298	272	280	289	278	295	317	299	301
Enrollment										
<u>High School</u>										
Butler (1906)	134,530	134,530	134,530	134,530	134,530	134,530	134,530	134,530	134,530	134,530
Square Feet	541	541	541	541	541	541	541	541	541	541
Capacity (students)	509	527.5	533	533	490	505	474	454	438	496
Enrollment										

Number of Schools at June 30, 2023

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)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Butler High School	N/A	118,721	227,926	199,638	203,468	173,639	110,793	179,938	213,055	173,417	156,259
Aaron Decker	N/A	197,299	164,416	94,080	98,202	83,514	55,077	60,413	93,615	69,382	70,511
Richard Butler	N/A	174,450	145,375	70,176	91,310	58,566	41,637	64,159	83,460	89,693	81,429
District	N/A		8,463	-	-	-	-	-	-	-	-
Total School Facilities		490,470	546,180	363,894	392,980	315,719	207,507	304,510	390,130	332,491	308,199

(*) 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, 2023
Unaudited

	<u>Limit</u>	<u>Deductible</u>
Property - Blanket Building & Contents	\$64,267,986	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	5,000,000	
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	

Source: District Records

SINGLE AUDIT SECTION



WIELKOTZ & COMPANY LLC

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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, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated January 17, 2024.

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 January 17, 2024.

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

January 17, 2024





WIELKOTZ & COMPANY L.L.C.

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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, 2023. 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, 2023.

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

January 17, 2024

Butler Borough School District
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ending June 30, 2023

Schedule A
K-3

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	June 30, 2022		June 30, 2023		MEMO Cumulative Total Expenditures
						(Accounts Receivable)	Unearned Revenue	(Accounts Receivable)	Unearned Revenue	
U.S. Department of Agriculture Passed - through State Department of Education: Enterprise Fund:										
U.S.D.A. Commodities Program	10.550	221NJ304N1099	N/A	46,600	7/1/22-6/30/23	-	4,618	-	9,266	46,600
National School Lunch Program	10.555	221NJ304N1099	N/A	172,185	7/1/22-6/30/23	-	-	(9,762)	-	172,185
National School Lunch Program	10.555	211NJ304N1099	N/A	603,255	7/1/21-6/30/22	(46,446)	-	-	-	603,255
National School Breakfast Program	10.553	221NJ304N1099	N/A	22,359	7/1/22-6/30/23	-	-	(1,489)	-	22,359
National School Breakfast Program	10.553	211NJ304N1099	N/A	95,053	7/1/21-6/30/22	(7,315)	-	-	-	95,053
Supply Chain Assistance Program	10.555	221NJ344N8903	N/A	26,405	7/1/22-6/30/23	-	-	-	-	(26,405)
Supply Chain Assistance Program	10.555	231NJ344N8903	N/A	38,146	7/1/23-6/30/24	-	-	-	-	(38,146)
Total Enterprise Fund						(53,761)	4,618	(11,252)	9,266	874,901
U.S. Department of Education Passed - through State Department of Education: General Fund:										
Medicaid Assistance Program	93.778	2305NJ5MAP	N/A	52,591	7/1/22-6/30/23	(15,446)	-	(1,071)	-	52,591
Total General Fund						(15,446)	-	(1,071)	-	52,591
U.S. Department of Education Passed - through State Department of Education: Special Revenue Fund:										
Title I - Part A - Improving Basic Program:	84.010	S010A220030	ESEA0630-23	86,702	7/1/22-9/30/23	-	-	(26,414)	-	86,702
Title II - Part A - Teacher & Principal Training/Recruiting:	84.367	S367A220029	ESEA0630-23	17,500	7/1/22-9/30/23	(655)	-	(2,943)	-	17,500
Title III - English Language Acquisition	84.365A	S365A220030	ESEA0630-23	11,562	7/1/22-9/30/23	-	-	(3,584)	-	11,562
Title III - Immigrant	84.365A	S365A220030	ESEA0630-23	4,065	7/1/22-9/30/23	-	-	(4,065)	-	4,065
Title IV - Part A - Student Support and Academic Enrichment	84.424A	S424A220031	ESEA0630-23	10,000	7/1/22-9/30/23	-	-	(3,384)	-	11,562
I.D.E.A. Part B, Basic	84.027	H027A220100	IDEA0630-22	278,745	7/1/22-9/30/23	-	-	-	-	278,745
I.D.E.A. Part B, Preschool	84.173	H173A220114	IDEA0630-22	10,153	7/1/22-9/30/23	-	-	-	-	10,153
C.R.R.S.A. - E.S.S.E.R. II - Mental Health	84.425D	S425D200027	CRRSA-ESSER0630-21	45,000	3/13/20-9/30/23	-	-	-	-	45,000
AR.P. - E.S.S.E.R. - Accelerated Learning, Coaching and Educator Support	84.425U	S425U210027	ARP-ESSER0630-21	643,176	3/13/20-9/30/24	(251,506)	-	-	-	230,091
AR.P. - E.S.S.E.R. - Summer Learning and Enrichment	84.425U	S425U210027	ARP-ESSER0630-21	88,341	3/13/20-9/30/24	(14,022)	-	-	-	61,235
AR.P. - E.S.S.E.R. - Comprehensive Beyond the School Day	84.425U	S425U210027	ARP-ESSER0630-21	40,000	3/13/20-9/30/24	-	-	-	-	31,871
AR.P. - E.S.S.E.R. - Mental Health Support Staffing	84.425U	S425U210027	ARP-ESSER0630-21	45,000	3/13/20-9/30/24	(265,528)	-	-	-	5,000
AR.P. - Homeless Children and Youth	84.425W	S425W221031	ARP-HCY0630-22	4,797	4/23/21-6/30/23	-	-	-	-	11,500
Total Special Revenue Fund						(266,183)	-	(32,941)	-	773,156
Total Federal Financial Award:						(335,390)	4,618	(45,264)	9,266	1,700,648

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, 2023

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From / To	June 30, 2022		Cash Received	Budgetary Expenditures	June 30, 2023 Unearned Revenue (Accts Receivable)	Budgetary Receivable	MEMO Cumulative Total Expenditures
				Unearned Revenue (Accts Receivable)						
State Department of Education:										
General Fund:										
Equalization Aid	495-034-5120-078	1,525,936	7/1/22-6/30/23	-	1,374,932	-	(1,525,936)	-	151,004	1,525,936
School Choice Aid	495-034-5120-068	14,045	7/1/22-6/30/23	-	12,655	-	(14,045)	-	1,390	14,045
Special Education Categorical Aid	495-034-5120-089	853,212	7/1/22-6/30/23	-	768,780	-	(853,212)	-	84,432	853,212
Security Aid	495-034-5120-084	39,010	7/1/22-6/30/23	-	35,150	-	(39,010)	-	3,860	39,010
Subtotal State Aid - Public Cluster				-	2,191,517	-	(2,432,203)	-	240,686	2,432,203
Transportation Aid	495-034-5120-014	215,738	7/1/22-6/30/23	-	194,389	-	(215,738)	-	21,349	215,738
Extraordinary Special Education Aid	495-034-5120-044	254,596	7/1/22-6/30/23	-	-	-	(254,596)	-	-	254,596
Extraordinary Special Education Aid	495-034-5120-044	230,990	7/1/21-6/30/22	(230,990)	230,990	-	-	-	-	230,990
On-Behalf TPAF Pension	495-034-5094-002	3,776,643	7/1/22-6/30/23	-	3,776,643	-	(3,776,643)	-	-	3,776,643
On-Behalf TPAF NCGI Premium	495-034-5094-004	52,397	7/1/22-6/30/23	-	52,397	-	(52,397)	-	-	52,397
On-Behalf TPAF Post Retirement Medical	495-034-5094-001	1,005,879	7/1/22-6/30/23	-	1,005,879	-	(1,005,879)	-	-	1,005,879
On-Behalf TPAF Long-Term Disability Ins.	495-034-5094-002	1,534	7/1/22-6/30/23	-	1,534	-	(1,534)	-	-	1,534
Non-Public Transportation Aid	495-034-5120-014	17,160	7/1/22-6/30/23	-	-	-	(17,160)	-	-	17,160
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	836,728	7/1/22-6/30/23	-	795,089	-	(836,728)	-	-	836,728
Reimbursed T.P.A.F. - Social Security	495-034-5094-003	813,577	7/1/21-6/30/22	(39,414)	39,414	-	-	-	-	813,577
Total General Fund				(286,064)	8,303,512	(8,592,878)		(313,395)	262,035	9,653,105
Debt Service Fund:										
Debt Service Aid	495-034-5120-075	66,815	7/1/22-6/30/23	-	66,815	-	(66,815)	-	-	66,815
Special Revenue Fund:										
Additional or Compensatory Special Education and Related Services	N/A	193,196	7/1/21-6/30/22	(148,180)	148,180	-	-	-	-	193,196
Schools Development - Emergent Need	N/A	28,045	7/1/22-6/30/23	-	28,045	-	(28,045)	-	-	28,045
Climate Change Awareness Education	N/A	6,660	7/1/22-6/30/23	-	-	-	(6,660)	-	-	6,660
Total Special Revenue Fund				(148,180)	176,225	(34,705)		(6,660)	-	768
State Department of Agriculture Enterprise Fund:										
State School Lunch Program	100-010-3350-023	9,224	7/1/22-6/30/23	-	8,713	(510)	(9,224)	(510)	-	9,224
State School Lunch Program	100-010-3350-023	14,194	7/1/21-6/30/22	(1,069)	1,069	-	-	-	-	14,194
State School Breakfast Program	100-010-3350-023	768	7/1/22-6/30/23	-	713	(55)	(768)	(55)	-	768
Total Enterprise Fund				(1,069)	9,782	(9,992)		(566)	-	24,186
Total State Financial Assistance				(435,313)	8,556,334	(8,704,390)		(320,621)	262,035	9,744,106
Less: On-Behalf Pension and Annuity Aid										
On-Behalf TPAF Pension	495-034-5094-002	3,776,643	7/1/22-6/30/23	-	3,776,643	-	(3,776,643)	-	-	3,776,643
On-Behalf TPAF NCGI Premium	495-034-5094-004	52,397	7/1/22-6/30/23	-	52,397	-	(52,397)	-	-	52,397
On-Behalf TPAF Post Retirement Medical	495-034-5094-001	1,005,879	7/1/22-6/30/23	-	1,005,879	-	(1,005,879)	-	-	1,005,879
On-Behalf TPAF Long-Term Disability Ins.	495-034-5094-002	1,534	7/1/22-6/30/23	-	1,534	-	(1,534)	-	-	1,534
Total for State Major Program Determinations				(435,313)	3,719,881	(3,867,937)		(320,621)	262,035	4,907,653

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 \$(17,296) 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 2023 fiscal year was \$4,836,453.

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	\$52,591	\$8,575,582	\$8,628,173
Special Revenue Fund	781,828	34,705	816,533
Debt Service Fund	-	66,815	66,815
Food Service Fund	<u>310,343</u>	<u>9,992</u>	<u>320,335</u>
Total Financial Awards	<u>\$1,144,762</u>	<u>\$8,687,094</u>	<u>\$9,831,856</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, 2023.

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, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal Control over major federal programs:

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

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

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

Identification of major federal programs:

<u>CFDA#</u>	<u>FEIN#</u>	<u>Name of Federal Program or Cluster</u>
		Education Stabilization Fund Cluster:
84.425D	S425D210027	CRRSA - Mental Health
84.425U	S425U210027	ARP ESSER
84.425U	S425U210027	ARP ESSER - Accelerated Learning
84.425U	S425U210027	ARP ESSER - Mental Health
84.425U	S425U210027	ARP ESSER - Summer Learning
84.425U	S425U210027	ARP ESSER - Beyond the School Day
84.425W	S425W210027	ARP - Homeless

**BOROUGH OF BUTLER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023

Status of Prior Year Findings

There were not prior year findings to correct.