

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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
of the**

Borough of Butler School District

Board of Education

Butler, New Jersey

For the Fiscal Year Ended June 30, 2025



Prepared by

Borough of Butler School District
Board of Education
Finance Office

BOROUGH OF BUTLER SCHOOL DISTRICT
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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

Dr. Daniel Johnson

Superintendent

Pamela Vargas

Business Administrator/Board Secretary

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, 2025, 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 Title 2 U.S. Code of Federal Regulations part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards*, and New Jersey's OMB Circular 15-08, *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 2024-25 fiscal year with an average daily enrollment of 1,140.4 students. This enrollment is a 0.01% 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 43.2% of the high school enrollment in the 2024-25 school year.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2024-25	1,140.4	-0.00%
2023-24	1,140.5	-1.07%
2022-23	1,152.8	1.12%
2021-22	1,140.0	1.57%
2020-21	1,122.4	-1.05%
2019-20	1,134.3	-2.50%
2018-19	1,163.4	0.19%
2017-18	1,161.2	-2.56%
2016-17	1,191.7	3.07%
2015-16	1,156.2	1.00%

2) ECONOMIC CONDITION AND OUTLOOK: The Butler School District encompasses approximately 2.08 square miles. The District is located in the northeastern section of Morris County. Butler was incorporated as a borough by an act of the New Jersey Legislature on March 13, 1901, from portions of Pequannock Township. As of the 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 2025 were \$1,345,916,000. Residential properties account for 80.5% of the assessed valuations, and the median home value was \$442,651. 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 surplus at the end of the year due to an increase in interest revenues and decrease in budgetary expenditures, the district was able to add \$1,102,281 to its Capital Reserve Fund and \$1,000,000 to its Maintenance Reserve Fund.

3) MAJOR INITIATIVES (Capital Improvements): District: During the 2024–2025 school year, the District achieved substantial progress on its voter-approved referendum projects, marking a transformative phase in modernizing and securing our learning environments. These capital improvements were guided by the

dual goals of enhancing student safety and expanding access to modern, functional learning spaces—both of which are directly supported by national research on the relationship between school facilities, safety, and academic success.

The centerpiece of this year's capital improvements was the completion of the high school addition, which successfully unified previously separate campus structures into one cohesive facility. This redesign eliminated the need for students to travel outdoors between classes, significantly enhancing safety and supervision throughout the day.

The addition also introduced comprehensive security upgrades, including:

- A secure visitor vestibule with controlled access;
- A dedicated School Resource Officer office;
- Over 100 new security cameras for expanded surveillance coverage;
- Bullet-resistant glass on ground-level windows, and;
- Enhanced door security systems to better manage entry and exit points.

According to the *National Institute of Justice (2020)* and the *U.S. Department of Education's Safe and Supportive Schools initiative*, layered security measures—when implemented alongside supportive school culture—are among the most effective means of preventing incidents and ensuring rapid, coordinated responses to emergencies.

The District also renovated and modernized its science laboratories, creating safer, more engaging spaces aligned with 21st-century STEM instruction. The upgrades included new epoxy flooring for improved chemical resistance and ease of cleaning, secure cabinetry for high-tech and sensitive equipment, enhanced lighting, and updated digital and AI-integrated learning technology. Research from the *National Science Teaching Association (NSTA)* and *National Research Council* highlights that safe, well-equipped laboratories significantly increase student engagement, promote inquiry-based learning, and reduce the likelihood of laboratory accidents. These renovations now provide students with a modern, hands-on environment that supports both experimentation and collaboration.

The original high school gymnasium was restored to its full use following extensive renovation. Improvements included new flooring, modern HVAC systems, enhanced lighting, and the removal of a dividing wall that previously limited space. This revitalized facility now accommodates more Physical Education and Health classes, athletic practices, and serves as a multi-purpose staging space for the District's thriving music and drama programs. Research from the *Centers for Disease Control and Prevention (CDC, 2022)* confirms that access to well-designed physical activity spaces in schools directly supports students' physical health, mental wellness, and academic performance.

In a proactive step toward enhancing transportation safety, the District developed a new student parking area on land donated to the District more than a decade ago but previously unused. This expansion enables students to park on campus rather than along public roadways, reducing pedestrian risk and improving traffic flow during arrival and dismissal. Studies by the *National Highway Traffic Safety Administration (NHTSA)* and the *National Center for Safe Routes to School* underscore that structured campus traffic design and designated parking areas are key components of comprehensive student safety planning.

Finally, the District replaced aging HVAC systems at the high school and installed new air conditioning on the top floor, which had historically experienced temperatures reaching the upper 80s and 90s during warmer months. These upgrades not only improve comfort but also support learning effectiveness. According to the *U.S. Environmental Protection Agency (EPA, 2023)*, improved indoor air quality and thermal comfort are directly linked to better student concentration, reduced absenteeism, and higher academic outcomes. By ensuring optimal temperature regulation and air flow, the District has made a measurable investment in both student wellness and instructional quality.

These capital projects represent more than infrastructure upgrades—they are strategic, research-informed investments in safety, equity, and the overall learning experience. By modernizing our facilities, improving environmental quality, and expanding opportunities for physical and academic engagement, the Butler School District continues to fulfill its promise to provide safe, innovative, and inspiring spaces for all students.

4) MAJOR INITIATIVE (ACADEMIC): District: The District strategically invested budget resources to expand student learning opportunities, strengthen intervention systems, and broaden elective pathways — ensuring every student is supported and challenged in alignment with state and national best practices.

The District expanded concurrent enrollment opportunities by partnering with regional universities and colleges, enabling high school students to earn college credits while still in high school. According to research by the *Community College Research Center (Columbia University, 2021)*, students who participate in dual or concurrent enrollment programs are more likely to graduate high school, enroll in college, and complete a degree on time. These programs not only expose students to the rigor of college-level coursework beyond traditional Advanced Placement offerings, but they also create a cost-saving pathway toward higher education by reducing future tuition expenses.

The District continued to refine its Multi-Tiered System of Supports (MTSS) to better identify and meet the academic and behavioral needs of students across all grade levels. This year's efforts included the addition of a Multisensory Reading Specialist to support literacy development in grades K–8 — an approach strongly supported by the *International Dyslexia Association* and *National Reading Panel*, which emphasize structured, multisensory literacy instruction as a critical factor in improving reading fluency and comprehension. At the high school level, the addition of Math and Writing Labs running each period provides ongoing, embedded academic intervention aligned with research on high-dosage tutoring (*Annenberg Institute, 2022*), which shows that consistent, structured support can significantly accelerate learning outcomes.

To support data-driven decision-making, the District implemented mCLASS as its universal screening and benchmarking tool, enabling educators to monitor progress and tailor instruction. Complementing this, we expanded the use of IXL for individualized skill practice and Nearpod for interactive, technology-enhanced learning — both of which reinforce key concepts and engage students through adaptive, evidence-based platforms.

Finally, we strengthened vertical articulation through focused grade-level collaboration meetings. These sessions ensure alignment of standards and learning progressions from one grade to the next, a practice supported by *Learning Forward* and *The Wallace Foundation* as essential to sustaining curriculum coherence and instructional quality across a district.

Recognizing that student engagement and future readiness extend beyond core academics, the District expanded elective options to include Advanced Robotics, Honors American Sign Language, Broadcasting I & II, and additional career and technical courses. These additions reflect our commitment to developing the "Portrait of a Graduate" skill set — creativity, communication, collaboration, and critical thinking — as emphasized in *Partnership for 21st Century Learning* research. By broadening these offerings, we are ensuring that students can explore diverse interests and emerging fields while developing practical and transferable skills.

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 2024-25.

9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Wielkotsz 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 *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The auditors' report on the general-purpose financial statements and combining and individual fund statements

Requirements, Cost Principles, and Audit Requirements for Federal Awards, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. 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.

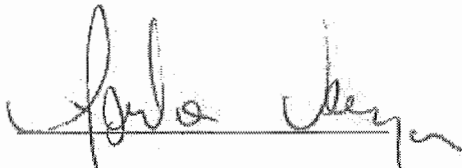
Long-Term Financial Planning - The District intends to prepare future budgets within the two percent tax cap levy plus allowable exceptions, if applicable and as mandated by the State of New Jersey. Additionally, the District continually monitors its ability to refinance its outstanding long-term obligations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

10) AWARDS:

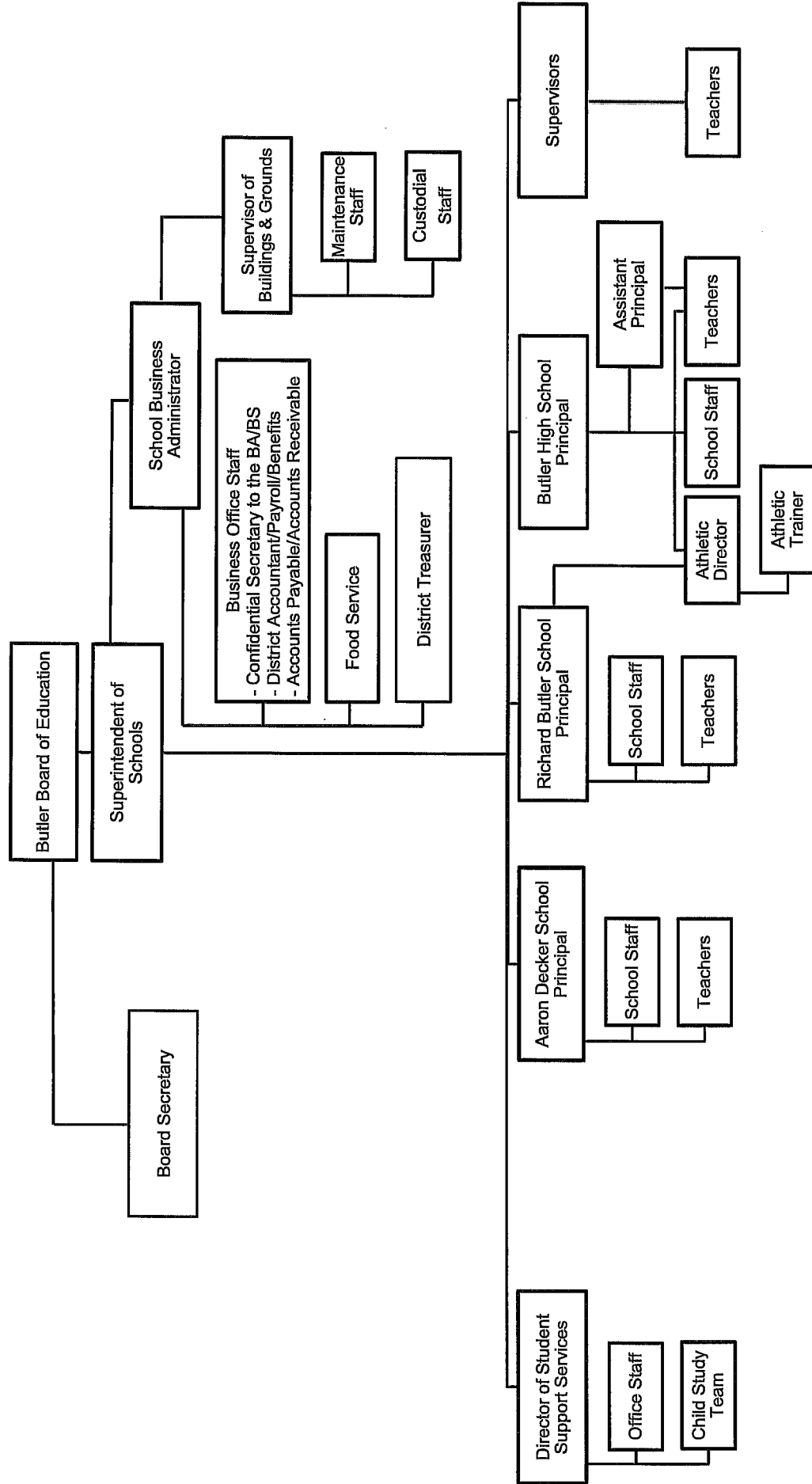
- US News and World Reports Best High Schools
- US News and World Reports Best Middle Schools
- Richard Butler Middle School - Schools To Watch
- Aaron Decker Elementary School - National School of Character
- NAMM Best Communities for Music Education
- Character Strong Spotlight District

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, 2025

ROSTER OF OFFICIALS

Karen Smith - President	December 2025
Alison Allison - Vice President	December 2027
Angela Drucker	December 2027
Michael Gogel	December 2026
Jason Karpowich	December 2026
Heather Oguss	December 2027
Jamie Tacinelli	December 2025
Jane Tadros	December 2026
Chris Ziegler	December 2025
Lauren Grecco - Bloomingdale Representative	

Superintendent of Schools

Dr. Daniel Johnson

Business Administrator/Board Secretary

Pamela Vargas

Treasurer of School Monies

Melissa Berger

**BUTLER BOARD OF EDUCATION
CONSULTANTS AND ADVISORS
JUNE 30, 2025**

Architect

Gianforcaro Architects, Engineers & Planners
111 Howard Boulevard, Suite 203
Mt. Arlington, NJ 07856

Audit Firm

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

Attorney

Methfessel & Werbel, P.C.
2025 Lincoln Highway, Suite 200
Edison, NJ 08817

Insurance Agent

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

Official Depositories

Provident Bank

State of New Jersey Cash Management Fund

FINANCIAL SECTION



WIELKOTZ & COMPANY ^{LLC}

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA
MATTHEW B. WIELKOTZ, CPA, PSA
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PAUL J. CUVA, CPA, RMA, PSA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Board of Education of the Borough of Butler School District, in the County of Morris, State of New Jersey, as of and for the year ended June 30, 2025, 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, 2025, 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
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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Butler Board of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Butler Board of Education's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, Schedules Related to Accounting and Reporting for Pensions, and Other Post Employment Benefits identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



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
Members of the Board of Education
Page 5.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2025 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. Wielkottz, C.P.A.
Licensed Public School Accountant
No. 816



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

December 10, 2025



**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

**BUTLER BOROUGH PUBLIC SCHOOL DISTRICT
BUTLER BOROUGH**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The discussion and analysis of Butler Borough Public School District's ("District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the School District's financial performance as a whole and should not be interpreted as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the District's revenues and expenditures for the General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service Funds, and Enterprise Fund.

Financial Highlights

Key financial highlights for the 2024-2025 fiscal year are as follows:

- ◆ The District had \$30,467,846 in expenses (see A-2 District-wide Statement of Activities, Governmental Activities); \$5,433,881 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 \$20,240,320 and \$5,678,793, respectively, were adequate to provide for these programs.
- ◆ The General Fund had \$34,328,967 in revenues and \$32,709,800 in expenditures. The General Fund's fund balance increased by \$1,619,166 over 2023-2024. This increase was attributed to a decrease in spending overall in 2024-25. (see B-2 Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds)

Overview of the Financial Statements

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes this management's discussion and analysis, the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- ◆ The first two statements are the district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- ◆ The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- ◆ The District governmental funds statements tell how basic services were financed in the short-term as well as what remains for future services.
- ◆ Proprietary fund statements offer short-term and long-term financial information about the activities the district operates like a business.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The table below shows how the various parts of this annual report are arranged and related to one another.

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 the District as a financial whole (district-wide statements), and then proceed to provide an increasingly detailed look at specific financial activities.

District-wide Financial Statements

The *Statement of Net Position* and *Statement of Activities* provide information about the District as a whole and about its activities in a manner that helps answer the question, “Is the District better or worse off as a result of this year’s activities?” These statements include all assets and liabilities of the District using the accrual basis of accounting, similar to the accounting used by private sector corporations. All of the current year’s revenues and expenses are taken into consideration regardless of when cash is received or paid.

Both the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

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

- ◆ Governmental activities – All of the school district’s programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-type activity – This service is provided on a charge for goods and services basis to recover all the expenses of the goods or services provided. The Food Service Program is reported as business-type activities.

The two statements report the District’s net position and changes in them. The change in net position can be utilized by a reader to assist in determining whether the District’s financial health is improving or deteriorating. However, the reader should also consider non-financial factors such as property tax base, current New Jersey laws restricting revenue growth, student enrollment growth, facility conditions, required educational programs and other factors in determining the District’s overall financial health.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the district’s funds can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities* (reported in the Statement of Net Position and the Statement of Activities).

Using this Annual Comprehensive Financial Report (ACFR), (continued)

Governmental Funds, (continued)

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general, special revenue and capital projects funds, which are considered to be major funds.

has been provided for the general fund and special revenue fund to demonstrate compliance with their budgets.

Proprietary Funds

Proprietary funds use the accrual basis of accounting, the same as on the district-wide statements, therefore the statements will essentially match the business-type activities portion of the district-wide statements. The District uses proprietary funds to account for its' food service program and after school program.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

District-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.

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

Table 1 presents an analysis of the ending net position of the District in the fiscal years ending June 30, 2025 and June 30, 2024, respectively. The District's net position was \$17,001,616 as of June 30, 2025 and \$15,707,460 as of June 30, 2024. Restricted items of net position are reported separately to show legal constraints that limit the District's ability to use those items for day-today operations.

District-wide Financial Analysis, (continued)

Table 1
Net Position
June 30, 2025 and 2024

	Governmental Activities		Business-Type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Assets:						
Current and Other Assets	16,044,458	23,690,618	253,890	231,702	16,298,348	23,922,320
Capital Assets, net	<u>20,996,066</u>	<u>12,788,570</u>	<u>201,834</u>	<u>202,525</u>	<u>21,197,900</u>	<u>12,991,095</u>
Total Assets	<u>37,040,524</u>	<u>36,479,188</u>	<u>455,724</u>	<u>434,227</u>	<u>37,496,248</u>	<u>36,913,415</u>
Deferred Outflows of Resources:						
Deferred Outflows of Resources Related to PERS	746,931	757,718	-	-	746,931	757,718
Deferred Amount on Refunding	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>746,931</u>	<u>757,718</u>	<u>-</u>	<u>-</u>	<u>746,931</u>	<u>757,718</u>
Liabilities:						
Current Liabilities	1,765,119	1,690,928	37,779	27,642	1,802,898	1,718,570
Noncurrent Liabilities	<u>19,225,343</u>	<u>20,008,037</u>	<u>-</u>	<u>-</u>	<u>19,225,343</u>	<u>20,008,037</u>
Total Liabilities	<u>20,990,462</u>	<u>21,698,965</u>	<u>37,779</u>	<u>27,642</u>	<u>21,028,241</u>	<u>21,726,607</u>
Deferred Inflows of Resources:						
Deferred Inflows of Resources Related to PERS	<u>213,322</u>	<u>237,066</u>	<u>-</u>	<u>-</u>	<u>213,322</u>	<u>237,066</u>
Net Position:						
Net Investment in Capital Assets	5,399,887	(3,364,308)	201,834	202,525	5,601,721	(3,161,783)
Restricted	15,453,817	23,056,942	-	-	15,453,817	23,056,942
Unrestricted	<u>(4,270,033)</u>	<u>(4,391,759)</u>	<u>216,111</u>	<u>204,060</u>	<u>(4,053,922)</u>	<u>(4,187,699)</u>
Total Net Position	<u>16,583,671</u>	<u>15,300,875</u>	<u>417,945</u>	<u>406,585</u>	<u>17,001,616</u>	<u>15,707,460</u>

The District's combined net position increased by \$1,294,157 during the year ended June 30, 2025. This was an increase of 8.24% from the prior year.

Table 2 shows changes in net position for fiscal years ended June 30, 2025 and 2024.

District-wide Financial Analysis, (continued)

Table 2
Changes in Net Position
June 30, 2025 and 2024

	Governmental Activities		Business Type- Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	362,346	275,745	250,312	296,227	612,658	571,972
Operating Grants and Contributions	5,071,535	5,083,752	294,792	244,924	5,366,327	5,328,676
General Revenues:						
Property taxes	20,240,320	19,644,861	-	-	20,240,320	19,644,861
Federal and State Aid Not Restricted	5,503,837	6,583,441	-	-	5,503,837	6,583,441
State Aid - Restricted for Debt Service	174,956	66,552	-	-	174,956	66,552
State Aid- Capital Outlay	-	527,040	-	-	-	527,040
Miscellaneous Income	777,330	717,868	7,447	9,027	784,777	726,895
Total Revenues and Transfers	32,130,324	32,899,259	552,551	550,178	32,682,875	33,449,437
Expenses:						
Governmental Activities:						
Instruction:						
Regular	11,311,832	11,452,078	-	-	11,311,832	11,452,078
Special Education	2,871,012	3,248,805	-	-	2,871,012	3,248,805
Other Special Education	320,312	325,416	-	-	320,312	325,416
Other Instruction	615,258	657,238	-	-	615,258	657,238
Support services:						
Tuition	1,703,646	1,590,114	-	-	1,703,646	1,590,114
Student & Instruction Related Services	4,469,027	4,521,858	-	-	4,469,027	4,521,858
General Administrative Services	692,593	736,299	-	-	692,593	736,299
School Administrative Services	1,381,155	1,452,468	-	-	1,381,155	1,452,468
Central Services and Admin. Information Technology	863,619	826,426	-	-	863,619	826,426
Plant Operations and Maintenance	2,945,209	3,044,847	-	-	2,945,209	3,044,847
Pupil Transportation	1,933,798	1,937,040	-	-	1,933,798	1,937,040
Capital Outlay – Non Depreciable	30,713	222,055	-	-	30,713	222,055
Interest on Long Term Debt	458,828	280,317	-	-	458,828	280,317
Unallocated Depreciation	847,391	783,238	-	-	847,391	783,238
Food Service	-	-	541,190	520,065	541,190	520,065
Transfer to Charter School	23,454	54,019	-	-	23,454	54,019
Total Expenditures and Transfers	30,467,846	31,132,218	541,190	520,065	31,009,036	31,652,283
Increase or (Decrease) in Net Position	1,662,478	1,767,041	11,361	30,113	1,673,839	1,797,154
Net Position - Beginning (as Previously Reported)	15,300,875	18,264,976	406,584	454,956	15,707,459	18,719,932
Net Position Restatement	(379,682)	(4,731,142)	-	(78,484)	(379,682)	(4,809,626)
Net Position - Beginning (Restated)	14,921,193	13,533,834	406,584	376,472	15,327,777	13,910,306
Net Position - Ending	16,583,671	15,300,875	417,945	406,585	17,001,616	15,707,460

District-wide Financial Analysis, (continued)

Table 3 presents 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 2024 follows, as well as a description of the various expenditure areas.

Table 3

	<u>Total Cost of Services 2025</u>	<u>Net Cost of Services 2025</u>	<u>Total Cost of Services 2024</u>	<u>Net Cost of Services 2024</u>
Instruction	15,118,414	12,068,970	15,683,537	12,716,860
Support Services:				
Student & Instruction Related Services	6,172,673	4,871,031	6,111,971	4,965,466
Administration, Business, and Other Support Services	2,937,366	2,507,496	3,015,193	2,590,002
Operation and maintenance of facilities	2,945,209	2,292,284	3,044,847	2,405,329
Pupil transportation	1,933,798	1,933,798	1,937,040	1,937,040
Food Service	-	-	-	-
Interest on Long Term Debt	458,828	458,828	280,317	280,317
Transfer to Charter School	23,454	23,454	54,019	54,019
Unallocated Depreciation	847,391	847,391	783,238	783,238
Capital Outlay - Non-depreciable	<u>30,713</u>	<u>30,713</u>	<u>222,056</u>	<u>40,450</u>
 Total governmental expenses	 <u><u>30,467,846</u></u>	 <u><u>25,033,965</u></u>	 <u><u>31,132,218</u></u>	 <u><u>25,772,721</u></u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Student and instruction related services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

Administrative, business and other support services 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 effective working condition.

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

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 and expenditures of the governmental funds for the fiscal year ended June 30, 2025, and the amount and percentage of increases and decreases in relation to prior years.

District-wide Financial Analysis, (continued)

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2024</u>	<u>Percent Increase (Decrease)</u>
Local Sources	25,905,826	71.77%	(13,332,578)	-33.98%
State Sources	9,621,728	26.66%	(648,304)	-6.31%
Federal Sources	567,398	1.57%	(138,747)	-19.65%
Total	<u>36,094,951</u>	<u>100.0%</u>	<u>(14,119,630)</u>	

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	10,985,362	25.14%	(47,107)	-0.43%
Undistributed Expenditures	22,286,331	51.00%	239,238	1.09%
Capital Outlay	9,549,044	21.85%	7,562,806	380.76%
Transfer to Charter School	23,454	0.05%	(30,565)	-56.58%
Debt Service	853,884	1.95%	264,534	44.89%
Total	<u>43,698,076</u>	<u>100.00%</u>	<u>7,988,907</u>	

Major Governmental Funds Budgeting and Operating Highlights

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal year, the District amended its General Fund budget as needed. The District uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for financial management.

General Fund

The General Fund actual revenue was \$34,232,881. That amount is \$6,916,849 above the final amended budget of \$27,316,032. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$6,104,223 for TPAF pension and social security reimbursements, an excess in other state and federal aid of \$141,589 and \$671,036 deficit in anticipated local revenues.

The actual expenditures of the general fund were \$32,709,800 which is \$2,946,495 above the final amended budget of \$29,763,305. The variance between the actual expenditures and final budget was due to non-budget on-behalf payments of \$6,104,223 for TPAF pension and social security reimbursements, and \$3,157,728 of unexpended budgeted funds.

Capital Assets

New capital asset purchases and construction in progress for the year totaled \$9,533,197. More information on capital assets may be found in Note 5 to the financial statements.

Debt Administration

At June 30, 2025 the District had \$14,228,000 in outstanding bonded debt. Additional information may be found in Note 6 of the financial statements.

Other long-term debt includes liabilities for compensated absences of \$645,155 and \$652,657 as of June 30, 2025 and 2024, respectively and financed purchases obligations totaling \$1,491,265 and \$1,624,879 as of June 30, 2025 and 2024, respectively and net pension liability for PERS of \$3,527,187 and \$3,636,116 as of June 30, 2025 and 2024, respectively.

Economic Factors and Next Year's Budget

The district continues to rely predominately upon local property taxes as its main source of funding. Therefore, in consideration of current economic conditions and the anticipation of continued flat state aid support, the Board of Education has sought to control budget expenses to minimize the impact on the local tax levy.

The following factors were considered in preparing the 2025-2026 fiscal year budget:

- Estimated Student Enrollment
- Sources of revenue
- Cost of negotiated salaries and benefits
- Cost of fixed charges
- Mandated Programs
- Requirements for health and safety issues

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Pamela Vargas
School Business Administrator/Board Secretary
Butler Borough Board of Education
38 Bartholdi Ave
Butler, NJ 07405

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BUTLER BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and Cash Equivalents	9,819,229	207,971	10,027,200
Receivables, net	799,241	19,332	818,573
Inventory	-	26,588	26,588
Restricted Assets:			
Capital Reserve Account - Cash	4,155,276	-	4,155,276
Maintenance reserve account - Cash	1,270,712	-	1,270,712
Capital Assets:			
Construction in Progress	6,228,438	-	6,228,438
Other Capital Assets, net	14,767,627	201,834	14,969,462
Total Assets	<u>37,040,524</u>	<u>455,724</u>	<u>37,496,249</u>
Deferred Outflows of Resources:			
Deferred Outflows of Resources Related to PERS	746,931	-	746,931
Total Deferred Outflows	<u>746,931</u>	<u>-</u>	<u>746,931</u>
Liabilities:			
Accounts Payable:			
Other	590,641	28,120.89	618,762
Related to Pensions	332,851	-	332,851
Accrued Interest on Bonds	175,363	-	175,363
Unearned Revenue	-	9,658	9,658
Noncurrent Liabilities:			
Due Within One Year	666,264	-	666,264
Due Beyond One Year	19,225,343	-	19,225,343
Total Liabilities	<u>20,990,462</u>	<u>37,779</u>	<u>21,028,241</u>
Deferred Inflows of Resources:			
Deferred Inflows of Resources Related to PERS	<u>213,322</u>	<u>-</u>	<u>213,322</u>
Net Position:			
Net Investment in Capital Assets	5,399,887	201,834	5,601,721
Restricted for:			
Debt Service	1	-	1
Capital projects	9,770,544	-	9,770,544
Maintenance	1,270,712	-	1,270,712
Unemployment Compensation	179,595	-	179,595
Scholarships	353,700	-	353,700
Student activities	121,314	-	121,314
Excess Surplus	1,601,000	-	1,601,000
Other Purposes	2,156,952	-	2,156,952
Unrestricted	<u>(4,270,033)</u>	<u>216,111</u>	<u>(4,053,922)</u>
Total Net Position	<u><u>16,583,671</u></u>	<u><u>417,945</u></u>	<u><u>17,001,616</u></u>

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

BUTLER BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	8,116,431	3,195,401	-	2,448,662	(8,863,170)	-	(8,863,170)
Special Education	2,026,928	844,084	-	540,337	(2,330,675)	-	(2,330,675)
Other Special Instruction	226,746	93,567	-	60,446	(259,867)	-	(259,867)
Other Instruction	615,258	-	-	-	(615,258)	-	(615,258)
Support Services:							
Tuition	1,703,646	-	-	-	(1,703,646)	-	(1,703,646)
Student & Instruction Related Services	3,420,443	1,048,584	362,346	939,296	(3,167,385)	-	(3,167,385)
General Administrative Services	578,234	114,359	-	154,145	(538,448)	-	(538,448)
School Administrative Service	1,034,306	346,849	-	275,724	(1,105,430)	-	(1,105,430)
Central Services and Admin. Info. Tech.	659,199	204,420	-	-	(863,619)	-	(863,619)
Plant Operations and Maintenance	2,449,273	495,936	-	652,925	(2,292,284)	-	(2,292,284)
Pupil Transportation	1,933,798	-	-	-	(1,933,798)	-	(1,933,798)
Capital Outlay - Non Depreciable	30,713	-	-	-	(30,713)	-	(30,713)
Transfer to Charter School	23,454	-	-	-	(23,454)	-	(23,454)
Interest on Long-Term Debt	-	458,828	-	-	(458,828)	-	(458,828)
Unallocated Depreciation and Amortization	-	847,391	-	-	(847,391)	-	(847,391)
Total Governmental Activities	22,818,428	7,649,419	362,346	5,071,535	(25,033,965)	-	(25,033,965)
Business-type Activities:							
Food Service	541,190	-	250,312	294,792	-	3,914	3,914
Total Business-type Activities	541,190	-	250,312	294,792	-	3,914	3,914
Total Primary Government	23,359,617		612,658	5,366,327	(25,033,965)	3,914	(25,030,051)
General Revenues:							
Taxes:							
Property Taxes, levied for general purposes, net					19,561,392	-	19,561,392
Taxes Levied for Debt Service					678,928	-	678,928
Federal and State Aid - Restricted					5,503,837	-	5,503,837
State Aid - Restricted for Debt Service					174,956	-	174,956
Interest and Investment Earnings - Unrestricted					119,448	7,447	126,895
Interest and Investment Earnings - Restricted					32,722	-	32,722
Miscellaneous Income					625,160	-	625,160
Total General Revenues					26,696,443	7,447	26,703,890
Change in Net Position					1,662,478	11,361	1,673,839
Net Position, July 1					15,300,875	406,584	15,707,459
Prior Period Adjustments					(379,682)	-	(379,682)
Net Position, July 1 (Restated)					14,921,193	406,584	15,327,777
Net Position - Ending					16,583,671	417,945	17,001,616

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, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	4,090,883	475,014	5,253,331	1	9,819,229
Receivable from State Government	437,305	-	361,936	-	799,241
Restricted Cash and Cash Equivalents	5,425,988	-	-	-	5,425,988
Total Assets	<u>9,954,176</u>	<u>475,014</u>	<u>5,615,267</u>	<u>1</u>	<u>16,044,459</u>
Liabilities and Fund Balances:					
Liabilities:					
Payroll Deductions and Withholdings Payable	590,641	-	-	-	590,641
Total Liabilities	<u>590,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>590,641</u>
Fund Balances:					
Restricted for:					
Debt Service	-	-	-	1	1
Capital Projects	-	-	5,615,267	-	5,615,267
Excess Surplus	1,601,000	-	-	-	1,601,000
Excess Surplus Designated for					
for Subsequent Year's Expenditures	1,600,000	-	-	-	1,600,000
Maintenance Reserve Account	1,270,712	-	-	-	1,270,712
Capital Reserve Account	4,155,276	-	-	-	4,155,276
Unemployment Compensations	179,595	-	-	-	179,595
Scholarships	-	353,700	-	-	353,700
Student Activities	-	121,314	-	-	121,314
Assigned to:					
Designated for Subsequent					
Year's Expenditures	66,955	-	-	-	66,955
Year End Encumbrances	27,000	-	-	-	27,000
Unassigned:					
General Fund	462,997	-	-	-	462,997
Total Fund Balances	<u>9,363,535</u>	<u>475,014</u>	<u>5,615,267</u>	<u>1</u>	<u>15,453,818</u>
Total Liabilities and Fund Balances	<u>9,954,176</u>	<u>475,014</u>	<u>5,615,267</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.					(175,363)
Accounts payable for subsequent pension payment is not a payable in the funds					(332,851)
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					746,931
Deferred Inflows of Resources Related to PERS Pension Liability					(213,322)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$35,884,612 and the accumulated depreciation is \$14,888,546.					20,996,066
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.					(19,891,607)
Net position of governmental activities					<u>16,583,671</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, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:					
Local sources:					
Local Tax Levy	19,561,392	-	-	678,928	20,240,320
Tuition - Other LEA's Within the State	4,521,780	-	-	-	4,521,780
Rentals	2,251	-	-	-	2,251
Interest Earned on Capital Reserve Funds	119,448	-	-	-	119,448
Other Restricted Miscellaneous Revenues	32,722 *	-	-	-	32,722
Unrestricted Miscellaneous Income	622,909	366,396 **	-	-	989,305
Total - Local Sources	24,860,502	366,396	-	678,928	25,905,826
State sources	9,446,772	-	-	174,956	9,621,728
Federal sources	21,692	545,705	-	-	567,398
Total revenues	34,328,967	912,101	-	853,884	36,094,951
Expenditures:					
Current:					
Regular Instruction	7,727,855	388,577	-	-	8,116,431
Special Education Instruction	2,026,928	-	-	-	2,026,928
Other Special Instruction	226,746	-	-	-	226,746
Other Instruction	615,258	-	-	-	615,258
Support Services and Undistributed Costs:					
Tuition	1,703,646	-	-	-	1,703,646
Student & Instruction Related Services	2,918,898	501,545 ***	-	-	3,420,443
General Administrative Services	578,234	-	-	-	578,234
School Administrative Services	1,034,306	-	-	-	1,034,306
Central Services and Admin. Infor. Tech.	659,199	-	-	-	659,199
Plant Operations and Maintenance	2,449,273	-	-	-	2,449,273
Pupil Transportation	1,933,798	-	-	-	1,933,798
Unallocated Employee Benefits	10,507,434	-	-	-	10,507,434
Capital Outlay	304,774	-	9,244,271	-	9,549,044
Transfer to charter school	23,454	-	-	-	23,454
Debt Service:					
Principal	-	-	-	300,000	300,000
Interest and Other Charges	-	-	-	553,884	553,884
Total Expenditures	32,709,800	890,121	9,244,271	853,884	43,698,076
Excess (Deficiency) of Revenues Over Expenditures	1,619,166	21,980	(9,244,271)	-	(7,603,125)
Fund Balance - July 1	7,744,369	453,034	14,859,538	1	23,056,942
Fund Balance—June 30	9,363,535	475,014	5,615,267	1	15,453,818

* Includes interest earnings on the Unemployment Compensation Bank Account.

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

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

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

**BUTLER BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Total net change in fund balances - governmental funds (from B-2) (7,603,125)

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	(931,155)	
Depreciable Capital Outlays	9,518,331	
		8,587,176

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	300,000
Principal Payments on Financed Purchases	133,614

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	353,220	
Less: Pension Expense	210,965	
(Increase)/Decrease in Pension Expense		142,255

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	(4,230,371)
Decrease in On-behalf TPAF Pension Expense	4,230,371

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	265,744
Increase in On-behalf State Aid TPAF Post Retirement Medical Expense	(265,744)

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.

95,056

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, expenditure for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.

(Increase)/Decrease in Compensated Absences Payable	7,502
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Change in net position of governmental activities

1,662,478

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, 2025

	Business-type Activities - Enterprise Funds
	Food Service
ASSETS	
Current Assets:	
Cash and Cash Equivalents	207,971
Intergovernmental Receivables:	
Federal	13,927
State	1,034
Other Accounts receivables	4,371
Inventories	26,588
Total Current Assets	<u>253,890</u>
Noncurrent Assets:	
Furniture, Machinery & Equipment	340,563
Less Accumulated Depreciation	<u>(138,728)</u>
Total Noncurrent Assets	<u>201,834</u>
Total Assets	<u><u>455,724</u></u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	28,121
Unearned Revenue:	
Prepaid Sales	<u>9,658</u>
Total Current Liabilities	<u>37,779</u>
NET POSITION:	
Invested in Capital Assets, net of	
Related Debt	201,834
Unrestricted	<u>216,111</u>
Total Net Position	<u><u>417,945</u></u>

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

Exhibit B-5

BUTLER BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Business-type Activities - Enterprise Fund
	Food Service
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable	169,436
Daily Sales - Non-reimbursable	80,876
Total Operating Revenues	250,312
Operating Expenses:	
Purchased Property Service	23,000
Other Purchased Services	233,842
Supplies and Materials	26,501
Depreciation	15,556
Cost of Sales- Reimbursable	173,825
Cost of Sales - Non-reimbursable	44,280
Miscellaneous Expenditures	24,185
Total Operating Expenses	541,190
Operating Income/(Loss)	(290,878)
Nonoperating Revenues/(Expenses):	
State Sources:	
State School Lunch Program	16,944
Breakfast Program	1,974
Federal Sources:	
National School Lunch Program	192,575
Breakfast Program	30,840
Food Distribution Program	52,458
Interest and Investment Revenue	7,447
Total Nonoperating Revenues/(Expenses)	302,238
Income/(Loss) before Contributions and Transfers	11,361
Total Net Position- Beginning	406,584
Total Net Position - Ending	417,945

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, 2025**

	Business-type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Cash Receipts from Customers	252,421
Cash Payments to Suppliers for Goods and Services	(531,501)
Net Cash Provided by/(Used for) Operating Activities	(279,080)
Cash Flows from Non-capital Financing Activities:	
State Sources	19,753
Federal Sources	292,701
Net Cash Provided by/(Used for) Non-capital Financing Activities	312,455
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(14,866)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(14,866)
Cash Flows from Investing Activities:	
Interest and Dividends	7,447
Net cash Provided by (Used for) Investing Activities	7,447
Net Increase/(Decrease) in Cash and Cash Equivalents	25,956
Balances—Beginning	182,015
Balances—Ending	207,971
Reconciliation of Operating Income/(Loss) to Net Cash Provided by (Used) Operating Activities:	
Operating Income/(Loss)	(290,878)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	15,556
(Increase) / Decrease in Accounts Receivable	2,021
(Increase) / Decrease in Inventories	(15,917)
Increase / (Decrease) in Accounts Payable	10,049
Increase / (Decrease) in Prepaid Sales	88
Total Adjustments	11,798
Net Cash Provided by/(Used for) Operating Activities	(279,080)
Noncash Noncapital Financing Activities:	
During the year, the district received \$52,458 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, 2025

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 based on such criteria.

Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025

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, 2025**

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 sub-fund.

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, 2025**

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, 2025**

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, 2025**

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 superintendent's 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, 2025**

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, 2025**

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, 2025.

Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2025, 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 capital assets are valued at their acquisition 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. 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
Buildings 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, 2025**

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

Compensated Absences

District employees are entitled to vacation and sick leave in accordance with Board policy and negotiated agreements. Unused leave may accumulate and, in certain cases, is payable upon retirement, resignation, or termination.

Effective for the year ended June 30, 2025, the District implemented GASB Statement No. 101, Compensated Absences, which requires recognition of a liability for leave that (a) has not been used and (b) has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. The calculated compensated absences balance is reported as a liability in the district-wide financial statements.

At June 30, 2025, the District's compensated absences liability was \$645,155.

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.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025**

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

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.

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 non-employer 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 non-employer 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 non-employer contributing entity contributes 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 non-employer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or non-employer 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

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025**

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

Accounting and Financial Reporting for Pensions, (continued)

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 non-employer contributing entity's beginning net position and expense in the initial period of implementation.

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

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 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. Currently, the District has only deferred amounts related to pensions.

Financing Agreements

Capital financing agreements and other financing agreements are financed purchase contracts that transfer ownership of the underlying 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.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025**

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

Financing Agreements, (continued)

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.

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.

Subscription Assets

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITA's) with subscription terms of more than one year. The value of subscription assets is determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term. The district does not have any subscription-based information technology arrangements that qualify for presentation under GASB 96.

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.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025**

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

Fund Balances, (continued)

- **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.

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 represents 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 positions 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.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025**

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

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 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.

Recently Issued Accounting Pronouncements

The following GASB statement became effective for the fiscal year ending June 30, 2025, and 2026:

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.

In December 2023, the Government Accounting Standards Board issued GASB Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025**

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

Recently Issued Accounting Pronouncements, (continued)

In April 2024, the Government Accounting Standards Board issued GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its' effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, though, earlier application is encouraged. Management is currently reviewing the provisions of this Statement and plans to implement, as needed, before the effective date.

In September 2024, the Government Accounting Standards Board issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement will provide users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. The requirements of this Statement are effective for periods beginning after June 15, 2025. Management is currently reviewing the provisions of this Statement and its effect on the financial statements of the District.

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, 2025, \$-0- of the District's bank balance of \$17,124,456 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.

Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025

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

Credit Risk

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

Concentration of Credit Risk

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

NOTE 3. RECEIVABLES

Receivables at June 30, 2025 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 <u>Funds</u>	District- Wide Financial <u>Statements</u>
Federal Government	\$ -	\$ 13,927	\$ 13,927
State Government	799,241	1,034	800,275
Other Accounts Receivable	-	4,371	4,371
Gross Receivables	<u>799,241</u>	<u>19,332</u>	<u>818,573</u>
Less: Allowance for Uncollectibles	-	-	-
Total Receivables, net	<u>\$ 799,241</u>	<u>\$ 19,332</u>	<u>\$ 818,573</u>

NOTE 4. INTERFUND BALANCES AND ACTIVITY

There were no interfund balances to report as of June 30, 2025.

Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025

NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	<u>Balance</u> <u>6/30/2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Balance</u> <u>6/30/2025</u>
Governmental activities:					
Capital assets that are not being depreciated:					
Construction in progress	\$ 757,546	\$ 5,922,708	\$ -	\$ (451,816)	\$ 6,228,439
Total capital assets not being depreciated	<u>757,546</u>	<u>5,922,708</u>	<u>-</u>	<u>(451,816)</u>	<u>6,228,439</u>
Building and building improvements	20,216,349	1,613,385	-	538,267	22,368,001
Site Improvements	3,871,271	389,201	-	(389,201)	3,871,271
Machinery and equipment	1,899,769	1,593,037	-	(75,905)	3,416,901
Totals at historical cost	<u>25,987,389</u>	<u>3,595,623</u>	<u>-</u>	<u>73,161</u>	<u>29,656,173</u>
Governmental Activities Capital Assets	<u>26,744,935</u>	<u>9,518,332</u>	<u>-</u>	<u>(378,655)</u>	<u>35,884,612</u>
Less accumulated depreciation for :					
Building and improvements	(9,896,756)	(570,038)	-	(1,026)	(10,467,820)
Site Improvements	(2,698,484)	(191,521)	-	-	(2,890,005)
Machinery and equipment	(1,361,125)	(169,596)	-	-	(1,530,721)
Total accumulated depreciation	<u>(13,956,365)</u>	<u>(931,155)</u>	<u>-</u>	<u>(1,026)</u>	<u>(14,888,546)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>12,031,024</u>	<u>2,664,468</u>	<u>-</u>	<u>72,134</u>	<u>14,767,627</u>
Government activities capital assets, net	<u><u>\$12,788,570</u></u>	<u><u>\$ 8,587,177</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (379,682)</u></u>	<u><u>\$20,996,066</u></u>
Business-type activities:					
Equipment	\$ 325,697	\$ 14,866	\$ -	\$ -	\$ 340,563
Less accumulated depreciation for :					
Equipment	(123,172)	(15,556)	-	-	(138,728)
Business-type activities capital assets, net	<u><u>\$ 202,525</u></u>	<u><u>\$ (690)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 201,834</u></u>

Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025

NOTE 5. CAPITAL ASSETS, (continued)

Depreciation expense was charged to functions as follows:

Regular	\$ 6,493
Special Education	8,607
Support Services:	
Student & Instruction Related Services	35,011
School Administrative Service	371
Plant Operations and Maintenance	33,280
Food Service	15,556
Unallocated Depreciation and Amortization	<u>847,391</u>
	<u>\$ 946,711</u>

NOTE 6. LONG-TERM OBLIGATION ACTIVITY

Changes in long-term obligations for the fiscal year ended June 30, 2025, were as follows:

	Balance June 30, 2024	Issued	Retired	Balance June 30, 2025	Due Within One Year	Long-Term Portion
Governmental Activities:						
Bonds payable:						
General obligation debt	\$ 14,528,000	\$ -	\$ (300,000)	\$ 14,228,000	\$ 528,000	\$ 13,700,000
Total bonds payable	<u>14,528,000</u>	<u>-</u>	<u>(300,000)</u>	<u>14,228,000</u>	<u>528,000</u>	<u>13,700,000</u>
Other Liabilities:						
Obligations under financed purchases	1,624,879	-	(133,614)	1,491,265	138,264	1,353,001
Net Pension Liability PERS	3,636,116	-	(108,929)	3,527,187	-	3,527,187
Compensated absences payable	652,657	-	(7,502)	645,155	-	627,122
Total other liabilities	<u>\$ 20,441,651</u>	<u>\$ -</u>	<u>\$ (550,044)</u>	<u>\$ 19,891,607</u>	<u>\$ 666,264</u>	<u>\$ 19,207,310</u>

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

Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025

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

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.

Outstanding Bonds Payable at June 30, 2025, 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 June 30, 2025</u>
School Bonds of 2023	\$ 14,228,000	12/19/2023	1.00-4.00%	8/15/2043	<u>\$ 14,228,000</u>

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 528,000	\$ 471,490	\$ 999,490
2027	525,000	466,225	991,225
2028	540,000	460,900	1,000,900
2029	565,000	455,375	1,020,375
2030	590,000	449,600	1,039,600
2031-2035	3,350,000	1,959,725	5,309,725
2036-2040	4,140,000	1,226,200	5,366,200
2041-2043	3,990,000	326,600	4,316,600
	<u>\$ 14,228,000</u>	<u>\$ 5,816,115</u>	<u>\$ 20,044,115</u>

B. Bonds Authorized but not Issued

As of June 30, 2025, 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, 2025

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, 2025:

<u>Fiscal year ending June 30:</u>	<u>Amount</u>
2026	\$ 175,484
2027	178,062
2028	180,700
2029	156,896
2030	122,552
2031-2035	656,305
2036-2037	<u>281,706</u>
Total minimum payments	1,751,705
Less: Amount representing interest	<u>(260,440)</u>
Present value of net minimum payments	<u><u>\$ 1,491,265</u></u>

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

NOTE 8. PENSION PLANS

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

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025**

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, 2025

NOTE 8. PENSION PLANS, (continued)

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

Benefits Provided

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

The following represents the membership tiers for PERS:

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

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

Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025

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>
6/30/2025	\$ 353,220	\$ 19,291
6/30/2024	335,519	19,130
6/30/2023	295,162	21,645

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>
6/30/2025	\$ 4,011,572	\$ 1,186,705	\$ 49,693	\$ 2,345
6/30/2024	3,996,883	1,100,211	45,582	1,831
6/30/2023	3,776,643	1,005,879	52,397	1,534

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025**

NOTE 8. PENSION PLANS, (continued)

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$853,908 during the year ended June 30, 2025, 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, 2024, the District had a liability of \$3,527,187 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. 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, 2024, the District's proportion was 0.0259580132 percent, which was an increase of 0.00085429780 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$210,965. At June 30, 2024, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 70,656	\$ 9,390
Change of assumptions	4,382	40,131
Net difference between projected and actual earnings on pension plan investments	-	163,546
Changes in proportion and differences between the District's contributions and proportionate share of contributions	339,042	255
District contributions subsequent to measurement date	<u>332,851</u>	<u>-</u>
	<u>\$ 746,931</u>	<u>\$ 213,322</u>

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025**

NOTE 8. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

The \$332,851 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, 2025, the plan measurement date is June 30, 2024) will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. 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:

2025	\$ (149,756)
2026	115,877
2027	(66,666)
2028	(38,486)
2029	1,002

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 5.08, 5.08, 5.04, 5.13, 5.16 and 5.21 years for 2024, 2023, 2022, 2021, 2020 and 2019 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2024 and June 30, 2023 are as follows:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Collective deferred outflows of resources	\$1,079,580,780	\$1,080,204,730
Collective deferred inflows of resources	1,611,322,898	1,780,216,457
Collective net pension liability	13,588,045,796	14,606,489,066
District's Proportion	0.0259580132%	0.0251037154%

Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025

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, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which rolled forward to June 30, 2024. 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%

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.

The actuarial assumptions used in the July 1, 2023 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.

Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025

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, 2024) 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, 2024, 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	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Market Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025

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, 2024. 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 non-employer 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, 2024, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's proportionate share of the pension liability	\$ 4,570,672	\$ 3,527,187	\$ 2,477,467

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, 2025

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 non-employer 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 non-employer 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, 2025 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>46,357,871</u>
	<u>\$ 46,357,871</u>

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, 2024, the proportion of the TPAF net pension liability associated with the District was 0.0937941754%.

For the year ended June 30, 2025, the District recognized on-behalf pension expense and revenue of \$(169,106) for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

The total pension liability for the June 30, 2024, measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. 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, 2025**

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:	2.75-4.25% (based on years of service)
Investment Rate of Return	7.00%

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, 2023 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, 2023) 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 TPAF's target asset allocation as of June 30, 2024, are summarized in the following table:

Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025

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)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Markets Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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, 2025**

NOTE 8. PENSION PLANS, (continued)

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

Teachers Pensions and Annuity Fund (TPAF), (continued)

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

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

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

State Health Benefit State Retired Employees Plan

The State of New Jersey sponsors and administers the post-retirement health benefit program for school districts.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of new Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: The Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011, will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025

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

The total non-employer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits is the responsibility of the individual local education employers.

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 above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2023:

Active Plan Members	219,185
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>153,556</u>
Total	<u>372,741</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the postemployment health benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of the plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Total Non-employer OPEB Liability

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the OPEB Plan for qualified retired TPAF, PERS, PFRS and ABP pension participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is 0.00%. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the statement of net position.

Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025

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

The State's proportionate share of the net OPEB liability associated with the District as of June 30, 2024 is \$54,691,811. Since the OPEB liability associated with the District is 100% attributable to the State, the OPEB liability will be referred to as the total non-employer OPEB liability.

The total non-employer OPEB liability was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. For the June 30, 2024, measurement date, the State's proportionate share of the non-employer OPEB liability associated with the District was 0.09168690%, which was an increase/(decrease) of (0.00064597%) from its proportion measured as of June 30, 2023.

The actuarial assumptions and other inputs vary for each plan member depending on the pension plan the member is enrolled in. The actuarial valuation at July 1, 2023, which was rolled forward to June 30, 2024, used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF/ABP</u>	<u>PERS</u>
Salary increases:	2.75 – 5.65%	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 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS) and "Teachers" (TPAF/ABP) 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 July 1, 2023 valuation were based on the results of the TPAF, PERS, and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

100% of active members are considered to participate in the plan upon retirement.

Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO, the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long-term trend rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. 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.

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2025 (measurement date June 30, 2024) is as follows:

Differences between expected and actual experience reflect an increase in liability for the measurement period from June 30, 2023, to June 30, 2024, due to the combined effect of updates in census information and premium and claims experience.

Changes in assumptions reflect an increase in the liability for the measurement period from June 30, 2023, to June 30, 2024, due to the combined effect of the discount rate change and changes in the trend update.

Sensitivity of the Total Non-employer 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.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025**

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

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

For the year ended June 30, 2024, the board of education/board of trustees recognized on-behalf OPEB expense of \$1,452,449 in the district-wide financial statements as determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

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

NOTE 10. DEFERRED COMPENSATION

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

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

NOTE 11. RISK MANAGEMENT

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

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 Annual Comprehensive 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.

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025**

NOTE 11. RISK MANAGEMENT, (continued)

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 year.

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023-2024	\$ 6,188	\$ 45,743	\$ 39,225	\$ 179,595
2022-2023	6,120	20,531	25,314	166,889
2021-2022	263	18,961	28,796	165,553

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.

Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025

NOTE 12. CAPITAL RESERVE ACCOUNT, (continued)

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, 2024 to June 30, 2025 fiscal year is as follows:

Beginning balance, July 1, 2024	\$ 3,126,547
Interest earnings	119,448
Deposit:	
Board Resolution	1,102,281
Less: Budget Withdrawal	<u>(193,000)</u>
Ending Balance, June 30, 2025	<u>\$ 4,155,276</u>

The balance in the capital reserve account at June 30, 2025 does not exceed the balance of local support costs of uncompleted capital projects in its LRFP. Withdrawals from the capital reserve, where applicable, are for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

NOTE 13. MAINTENANCE RESERVE ACCOUNT

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

The activity of the maintenance reserve account for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

Beginning balance, June 30, 2024	\$ 822,880
Less: Budget Withdrawal	(552,168)
Deposit: Board Resolution	<u>1,000,000</u>
Ending balance, June 30, 2025	<u>\$1,270,712</u>

**Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025**

NOTE 14. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$9,363,535 General Fund fund balance at June 30, 2025, \$27,000 is restricted for encumbrances; \$3,201,000 is reserved as excess surplus in accordance with *N.J.S.A. 18A:7F-7*, \$1,600,000 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2026; an additional \$66,955 has been designated and included as anticipated revenue for the year ending June 30, 2026; \$4,155,276 has been restricted in the Capital Reserve Account; \$1,270,712 has been restricted in the Maintenance Reserve Account; \$179,595 has been restricted in the Unemployment Compensation Account; and \$462,997 is unrestricted 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, 2025 is \$3,201,000. Of this amount, \$1,601,000 is the result of current year operation, and \$1,600,000 is the result of prior year operations.

NOTE 16. INVENTORY

Inventory in the Food Service Fund at June 30, 2025 consisted of the following:

Commodities	\$ 8,921
Food	11,276
Supplies	<u>6,391</u>
	<u>\$ 26,588</u>

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

Borough of Butler School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025

NOTE 17. RESTATEMENT

Net position for June 30, 2024 was restated to reflect adjustments to capital assets related to the District-wide referendum. The resulting restatements are as follows:

	Governmental
	<u>Funds</u>
Net Position at June 30, 2024	\$ 15,300,875
Prior Period Adjustment, Capital Assets	<u>(379,682)</u>
Net Position at June 30, 2024 (restated)	<u>\$ 14,921,193</u>

NOTE 18. CONTINGENT LIABILITIES

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

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

NOTE 19. SUBSEQUENT EVENTS

The District has evaluated subsequent events through December 10, 2025, 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, 2025**

**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	19,561,392	-	19,561,392	19,561,392	-
Tuition - Other LEAs Within the State	4,457,074	-	4,457,074	4,521,780	64,706
Rentals and Royalties	-	-	-	2,251	2,251
Unrestricted Miscellaneous Revenue	150,000	-	150,000	622,909	472,909
Interest Earned on Capital Reserve Funds	1,000	-	1,000	119,448	118,448
Other Restricted Miscellaneous Revenues	20,000	-	20,000	32,722	12,722
Total - Local Sources	<u>24,189,466</u>	<u>-</u>	<u>24,189,466</u>	<u>24,860,502</u>	<u>671,036</u>
State Sources:					
Categorical Transportation Aid	215,738	-	215,738	215,738	-
Extraordinary Aid	225,000	-	225,000	367,944	142,944
Categorical Special Education Aid	1,011,654	-	1,011,654	1,011,654	-
Equalization Aid	1,152,643	-	1,152,643	1,152,643	-
Categorical Security Aid	39,010	-	39,010	39,010	-
Stabilized School Budget Aid	432,388	-	432,388	432,388	-
Non Public Transportation Aid	-	-	-	27,086	27,086
On-behalf TPAF Pension and Annuity Fund (non-budgeted)	-	-	-	4,011,572	4,011,572
On-behalf TPAF NCGI Premium (non-budgeted)	-	-	-	49,693	49,693
On-behalf TPAF Post Retirement Medical (non-budgeted)	-	-	-	1,186,705	1,186,705
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)	-	-	-	2,345	2,345
TPAF Social Security (Reimbursed - non-budgeted)	-	-	-	853,908	853,908
Total State Sources	<u>3,076,433</u>	<u>-</u>	<u>3,076,433</u>	<u>9,350,686</u>	<u>6,274,253</u>
Federal Sources:					
Medicaid Reimbursement	50,133	-	50,133	21,692	(28,441)
Total Federal Sources	<u>50,133</u>	<u>-</u>	<u>50,133</u>	<u>21,692</u>	<u>(28,441)</u>
Total Revenues	<u>27,316,032</u>	<u>-</u>	<u>27,316,032</u>	<u>34,232,881</u>	<u>6,916,849</u>
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	312,003	65,390	377,393	374,893	2,500
Grades 1-5 - Salaries of Teachers	2,455,847	(82,775)	2,373,072	2,121,270	251,802
Grades 6-8 - Salaries of Teachers	1,555,587	(94,983)	1,460,604	1,460,603	1
Grades 9-12 - Salaries of Teachers	2,777,044	51,617	2,828,661	2,828,660	1
Regular Programs - Home Instruction:					
Salaries of Teachers	23,000	-	23,000	1,400	21,600
Purchased Professional-Educational Services	30,000	-	30,000	15,560	14,440
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	119,507	(39,935)	79,572	79,451	121
Purchased Professional-Educational Services	132,352	(18,290)	114,062	102,522	11,540
Purchased Technical Services	90,700	(28,034)	62,666	62,653	13
Other Purchased Services (400-500 series)	66,500	(637)	65,863	63,916	1,947
General Supplies	244,598	356,115	600,713	600,676	37
Textbooks	14,300	(2,000)	12,300	6,222	6,078
Other Objects	9,060	2,068	11,128	10,029	1,098
Total Regular Programs - Instruction	<u>7,830,498</u>	<u>208,536</u>	<u>8,039,034</u>	<u>7,727,855</u>	<u>311,179</u>
Learning and/or Language Disabilities - Moderate:					
Salaries of Teachers	282,240	1,000	283,240	262,730	20,510
Other Salaries for Instruction	22,641	-	22,641	22,641	-
General Supplies	2,300	60	2,360	2,271	89
Total Learning and/or Language Disabilities - Moderate	<u>307,181</u>	<u>1,060</u>	<u>308,241</u>	<u>287,642</u>	<u>20,599</u>
Multiple Disabilities:					
Salaries of Teachers	339,198	48,582	387,780	303,555	84,225
Other Salaries for Instruction	22,141	-	22,141	20,419	1,722
Purchased Professional-Educational Services	2,000	-	2,000	-	2,000
General Supplies	3,400	(184)	3,216	45	3,171
Total Multiple Disabilities	<u>366,739</u>	<u>48,398</u>	<u>415,137</u>	<u>324,019</u>	<u>91,118</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,343,125	(48,582)	1,294,543	1,260,657	33,886
General Supplies	6,000	-	6,000	1,106	4,894
Total Resource Room/Resource Center	<u>1,349,125</u>	<u>(48,582)</u>	<u>1,300,543</u>	<u>1,261,763</u>	<u>38,780</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	129,790	-	129,790	129,790	0
Other Salaries for Instruction	21,391	1,500	22,891	22,891	-
General Supplies	3,500	(3,500)	-	-	-
Total Preschool Disabilities - Part-Time	<u>154,681</u>	<u>(2,000)</u>	<u>152,681</u>	<u>152,681</u>	<u>0</u>

**BUTLER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**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					
General Supplies	-	124	124	123	1
Total Preschool Disabilities - Full- Time	-	124	124	123	1
Home Instruction:					
Salaries of Teachers	23,000	-	23,000	700	22,300
Purchased Professional - Educational Services	6,000	-	6,000	-	6,000
Total Home Instruction	29,000	-	29,000	700	28,300
Total Special Education - Instruction	2,206,726	(1,000)	2,205,726	2,026,928	178,798
Basic Skills/Remedial - Instruction					
Salaries of Teachers	96,013	697	96,710	96,709	1
Total Basic Skills/Remedial - Instruction	96,013	697	96,710	96,709	1
Bilingual Education - Instruction					
Salaries of Teachers	86,587	41,427	128,014	127,370	644
General Supplies	900	2,183	3,083	2,666	417
Total Bilingual Education - Instruction	87,487	43,610	131,097	130,036	1,061
School-Spon. Co/Extra Curr. Actvts. -Inst					
Salaries	90,340	8,417	98,757	96,474	2,284
Purchased Services (300-500 Series)	6,755	(1,239)	5,516	2,250	3,266
Supplies and Materials	6,183	1,782	7,965	7,965	-
Other Objects	200	-	200	-	200
Total School-Spon. Co/Extra Curr. Actvts. - Inst	103,478	8,960	112,438	106,689	5,750
School-Sponsored Athletics - Instruction					
Salaries	344,851	10,598	355,449	354,771	678
Purchased Services (300-500 Series)	42,820	623	43,443	30,069	13,374
Supplies and Materials	62,251	(2,166)	60,085	44,666	15,419
Other Objects	15,260	1,442	16,702	16,265	438
Transfers to Cover Deficit (Custodial Funds)	37,000	-	37,000	37,000	-
Total School-Sponsored Athletics - Instruction	502,182	10,497	512,679	482,770	29,909
Summer School - Instruction:					
Salaries of Teachers	70,000	-	70,000	20,891	49,109
Other Salaries of Instruction	37,000	(2,197)	34,803	4,909	29,894
Purchased Professional & Technical Services	9,500	-	9,500	-	9,500
General Supplies	750	-	750	-	750
Total Summer School - Instruction	117,250	(2,197)	115,053	25,799	89,254
Total Instruction	10,943,634	269,103	11,212,737	10,596,786	615,951
Undistributed Expenditures - Instruction					
Tuition to County Voc. School Dist.- Regular	517,815	(21,521)	496,294	337,116	159,178
Tuition to CSSD & Reg. Day Schools	408,746	(58,526)	350,220	257,053	93,167
Tuition to Priv.Sch. For the Disabled W/I State	1,103,461	58,526	1,161,987	1,109,477	52,510
Total Undistributed Expenditures - Instruction (Tuition)	2,030,022	(21,521)	2,008,501	1,703,646	304,855
Undist. Expend.-Attendance and Social Work					
Salaries	50,649	3,991	54,640	54,639	1
Supplies and Materials	500	-	500	63	437
Total Undist. Expend.-Attendance and Social Work	51,149	3,991	55,140	54,702	438
Undist. Expenditures - Health Services					
Salaries	280,361	-	280,361	271,073	9,288
Purchased Professional and Technical Services	43,700	-	43,700	18,716	24,984
Other Purchased Services (400-500 series)	400	-	400	-	400
Supplies and Materials	17,000	-	17,000	9,827	7,173
Other Objects	625	-	625	255	370
Total Undist. Expenditures - Health Services	342,086	-	342,086	299,871	42,215
Undist. Expend.-Speech, OT, PT and Related Services					
Salaries	485,605	-	485,605	457,047	28,559
Purchased Professional - Educational Services	120,671	-	120,671	70,423	50,248
Supplies and Materials	2,300	-	2,300	2,149	151
Total Undist. Expend.-Speech, OT, PT and Related Services	608,576	-	608,576	529,618	78,958

**BUTLER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**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	418,543	(113,449)	305,094	225,961	79,133
Purchased Professional- Educational Services	283,671	119,339	403,010	239,045	163,965
Supplies and Materials	10,800	(5,890)	4,910	4,909	1
Total Undist Expend-Oth Supp Serv Std-Extra Serv	<u>713,014</u>	<u>-</u>	<u>713,014</u>	<u>469,916</u>	<u>243,098</u>
Undist. Expenditures - Guidance					
Salaries of Other Professional Staff	494,345	(36,135)	458,210	429,659	28,551
Salaries of Secretarial and Clerical Assistants	49,410	30,841	80,251	80,250	1
Purchased Professional- Educational Services	2,600	-	2,600	125	2,475
Other Purchased Prof. and Tech. Services	43,531	(817)	42,714	23,805	18,909
Other Purchased Services (400-500 series)	900	-	900	-	900
Supplies and Materials	6,850	817	7,667	6,758	909
Other Objects	400	-	400	300	100
Total Undist. Expenditures - Guidance	<u>598,036</u>	<u>(5,294)</u>	<u>592,742</u>	<u>540,897</u>	<u>51,845</u>
Undist. Expenditures- Child Study Teams					
Salaries of Other Professional Staff	368,599	-	368,599	346,225	22,374
Salaries of Secretarial and Clerical Assistants	103,215	-	103,215	100,794	2,421
Purchased Professional- Educational Services	3,500	-	3,500	2,511	990
Other Purchased Prof. and Tech. Services	49,744	(525)	49,219	42,416	6,803
Other Purchased Services (400-500 series)	900	525	1,425	820	605
Supplies and Materials	2,130	-	2,130	179	1,951
Total Undist. Expenditures - Child Study Teams	<u>528,088</u>	<u>-</u>	<u>528,088</u>	<u>492,945</u>	<u>35,143</u>
Undist. Expend.-Improv. Of Inst. Serv.					
Salaries of Supervisors of Instruction	249,578	5,293	254,871	254,821	50
Salaries of Other Professional Staff	15,000	(4,400)	10,600	-	10,600
Salaries of Secretarial and Clerical Assistants	24,950	-	24,950	5,198	19,752
Unused Vacation Payment to Terminated/Retired Staff	10,800	-	10,800	-	10,800
Purchased Prof- Educational Services	-	4,400	4,400	2,200	2,200
Supplies and Materials	10,000	-	10,000	6,500	3,500
Other Objects	2,580	-	2,580	1,780	800
Total Undist. Expend.-Improv. Of Inst. Serv.	<u>312,908</u>	<u>5,293</u>	<u>318,201</u>	<u>270,499</u>	<u>47,702</u>
Undist. Expend.-Edu. Media Serv./Library					
Salaries	122,767	5,008	127,775	127,774	1
Salaries of Technology Coordinators	-	20,364	20,364	20,364	-
Purchased Professional and Technical Services	20,362	(10,320)	10,042	418	9,624
Supplies and Materials	10,030	(2,200)	7,830	5,746	2,084
Total Undist. Expend.-Edu. Media Serv./Library	<u>153,159</u>	<u>12,852</u>	<u>166,011</u>	<u>154,302</u>	<u>11,709</u>
Undist. Expend.-Instr. Staff Training Serv.					
Salaries of Supervisors of Instruction	94,433	8,374	102,807	102,806	1
Salaries of Other Professional Staff	7,000	-	7,000	-	7,000
Purchased Professional - Educational Service	3,500	3,500	7,000	-	7,000
Other Purchased Services (400-500 series)	15,500	(3,500)	12,000	3,342	8,658
Total Undist. Expend.-Instr. Staff Training Serv.	<u>120,433</u>	<u>8,374</u>	<u>128,807</u>	<u>106,147</u>	<u>22,660</u>
Undist. Expend.-Support Serv.-Gen. Admin.					
Salaries	276,622	512	277,134	277,133	2
Legal Services	50,000	(512)	49,488	37,435	12,053
Audit Fees	59,941	-	59,941	26,000	33,941
Other Purchased Professional Services	20,614	(535)	20,079	15,673	4,406
Purchased Technical Services	19,800	49,485	69,285	14,992	54,293
Communications/Telephone	73,108	8,123	81,231	55,642	25,589
BOE Other Purchased Services	7,000	-	7,000	2,640	4,360
Miscellaneous Purchased Services (400-500 series)	121,996	8,233	130,229	129,278	951
General Supplies	4,370	-	4,370	2,401	1,969
Miscellaneous Expenditures	5,190	-	5,190	5,130	60
BOE Membership Dues and Fees	14,891	-	14,891	11,910	2,981
Total Undist. Expend.-Support Serv.-Gen. Admin.	<u>653,532</u>	<u>65,306</u>	<u>718,838</u>	<u>578,234</u>	<u>140,604</u>
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Asst. Principals/Prog Dir	776,525	26,575	803,100	803,097	3
Salaries of Other Professional Staff	64,463	0	64,463	64,463	0
Salaries of Secretarial and Clerical Assistants	131,459	(5,254)	126,205	126,203	2
Unused Vacation Payment to Terminated/Retired Staff	2,400	15,436	17,836	17,834	2
Other Purchased Services (400-500 series)	18,000	57,978	75,978	10,436	65,542
Supplies and Materials	3,750	1,899	5,649	4,239	1,411
Other Objects	8,300	(141)	8,159	8,033	126
Total Undist. Expend. - Support Serv. - School Admin.	<u>1,004,897</u>	<u>96,493</u>	<u>1,101,390</u>	<u>1,034,306</u>	<u>67,085</u>

**BUTLER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Exhibit C-1
Page 4 of 6

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services					
Salaries	362,244	45,364	407,608	342,469	65,139
Purchased Professional Services	1,600	90	1,690	1,690	-
Purchased Technical Services	42,920	5,026	47,946	47,733	213
Misc. Purchased Services (400-500 series)	11,200	(2,318)	8,882	6,644	2,238
Supplies and Material	7,160	(2,562)	4,598	4,597	1
Miscellaneous Expenditures	3,050	-	3,050	2,690	360
Total Undist. Expend. - Central Services	428,174	45,600	473,774	405,823	67,951
Undist. Expend. - Admin. Info Technology					
Salaries	153,224	-	153,224	152,913	311
Purchased Technical Services	85,928	22,000	107,928	93,875	14,053
Other Purchased Services (400-500 series)	800	-	800	-	800
Supplies and Material	8,340	-	8,340	6,588	1,752
Total Undist. Expend. - Admin. Info Technology	248,292	22,000	270,292	253,376	16,916
Undist. Expend.-Required Maint For Sch Fac.					
Salaries	269,110	2,285	271,395	226,482	44,913
Cleaning, Repair and Maintenance Services	195,158	35,099	230,257	224,617	5,640
Lead Testing of Drinking Water	5,000	(3,749)	1,251	510	741
General Supplies	82,900	(5,870)	77,030	64,849	12,181
Total Undist. Expend.-Required Maint For Sch Fac.	552,168	27,765	579,933	516,458	63,475
Undist. Expend. - Custodial Services					
Salaries	1,039,791	2,555	1,042,346	993,710	48,636
Salaries of Non-Instructional Aides	33,728	5,867	39,595	39,594	1
Unused Vac. Payments to Terminated/Retired Staff	10,800	(10,800)	-	-	-
Purchased Professional and Technical Services	8,563	(2,718)	5,845	3,990	1,855
Cleaning, Repair and Maintenance Services	56,780	(2,053)	54,727	34,526	20,201
Lease Purchase Payments - Energy Savings Program	109,363	-	109,363	109,362	1
Other Purchased Property Services	25,500	-	25,500	21,144	4,356
Insurance	217,354	(9,529)	207,825	207,825	-
Miscellaneous Purchased Services	12,600	1,609	14,209	14,122	87
General Supplies	161,220	(23,800)	137,420	116,023	21,397
Energy (Natural Gas)	199,000	-	199,000	81,202	117,798
Energy (Electricity)	169,591	-	169,591	126,375	43,216
Energy (Gasoline)	5,000	-	5,000	3,056	1,944
Other Objects	3,925	689	4,614	4,120	494
Total Undist. Expend. - Custodial Services	2,053,215	(38,180)	2,015,035	1,755,048	259,987
Undist Expend.-Care and Upkeep of Grounds					
Salaries	23,637	16,318	39,955	31,063	8,892
Cleaning, Repair, and Maintenance Services	50,000	20,949	70,949	36,156	34,793
General Supplies	15,000	6,287	21,287	20,747	540
Other Objects	-	220	220	-	220
Total Undist. Expend.-Care and Upkeep of Grounds	88,637	43,774	132,411	87,967	44,444
Undistributed Expenditures - Security:					
Salaries	90,000	-	90,000	89,800	200
General Supplies	300	-	300	-	300
Total Undistributed Expenditures - Security	90,300	-	90,300	89,800	500
Total Undist. Expend.-Oper. And Maint. Of Plant Serv.	2,784,320	33,359	2,817,679	2,449,273	368,406
Undist. Expend. - Student Transportation Serv.					
Salaries of Non-Instructional Aides	16,000	3,443	19,443	19,071	372
Management Fee - BSC & CTSA Trans. Program	3,180	(1,571)	1,609	1,608	1
Contract. Serv. - Aid in Lieu Pymts-NonPub Sch	75,000	(849)	74,151	65,088	9,063
Contract. Serv. - Aid in Lieu Pymts- Chtr Sch	3,000	(328)	2,672	-	2,672
Contract. Serv. - Aid in Lieu Pymts-Choice Sch	-	1,177	1,177	589	589
Contr Serv (Bet. Home and Sch)-Vendors	334,512	(5,566)	328,946	209,835	119,111
Contr Serv(Oth. Than Bet Home & Sch)-Vend	217,997	4,003	222,000	208,802	13,198
Contract. Serv. (Sp Ed Stds)-Vendors	496,193	-	496,193	455,676	40,517
Contract. Serv. (Reg. Students)-ESCs & CTSA	402,154	-	402,154	287,323	114,831
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSA	820,963	-	820,963	685,806	135,157
Total Undist. Expend. - Student Transportation Serv.	2,368,999	309	2,369,308	1,933,798	435,510

**BUTLER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**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	310,000	-	310,000	272,898	37,102
TPAF Contributions - ERIP	-	342	342	-	342
Other Retirement Contributions - PERS	362,266	(342)	361,924	353,220	8,704
Other Retirement Contributions - Regular	40,112	-	40,112	19,291	20,821
Workmen's Compensation	116,053	6,823	122,876	109,103	13,773
Health Benefits	4,405,924	(531,761)	3,874,163	3,480,010	394,153
Tuition Reimbursement	57,300	-	57,300	45,434	11,866
Other Employee Benefits	202,555	(29,853)	172,702	123,254	49,448
Unused Sick Payments to Terminated/Retired Staff	60,000	-	60,000	-	60,000
Total Unallocated Benefits	<u>5,554,210</u>	<u>(554,791)</u>	<u>4,999,419</u>	<u>4,403,211</u>	<u>596,209</u>
On-Behalf Contributions					
On-behalf TPAF Pension and Annuity Fund (non-budgeted)	-	-	-	4,011,572	(4,011,572)
On-behalf TPAF NCGI Premium (non-budgeted)	-	-	-	49,693	(49,693)
On-behalf TPAF Post Retirement Medical (non-budgeted)	-	-	-	1,186,705	(1,186,705)
On-behalf TPAF Long-Term Disability Insurance	-	-	-	2,345	(2,345)
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	853,908	(853,908)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,104,223</u>	<u>(6,104,223)</u>
Total Personal Services - Employee Benefits	<u>5,554,210</u>	<u>(554,791)</u>	<u>4,999,419</u>	<u>10,507,434</u>	<u>(5,508,014)</u>
Total Undistributed Expenditures	<u>18,499,895</u>	<u>(288,029)</u>	<u>18,211,866</u>	<u>21,784,787</u>	<u>(3,572,921)</u>
Total General Current Expense	<u>29,443,529</u>	<u>(18,926)</u>	<u>29,424,603</u>	<u>32,381,573</u>	<u>(2,956,969)</u>
Capital Outlay:					
Equipment					
Undist. Expend. - Required Maint for School Fac.	-	2,113	2,113	-	2,113
Undist. Expend. - Care and Upkeep of Grounds	-	16,812	16,812	16,812	-
Total Equipment	<u>-</u>	<u>18,926</u>	<u>18,926</u>	<u>16,812</u>	<u>2,113</u>
Facilities Acquisition and Const. Serv.					
Other Purchased Prof. and Tech. Services	193,000	-	193,000	189,221	3,779
Construction Services	71,141	-	71,141	71,141	-
Assessment for Debt Service on SDA Funding	27,599	-	27,599	27,599	-
Total Facilities Acquisition and Const. Serv.	<u>291,740</u>	<u>-</u>	<u>291,740</u>	<u>287,961</u>	<u>3,779</u>
Total Capital Outlay	<u>291,740</u>	<u>18,926</u>	<u>310,666</u>	<u>304,774</u>	<u>5,892</u>
Transfer to Charter School	<u>28,036</u>	<u>-</u>	<u>28,036</u>	<u>23,454</u>	<u>4,582</u>
Total Expenditures	<u>29,763,305</u>	<u>-</u>	<u>29,763,305</u>	<u>32,709,800</u>	<u>(2,946,495)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,447,273)</u>	<u>-</u>	<u>(2,447,273)</u>	<u>1,523,080</u>	<u>3,970,353</u>
Fund Balance, July 1	<u>8,079,600</u>	<u>-</u>	<u>8,079,600</u>	<u>8,079,600</u>	<u>-</u>
Fund Balance, June 30	<u>5,632,327</u>	<u>-</u>	<u>5,632,327</u>	<u>9,602,680</u>	<u>3,970,353</u>

**BUTLER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Recapitulation of excess (deficiency) of revenues under expenditures:</u>					
Adjustment for Prior Year Encumbrances	(103,105)	-	(103,105)	(103,105)	-
Budgeted Fund Balance	(1,600,000)	-	(1,600,000)	149,624	1,749,624
Withdrawal from Capital Reserve	(193,000)	-	(193,000)	(193,000)	-
Withdrawal from Maintenance Reserve	(552,168)	-	(552,168)	(552,168)	-
Increase in Maintenance Reserve:					
Principal	-	-	-	1,000,000	1,000,000
Increase in Capital Reserve:					
Principal	-	-	-	1,102,281	1,102,281
Interest	1,000	-	1,000	119,448	118,448
	<u>(2,447,273)</u>	<u>-</u>	<u>(2,447,273)</u>	<u>1,523,080</u>	<u>3,970,353</u>

Recapitulation:

Assigned:	
Year End Encumbrances	27,000
Designated for Subsequent Year's Expenditures	66,955
Restricted:	
Excess Surplus:	
Prior Year - Designated for Subsequent Year's Expenditures	1,600,000
Current Year	1,601,000
Maintenance Reserve	1,270,712
Capital Reserve	4,155,276
Unemployment Compensation	179,595
Unassigned	<u>702,142</u>
	9,602,680
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payments not Recognized on GAAP Basis	<u>(239,145)</u>
Fund Balance per Governmental Funds (GAAP)	<u>9,363,535</u>

* 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, 2025**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>	
Revenues:						
Local Sources	-	4,050	4,050	366,396	362,346	Note 1
Federal Sources	470,996	31,109	502,105	502,105	-	
Total Revenues	470,996	35,159	506,155	868,500	362,346	
Expenditures						
Instruction						
Salaries	124,794	(42,131)	82,663	82,663	-	
Other Purchased Services	305,912	(4,551)	301,361	301,361	-	
General Supplies	-	4,553	4,553	4,553	-	
Total Instruction	430,706	(42,129)	388,577	388,577	-	
Support Services						
Employee Benefits	-	76,125	76,125	76,125	-	
Purchased Professional and Technical Services	40,290	1,163	41,453	41,453	-	
Scholarships Awarded	-	-	-	27,133	(27,133)	Note 1
Student Activities	-	-	-	313,232	(313,232)	Note 1
Total Support Services	40,290	77,288	117,578	457,944	(340,366)	
Total Expenditures	470,996	35,159	506,155	846,520	(340,366)	
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	21,980	21,980	
Fund Balance, July 1				453,034		
Fund Balance, June 30				475,014		
Recapitulation:						
Restricted						
Scholarships				353,700		
Student Activities				121,314		
Total Fund Balance				475,014		

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, 2025**

**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]	34,232,881	[C-2]	868,500
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		-		43,601
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.		(239,145)		-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		335,231		-
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>34,328,967</u>	[B-2]	<u>912,101</u>
Uses/Outflows of Resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	32,709,800	[C-2]	846,520
Differences - budget to GAAP.				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:				
Add: Prior Year Encumbrances		-		43,601
Less: Current Year Encumbrances		-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>32,709,800</u>	[B-2]	<u>890,121</u>

**REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

Exhibit L-1

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

Fiscal Year Ending June30,	District's		District's		District's Proportion Share of the Net Pension Liability (Asset)	Plan Fiduciary Net Position as a percentage of the total Pension Liability
	Proportion Share of the Net Pension Liability (Asset)	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		
2016	0.0226746294%	5,090,000	1,444,760	352.31%	47.93%	
2017	0.0216409378%	6,409,425	1,453,331	441.02%	59.86%	
2018	0.0202815608%	4,721,223	1,503,305	314.06%	48.10%	
2019	0.0209932488%	4,133,466	1,600,226	258.31%	53.60%	
2020	0.0224128489%	4,038,455	1,696,932	237.99%	56.27%	
2021	0.0223765344%	3,649,028	1,639,124	222.62%	58.32%	
2022	0.0229276987%	2,716,130	1,803,293	150.62%	70.33%	
2023	0.0234060872%	3,532,301	1,943,605	181.74%	62.91%	
2024	0.0251037154%	3,636,116	2,022,749	179.76%	65.23%	
2025	0.0259580132%	3,527,187	1,826,906	193.07%	68.22%	

Exhibit L-2

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

Fiscal Year Ending June 30,	Contributions in Relation to the		Contribution Deficiency (Excess)	District's PERS Covered- Employee Payroll	Contributions as a Percentage of PERS Covered- Employee Payroll
	Contractually Required Contribution	Contractually Required Contributions			
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%
2024	335,519	335,519	-	2,022,749	16.59%
2025	353,216	353,216	-	1,826,906	19.33%

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 June30,	District's		State's		District's		Plan Fiduciary Net Position as a percentage of the total Pension Liability	
	Proportion Share of the Net Pension Liability (Asset)	Proportion Share of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability Associated with the District (Asset)	District's Covered Payroll - TPAF Employee's	Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll			
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%
2024	0.0923822881%			47,145,148		11,900,787	0.00%	34.68%
2025	0.0937941754%			46,357,871		11,759,748	0.00%	37.99%

BUTLER BOROUGH SCHOOL DISTRICT
Required Supplementary Information
Schedule of School District's Contributions
Teachers' Pension and Annuity Fund (TPAF)
Last Ten Fiscal Years

This schedule is not applicable.

The School District is not required to make any contribution towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

BUTLER BOROUGH SCHOOL DISTRICT
Note to Required Schedules of Supplementary Information - Part III
For the fiscal year ended June 30, 2025

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 8 of the Notes to the Financial Statements.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

None

Change in assumptions

Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 8 of the Notes to the Financial Statements.

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**

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service Costs	\$ 1,801,598	\$ 1,769,561	\$ 2,239,458	\$ 2,603,287	\$ 1,446,129	\$ 1,353,664	\$ 1,513,699	\$ 1,825,447
Interest on Total OPEB Liability	1,800,325	1,702,723	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	(20,957)	(72,666)	2,818,809	(11,571,476)	10,719,797	(7,386,211)	(4,996,663)	-
Changes in Assumptions	4,091,675	97,448	(12,375,759)	52,684	11,333,225	569,887	(4,948,617)	(6,504,664)
Gross Benefit Payments	(1,374,937)	(1,327,300)	(1,211,014)	(1,091,205)	(1,080,127)	(1,173,289)	(1,153,102)	(1,176,973)
Contribution from the Member	47,079	43,635	38,850	35,415	32,739	34,780	39,853	43,339
Net Changes in total Share of OPEB Liability	6,344,783	2,213,401	(7,267,064)	(8,642,864)	23,821,962	(4,901,731)	(7,691,230)	(4,208,704)
Total OPEB Liability - Beginning	48,347,028	46,133,627	53,400,691	62,043,555	38,221,593	43,123,324	50,814,554	55,025,258
Total OPEB Liability - Ending	\$ 54,691,811	\$ 48,347,028	\$ 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	54,691,811	48,347,028	46,133,627	53,400,691	62,043,555	38,221,593	43,123,324	50,814,554
Total OPEB Liability - Ending	\$ 54,691,811	\$ 48,347,028	\$ 46,133,627	\$ 53,400,691	\$ 62,043,555	\$ 38,221,593	\$ 43,123,324	\$ 50,814,554
District's Covered Employee Payroll	\$ 13,586,654	\$ 13,923,536	\$ 13,299,178	\$ 12,805,399	\$ 12,436,994	\$ 11,865,061	\$ 11,465,693	\$ 10,986,892
District's Proportionate Share of the								
Total OPEB Liability as a Percentage of its	0%	0%	0%	0%	0%	0%	0%	0%
Covered Payroll								

* 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, 2025

	Title I Part - A Improving Basic Programs	Title II Part - A Teacher/Parent Training & Recruiting	Title III English Language Acquisition	Title IV Part - A Student Support and Academic Enrichment	I.D.E.A. Basic	Preschool	Total 2025
Revenues:							
Federal Sources	33,494	113,447	14,850	10,000	301,361	9,601	502,105
Local Sources	366,396	-	-	-	-	-	366,396
Total Revenues	399,889	113,447	14,850	10,000	301,361	9,601	868,500
Expenditures:							
Instruction:							
Salaries	-	74,549	8,113	-	-	-	82,663
Other Purchased Services	-	-	-	-	301,361	-	301,361
General Supplies	4,550	-	3	-	-	-	4,553
Total Instruction	4,550	74,549	8,116	-	301,361	-	388,577
Support Services:							
Employee Benefits	32,994	38,898	4,234	-	-	-	76,125
Purchased Tech. Services	-	19,352	2,500	10,000	-	9,601	41,453
Scholarships Awarded	27,133	-	-	-	-	-	27,133
Student Activities	313,232	-	-	-	-	-	313,232
Total Support Services	373,359	38,898	6,734	10,000	-	9,601	457,944
Total Expenditures	377,909	113,447	14,850	10,000	301,361	9,601	846,520
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,980	-	-	-	-	-	21,980
Fund Balance, July 1	453,034	-	-	-	-	-	453,034
Fund Balance, June 30	475,014	-	-	-	-	-	475,014

BUTLER BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	A.R.P.		Special Olympics	Student Activities/ Fund	Scholarship Fund	Total Carried Forward To (Ex. E-1)
	Mental Health	Beyond the School Day				
Revenues:						
Federal Sources	500	32,994	-	-	-	33,494
Local Sources	-	-	4,050	326,800	35,545	366,396
Total Revenues	500	32,994	4,050	326,800	35,545	399,889
Expenditures:						
Instruction:						
Salaries	-	-	-	-	-	-
Other Purchased Services	-	-	-	-	-	-
General Supplies	500	-	4,050	-	-	4,550
Total Instruction	500	-	4,050	-	-	4,550
Support Services:						
Employee Benefits	-	32,994	-	-	-	32,994
Purchased Tech. Services	-	-	-	-	-	-
Scholarships Awarded	-	-	-	-	27,133	27,133
Student Activities	-	-	-	313,232	-	313,232
Total Support Services	-	32,994	-	313,232	27,133	373,359
Total Expenditures	500	32,994	4,050	313,232	27,133	377,909
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	13,568	8,412	21,980
Fund Balance, July 1	-	-	-	107,746	345,288	453,034
Fund Balance, June 30	-	-	-	121,314	353,700	475,014

CAPITAL PROJECTS FUND

BUTLER BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Project Description	Appropriation	Expenditures		Unexpended Balance
		Prior Years	Current Year	
District-wide Improvements	452,492	452,191	-	301
District-wide Improvements Referendum	14,228,000	702,997	8,598,506	4,926,497
High School HVAC Renovations	590,000	30,000	218,046	341,954
Auditorium HVAC Renovations	798,783	24,549	427,719	346,516
	<u>16,069,275</u>	<u>1,209,737</u>	<u>9,244,271</u>	<u>5,615,267</u>

**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, 2025**

Expenditures and Other Financing Uses

Other purchased professional and and technical services	113,737
Construction Services	8,678,476
Equipment Purchases	<u>452,058</u>
Total Expenditures	<u>9,244,271</u>
Excess/(Deficiency) of Revenue over/(under) Expenditures	(9,244,271)
 Fund Balance - Beginning	 <u>14,859,538</u>
Fund Balance - Ending	<u><u>5,615,267</u></u>
 Recapitulation:	
Unrestricted Fund Balance	<u><u>5,615,267</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, 2025**

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

**BUTLER BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
AND PROJECT STATUS - BUDGETARY BASIS
DISTRICT WIDE IMPROVEMENTS REFERENDUM
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond proceeds	14,228,000		14,228,000	14,228,000
Total Revenues	<u>14,228,000</u>	<u>-</u>	<u>14,228,000</u>	<u>14,228,000</u>
Expenditures and Other Financing Uses				
Legal Services	21,465		21,465	118,413
Other purchased professional and and technical services	410,250	113,737	523,987	710,478
Construction Services	271,282	8,032,711	8,303,993	13,399,109
Equipment purchases	-	452,058	452,058	-
Total Expenditures	<u>702,997</u>	<u>8,598,506</u>	<u>9,301,503</u>	<u>14,228,000</u>
Excess/(Deficiency) of Revenues over/(under) Expenditures	<u>13,525,003</u>	<u>(8,598,506)</u>	<u>4,926,497</u>	<u>-</u>
Additional project information:				
Original Authorized Cost		14,228,000		
Additional Authorized Cost		-		
Revised Authorized Cost		14,228,000		
Percentage Increase over Original Authorized Cost		0.00%		
Percentage completion		65.37%		
Original target completion date		6/30/2025		
Revised target completion date		6/30/2025		

**BUTLER BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL HVAC RENOVATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Grant Awards	236,000	-	236,000	236,000
Transferred - Capital Reserve Fund	354,000	-	354,000	354,000
Total Revenues	<u>590,000</u>	<u>-</u>	<u>590,000</u>	<u>590,000</u>
Expenditures and Other Financing Uses				
Other Purchased Professional and Technical Services	30,000	-	30,000	40,000
Construction Services	-	218,046	218,046	550,000
Total Expenditures	<u>30,000</u>	<u>218,046</u>	<u>248,046</u>	<u>590,000</u>
Excess/(Deficiency) of Revenues over/(under) Expenditures	<u>560,000</u>	<u>(218,046)</u>	<u>341,954</u>	<u>-</u>

Additional project information:

Project Number

(02)-27-0630-020-23-R501

Grant Date	9/19/2023
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	590,000
Additional Authorized Cost	-
Revised Authorized Cost	590,000

Percentage Increase over Original

Authorized Cost	0.00%
Percentage completion	42.04%
Original target completion date	6/30/2025
Revised target completion date	6/30/2025

**BUTLER BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
AND PROJECT STATUS - BUDGETARY BASIS
AUDITORIUM HVAC RENOVATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Grant Awards	291,040	-	291,040	291,040
Transferred - Capital Reserve Fund	507,743	-	507,743	507,743
Total Revenues	<u>798,783</u>	<u>-</u>	<u>798,783</u>	<u>798,783</u>
Expenditures and Other Financing Uses				
Other purchased professional and and technical services	24,549	-	24,549	32,733
Construction Services	-	427,719	427,719	766,050
Total Expenditures	<u>24,549</u>	<u>427,719</u>	<u>452,268</u>	<u>798,783</u>
Excess/(Deficiency) of Revenues over/(under) Expenditures	<u>774,234</u>	<u>(427,719)</u>	<u>346,516</u>	<u>-</u>
Additional project information:				
Project Number		(02)-27-0630-020-23-R502		
Grant Date		12/14/2023		
Bond Authorization Date		N/A		
Bonds Authorized		N/A		
Bonds Issued		N/A		
Original Authorized Cost		727,600		
Additional Authorized Cost		71,183		
Revised Authorized Cost		798,783		
Percentage Increase over Original Authorized Cost		9.78%		
Percentage completion		56.62%		
Original target completion date		6/30/2025		
Revised target completion date		6/30/2025		

PROPRIETARY FUNDS

**BUTLER BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2025**

	<u>Food Service Program</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	207,971
Accounts Receivable:	
State - Lunch	887
State - Breakfast	147
Federal - Lunch	11,696
Federal - Breakfast	2,231
Other	4,371
Inventories	<u>26,588</u>
Total Current Assets	<u>253,890</u>
Non-current Assets:	
Capital Assets:	
Equipment	340,563
Less: Accumulated Depreciation	<u>(138,728)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>201,834</u>
Total Assets	<u><u>455,724</u></u>
Liabilities:	
Current Liabilities:	
Accounts Payable	28,121
Unearned Revenue:	
Prepaid Sales	<u>9,658</u>
Total Liabilities	<u>37,779</u>
Net Position:	
Investment in Capital Assets Net of Related Debt	201,834
Unreserved (Deficit)	<u>216,111</u>
Total Net Position	<u><u>417,945</u></u>

**BUTLER BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Food Service Program</u>
Operating Revenues:	
Charges for services:	
Daily Sales Reimbursable Programs	169,436
Daily Sales - Non-reimbursable Programs	80,876
Miscellaneous	-
Total Operating Revenues	250,312
Operating Expenses:	
Management Fees	23,000
Other Purchased Services	233,842
Supplies and Materials	26,501
Depreciation	15,556
Repairs and Maintenance	19,420
Cost of Sales- Reimbursable	173,825
Cost of Sales- Non-reimbursable	44,280
Miscellaneous	4,765
Total Operating Expenses	541,190
Operating Income/(Loss)	(290,878)
Non-operating Income/(Loss):	
State Sources:	
State School Lunch Program	16,944
Breakfast Program	1,974
Federal Sources:	
National School Lunch Program	192,575
Breakfast Program	30,840
Food Distribution Program	52,458
Interest Revenue	7,447
Total Non-operating Revenues/(Expenses)	302,238
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	11,361
Total Net Position - Beginning	406,584
Net Position - Ending	<u><u>417,945</u></u>

**BUTLER BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Food Service Program
Cash Flow from Operating Activities:	
Receipts from Customers	252,421
Payments to Suppliers for Goods and Services	<u>(531,501)</u>
Net Cash Provided by/(Used for) Operating Activities	<u>(279,080)</u>
Cash Flows from Non-Capital Financing Activities:	
State Sources	19,753
Federal Sources	<u>292,701</u>
Net Cash Provided by/(Used for) Non-capital Financing Activities	<u>312,455</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	<u>(14,866)</u>
Cash Flows from Investing Activities:	
Interest on Cash Equivalents	<u>7,447</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	25,956
Cash and Cash Equivalents, July 1	<u>182,015</u>
Cash and Cash Equivalents, June 30	<u><u>207,971</u></u>
 Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for)	
Operating Activities:	
Operating Income (Loss)	(290,878)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash	
Provided by/(Used for) Operating Activities:	
Depreciation	15,556
(Increase) / Decrease in Accounts Receivable	2,021
(Increase) / Decrease in Inventory	(15,917)
Increase / (Decrease) in Accounts Payable	10,049
Increase/(Decrease) in Prepaid Sales	88
Total Adjustments	<u>11,798</u>
Net Cash Provided by/(Used for) Operating Activities	<u><u>(279,080)</u></u>
 Noncash Noncapital Financing Activities:	
During the year, the district received \$52,458 of food commodities from the U.S. Department of Agriculture.	

LONG-TERM DEBT

**BUTLER BOROUGH SCHOOL DISTRICT
GENERAL LONG TERM DEBT
STATEMENT OF SERIAL BONDS
FOR THE YEAR ENDED JUNE 30, 2025**

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance July 1, 2024	Increased	Retired	Balance June 30, 2025
School Bonds of 2009	7/1/2009	3,046,000				300,000	-	300,000	-
School Bonds of 2023	12/19/2023	14,228,000	8/15/2025	528,000	1.00%				
			8/15/2026	525,000	1.00%				
			8/15/2027	540,000	1.00%				
			8/15/2028	565,000	1.00%				
			8/15/2029	590,000	1.00%				
			8/15/2030	615,000	3.00%				
			8/15/2031	640,000	3.00%				
			8/15/2032	670,000	4.00%				
			8/15/2033	695,000	4.00%				
			8/15/2034	730,000	4.00%				
			8/15/2035	760,000	4.00%				
			8/15/2036	790,000	4.00%				
			8/15/2037	825,000	4.00%				
			8/15/2038	865,000	4.00%				
			8/15/2039	900,000	4.00%				
			8/15/2040	940,000	4.00%				
			8/15/2041	980,000	4.00%				
			8/15/2042	1,020,000	4.00%				
			8/15/2043	1,050,000	4.00%				
						14,228,000	-	-	14,228,000
						14,528,000	-	300,000	14,228,000

BUTLER BOROUGH SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASE AGREEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Interest Rate Payables</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance June 30, 2025</u>
10 Copiers/Printers	0.00%	317,999	291,499	-	63,600	227,900
ESIP - Boilers and Lighting	2.99%	1,797,859	<u>1,333,379</u>	<u>-</u>	<u>70,014</u>	<u>1,263,365</u>
			<u>1,624,879</u>	<u>-</u>	<u>133,614</u>	<u>1,491,265</u>

**BUTLER BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Revenues:				
Local Sources:				
Local Tax Levy	678,928	678,928	678,928	(0)
Total Revenues - Local Sources	678,928	678,928	678,928	(0)
State Sources:				
Debt Service Aid Type II	174,956	174,956	174,956	-
Total State Sources	174,956	174,956	174,956	-
Total Revenues	853,884	853,884	853,884	(0)
Expenditures:				
Regular Debt Service:				
Interest on Bonds	853,884	553,884	553,884	0
Redemption of Principal	-	300,000	300,000	-
Total Regular Debt Service	853,884	853,884	853,884	0
Total Expenditures	853,884	853,884	853,884	0
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 Position by Component
- J-2 Changes in Net Position
- J-3 Fund Balances - Governmental Funds
- J-4 Changes in Fund Balances - Governmental Funds
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Revenue Capacity

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
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- J-10 Ratios of Outstanding Debt by Type
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Demographic and Economic Information

- J-14 Demographic and Economic Statistics
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Operating Information

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

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

Contents

Page

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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Invested in capital assets, net of related debt	7,629,704	8,647,927	9,734,107	9,538,988	9,725,791	10,141,894	11,968,270	14,288,128	(3,364,308)	5,399,887
Restricted	3,869,156	4,108,685	3,464,083	4,065,467	5,444,108	9,897,915	10,120,453	8,233,531	23,056,942	15,453,817
Unrestricted	(4,654,203)	(4,947,342)	(4,910,576)	(4,654,054)	(4,145,595)	(5,298,310)	(4,656,242)	(4,256,683)	(4,391,760)	(4,270,033)
Total governmental activities net position	6,844,657	7,809,270	8,287,614	8,950,401	11,024,304	14,741,499	17,432,481	18,264,976	15,300,874	16,583,671
Business-type activities										
Invested in capital assets, net of related debt	62,719	56,987	102,208	93,722	105,683	100,509	83,089	197,212	202,525	201,834
Unrestricted	40,757	35,892	61,586	77,752	45,106	154,452	374,368	257,743	204,060	216,111
Total business-type activities net position	103,476	92,879	163,794	171,475	150,789	254,961	457,457	454,955	406,585	417,945
District-wide										
Invested in capital assets, net of related debt	7,692,423	8,704,914	9,836,315	9,632,710	9,831,474	10,242,403	12,051,359	14,485,341	(3,161,783)	5,601,721
Restricted	3,869,156	4,108,685	3,464,083	4,065,467	5,444,108	9,897,915	10,120,453	8,233,531	23,056,942	15,453,817
Unrestricted	(4,613,446)	(4,911,451)	(4,848,990)	(4,576,302)	(4,100,489)	(5,143,858)	(4,281,874)	(3,998,940)	(4,187,700)	(4,053,922)
Total district net position	6,948,133	7,902,149	8,451,408	9,121,876	11,175,092	14,996,460	17,889,938	18,719,932	15,707,459	17,001,616

Source: ACFR Schedule A-1

Butler Board of Education
Changes in Net Position*, Last Ten Fiscal Years
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ended, June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities										
Instruction										
Regular	10,621,685	9,488,375	11,968,329	10,686,595	10,239,596	11,724,865	11,169,231	10,715,917	11,452,078	11,311,832
Special education	2,788,315	2,513,847	3,442,786	3,476,656	3,074,054	3,394,784	3,040,389	3,176,915	3,248,805	2,871,012
Other special education	432,774	388,247	524,529	475,311	504,429	445,970	339,119	364,538	325,415	320,313
Other instruction	512,281	505,271	593,022	538,110	523,412	525,295	589,612	550,607	657,238	615,258
Support Services:										
Tuition	1,865,381	1,947,125	2,257,462	2,445,545	1,939,930	1,339,092	1,150,953	1,390,727	1,590,114	1,703,646
Student & instruction related services	4,176,856	3,712,441	4,748,555	4,696,394	4,337,117	5,197,571	4,560,654	4,660,745	4,521,858	4,469,027
General administrative services	656,095	514,674	765,324	854,661	669,134	692,338	622,113	647,999	736,299	692,593
School administrative services	1,416,874	1,254,824	1,702,815	1,585,752	1,427,611	1,593,389	1,383,888	1,342,193	1,452,469	1,381,155
Central Services and Admin. Info. Tech.	609,799	668,895	746,583	747,136	811,662	944,363	825,602	863,128	826,426	863,618
Plant operations and maintenance	2,776,095	2,301,084	3,060,034	2,842,464	3,063,012	2,997,945	3,340,549	3,082,107	3,044,847	2,945,208
Pupil transportation	956,432	858,588	1,085,852	1,117,749	959,849	780,225	1,238,687	1,829,557	1,937,040	1,933,798
Food Service	-	-	-	-	4	-	-	-	-	-
Capital Outlay - Non-depreciable	27,599	137,099	27,599	99,862	29,705	27,599	48,193	250,446	222,056	30,713
Charter Schools	24,343	24,342	24,342	25,568	25,519	57,673	60,588	50,971	54,019	23,454
Interest on Long term debt	12,543	12,543	12,543	98,852	84,385	67,737	51,249	33,874	280,317	458,828
Unallocated Benefits	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation and Amortization	655,199	705,993	719,342	663,060	634,225	711,110	638,800	767,786	783,237	847,391
Total governmental activities expenses	27,532,271	25,033,347	31,679,117	30,353,715	28,323,643	30,499,956	29,059,627	29,727,509	31,132,218	30,467,846
Business-type activities:										
Food service	456,714	459,843	437,276	475,041	394,662	271,339	591,123	578,440	520,065	541,190
Total district expenses	27,988,984	25,493,190	32,116,393	30,828,756	28,718,305	30,771,295	29,650,750	30,305,949	31,652,283	31,009,036
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	324,129	346,500	20,250	-	-	-	-	-	-	-
Support Services (Student Inst & Related Svcs)	-	-	-	-	-	94,284	179,462	233,811	275,745	362,346
Support Services (Unallocated Benefits)	107,871	-	-	-	-	-	-	-	-	-
Operating grants and contributions	4,544,995	5,286,618	4,686,108	5,206,716	5,036,895	5,251,423	5,537,440	5,184,283	5,083,752	5,071,535
Total governmental activities program revenues	4,976,995	5,633,118	4,706,358	5,206,716	5,036,895	5,345,707	5,716,902	5,418,094	5,359,497	5,433,881
Business-type activities:										
Charges for services										
Food service	260,849	277,123	280,584	294,692	211,305	3,580	45,747	255,067	296,227	250,312
Operating grants and contributions	209,250	171,999	176,521	187,837	162,496	371,822	760,073	320,335	244,924	294,792
Total business type activities program revenues	470,099	449,122	457,105	482,529	373,801	375,402	805,820	575,402	541,151	545,104
Total district program revenues	5,447,095	6,082,240	5,163,463	5,689,245	5,410,696	5,721,109	6,522,722	5,993,496	5,900,648	5,978,985

Butler Board of Education
Changes in Net Position*, Last Ten Fiscal Years
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ended, June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net (Expense)/Revenue										
Governmental activities	(22,555,276)	(25,033,347)	(26,972,759)	(25,147,000)	(23,286,748)	(25,154,249)	(23,342,725)	(24,309,414)	(25,772,721)	(25,033,965)
Business-type activities	13,386	(10,721)	19,829	7,488	(20,861)	104,063	214,697	(3,038)	21,086	3,914
Total district-wide net expense	(22,541,890)	(25,044,069)	(26,952,930)	(25,139,512)	(23,307,609)	(25,050,186)	(23,128,029)	(24,312,452)	(25,751,635)	(25,030,051)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	15,575,616	16,015,246	16,628,085	16,960,647	17,402,431	17,750,480	18,105,486	18,467,596	19,122,063	19,561,392
Taxes levied for debt service	528,701	534,584	542,505	541,394	572,956	563,465	552,153	540,260	522,798	678,928
Restricted grants and contributions	7,223,432	9,120,521	10,109,899	8,195,605	7,060,205	9,695,036	7,106,974	6,046,817	7,177,033	5,678,793
Miscellaneous income	458,262	257,918	272,822	262,624	325,059	252,218	242,068	87,238	717,868	777,330
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	23,786,011	25,928,269	27,553,311	25,960,270	25,360,651	28,261,199	26,006,679	25,141,910	27,539,762	26,696,443
Business-type activities:										
Investment earnings	232	124	133	192	175	109	291	536	9,027	7,447
Total business-type activities	232	124	133	192	175	109	291	536	9,027	7,447
Total district-wide	23,786,243	25,928,393	27,553,444	25,960,463	25,360,826	28,261,308	26,006,970	25,142,446	27,548,789	26,703,890
Change in Net Position										
Governmental activities	1,230,735	894,921	580,552	813,271	2,073,903	3,106,950	2,663,954	832,496	1,767,041	1,662,478
Business-type activities	13,618	(10,597)	19,963	7,681	(20,686)	104,172	214,987	(2,502)	30,113	11,361
Total district	1,244,353	884,324	600,515	820,951	2,053,217	3,211,122	2,878,941	829,994	1,797,154	1,673,839

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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Committed	-	-	950,508	22,989	67,975	-	-	-	-	-
Restricted	3,341,057	3,153,362	2,253,198	4,013,556	6,016,948	8,308,105	8,488,414	6,999,265	7,316,316	8,806,583
Assigned	430,010	84,597	221,252	189,328	296,329	321,235	374,503	437,981	103,105	93,955
Unassigned	358,977	508,147	523,418	630,199	397,932	803,577	786,121	338,245	324,948	462,997
Total general fund	4,130,044	3,746,106	3,948,376	4,856,072	6,779,184	9,432,917	9,649,037	7,775,490	7,744,369	9,363,535
All Other Governmental Funds										
Restricted										
Special Revenue Fund	-	-	-	-	-	464,696	471,114	457,739	453,034	475,014
Capital projects Fund	98,088	870,724	39,124	12,581	12,581	301	301	301	14,859,538	5,615,267
Debt Service Fund	1	2	1	1	1	1	1	1	1	1
Total all other governmental funds	98,089	870,726	39,125	12,582	12,582	464,998	471,416	458,041	15,312,573	6,090,282

Source: ACFR Schedule B-1

Butler Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year Ended, June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Tax levy	16,104,317	16,549,830	17,170,590	17,502,041	17,975,387	18,313,945	18,657,639	19,007,856	19,644,861	20,240,320
Miscellaneous	4,409,496	5,085,530	4,556,066	5,086,704	4,962,230	4,873,965	4,766,729	4,688,799	5,365,543	5,665,505
Bond Proceeds	-	-	-	-	-	-	-	-	14,228,000	-
State sources	4,681,743	4,980,861	5,299,274	5,998,830	6,101,613	7,015,748	8,462,510	8,677,102	10,270,032	9,621,728
Federal sources	424,312	439,497	457,195	435,875	447,165	726,800	1,114,265	834,419	706,145	567,398
Total revenue	25,619,867	27,055,718	27,483,125	29,023,450	29,486,396	30,930,458	33,001,143	33,208,175	50,214,581	36,094,951
Expenditures										
Instruction										
Regular Instruction	6,273,278	6,557,416	6,404,909	6,455,058	6,544,951	6,859,727	8,011,674	7,534,077	7,940,969	8,116,431
Special education instruction	1,539,372	1,686,283	1,840,243	2,078,382	1,930,312	1,926,411	2,024,603	2,184,797	2,212,175	2,026,928
Other special instruction	232,125	235,173	275,414	281,156	315,810	251,306	226,235	251,208	222,088	226,746
Other instruction	512,281	534,331	593,022	538,110	523,412	525,295	589,612	550,607	657,238	615,258
Support Services:										
Tuition	1,865,381	1,947,125	2,257,462	2,445,545	1,939,930	1,339,092	1,150,953	1,390,727	1,590,114	1,703,646
Student & instruction related services	2,613,936	2,791,682	2,992,736	3,016,339	2,900,977	3,342,128	3,358,237	3,544,193	3,308,298	3,420,443
General administrative services	496,024	514,571	538,983	693,511	525,453	510,989	495,868	531,444	612,484	578,234
School Administrative services	834,149	861,949	920,473	971,693	945,889	951,756	978,107	971,235	1,043,349	1,034,306
Central Services	488,419	526,250	582,828	504,238	551,239	590,332	596,449	641,156	609,460	659,199
Plant operations and maintenance	1,970,642	1,976,699	2,019,951	2,092,336	2,368,930	2,085,295	2,217,448	2,549,578	2,490,488	2,449,273
Pupil transportation	956,432	858,588	1,085,852	1,117,749	959,849	780,225	1,238,687	1,829,557	1,957,040	1,933,798
Unallocated employee benefits	5,771,754	6,361,591	6,672,382	7,174,675	7,160,391	8,047,973	9,121,934	9,747,421	10,455,860	10,507,434
Capital outlay	329,267	1,197,956	3,090,195	451,251	229,600	535,808	1,589,065	2,711,052	1,986,238	9,549,044
Charter Schools	24,343	24,342	24,342	25,568	25,519	57,673	60,588	50,971	54,019	23,454
Debt Service:										
Principal	445,000	465,000	485,000	496,000	550,000	555,000	560,000	565,000	565,000	300,000
Interest and Other Charges	141,674	128,636	117,524	104,309	91,019	75,544	59,144	42,075	24,350	553,884
Total expenditures	24,494,077	26,667,591	29,910,315	28,445,920	27,563,284	28,434,554	32,778,604	35,095,097	35,709,169	43,698,076
Excess (Deficiency) of revenues over (under) expenditures	1,125,790	388,127	(2,427,190)	577,530	1,923,112	2,495,904	222,539	(1,886,922)	14,505,412	(7,603,125)
Other Financing sources (uses)										
Financed Purchases (non-budgeted)	-	-	1,797,859	303,622	-	-	-	-	317,999	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Contracts Payable Canceled	-	573	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	573	1,797,859	303,622	-	-	-	-	317,999	-
Net change in fund balances	1,125,790	388,700	(629,331)	881,152	1,923,112	2,495,904	222,539	(1,886,922)	14,823,411	(7,603,125)
Debt service as a percentage of noncapital expenditures	2.428%	2.331%	2.247%	2.144%	2.345%	2.260%	1.985%	1.875%	1.748%	2.500%

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
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
2024	91,058	4,369,680	19,258	29,140	578,411	5,087,547
2025	119,448	4,521,780	2,251	32,722	622,909	5,299,110

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)
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	1,193,355,718
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	1,291,857,655
2024	7,988,400	994,112,500	800	169,725,100	38,668,500	36,608,500	1,247,103,800	634,291	1,247,738,091	1.536	1,412,663,050
2025	7,944,500	1,083,190,600	900	175,752,200	41,795,600	37,232,200	1,345,916,000	639,210	1,346,555,210	1.556	1,547,669,095

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

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

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

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

b Tax rates are per \$100

Butler Board of Education
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)
Unaudited

Fiscal Year Ended June 30,	Butler Board of Education			Borough of Butler	Morris County ^c	Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct			
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
2024	1.494	0.042	1.536	0.703	0.258	2.497
2025	1.505	0.051	1.556	0.702	0.253	2.511

Source: District Records and Municipal Tax Collector

Note:

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

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

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

c Includes library tax

Exhibit J-8

Butler Board of Education
Principal Property Tax Payers,
Current Year and Ten Years Ago
Unaudited

Taxpayer	2025				2016			
	Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	
Butler Gardens LLC	20,491,800	1	1.52%		10,375,000	2	1.38%	
2271 Hamilton LLC	20,253,300	2	1.50%					
SL 10 Park Place LLC	17,046,400	3	1.27%					
KRG Butler Kinnelon, LLC	14,200,000	4	1.05%					
Butler Printing & Lamination	7,571,000	5	0.56%		3,596,400	8	0.48%	
1481 Realty LLC	7,468,400	6	0.55%					
1567 Route 23 Holdings LLC	4,943,400	7	0.37%					
1301 Realty Enterprises, LLC	4,785,900	8	0.36%		7,040,200	4	0.94%	
ZZ Group LLC	4,623,300	9	0.34%		3,605,000	7	0.48%	
Bromat Enterprises Inc	4,140,200	10	0.31%		2,949,100	9	0.39%	
Inland Western Butler Kinnelon LLC					12,805,000	1	1.71%	
Butler Center Associates					8,324,900	3	1.11%	
Butler Plaza Lot One LLC					5,310,500	5	0.71%	
Butler Bowl, Inc.					3,939,100	6	0.53%	
MNB Realty Company, LLC					2,276,700	10	0.30%	
Total	\$ 105,523,700		7.84%		\$ 60,221,900		8.03%	

Source: Municipal Tax Assessor's Office.

**Butler Board of Education
Property Tax Levies and Collections,
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	-
2024	19,644,861	19,644,861	100.00%	-
2025	20,240,320	20,240,320	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		
2015	4,986,000	91,192	5,077,192	0.7433%	656
2016	4,541,000	67,952	4,608,952	0.6553%	598
2017	4,076,000	43,523	4,119,523	0.5730%	536
2018	3,591,000	1,750,424	5,341,424	0.8016%	699
2019	3,095,000	1,641,468	4,736,468	0.6242%	619
2020	2,545,000	1,582,747	4,127,747	0.5282%	540
2021	1,990,000	1,687,074	3,677,074	0.4204%	453
2022	1,430,000	1,563,963	2,993,963	0.3304%	369
2023	865,000	1,439,813	2,304,813	***	283
2024	14,528,000	1,624,878	16,152,878	***	***

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		
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%	106
2024	14,528,000	-	14,528,000	1.16%	1,773
2025	14,228,000	-	14,228,000	1.06%	***

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

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

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

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding
--

Butler Board of Education
Direct and Overlapping Governmental Activities Debt
Year Ended June 30, 2025

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Butler	7,852,000	100.000%	7,852,000
Other debt			
Morris County	324,225,727	0.074%	239,400
Subtotal, overlapping debt			8,091,400
Butler Borough School District Direct Debt			14,228,000
Total direct and overlapping debt			22,319,400

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, 2024

Butler Board of Education
Legal Debt Margin Information,
Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2025

Equalized valuation basis

2022	\$1,291,857,655
2023	1,412,663,050
2024	1,547,669,095
[A]	4,252,189,800

Average equalized valuation of taxable property	[A/3]	\$1,417,396,600
Debt limit (4% of average equalization value)	[B]	56,695,864
Total Net Debt Applicable to Limit	[C]	14,228,000
Legal debt margin	[B-C]	\$ 42,467,864

	Fiscal Year Ended, June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	\$ 38,847,988	\$ 38,697,806	\$ 38,274,627	38,680,966	39,764,896	40,473,996	42,128,617	44,387,887	51,971,686	56,695,864
Total net debt applicable to limit	4,541,000	4,076,000	3,591,000	3,095,000	2,545,000	1,990,000	1,430,000	865,000	14,528,000	14,228,000
Legal debt margin	<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>	<u>37,443,686</u>	<u>42,467,864</u>
Total net debt applicable to the limit as a percentage of debt limit	11.69%	10.53%	9.38%	8.00%	6.40%	4.92%	3.39%	1.95%	27.95%	25.10%

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

Exhibit J-14

**Butler Board of Education
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited**

Year Ended June 30	School District Population ^a	Personal Income in (thousands of dollars) ^b	Per Capita Income ^c	Unemploymen t Rate ^d
2015	7,736	660,963,840	85,440	4.6%
2016	7,708	678,180,672	87,984	4.3%
2017	7,686	693,707,616	90,256	3.7%
2018	7,638	715,642,410	93,695	3.4%
2019	7,654	740,708,196	96,774	2.8%
2020	7,645	755,899,375	98,875	7.7%
2021	8,116	869,507,660	107,135	5.8%
2022	8,119	885,433,783	109,057	3.3%
2023	8,133	942,208,050	115,850	3.7%
2024	8,196	***	***	3.9%

Source:

^a U.S. Bureau of the Census, Population Division, (Estimates April 1, 2015 - July 1, 2024 and April 1, 2010 - April 1, 2020)

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

^c U.S. Department of Commerce, County Information 2014-2023

^d N.J. Department of Labor.

Exhibit J-15

**Butler Board of Education
Principal Employers,
Current Year and Nine Years Ago**

	2025			2016		
	Employer	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional) Percentage of Total Employment

No data is available to complete this schedule.

Butler Board of Education
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years
 Unaudited

<u>Function/Program</u>	Fiscal Year Ended, June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Instruction										
Regular	92.0	90.8	89.4	89.4	77.4	81.4	81.4	81.4	81.4	81.4
Special education	26.5	30.4	32.3	32.3	32.3	32.3	32.3	32.3	32.3	82.3
B.S. / Bilingual	2.8	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Other Instruction	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3	3.3	4.0
Support Services:										
Student & instruction related services	55.0	57.6	63.9	48.0	39.0	39.0	39.0	39.0	39.0	38.0
General administrative services	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	2.0
School administrative services	10.0	10.0	10.4	10.4	11.4	11.4	11.4	11.4	12.4	10.0
Central Services	1.2	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.5
Administrative Information Technology	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	24.0	23.2	22.6	22.6	22.6	22.6	22.6	22.6	22.6	20.0
Total	215.4	219.8	226.5	210.6	190.6	194.6	194.6	194.6	197.6	242.2

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				
2015-16	1,156.9	23,578,136	20,380	2.24%	125.00	8.80	10.05	9.90	1,156.2	1,111.8	1.00%	96.16%
2016-17	1,191.7	24,875,999	20,874	2.42%	122.35	8.60	10.50	10.30	1,191.7	1,140.1	3.07%	95.67%
2017-18	1,161.2	26,208,596	22,571	8.13%	123.35	9.01	9.59	9.32	1,161.2	1,112.7	-2.56%	95.83%
2018-19	1,149.0	27,394,560	23,842	5.63%	126.00	8.90	11.51	10.80	1,163.4	1,117.5	0.19%	96.05%
2019-20	1,159.0	26,692,666	23,031	-3.40%	123.96	8.10	11.04	10.20	1,134.3	1,102.2	-2.50%	97.17%
2020-21	1,120.0	27,268,202	24,347	5.71%	127.96	8.10	11.04	10.20	1,122.4	1,087.9	-1.05%	96.92%
2021-22	1,140.0	30,570,395	26,816	10.14%	127.96	8.10	11.04	10.20	1,140.0	1,073.8	1.57%	94.19%
2022-23	1,282.0	31,776,971	24,787	-7.57%	127.96	8.10	11.04	10.20	1,152.8	1,092.8	1.12%	94.79%
2023-24	1,182.0	33,133,582	28,032	13.09%	128.96	8.10	11.04	10.20	1,140.5	1,140.5	-1.07%	100.00%
2024-25	1,183.0	33,295,148	28,145	0.40%	126.5	8.49	11.04	12.13	1,140.4	1,076.9	-0.01%	94.43%

Source: 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

District Building	Fiscal Year Ended, June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Elementary										
Aaron Decker (1966)										
Square Feet	48,700	48,700	48,700	48,700	48,700	48,700	48,700	48,700	48,700	48,700
Capacity (students)	340	340	340	340	340	340	340	340	340	340
Enrollment	386	379	383	406	390	394	378	367	367	367
Middle School										
Richard Butler (1954)										
Square Feet	54,710	54,710	54,710	54,710	54,710	54,710	54,710	54,710	54,710	54,710
Capacity (students)	330	330	330	330	330	330	330	330	330	330
Enrollment	272	280	289	278	295	317	299	301	301	301
High School										
Butler (1906)										
Square Feet	134,530	134,530	134,530	134,530	134,530	134,530	134,530	134,530	134,530	134,530
Capacity (students)	541	541	541	541	541	541	541	541	541	541
Enrollment	533	533	490	505	474	454	438	496	496	496

Number of Schools at June 30, 2025

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)	Fiscal Year Ended, June 30,									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Butler High School	N/A	213,055	179,938	110,793	173,639	203,468	199,638	227,296	118,721	172,541	281,364
Aaron Decker	N/A	93,615	60,413	55,077	83,514	98,202	94,080	164,416	197,299	81,659	120,455
Richard Butler	N/A	83,460	64,159	41,637	58,566	91,310	70,176	145,375	174,450	205,220	114,639
District	N/A	-	-	-	-	-	-	-	-	6,793	-
Total School Facilities		390,130	304,510	207,507	315,719	392,980	363,894	537,087	490,470	466,213	516,458

(*) 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, 2025
Unaudited**

	<u>Limit</u>	<u>Deductible</u>
Property - Blanket Building & Contents	\$70,087,590	2,500
General Liability (each occurrence)	10,000,000	1,000
Workers' Compensation	1,000,000	
Crime Coverage - Employee theft	500,000	1,000
Commercial Automobile Liability	10,000,000	1,000
Boiler and Machinery	Included	2,500
School Board Legal Liability		
Limit of Liability	10,000,000	10,000
Employment Practices Liability	10,000,000	10,000
Pollution Liability		
Each Occurance	1,000,000	25,000
Aggregate	25,000,000	
Excess Liability Policy		
Each Occurance	5,000,000	
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
Cyber Liability	2,000,000.00	10,000
Public Official Bonds		
Treasurer - Melissa Berger	250,000	
Business Administrator - Board Secretary Pamela Vargas	205,000	

Source: District Records

SINGLE AUDIT SECTION



WIELKOTZ & COMPANY ^LL

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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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 10, 2025.

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 December 10, 2025.

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. Wielkottz, C.P.A.
Licensed Public School Accountant
No. 816



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

December 10, 2025





WIELKOTZ & COMPANY ^{LLC}

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

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Board of Education of the Borough of Butler School District in the County of Morris, New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Butler Board of Education's major federal and state programs for the year ended June 30, 2025. 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, 2025.

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. Wielkottz, C.P.A.
Licensed Public School Accountant
No. 816



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

December 10, 2025



**Butler Borough School District
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ending June 30, 2024**

Schedule A
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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, 2024		Cash Received	Budgetary Expenditures	June 30, 2025		MEMO Cumulative Total Expenditures
						(Accounts Receivable)	Uncearned Revenue			(Accounts Receivable)	Uncearned Revenue	
U.S. Department of Education Passed - through State Department of Education: General Fund: Medicaid Assistance Program Total General Fund	93.778	2405NISM4P	N/A	21,692	7/1/24-6/30/25	(790)	-	22,483	(21,692)	-	-	20,902
						(790)	-	22,483	(21,692)	-	-	20,902
Special Revenue Fund: Title I - Part A - Improving Basic Programs	84.010	S910A240030	ESEA0630-25	113,447	7/1/24-6/30/25	-	-	113,447	(113,447)	-	-	113,447
						-	-	113,447	(113,447)	-	-	113,447
Title II - Part A - Teacher & Principal Training/Recruitment Title II - Part A - Teacher & Principal Training/Recruitment	84.367	S367A240029	ESEA0630-25	19,352	7/1/24-6/30/25	-	-	19,352	(19,352)	-	-	19,352
	84.367	S367A230029	ESEA0630-24	20,001	7/1/23-6/30/24	(15,393)	-	15,393	-	-	-	20,001
						(15,393)	-	34,745	(19,352)	-	-	39,353
Title III - English Language Acquisition Title III - Immigrant	84.365A	S365A240030	ESEA0630-25	12,347	7/1/24-6/30/25	-	-	12,347	(12,347)	-	-	12,347
	84.365A	S365A240030	ESEA0630-25	2,503	7/1/24-6/30/25	-	-	2,503	(2,503)	-	-	2,503
						-	-	14,850	(14,850)	-	-	14,850
Title IV - Part A - Student Support and Academic Enrichment Title IV - Part A - Student Support and Academic Enrichment	84.424A	S424A240031	ESEA0630-25	10,000	7/1/24-6/30/25	-	-	10,000	(10,000)	-	-	10,000
	84.424A	S424A240031	ESEA0630-24	10,000	7/1/23-6/30/24	(218)	-	218	-	-	-	10,000
						(218)	-	10,218	(10,000)	-	-	20,000
I.D.E.A. Part B, Basic I.D.E.A. Part B, Preschool	84.027	H027A240100	IDEA0630-25	301,161	7/1/24-6/30/25	-	-	301,361	(301,361)	-	-	301,161
	84.173	H173A240114	IDEA0630-25	9,601	7/1/24-6/30/25	-	-	9,601	(9,601)	-	-	9,601
						-	-	310,962	(310,962)	-	-	310,762
A.R.P. - E.S.S.E.R. - Comprehensive Beyond the School Day A.R.P. - E.S.S.E.R. - Mental Health Support Staffing	84.425U	S425U210027	ARP-ESSER0630-21	40,800	3/13/20-9/30/24	-	22,394	10,600	(32,994)	-	-	40,000
	84.425U	S425U210027	ARP-ESSER0630-21	45,000	3/13/20-9/30/24	-	-	500	(500)	-	-	45,000
						-	-	11,100	(33,494)	-	-	85,000
A.R.P. - Homeless Children and Youth Total Special Revenue Fund	84.425W	S425W221031	ARP-HCY0630-22	42,894	4/23/21-6/30/23	(38,097)	-	-	-	(38,097)	-	38,097
						(53,708)	22,394	495,322	(502,105)	(38,097)	-	635,509
U.S. Department of Agriculture Passed - through State Department of Education: Enterprise Fund: Enterprise Fund: U.S.D.A. Commodities Program	10.550	24IN304N1099	N/A	52,802	7/1/24-6/30/25	-	9,266	52,458	(52,802)	-	8,921	52,458
National School Lunch Program National School Lunch Program	10.555	24IN304N1099	N/A	192,575	7/1/24-6/30/25	-	-	180,879	(192,575)	(11,696)	-	192,575
	10.555	23IN304N1099	N/A	160,458	7/1/23-6/30/24	(24,912)	-	26,912	-	-	-	160,458
National School Breakfast Program National School Breakfast Program	10.553	24IN304N1099	N/A	30,840	7/1/24-6/30/25	-	-	28,609	(30,840)	(2,231)	-	30,840
	10.553	23IN304N1099	N/A	18,921	7/1/23-6/30/24	(3,843)	-	3,843	-	(0)	-	18,921
						(30,755)	9,266	292,701	(276,218)	(13,927)	8,921	455,233
Total Federal Financial Award						(85,253)	31,659	810,506	(800,014)	(52,024)	8,921	1,111,644

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, 2024

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From / To	June 30, 2024		Cash Received	June 30, 2025		MEMO	
				Unearned Revenue	(Accts Receivable)		Unearned Revenue	(Accts Receivable)	Budgetary Expenditures	Cumulative Total Expenditures
State Department of Education:										
General Fund:										
Equalization Aid	495-034-5120-078	1,152,643	7/1/24-6/30/25	-	-	1,038,694	-	-	113,949	1,152,643
Special Education Categorical Aid	495-034-5120-089	1,011,654	7/1/24-6/30/25	-	-	911,643	-	-	100,011	1,011,654
Security Aid	495-034-5120-084	39,010	7/1/24-6/30/25	-	-	35,153	-	-	3,857	39,010
Stabilization Aid	495-034-5120-078	432,388	7/1/24-6/30/25	-	-	432,388	-	-	-	432,388
Subtotal State Aid - Public Cluster				-	-	2,417,878	-	-	217,817	2,635,695
Transportation Aid	495-034-5120-014	215,738	7/1/24-6/30/25	-	-	194,410	-	-	21,328	215,738
Extraordinary Special Education Aid	495-034-5120-044	367,944	7/1/24-6/30/25	-	-	-	(367,944)	-	-	367,944
Extraordinary Special Education Aid	495-034-5120-044	303,568	7/1/24-6/30/24	(303,568)	-	303,568	-	-	-	303,568
On-Behalf TPAF Pension	495-034-5094-002	4,011,572	7/1/24-6/30/25	-	-	4,011,572	-	-	-	4,011,572
On-Behalf TPAF NCGI Premium	495-034-5094-004	49,693	7/1/24-6/30/25	-	-	49,693	-	-	-	49,693
On-Behalf TPAF Post Retirement Medical	495-034-5094-001	1,186,705	7/1/24-6/30/25	-	-	1,186,705	-	-	-	1,186,705
On-Behalf TPAF Long-Term Disability Ins.	495-034-5094-002	2,345	7/1/24-6/30/25	-	-	2,345	-	-	-	2,345
Non-Public Transportation Aid	495-034-5120-014	27,086	7/1/24-6/30/25	(23,660)	-	23,660	(27,086)	-	-	27,086
Non-Public Transportation Aid	495-034-5120-014	23,660	7/1/24-6/30/24	-	-	811,633	(42,275)	-	-	23,660
Reimbursed T.P.A.F. - Social Security	495-034-5094-003	853,908	7/1/24-6/30/25	-	-	853,908	-	-	-	853,908
Reimbursed T.P.A.F. - Social Security	495-034-5094-003	869,461	7/1/23-6/30/24	(4,061)	-	4,061	(437,305)	-	-	869,461
Total General Fund				(331,289)	-	9,005,525	(437,305)	-	239,145	10,547,375
Special Revenue Fund:										
Climate Change Awareness Education	N/A	6,660	7/1/22-6/30/23	(6,660)	-	6,660	-	-	-	6,660
Total Special Revenue Fund				(6,660)	-	6,660	-	-	-	6,660
Capital Projects Fund										
SDA Grant - High School HVAC	02-27-0630-020-23-R501	236,000	7/1/24-6/30/25	-	-	94,400	(141,600)	-	-	94,400
SDA Grant - Auditorium HVAC	02-27-0630-020-23-R502	291,040	7/1/24-6/30/25	-	-	70,704	(220,336)	-	-	70,704
Total Capital Projects Fund				-	-	165,104	(361,936)	-	-	165,104
Debt Service Fund:										
Debt Service Aid	495-034-5120-075	174,956	7/1/24-6/30/25	-	-	174,956	-	-	-	174,956
Total Debt Service Fund				-	-	174,956	-	-	-	174,956
State Department of Agriculture Enterprise Fund:										
State School Lunch Program	100-010-3350-025	16,944	7/1/24-6/30/25	-	-	16,057	(887)	-	-	16,944
State School Lunch Program	100-010-3350-024	10,861	7/1/23-6/30/24	(1,751)	-	1,751	-	-	-	10,861
State School Breakfast Program	100-010-3350-025	1,974	7/1/24-6/30/25	-	-	1,827	(147)	-	-	1,974
State School Breakfast Program	100-010-3350-024	538	7/1/23-6/30/24	(118)	-	118	-	-	-	538
Total Enterprise Fund				(1,869)	-	17,808	(1,034)	-	-	30,318
Total State Financial Assistance				(339,818)	-	9,370,054	(800,276)	-	239,145	10,924,413
Less: On-Behalf Pension and Annuity Aid										
On-Behalf TPAF Pension	495-034-5094-002	4,011,572	7/1/24-6/30/25	-	-	4,011,572	-	-	-	4,011,572
On-Behalf TPAF NCGI Premium	495-034-5094-004	49,693	7/1/24-6/30/25	-	-	49,693	-	-	-	49,693
On-Behalf TPAF Post Retirement Medical	495-034-5094-001	1,186,705	7/1/24-6/30/25	-	-	1,186,705	-	-	-	1,186,705
On-Behalf TPAF Long-Term Disability Ins.	495-034-5094-002	2,345	7/1/24-6/30/25	-	-	2,345	-	-	-	2,345
Total for State Major Program Determinations				(339,818)	-	4,119,739	(800,276)	-	239,145	5,674,098

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 \$96,086 for the general fund and \$-0- for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)

Additionally, as discussed further in Notes 8 and 9, the State of New Jersey makes contributions on-behalf of the District for TPAF post-retirement medical and pension contributions. The total amount of these contributions during 2025 fiscal year was \$ 5,198,277.

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	\$ 21,692	\$ 9,446,772	\$ 9,468,464
Special Revenue Fund	545,705	-0-	545,705
Debt Service Fund	-0-	174,956	174,956
Food Service Fund	<u>275,873</u>	<u>18,919</u>	<u>294,792</u>
Total Financial Awards	<u>\$ 843,270</u>	<u>\$ 9,640,647</u>	<u>\$ 10,483,917</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, 2025.

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, 2025

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 basic financial
statements noted? yes X no

Federal Awards

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

Auditee qualified as low-risk audited? X yes no

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

Internal Control over major federal programs:

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

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

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553</u> (B)	<u>241NJ304N1099</u>	Child Nutrition Cluster:
<u>10.555</u> (B)	<u>241NJ304N1099</u>	School Breakfast Program
		National School Lunch Program

Note: (B) Tested as Major Type B Program.

**BOROUGH OF BUTLER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Section I - Summary of Auditor's Results

State Awards Section

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

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over major programs:

- 1) Material weakness(es) identified? yes X no
- 2) Significant deficiencies identified that are
not considered to be material weaknesses? yes X none reported

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

Identification of major programs:

<u>State Grant/Project #</u>	<u>Name of State Program</u>
495-034-5094-003 (A)	Reimbursed TPAF
	<u>State Aid – Public Cluster:</u>
495-034-5120-078 (A)	Equalization Aid
495-034-5120-089 (A)	Special Education Categorical Aid
495-034-5120-084 (A)	Security Aid
495-034-5120-078 (A)	Stabilization Aid

Note: (A) Tested as Major Type A Program.

**BOROUGH OF BUTLER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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, 2025

Status of Prior Year Findings

There were not prior year findings to correct.